

Report in Brief

Date: October 2023

Report No. A-04-22-02035

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



Why OIG Did This Audit

Congress approved COVID-19 funding for HHS's pandemic response efforts, including funding to the Centers for Disease Control and Prevention (CDC) for its Epidemiology and Laboratory Capacity (ELC) program to provide support for public health response activities. CDC used its ELC Cooperative Agreement (award) to distribute significant amounts of its COVID-19 funding to existing recipients, including the New York City Department of Health and Mental Hygiene (NYC DOHMH). NYC DOHMH received \$1.6 billion, nearly double its fiscal year 2021 base ELC award amount, in ELC COVID-19 funding between March 2020 and May 2021.

COVID-19 has created extraordinary challenges for the delivery of health care and human services to Americans. As the oversight agency for HHS, the Office of Inspector General (OIG) oversees HHS's COVID-19 response and recovery efforts. This audit is part of our COVID-19 response strategic plan.

Our objective was to determine whether the NYC DOHMH used its CDC COVID-19 funding in accordance with award requirements.

How OIG Did This Audit

Our audit covered \$579 million in CDC ELC COVID-19 expenditures NYC DOHMH claimed between March 2020 and September 2021. We selected a stratified random sample of 124 line items totaling \$22.7 million. We sent questionnaires to NYC DOHMH, interviewed officials from CDC and NYC DOHMH, and reviewed and analyzed documentation we received to support each sample item.

New York City Department of Health and Mental Hygiene Charged Some Unallowable Costs to Its CDC COVID-19 Award

What OIG Found

NYC DOHMH used its COVID-19 funding in accordance with award requirements for 96 of the 124 sample items we reviewed. However, for 28 sample items, NYC DOHMH did not maintain adequate documentation to support costs and charged some costs to the wrong award. These errors occurred because NYC DOHMH did not provide oversight of its subrecipients in accordance with Federal requirements. Specifically, NYC DOHMH did not review subrecipient costs charged to the award but instead relied on subrecipients' self-certification of costs charged to the Federal award. Based on the results of our sample, we found that NYC DOHMH claimed \$15,671,958 in unallowable costs.

What OIG Recommends and NYC DOHMH Comments

We recommend that NYC DOHMH: (1) refund \$15,671,958 to the Federal government and (2) strengthen its oversight of subrecipients to prevent future unallowable payments by reviewing subrecipient invoices and supporting documentation to ensure costs claimed are allowable and allocable.

In response to our draft report, NYC DOHMH partially agreed with our first recommendation and agreed with our second recommendation. Regarding our first recommendation, NYC DOHMH agreed that of the \$15,671,958 we identified in error, \$8,430 (or 3 of the 28 sample items the OIG determined to be in error) should be refunded to CDC. However, NYC DOHMH disagreed with the assessment of the remaining 25 sampled transactions totaling \$15,663,528 and provided additional documentation which we reviewed. Based on our analysis of the additional information provided by NYC DOHMH, we adjusted the dollar amount for our first recommendation to reflect the additional support NYC DOHMH provided.

NYC DOHMH agreed with our second recommendation as it pertains to ELC subawards given to NYC agencies through NYC DOHMH. NYC DOHMH stated that going forward, intergovernmental subawards will detail expectations for substantiating that costs claimed are allowable and allocable. We commend NYC DOHMH on the actions it is taking to address our recommendation and the actions it will take going forward. Having this type of source documentation would enhance NYC DOHMH's subrecipient monitoring to ensure costs claimed are allowable, reasonable, and allocable.