

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**FOLLOW-UP AUDIT OF THE
DEPARTMENT OF HEALTH'S
ADMINISTRATION FOR HIV POLICY
AND PROGRAMS**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



October 20, 2006

Gregg A. Pane, MD
Director
Department of Health
825 North Capital Street, NE, Suite 4400
Washington, D.C. 20001

Dear Dr. Pane:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) *Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs (AHPP)* (OIG No. 06-2-23HC).

Our report contains five recommendations for necessary action to correct the described deficiencies. We received a response to the draft report from the Director of Department of Health (DOH) on October 19, 2006. The Director's comments set forth corrective actions and strategic changes within AHPP that should strengthen and improve operations. We consider actions planned by DOH to be responsive to the draft report. We acknowledge that DOH has agreed to provide this Office, no later than November 30, 2006, a comprehensive plan to address our ongoing concerns, to be followed by a 6 month status report on the progress of completing recommendations to correct the described deficiencies. The full text of DOH's response is included at Exhibit E.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink that reads "Charles J. Willoughby". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Charles J. Willoughby
Inspector General

CJW/lw

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FOLLOW-UP AUDIT OF THE DEPARTMENT OF HEALTH'S ADMINISTRATION FOR HIV POLICY AND PROGRAMS

ACRONYMS

ADAP	AIDS Drug Assistance Program
AHPP	Administration of HIV Policy and Programs
AIDS	Acquired Immunodeficiency Syndrome
CARE Act	Ryan White Comprehensive AIDS Resources Emergency Act
CBO	Community-based Organization
CDC	Centers for Disease Control & Prevention
DCRA	Department of Consumer and Regulatory Affairs
DOH	Department of Health
EMA	Eligible Metropolitan Area
FPL	Federal Poverty Income Level
FY	Fiscal Year
HAA	HIV/AIDS Administration
HIV	Human Immunodeficiency Virus
HOPWA	Housing Opportunities for Persons with AIDS
HPCPG	HIV Prevention Community Planning Group
HRSA	Health Resource Service Administration
HUD	U.S. Department of Housing and Urban Development
MAA	Medical Assistance Administration
NOGA	Notice of Grant Agreement
OIG	D.C. Office of the Inspector General
PLWA	People Living With HIV/AIDS

**FOLLOW-UP AUDIT OF THE DEPARTMENT OF HEALTH'S
ADMINISTRATION FOR HIV POLICY AND PROGRAMS**

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EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed a follow-up audit of the District of Columbia Department of Health's Administration for HIV Policy and Programs (AHPP). The audit was performed at the request of Council Member David A. Catania, Chairman, Committee on Health, Council of the District of Columbia. Our audit objectives were to review DOH's implementation of prior audit recommendations and corrective actions pertaining to the current management and the administration of grant funds awarded to Community-based Organizations (subgrantees). We also re-audited grant monitoring functions and AHPP's grant award process. Finally, we reviewed the management of the AIDS Drug Assistance Program (ADAP), which was not covered in our previous audit. Although our findings indicate that much work remains, we note evidence of organizational improvements made by management with vigor and enthusiasm. Accordingly, we offer the following perspective.

PERSPECTIVE

The Department of Health (DOH) hired a new AHPP Director in September 2005.¹ Prior to the appointment of the new Director, the agency was not operating in an effective and efficient manner. The new Director was charged with turning around an agency/administration that was failing at its mission. The mission of AHPP is "to reduce the incidence of HIV/AIDS and the number of deaths related to HIV/AIDS in the District of Columbia by the application of sound public health practices and initiatives, through HIV disease surveillance, tracking, monitoring and intervention."²

When the Director's tenure began, every senior position had an employee operating in an acting capacity. The Director was able to put into place a team possessing the necessary skills to ensure that AHPP will be able to move forward with providing quality human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS) care to District residents by establishing a seamless system of care to persons with or at risk for HIV.

Since the new Director has been in place, vacant positions have been filled, while non-performing employees have been dismissed. Further, position descriptions have been developed, performance measures have been established for employees, and staff members have been evaluated.

¹ During the fiscal year (FY) 2007 budget hearings, the HIV/AIDS Administration (HAA) was granted permission to change its name to the Administration for HIV Policy and Programs (AHPP).

² DEPARTMENT OF HEALTH, at http://doh.dc.gov/doh/cwp/view,a,1371,q,598664,dohNav_GID,1839,dohNav_|33815|.asp (last visited Oct. 11, 2006).

EXECUTIVE DIGEST

AHPP is working to improve its relationships with subgrantees, such as forming collaborations to ensure that reimbursements are provided timely and encouraging subgrantees to participate in AHPP community-sponsored events related to AHPP's mission. AHPP also has implemented a system to check deliverables against reimbursements. Additionally, AHPP has initiated in-house training for staff through conferences and staff development seminars, including public speakers.

CONCLUSIONS

This report contains two findings that detail the conditions we documented during the audit. The audit identified that DOH needs to implement five of seven previously agreed-to recommendations to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. We again identified problems with grant monitoring, finding that grant management specialists did not perform the required number of site visits, inadequately maintained subgrantee files, and did not sufficiently ensure that monitors performed their duties. Details concerning our re-audit of grant monitoring functions are included at Exhibit B.

As reported in our prior audit, we again found that DOH did not always ensure that subgrantees were operating under proper District licensure. In fact, some subgrantees' Articles of Incorporation had been revoked. Additionally, DOH did not ensure that Medicaid-eligible subgrantees were certified to receive Medicaid funding (reimbursement) before requests for reimbursement were provided from grant funds. Results of our re-audit of AHPP's grant award process are included at Exhibit C.

Our review of the ADAP found that DOH did not adequately use available ADAP funding to provide drug treatment to District residents. Specifically, there were few internal controls in place to ensure that DOH effectively and efficiently used HIV/AIDS grant funding. Due to improper management and planning of ADAP funding, approximately \$6.8 million of ADAP funds remain unspent.

SUMMARY OF RECOMMENDATIONS

We directed five recommendations to DOH that center in part on: (1) developing a strategic plan that outlines an implementation timeline of the prior open recommendations; (2) preparing and submitting a report relating to the status of open recommendations to the OIG and the Office of Risk Management within 6 months after the date of the follow-up audit report; (3) improving management over ADAP funds; (4) developing a method to ensure that eligible District residents are properly informed of available HIV and AIDS drug assistance; and (5) developing a system to track and identify the status of all clients participating in ADAP.

A summary of the potential benefits resulting from the audit is included at Exhibit A.

EXECUTIVE DIGEST

CORRECTIVE ACTIONS

On October 19, 2006, the Director of DOH provided a written response to our draft report. DOH concurred with the report, its conclusions, and recommendations. DOH has agreed to provide this office no later than November 30, 2006, a comprehensive plan to address the ongoing concerns of our office, to be followed by a 6 month status report on the progress of completing recommendations to correct the described deficiencies. We consider DOH's comments and actions planned to be responsive to our draft report. The full text of DOH's response is included at Exhibit E.

