Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc., a Health Resources and Services Administration Grantee, Generally Complied With Federal Grant Requirements

Why OIG Did This Review

As part of its oversight activities, the OIG is conducting a series of reviews of certain Community Health Center Program grants because of the risks often associated with these awards.

The Affordable Care Act provided $9.5 billion in supplemental funding to support ongoing community health center operations, create new community health center sites, and expand health care services at existing community health center sites.

The Health Resources and Services Administration (HRSA) awarded Corporación Salud Asegurada por Nuestra Organización Solidaria, Inc. (SANOS), a not-for-profit organization, $1.7 million of these funds to provide comprehensive primary care services in Caguas, Puerto Rico.

Our objective was to determine whether SANOS complied with Federal requirements and grant terms related to its Community Health Center Program grants.

How OIG Did This Review

We reviewed $1.2 million in Community Health Center Program grant funds expended by SANOS from June 1, 2015, to May 31, 2016. Specifically, we reviewed SANOS's financial management controls, procurement activities, and claimed costs.

What OIG Found

SANOS generally complied with applicable Federal requirements and grant terms related to its Community Health Center Program grants. Specifically, SANOS had adequate financial management controls over supplemental grant funds and followed Federal procurement standards. However, we determined that SANOS claimed $4,000 in unallowable advertising costs.

SANOS claimed these unallowable advertising costs because it believed the costs were allowable and related to the Community Health Center Program.

What OIG Recommends and Auditee Comments

We recommend that HRSA require SANOS to refund $4,000 to the Federal Government.

In its comments on our draft report, SANOS disagreed with our finding and maintained that the $4,000 in advertising costs was incurred in accordance with Federal guidance and its budget approved by HRSA. After reviewing SANOS's comments, we maintain that our finding is valid. The cost was not specifically incurred for program outreach and was not necessary to meet the requirements of the award. Therefore, it is unallowable.

In its comments on our draft report, HRSA agreed that advertising costs are not allowable "solely to promote the non-federal entity" and stated that it will work with SANOS to determine the allowability of the advertising costs.

The full report can be found at https://oig.hhs.gov/oas/reports/region2/21702004.asp.