INTRODUCTION

BACKGROUND

The Mayor and City Council established the HIV/AIDS Administration (HAA) in 1985 due to the growing number of cases involving the human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS). HAA is under the direction of the Director of the Department of Health (DOH). During the FY 2007 budget hearings, HAA was granted permission to change its name to the Administration for HIV Policy and Programs (AHPP). AHPP's mission is "to reduce the incidence of HIV/AIDS and the number of deaths related to HIV/AIDS in the District of Columbia by the application of sound public health practices and initiatives, through HIV disease surveillance, tracking, monitoring and intervention."³ According to DOH's 2006-2008 Comprehensive Plan,⁴ as of December 31, 2004, there were 9,036 reported HIV Prevalence cases and 17,205 reported HIV (not AIDS) Prevalence cases in the District of Columbia.⁵

AHPP provides a "comprehensive, seamless system of care" to persons with or at risk for HIV who live in the District and the Eligible Metropolitan Areas (EMAs).⁶ The care system minimizes the chance of infection and ensures that there are sufficient federal, regional, and local resources available to ensure that people living with HIV in the District and the EMA have access to ongoing prevention education, health, and medical care services.⁷ AHPP applies "sound public health policies, practices, initiatives, HIV disease surveillance, prevention, and health interventions . . . to reduce the HIV-related morbidity of residents of the District."⁸ AHPP's program includes six principal activities, which are described below.⁹

HIV/AIDS Support Services – This activity "provides administrative management for HIV policy and programs; conducts administrative activities that guide the direction of the

³ DEPARTMENT OF HEALTH, at http://doh.dc.gov/doh/cwp/view,a,1371,q,598664,dohNav_GID,1839,dohNav_|33815|.asp (last visited Oct. 11, 2006).

⁴ DEPARTMENT OF HEALTH, ADMINISTRATION FOR HIV POLICY & PROGRAMS, COMPREHENSIVE PLAN FOR HIV HEALTH AND SUPPORT SERVICES 2006-2008. AHPP develops a Comprehensive Plan every 3 years to improve HIV and AIDS care programs for District residents. The plan is developed to assess needs, provide continuum of care, and continue to build on the quality of services already in existence.

⁵ *Id.* at 4-5. HIV Prevalence is defined as the number of people living with AIDS, and HIV (not AIDS) Prevalence refers to the estimated number of diagnosed individuals living with HIV (not AIDS). *Id.* at 5.

⁶ GOVERNMENT OF THE DISTRICT OF COLUMBIA, FY 2007 PROPOSED BUDGET AND FINANCIAL PLAN, THE CITIZENS' BUDGET 2, at E-64. Ryan White Title 1 funds go to areas that have been hit hardest by the HIV epidemic, known as Eligible Metropolitan Areas. In order to be eligible, an area must have at least 2,000 reported AIDS cases during the previous year and have a population of at least 500,000. AHPP is the Chief Elected Official for the D.C. Metropolitan Area that provides health care services to Suburban Maryland; West Virginia; Northern Virginia; and the District of Columbia.

⁷ *Id.*

⁸ *Id.*

⁹ The source for the quotes and descriptions of each of the six programs listed below is DOH's section in the District government's FY 2007 Proposed Budget and Financial Plan, page E-64. See source cited *supra* note 6.

INTRODUCTION

Agency; and provides administrative, operational, and financial support to all programs so that program objectives can be achieved.”

Health and Support Services – This activity “provides medical and community services through the development and implementation of a community-based continuum of health and medical services ... necessary for the care and treatment of HIV disease and [] funded by the Ryan White Titles I and II programs, Housing Opportunities for Persons with AIDS (HOPWA) and the DC TechNet grants” The Health and Support Services group oversees the development of the Comprehensive Plan and funding application for the EMA, in conjunction with the Community Planning Body.

Data and Research – This activity “compiles HIV/AIDS Surveillance data through active and passive reporting activities and other systems developed to supplement HIV/AIDS case report information; conducts epidemiologic activities related to describing the distribution and determinants of HIV disease; and establishes the statistical framework for strategic planning, evaluation, and budget allocation for prevention and care services.”

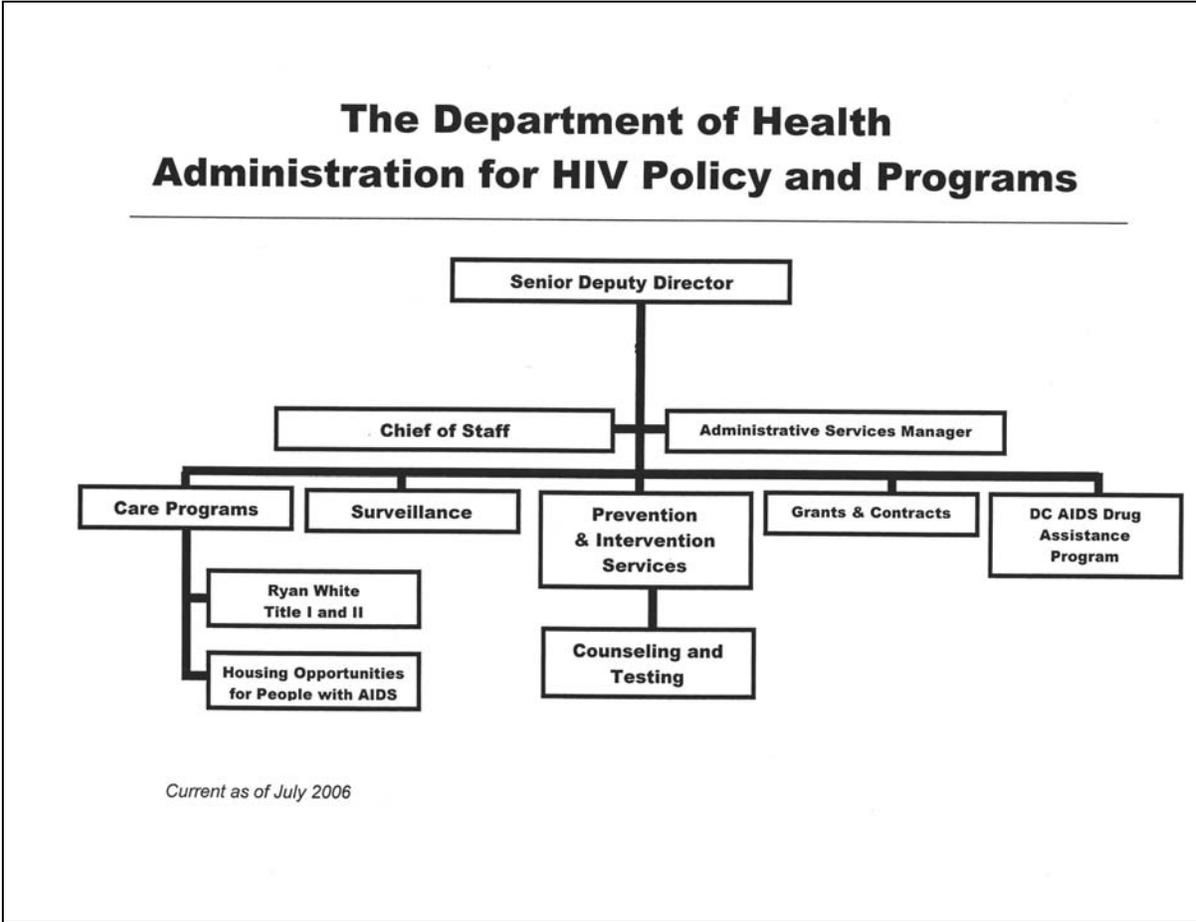
Prevention and Intervention Services – This activity provides HIV prevention education, testing, and counseling. The Prevention and Intervention Services group also performs program monitoring, evaluation, and quality assurance activities for subgrants and contracts as well as offers training and technical assistance to subgrantees and other District agencies and organizations.

AIDS Drug Assistance Program (ADAP) – This program provides access to HIV/AIDS-related FDA approved medication where an eligible District resident has limited or no coverage from private insurance. ADAP also coordinates the development of a Medicaid case management (1915(c)) waiver application and manages the current Medicaid water filter (1915(c)) waiver program. The program coordinates Medicaid technical assistance to AHPP grantees, develops Medicaid reimbursement projects, and conducts education and outreach for Medicaid waiver programs. ADAP additionally provides programs to support private health insurance and provides free access to HIV-related medications.

Grants and Contracts Management – This activity ensures AHPP’s compliance with local and federal regulations. The Grants and Contracts Management group also “[p]roduces funding instruments; performs program audits; coordinates fiscal monitoring with evaluating program performance, reviewing and processing invoices for payment, conducting site visits and providing technical assistance to sub-grantees; and compiles budgets and expenditures for services, with specific analyses by geographic area, target population and funding source.”

INTRODUCTION

The flowchart below depicts the hierarchy and operation of AHPP.¹⁰



AHPP also partners with health and community-based organizations to provide HIV/AIDS prevention and care services to District and Washington area eligible residents. Services include medical support, HIV counseling and testing, and data collection and information dissemination on HIV/AIDS programs and services. AHPP also provides information on the impact of HIV/AIDS on the community, and operates HIV education, information, referral, and intervention services.

¹⁰ Flowchart provided by AHPP officials.

INTRODUCTION

Federal grants form the basis for a substantial portion of the HIV/AIDS funding expended in the District. More than \$227 million has been provided to the District through federal agencies Notice of Grant Agreements (NOGAs) for FYs 2004, 2005, and 2006. Table I below lists the amount and number of grants for each FY and the number of subgrantees awarded grants.

Table I – HIV/AIDS Grant Amounts and Number of Subgrantees

HIV/AIDS Grants	FY04 NOGA Amount	FY04 # Of Subgrantees	FY05 NOGA Amount	FY05 # Of Subgrantees	FY06 NOGA Amount	FY06 # Of Subgrantees
HIV Emergency Relief Project (Ryan White Title I)	\$28,862,054	39	\$29,431,967	31	\$26,923,066	14
Ryan White CARE Act Title II ¹¹	\$28,953,702	30	\$28,427,279	23	\$29,242,856	21
HIV Prevention Project	\$5,988,005	9	\$5,938,305	11	\$5,761,344	10
Community-based HIV/AIDS	\$514,555	1	\$570,217	1	0	0
Housing Opportunities for Persons with AIDS (HOPWA)	\$9,428,000	32	\$11,802,000	17	\$10,535,000	22
HIV/AIDS Surveillance and Seroprevalence	\$1,484,018	0 ¹²	\$1,644,359	0	\$1,709,085	0
Total	\$75,230,334		\$77,814,127		\$74,171,351	

Exhibit D lists HIV/AIDS grants we reviewed, including detailed information concerning the purpose and funding for each grant.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether DOH implemented agreed-to recommendations contained in our audit report entitled, “Audit of the Department of Health HIV/AIDS Administration Office,” Report No. 04-2-05HC, dated June 22, 2005. We followed-up on selected recommendations and findings of the prior report. The period of this follow-up review covered transactions in FYs 2004 through 2006. To accomplish our objectives, we held interviews and discussions with AHPP management and administrative

¹¹ For FYs 2004, 2005, and 2006 Ryan White Title II figures include local match dollars totaling \$10,630,214, \$9,475,760, and \$9,747,625, respectively.

¹² The Surveillance and Seroprevalence grant is used mainly for staff salaries and administrative costs because the services are performed in-house and are not out-sourced to vendors.

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staff to determine what actions had been implemented or planned to address deficiencies described in the report. Additionally, we examined and analyzed financial and monitoring records, and conducted site visits of subgrantee businesses. We re-audited AHPP's grant monitoring functions and grant award process, which were two finding areas in the prior report. These results are shown in Exhibits B and C, respectively. We also reviewed the ADAP program, which was not included in our prior audit.

We did not completely rely on computer-processed data during this audit. However, we determined that any use of this data would not materially affect the audit results. This audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary.

PRIOR AUDITS AND REVIEWS

Audit of the Department of Health HIV/AIDS Administration Office, Report No. 04-2-05HC, dated June 22, 2005. The audit report contained 4 findings and 16 recommendations that we directed to DOH. The audit identified that AHPP needed to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. We found that grant management specialists¹³ did not perform the required number of site visits, prepared questionable site visit reports, inadequately maintained subgrantee files, failed to ensure that subgrantees were providing services as agreed, and did not sufficiently ensure that monitors performed their duties.

We also found that AHPP did not ensure that subgrantees were operating under proper District licensure. In fact, some subgrantees' Articles of Incorporation had been revoked. Additionally, AHPP did not ensure that Medicaid-eligible subgrantees were certified to receive Medicaid funding (reimbursement) before requests for reimbursement were provided from grant funds. Further, AHPP did not always provide timely reimbursements to subgrantees, and in some cases, took over 90 days to reimburse subgrantees.

Lastly, we found that fiscal accountability over grant budgets and expenditures was inadequate. AHPP could not provide us with budget and expenditure information related to individual grants. There were few internal controls in place to ensure that AHPP effectively and efficiently used HIV/AIDS grant funding.

HIV/AIDS in the Nation's Capital – Improving the District of Columbia's Response to a Public Health Crisis. Published by the DC Appleseed Center in August 2005, this report was prepared jointly by DC Appleseed Center and Hogan & Hartson, L.L.P. The report provides seven chapters that details findings and numerous recommendations concerning the

¹³ Our prior report listed this title as a grant monitor. AHPP subsequently changed the title to grant management specialist.

INTRODUCTION

District's response to the HIV epidemic. One chapter contains findings similar to our audit dealing with improvement of the management of grants made to private HIV/AIDS service providers. The report indicated that the District should improve its grant management process and use available funding more efficiently.

FINDINGS

FINDING 1: IMPLEMENTATION OF PAST RECOMMENDATIONS

SYNOPSIS

DOH has not fully implemented recommendations that were provided in a prior OIG audit report, “Audit of the Department of Health HIV/AIDS Administration Office,” dated June 22, 2005. The prior report contained four findings that described HIV/AIDS program deficiencies found at HAA.¹⁴ The findings covered four areas: (1) Grant Monitoring; (2) HAA’s Grant Award Process; (3) Subgrantee Reimbursement; and (4) Recording and Processing of Grant Funding. The report included 16 recommendations directed to DOH to assist HAA in operating in a more efficient, effective, and economical manner. We followed-up on two areas reviewed in the prior report, grant monitoring and the grant award process and on seven recommendations pertaining to those two areas. We found that of the seven prior report recommendations, DOH had not fully implemented the corrective actions specified in five of the recommendations.

DISCUSSION

We found that DOH had not fully implemented the corrective actions included in our prior report. We followed up on seven recommendations and found that adequate measures were taken to address only two of the seven recommendations. Table II below provides an abbreviated version of the recommendations reviewed, DOH’s responses, and the current status of the recommendations.

TABLE II – RECOMMENDATIONS REVIEWED		
Intent of Recommendation¹⁵	DOH’s Response	Current Status of Recommendation
Recommendation 1 Provide controls for supervisors to ensure that the required number of site visits are preformed.	Initial response did not sufficiently address the recommendation.	Our follow-up audit found that DOH had not implemented a reporting requirement documenting that grant management specialists perform the required number of site visits and that site visits are documented timely. We found that for FYs 2004, 2005, and 2006, there were instances where grant management specialists had not performed the required number of site visits. DOH did not sufficiently respond to the recommendation in our prior audit report. Current Status: Remains open.

¹⁴ During the prior audit, AHPP was named HAA.

¹⁵ The intent of the recommendation is a synopsis of the results that AHPP would have received if the recommendation had been implemented.

FINDINGS

TABLE II – RECOMMENDATIONS REVIEWED

Intent of Recommendation¹⁵	DOH's Response	Current Status of Recommendation
Recommendation 2 Provide controls to ensure that subgrantees are assigned a monitor when grants are awarded.	Concurred	DOH provided that upon execution of a NOGA, all subgrantees will be assigned a grant and program monitor. Our follow-up audit validated that subgrantees were assigned monitors once grant agreements (NOGAs) were executed. We reviewed 45 NOGAs and found that they all had been assigned grant management specialists. Current Status: Closed.
Recommendation 3 Implements policy that grant management specialists use a uniform method of documenting site visits.	Concurred	Our follow-up audit found that grant management specialists were not using a uniform method of documenting site visits. Our review of subgrantee files showed that some monitors documented site visits by using a checklist and some visits were documented in narrative form. We also interviewed eight monitors who confirmed that they did not use consistent methods to document site visits. AHPP's chief of contracts and grant monitoring indicated that AHPP will be using a uniform document during the start of FY 2007 to document subgrantee site visits. Current Status: Remains open.
Recommendation 4 Implements policy to ensure that accurate data of subgrantees are maintained in files.	Concurred	Our follow-up audit revealed that pertinent and accurate data are being maintained in subgrantee files. Current Status: Closed.
Recommendation 5 Establishes policy to ensure that grant management specialists are properly trained to monitor activities of subgrantees providing HIV/AIDS services.	Concurred	Our follow-up audit found that AHPP has not adequately addressed this recommendation by ensuring that grant management specialists are adequately trained and receive continuous training. We interviewed eight monitors who corroborated that they had not received additional training related to monitoring of subgrantees. We were informed by AHPP management that there are plans to provide staff with training on a continual basis. Current Status: Remains open.
Recommendation 9 Provides controls that ensure that subgrantees obtain OMB Circular A-133 audits, before funding is awarded.	Concurred	Our follow-up audit found that AHPP did not maintain copies of OMB Circular A-133 audits. There was no evidence found of subgrantees obtaining the required audits. Without documentation ensuring that these subgrantees were in compliance with OMB Circular A-133 requirements, there is no assurance that AHPP has not awarded grants to subgrantees who have not complied with OMB Circular A-133.

FINDINGS

TABLE II – RECOMMENDATIONS REVIEWED		
Intent of Recommendation¹⁵	DOH's Response	Current Status of Recommendation
		Current Status: Remains open.
Recommendation 10 Establishes grant award policy to ensure that only subgrantees that are properly licensed are awarded grant funding.	Concurred	Our follow-up audit found that AHPP continued to award grants to subgrantees that were not adequately licensed to conduct business in the District. We also found that not all subgrantees that were Medicaid eligible were certified. Further, DOH provided in its response that the RFAs include the policy that assurances, such as business licenses and Articles of Incorporation, must be submitted along with the potential recipient's application for funding. However, this required information is not always provided by subgrantees. Current Status: Remains open.

CONCLUSION

AHPP did not take the necessary steps to implement five of seven recommendations made in our prior audit report to ensure that adequate controls were in place to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. Based on our current review, DOH officials indicated that AHPP has and is undergoing major restructuring under new leadership. In fact, AHPP's entire management staff has changed since our prior review. DOH indicated that it is committed to implementing corrective actions to improve AHPP operations.

FINDINGS

FINDING 2: ADAP GRANT FUNDING

SYNOPSIS

DOH needs to improve management controls over the AIDS Drug Assistance Program (ADAP). Specifically, DOH did not timely use ADAP grant funds totaling \$6.8 million or 24 percent of total funding for budget years 2004 through 2005.¹⁶ As a result, although ADAP funds can be carried forward for 3 years, DOH is at risk of losing funds. Further, by not using available funds, District residents are at risk of missing opportunities in receiving financial assistance for their medication and insurance costs. This condition exists because of inadequate planning over the disbursement of ADAP funds. For example, DOH needs to be more aggressive in informing District residents of available HIV and AIDS funding sources to help combat this epidemic.

DISCUSSION

ADAP provides medications for treating HIV disease, and ADAP funds may be used to purchase health insurance for eligible clients. ADAP is funded through Title II of the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act,¹⁷ which provides funds to the District to improve access to primary care and support services for residents. The District has flexibility over Ryan White Title II funds to ensure that a basic standard of care is provided across diverse service areas to support five programs, one of which is the ADAP.

The ADAP division has a staff of 10 employees who are responsible for reviewing and approving applications of clients seeking enrollment in ADAP. There are also staff working at the DOH warehouse that stores drugs to be distributed to network pharmacies. DOH is currently servicing over 2,900 clients through ADAP funding. ADAP is not mandated to service a required number of clients; however, ADAP is required to use the funding to best serve the optimum number of clients infected with HIV and AIDS.

¹⁶ ADAP funding is provided on a budget year period, April 1 through March 31.

¹⁷ The Ryan White Title II CARE grant is detailed in Exhibit D.

FINDINGS

Participation in ADAP. ADAP clients can participate in one of the following Medicare Programs:

- *ADAP Medicare Part D Assistance*—Eligible clients may receive assistance with Medicaid Part D drug plan costs through ADAP, but must meet certain criteria. Eligible clients can receive a low-income subsidy that pays for the prescription drug plan’s annual deductible and monthly premiums, and only pay a \$2-\$5 co-payment for prescription drug-plan approved drugs.
- *ADAP Insurance Assistance*—Eligible clients may receive assistance with health insurance plan costs through the District of Columbia ADAP. The type of assistance can include payment of a client’s insurance premium, as well as any co-payments and/or required deductible for the drugs offered through the Districts’s ADAP formulary.

Eligibility. To qualify for ADAP services in the District, an individual must: (1) be HIV positive as verified by a physician or case manager; (2) verify District residency; (3) receive income that does not exceed 400 percent of the Federal Poverty Level; and (4) possess liquid assets that do not exceed \$5,000.

ADAP Enrollment. ADAP clients may apply to enroll into the program throughout the year, but must renew and recertify their enrollment every 6 months. Our audit revealed that between August 2005 and July 2006, ADAP recertified 1,871 clients into the program.

Table III below lists the number of applications received, clients enrolled, and applicants deemed not qualified to receive ADAP assistance. In addition, the table identifies the individuals that were either placed in the Ticket-to-Work Waiver Program or the Medicaid Expansion-1115 Waiver.

Table III - ADAP Program Enrollees

ADAP	2004	2005	2006 ¹⁸	Total
Applications received for drug assistance	1,408	1,608	1,724	4,740
Clients enrolled in ADAP ¹⁹	1,085	801	1,052	2,938
Applicants not qualified for any assistance	22	15	3	40
Clients placed in either Ticket-to-Work or the 1115 Waiver	301	792	669	1,762

¹⁸ Information was provided as of September 6, 2006. The accumulation of this data will be complete by December 31, 2006.

¹⁹ The enrollment for ADAP is during budget period April 1- March 31.

FINDINGS

For FYs 2004 through 2006, AHPP received 4,740 applications and enrolled 2,938 individuals into ADAP. Of the 4,740 applications received, only 40 individuals did not qualify for ADAP assistance from DOH because their income exceeded the established threshold.

According to AHPP, the applications received during the year are either from new or renewal clients. AHPP officials stated that there may be some double counting of the number of applications received and the enrollees in ADAP because applicants can apply for ADAP services throughout a calendar year and eligible clients have to renew every 6 months. This process allows for duplication because AHPP does not have a system in place that identifies if a client is already participating in either of the drug assistance programs. Accordingly, DOH's AHPP officials could not provide us with positive assurance that ADAP enrollment data are accurate.

ADAP Grant Funding. ADAP is funded through Title II of the Ryan White CARE Act, and the grantor is the Health Resource and Service Administration (HRSA). ADAP funding received for the budget years (BYs) 2004, 2005, and 2006 is as follows:

- BY 2004 ADAP (Title II) Funding \$14,290,638
- BY 2005 ADAP (Title II) Funding \$14,353,487
- BY 2006 ADAP (Title II) Funding \$15,195,000

We found that ADAP has carryover funds for BYs 2004 and 2005. AHPP officials informed us that when the Ticket-to-Work Waiver and the Medicaid Expansion 1115 Waiver became available, some of the ADAP clients were removed from ADAP and placed into one of the waiver programs. Initially, there were 420 clients transitioned from ADAP to the Ticket-to-Work Program. This transition resulted in an accumulation of unused ADAP funding. The life expectancy of unused carryover funds is 3 years. Therefore, DOH has until BY 2007 to use the BY 2004 unused carryover funds. Presently, however, DOH has not made a formal request to HRSA to carry over BY 2005 unused funds.

Table IV below lists the ADAP grant funding that DOH received and the carryover funds for BYs 2004 and 2005. As Table IV illustrates, DOH has in excess of \$6.8 million²⁰ in BY 2004 and BY 2005 carryover funds to provide treatment for HIV and AIDS care service that remain unused.

²⁰ This figure will change at the end of the reporting cycle. The reporting cycle is based on the issuance of the grant.

FINDINGS

Table IV - Grant Funding and Carryover Funds

Grant	BY 2004	BY 2005	BY 2006
ADAP Funding	\$14,290,638	\$14,353,487	\$15,195,000
Carryover Funds	\$3,858,967	\$2,975,050	Data Unavailable ²¹

Transition of ADAP Enrollees to other Medicaid Programs. The federal government issued the Ticket-to-Work and the Medicaid Expansion 1115 Waiver grants to develop programs for persons who have the HIV disease, but do not meet the Medicaid eligibility requirements to receive Medicaid benefits. Since the implementation of these two programs, AHPP has moved 687 clients from ADAP into the waiver programs. However, due to improper management of and planning for ADAP funding, approximately \$6.8 million of ADAP funds remain unspent.

Ticket-to-Work. The Ticket-to-Work program was implemented in 2002, but DOH started the program in 2004. The Ticket-to-Work program had 420 slots. DOH gradually moved ADAP clients over to the Ticket-to-Work program to fill the waiver slots. According to DOH, after the 420 clients were moved into the waiver program, it was realized that unused ADAP funds would result.

The Ticket-to-Work Waiver has a lifespan of 6 years, after which the waiver ends. The Ticket-to-Work program will end in either BY 2008 or BY 2009.²² DOH officials stated that once the Ticket-to-Work program has ended, the 420 clients will need to be placed back into ADAP. This concerns DOH officials because the ADAP budget may be reduced due to the increased carry-over of unused funds.

Medicaid Expansion 1115 Waiver. The Medicaid Expansion 1115 Waiver started in BY 2005 and will end in BY 2009. Currently, DOH has 267 people enrolled in the Medicaid Expansion 1115 Waiver program. During FY 2005, when applicants applied for drug assistance, 267 applicants that were not enrolled into ADAP were placed into the Medicaid Expansion Waiver. This situation is similar to the issue of the Ticket-to-Work program as described above.

²¹ This information was not provided from AHPP because the budget period is from April 1, 2005 - March 31, 2007.

²² Currently, there is funding available for the Ticket-to-Work Waiver that should last beyond BY 2008 into BY 2009.

FINDINGS

DOH Plans for Using BY 2004 Carryover Funds

HRSA has approved DOH's plan to use the BY 2004 ADAP carryover funds for the following HIV and AIDS services:

- To restructure and initiate a treatment adherence initiative. This District-wide initiative will include research; development of best practices for treatment adherence; training for the provider community; and the implementation of new strategies for adherence to drug regimens.
- To off-set the expense of providing resistance testing to all clients receiving primary medical services.
- To support the development of standards of care for ADAP services that include public input and training of all service providers.
- To merge and enhance data collection systems so that ADAP enrollment, utilization, and quality management are more effective. This systems integration will enable eligible individuals to gain access to drugs and allow AHPP to monitor the client's progress in taking HIV related medications.
- To support activities focusing on increasing minority participation in ADAP. This includes expansion of current ADAP Minority AIDS Initiative (MAI) activities, development of materials illustrating key points of access, and evaluation of the ADAP referral network.

CONCLUSION

We concluded that DOH/AHPP did not effectively exhaust all avenues to use available ADAP funding and, therefore, is not managing the grant funds properly. For the combined BYs of 2004 and 2005, AHPP will have a total of \$6,834,017 in ADAP carryover funds. These carryover funds could have been used to inform District residents of available HIV and AIDS services, in addition to assisting financially eligible clients with medications and insurance premium costs. As stated above, AHPP has received approval from HRSA to use a portion of the carryover funds and has made tentative plans for their use. However, we believe if AHPP had properly managed and planned the use of ADAP funding, it would not be at risk of losing grant funds. As a result of not using resources effectively and timely, the lives of District residents that are in need of HIV and AIDS services may be impacted.

RECOMMENDATIONS

RECOMMENDATIONS: FINDING 1

We recommended that the Director, Department of Health:

1. Develop a strategic plan that outlines an implementation timeline for each of the five open recommendations.
2. Submit a report to the OIG and the Office of Risk Management, which provides the status of open recommendations and the actions taken on each recommendation to-date, within 6 months of the date of the follow-up audit report.

RECOMMENDATIONS: FINDING 2

3. Improve management over the ADAP funds by developing a plan to ensure that ADAP funds are provided to benefit eligible District residents in need of HIV and AIDS care.
4. Develop a method to ensure that eligible District residents are properly informed of available HIV and AIDS drug assistance.
5. Develop a system to track the number of clients participating in ADAP, the date of acceptance of each client, the type of service rendered to the client, and the renewal status of the client.

DOH RESPONSE TO RECOMMENDATIONS

The Director, Department of Health, concurred with the conclusions and has planned to noted deficiencies. The full text of DOH's response to our report is included at Exhibit E.

OIG COMMENT

We consider actions taken planned by DOH to be responsive to our report recommendations.

**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and Type of Benefit	Status²³
1	Compliance and Internal Control. Provides assurance that agreed-to-recommendations will be implemented.	Monetary Benefits of \$455,835	Open
2	Internal Control. Provides controls to keep AHPP on track with implementation of prior and current recommendations.	Non Monetary.	Open
3	Internal Control and Economy and Efficiency. Establishes policy to ensure that ADAP funding is used to eliminate the risk of District funding being reduced.	At least \$6.8 million could be put to better use.	Open
4	Internal Control. Provides assurance that AHPP will pursue activities to inform District residents of assistance available in obtaining HIV and AIDS drugs.	Non Monetary.	Open
5	Internal Control. Implements internal controls to adequately track the status of all clients participating in the drug assistance programs.	Non Monetary.	Open

²³ This column provides the status of a recommendation as of the report date. For final reports, “Open” means management and the OIG are in agreement on the action to be taken, but action is not complete. “Closed” means management has advised that the action necessary to correct the condition is complete. “Unresolved” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

EXHIBIT B. RE-AUDIT OF GRANT MONITORING FUNCTIONS

SYNOPSIS

We re-audited the grant monitoring function and found that the Grants and Contracts Management Division (Division) did not adhere to existing policies and procedures for monitoring HIV/AIDS grant-funded programs. As reflected in our prior report, the Division did not: (1) timely perform required site visits; (2) document site visits in a uniform manner; (3) maintain complete and updated subgrantee files; and (4) provide training to grant management specialists. These conditions were caused, in part, by the failure to implement the corrective actions prescribed in our prior report. As a result, DOH failed to ensure that management policies for subgrantees are working effectively in accordance with statutory and regulatory requirements. Ultimately, these deficiencies could result in subgrantee failure to provide needed services to a vulnerable population.

DISCUSSION

Our re-audit of the grant monitoring function confirmed that four of seven grant monitoring deficiencies reported in our prior audit remain uncorrected. We found that the grant management specialists²⁴ were not conducting the required number of site visits. Site visits are performed to determine if subgrantees are achieving targeted goals and/or deliverables outlined in the grant agreement. The Division's New Employee Guide and Desk Procedures specify that site visits are to be conducted on a quarterly basis (four per year) for each grant. We interviewed eight grant management specialists who explained that they were responsible for performing three informal site visits and one formal site visit during the grant period. When we interviewed the grant management specialists, they uniformly stated that due to time constraints, they actually perform one informal site visit and one formal site visit for each grant, contrary to policies and procedures.

Site Visits. We selected 15 subgrantees to determine if grant management specialists were conducting site visits in accordance with AHPP's Grant Management procedures. We conducted testing for FYs 2004, 2005, and 2006. Our review found that only 1 of the 15 subgrantees received the required number of site visits. For all 3 fiscal years, we found instances where there was no evidence that any site visits had been conducted.

Supervisory Review of Site Visits Reports. There was no evidence that site visit reports were regularly reviewed and approved by a supervisor. We identified this condition in our prior audit report. According to the Grants and Contract Management Division Employee Guide and Desk Procedures, after each annual site visit, the team that conducted the site visit must draft a report for management's review and approval. A final report is sent to the subgrantee and, if corrective action is required, the subgrantee is expected to respond in

²⁴ Our prior report listed this title as a grant monitor. AHPP subsequently changed the title to grant management specialist.

EXHIBIT B. RE-AUDIT OF GRANT MONITORING FUNCTIONS

writing, with corrective action plans and schedules and documentation of completed corrective actions.

Grant Monitor Workload. Our re-audit of grant management specialists’ workload shows that specialists have more than sufficient time available to perform the required site visits. Results from interviews with the grant management specialists and a review of the monitor/vendor assignment sheets revealed that each specialist had between 3 and 8 subgrantees to monitor, which includes between 9 and 16 grants. Table V below indicates the number of available working days that grant management specialists have to conduct site visits.

Table V - Number of Available Working Days for Site Visits

Average Number of Subgrantees per Specialist	Average Number of Grants per Specialist ²⁵	Number of Total Site Visits per Specialist (Days) ²⁶	Number of Available Working Days ²⁷
6	13	24	231

As Table V indicates, grant management specialists need approximately 24 out of 231 available workdays to conduct site visits. In addition to site visits, grant management specialists are responsible for reviewing budgets, processing invoices, providing technical assistance, and compiling periodic reports of subgrantees. However, we believe that AHPP’s grant management specialists have more than an adequate amount of time during the year to provide the stipulated number of subgrantee site visits, especially when considering that three of the site visits would be informal and less time consuming

Validating Subgrantee Operations. In re-auditing subgrantee operations, we preformed site visits at 10 subgrantee locations. The subgrantees that we selected for review were identified in our prior audit report as problematic and could be considered as high risk. AHPP and other District officials also suggested that these subgrantees were problematic. The site visits primarily consisted of ensuring that the subgrantees were accessible to District residents and were available to provide HIV care. We also determined whether the subgrantee’s location was properly identified on the NOGA as the location where services were to be rendered.

²⁵ Some subgrantees have multiple grants that have to be monitored.

²⁶ Grant management specialists are required to perform four site visits per year (six subgrantees multiplied by four days).

²⁷ There are 260 weekdays a year. This figure was adjusted by 14 holidays, 5 sick days, and 10 vacation days (which are estimates). For the purpose of our calculation, we allocated 1 day per site visit whether it was a formal or informal site visit.

EXHIBIT B. RE-AUDIT OF GRANT MONITORING FUNCTIONS

Our review found evidence that 9 of 10 subgrantees were providing HIV care as indicated on its respective NOGA. We questioned the validity of subgrantee operations/services at one subgrantee location, which we visited on two occasions. On our first visit to the subgrantee location, no one was at the site, and on the second visit, no one of authority was on site. We discussed this matter with officials at AHPP, and were informed that effective September 30, 2006, NOGA funding for this subgrantee would be discontinued.

Inadequate Maintenance of Subgrantee Files. We reviewed three types of files to evaluate whether AHPP maintained adequate documentation for each subgrantee. These files included (1) grant management specialist files, (2) subgrantee assurance files, and (3) program monitor files.

Grant Management Specialist Files. The Grants Management Division New Employee Guide and Desk Procedures list six items that grant management specialists are to maintain in the subgrantee grant file. These documents include invoices; NOGAs; progress notes; site visit reports and subgrantee contact information; correspondence; and the categorical budget. We reviewed 56 subgrantee files for the above-mentioned documents for the period covering FYs 2004, 2005, and 2006. The results of our review follow.

FY 2004 – We requested to review files for 15 subgrantees. Files for two subgrantees were not available. We reviewed a total of 21 grant files because some subgrantees had multiple grants, and found that:

- Invoices and NOGAs were maintained in all 21 files;
- Progress notes were not available in 5 of 21 files;
- Site visit reports were found in only 13 of 21 files, and only 1 file had the 4 required site visits;
- Correspondence was found in 19 of 21 files; and
- Categorical budgets were found in 19 of 21 files.

FY 2005 – We requested to review files for 15 subgrantees. Files for eight subgrantees were not available. We reviewed a total of 17 grant files because some subgrantees had multiple grants, and found that:

- Invoices and NOGAs were maintained in all 17 files;
- Progress notes were not available in 5 of 17 files;
- Site visit reports were found in 16 of 17 files, however, none had the 4 required site visits;
- Correspondence was found in 12 of 17 files; and
- Categorical budgets were found in 16 of 17 files.

EXHIBIT B. RE-AUDIT OF GRANT MONITORING FUNCTIONS

FY 2006 – We requested to review files for 15 subgrantees. Files for three subgrantees were not available. We reviewed a total of 17 grant files because some subgrantees had multiple grants, and found that:

- Invoices and NOGAs were maintained in all 17 files;
- Progress notes were not available in 13 of 17 files;
- Site visit reports were found in 13 of 17 files, however, none had the 4 required site visits;
- Correspondence was found in 16 of 17 files; and
- Categorical budgets were found in all 17 files.

Subgrantee Assurance Files. The Division maintains a separate file for each subgrantee to document assurances. Assurances are documents that establish subgrantees are legitimate District businesses and qualified to receive grant funds. The assurance file should contain copies of the entity's Articles of Incorporation, proof of insurance, tax returns, and business licenses. We requested 19 subgrantee files for review, but AHPP only provided 10 files. Our review of the 10 files found that 2 lacked copies of the entity's business license.

Additionally, our audit found that AHPP is using a unified approach to subgrantee monitoring. Program monitors have joint responsibilities with grant management specialists to oversee the operation of subgrantees. One of the primary responsibilities of program monitors is to track subgrantee deliverables.

Program Monitor Files. We reviewed 17 program monitor files for 15 subgrantees to determine whether the files contained (1) progress notes, (2) programmatic reports, and (3) site visit reports. Our review found that the program files were lacking important information necessary to track deliverables. The following summarizes our review of program files:

- Progress notes were missing in 11 of 17 files;
- Programmatic reports were missing in 8 of 17 files; and
- Site visit reports were not found in 6 of 17 files.

Documentation such as progress notes and site visits reports are essential to effectively monitor subgrantee performance. Due to the large amount of missing documentation, grant management specialists and program monitors cannot ensure that subgrantee activities are performed timely and that subgrantees provide a level of services consistent with the terms of grant agreements.

EXHIBIT B. RE-AUDIT OF GRANT MONITORING FUNCTIONS

Training Grant Management Specialists. We re-audited the adequacy of training AHPP provided to its grant management specialists. The Division had nine grant management specialists, six of whom participated in a Management Concepts Training and Certification Program when they were hired as new employees. The remaining three are all relatively new employees as each has been with the Division for no more than 9 months. However, these three employees have yet to be scheduled for the Management Concept Training and Certification Program. We also found that the six grant management specialists who attended the Management Concepts Training and Certification Program training course had not received any formal additional training in the past 2 years.

We believe that AHPP's grant management specialists have not received adequate training to provide them with the knowledge and skills required to effectively monitor the subgrantee programs and grant funding. The lack of training could impair grant management specialists' ability to effectively evaluate the delivery of efficient and effective HIV/AIDS services.

Office of Management and Budget (OMB) Circular A-133 Reporting Requirements. Similar to the conditions found in our prior audit, we found that AHPP continued to award grants to subgrantees that were non-compliant with federal regulations. OMB Circular A-133, entitled *Audits of States Local Governments and Non-Profit Organizations*, requires non-federal entities that expend \$500,000 or more in federal awards per year (for FYs ending after December 31, 2003) to obtain an independent audit. This requirement is stipulated in the grant agreements and the cost of the audit is an allowable charge to the grant. Subgrantees are also responsible for competitively obtaining the independent audit. The purpose of the OMB Circular A-133 audit is to review the vendor's administration and control of funds in order to provide assurance that expenditures charged to the grant are allowable and adequately documented.

We selected 13 subgrantees that were awarded grant funding in excess of \$500,000 in FY 2004 and FY 2005. We reviewed nine subgrantee files for FY 2004 and four subgrantee files for FY 2005. For FY 2004, we found that all 9 of the subgrantee files contained an independent audit report. For FY 2005, we found two subgrantees that did not have independent audit reports performed. Each of these two subgrantees received grant funding totaling \$2,655,643 and \$2,672,200, respectively, in FY 2005.

EXHIBIT C. RE-AUDIT OF AHPP'S GRANT AWARD PROCESS

SYNOPSIS

We re-audited the grant award process and found that AHPP's award process did not provide sufficient management controls to ensure that HIV/AIDS grants are awarded to qualified providers/subgrantees. As in our prior report, AHPP awarded grant funding to subgrantees that did not have the appropriate or valid licenses to conduct business in the District of Columbia. Further, AHPP did not always identify subgrantees that were eligible for Medicaid certification. These conditions existed because AHPP's procedures for awarding grants did not include written policies or established practices to ascertain whether potential subgrantees possessed proper District licensure, and other qualifications, including eligibility for Medicaid certification. As a result, there is no assurance that these subgrantees are providing District residents with services to which they are entitled in a manner consistent with District laws, rules, and regulations. Lastly, by not using available Medicaid funding, the District lost the use of \$455,835, which could have been spent for AHPP programs.

DISCUSSION

Our re-audit of the grant award process confirmed that AHPP awarded grant funding to subgrantees that did not have the appropriate or valid licenses to conduct business in the District. AHPP awarded grants to 2 subgrantees whose Articles of Incorporation were revoked either at the beginning of or during the grant period and 14 subgrantees that were unlicensed in the District of Columbia. We also identified three subgrantees that were eligible for Medicaid certification, but were not certified. Subgrantees are required to obtain this certification prior to submitting an application for grant funding.

Revoked Articles of Incorporation. We identified two subgrantees receiving grant funds with revoked Articles of Incorporation. One subgrantee that received grant funding during FY 2004 was also identified in our last review as having revoked Articles of Incorporation and receiving grant funding in FYs 2002 and 2003. This subgrantee's Articles of Incorporation were revoked 3 years before it applied for AHPP grants. The other subgrantee's Articles of Incorporation were revoked after it was awarded grant funding from AHPP; specifically, this second subgrantee was awarded a subgrant in January 2004, but its Articles of Incorporation were revoked in September 2004. AHPP should ensure that subgrantees have valid Articles of Incorporation before awarding them grants and monitor their licensure during the grant period.

According to AHPP's management, when potential subgrantees submit applications for consideration to receive grant funding, they are required to submit certain documentation (assurances) to demonstrate compliance with District statutory and regulatory requirements. The documentation should be attached to the application package, and must demonstrate that the applicants meet all necessary District requirements to provide safe and quality services to

EXHIBIT C. RE-AUDIT OF AHPP'S GRANT AWARD PROCESS

District residents. Some of the assurances required are licenses to operate a residential facility, an occupancy license, Articles of Incorporation, medical certificates, and Medicaid certification (when applicable).

In order to conduct business in the District of Columbia, a corporation is required to pay filing fees and meet reporting requirements. This requirement is stated in D.C. Code § 29-101.130. If the requirements are not met, the organization's Articles of Incorporation may be revoked.

D.C. Code § 29-301.85 states:

If any corporation incorporated under this subchapter, or any corporation which has elected to accept this subchapter, or any foreign corporation having a certificate of authority issued under this subchapter, shall fail or refuse to pay any report fee or fees payable under this subchapter, or fail to file a report as required by this subchapter, then, in the case of a domestic corporation, the articles of incorporation shall be void and all powers conferred upon the corporation shall be inoperative, and in the case of a foreign corporation, the certificate of authority shall be revoked and all powers conferred pursuant to it shall be inoperative.

Table VI below identifies amounts awarded to the two subgrantees with revoked Articles of Incorporations.

Table VI - Subgrantees with Revoked Articles of Incorporation²⁸

Subgrantee	Grant Amount Awarded in FY 2004
Subgrantee - A	\$80,751
Subgrantee - B	\$25,000
Total	\$105,751

The Articles of Incorporation for the following two subgrantees were revoked by Mayoral Proclamation, pursuant to the District of Columbia Nonprofit Corporation Act, for failing and/or refusing to file reports and pay fees to the Department of Consumer and Regulatory Affairs (DCRA). During the audit period, we determined that these subgrantees' Articles of Incorporation had not been reinstated; yet, AHPP continued to do business with each subgrantee.

²⁸ These subgrantees did not receive grant funding during FYs 2005 and 2006.

EXHIBIT C. RE-AUDIT OF AHPP'S GRANT AWARD PROCESS

- **Subgrantee – A.** Articles of Incorporation were revoked on September 8, 2003, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 2003. This subgrantee's Articles of Incorporation were revoked during our last review.
- **Subgrantee - B.** Articles of Incorporation were revoked on September 13, 2004, because the subgrantee failed to file its Articles of Incorporation and obtain a business license by April 15, 2004.

Each subgrantee is to pay filing fees for bi-annual reports in order to renew their Articles of Incorporation once expired. Prior to the expiration date of the Articles of Incorporation, DCRA sends a reminder to businesses a month before the reports and filing fees are due.

We contacted DCRA's Office of Compliance and Enforcement to determine if the subgrantees with revoked Articles of Incorporation had any complaints or investigations pending. The Office of Compliance and Enforcement imposes sanctions and other adverse actions against businesses and individuals found to be in violation of District law. We found there were no complaints or investigations pending, and sanctions had not been imposed against these subgrantees.

Unlicensed Subgrantees

AHPP awarded grants to 14 subgrantees that did not have required business licensure. These subgrantees provide a variety of services to District residents, to include medical services (e.g., HIV testing (drawing blood), medical evaluations, and dispensing medication prescriptions). Our review found that AHPP continued to award grants - in some instances, for 3 years in a row - without determining if subgrantees were licensed.

All of the subgrantees we reviewed were required to possess basic business licenses, pursuant to D.C. Code §§ 47-2851.02 - .03 (2005 Repl.). The following table identifies the grant awards made in FYs 2004, 2005, and 2006 to the 14 subgrantees that did not have proper business licenses.

EXHIBIT C. RE-AUDIT OF AHPP'S GRANT AWARD PROCESS

Table VII - Unlicensed Subgrantee/Grant Awards²⁹

Subgrantee	Grant Amount Awarded in FY 2004	Grant Amount Awarded in FY 2005	Grant Amount Awarded in FY 2006
Subgrantee – A	\$418,761	\$321,515	\$105,350
Subgrantee – B	\$139,651	\$69,826	-
Subgrantee – C	\$1,603,800	\$810,919	\$845,000
Subgrantee – D	-	\$50,000	-
Subgrantee – E	\$40,000	\$209,749	-
Subgrantee – F	-	\$150,000	-
Subgrantee – G	\$49,166	-	-
Subgrantee – H	\$217,481	\$186,571	-
Subgrantee – I	\$110,000	-	-
Subgrantee – J	\$96,232	-	-
Subgrantee – K	\$77,250	\$77,250	-
Subgrantee – L	\$312,758	-	-
Subgrantee – M	-	\$445,355	\$160,000
Subgrantee – N	\$25,000	-	-
Total	\$3,090,099	\$2,321,185	\$1,110,350

AHPP did not ensure that subgrantees possessed proper licensure before awarding grants. This is an indication of AHPP's failure to establish and follow procedures for determining that businesses are properly licensed and registered to conduct business with the District of Columbia. AHPP's lack of stringent controls over selecting and monitoring businesses to provide needed services to District residents put the District at risk for awarding grants to unlicensed subgrantees who provide vital health care services to District residents.

MEDICAID CERTIFICATION

The Department of Health Medical Assistance Administration (MAA) determines whether medical providers are eligible to receive Medicaid reimbursements. Some subgrantees provide medical care services that qualify them to receive Medicaid certification. In order for a subgrantee to receive Medicaid certification, it must provide Primary Medical Care Services, which include laboratory and sub-specialty services; home health services, including professional nursing and therapies; and personal care aide services. If a subgrantee is Medicaid-certified and provides HIV or AIDS care services to clients that are Medicaid eligible, the subgrantee may be reimbursed from Medicaid funds rather than AHPP grant funds.

²⁹ Dashes on the chart indicate that the subgrantee did not receive funding during the applicable FY.

EXHIBIT C. RE-AUDIT OF AHPP'S GRANT AWARD PROCESS

According to AHPP's management, their policy provides that their federal grant funding is to be used as payer of last resort or to supplement grant funds made during the grant year. Additionally, according to Section 2605(a) of the Ryan White CARE Act: "[F]unds received under a grant awarded under this part will be utilized to supplement not supplant State funds made available in the year for which the grant is awarded to provide HIV-related services."

In addition, according to the U.S. Department of Health & Human Services Ryan White C.A.R.E. Act Title I, manual page 22:

Title I funds are not intended to be the sole source of support for HIV care and treatment services in an EMA. The maintenance of effort requirement is important in ensuring the CARE Act funds are used to supplement existing local jurisdiction expenditure for HIV-related care and treatment services and to prevent Title I funds from being used to offset specific HIV-related budget reductions at the local level.

We selected a sample of 24 subgrantee case files to determine if these subgrantees were eligible to receive Medicaid reimbursement, and whether they were Medicaid-certified. We found that 3 subgrantees were eligible to be Medicaid-certified. Of those 3, 1 subgrantee failed to obtain Medicaid certification, which resulted in the District losing the opportunity to receive \$455,835 in federal reimbursements from Medicaid (\$651,193 dollars at 70%). The table below lists the subgrantee that was Medicaid eligible, but not certified, and received grant awards for FYs 2004, 2005, and 2006.

Table VIII - Subgrantee Eligible for Medicaid Certification

Subgrantee	FY 2004	FY 2005	FY 2006	Total
Subgrantee - A	\$251,015	\$248,423	\$151,755	\$651,193

Our review found that during AHPP's grant award process, AHPP did not adhere to policies and procedures that require subgrantees that are Medicaid eligible to become Medicaid-certified prior to submitting an application to receive grant funds. According to AHPP's management, subgrantees should provide a letter from MAA, an ID number, and/or a pending application to show if they are Medicaid-certified or seeking the same.

EXHIBIT D. LIST OF AHPP'S HIV AND AIDS GRANTS

Ryan White Title I Grant

The Ryan White Title I Comprehensive Acquired Immunodeficiency Syndrome Resources Emergency (CARE) Act was enacted by Congress in 1990, amended, and reauthorized in 1996 and again in 2000. The purpose of this Act is to address the unmet needs of people living with HIV disease.

The Ryan White Title I grant provides direct financial assistance to EMAs that have been the most severely affected by the HIV epidemic. Its goal is to develop, organize, and operate programs that provide effective and appropriate health care and support services for individuals and families affected by HIV. AHPP received Ryan White Title I grant funding of \$28,862,054, \$29,431,967, and \$26,923,066 in FY 2004, FY 2005, and FY 2006, respectively. AHPP used 39, 31, and 14 subgrantees during FY 2004, FY 2005, and FY 2006, respectively, to provide services to the HIV community.

Ryan White Title II Grant

The Ryan White Title II grant provides funds to the District of Columbia to improve access to primary care and support services. The District has program flexibility to ensure that a basic standard of care is provided across its diverse service areas to support five programs:

- AIDS Drug Assistance Program (ADAP);
- HIV care consortia;
- Service provided directly by District of Columbia subgrantees;
- Health insurance coverage; and
- Home and community-based services.

AHPP used 30, 23, and 21 subgrantees in FY 2004, FY 2005, and FY 2006, respectively, to provide Ryan White Title II services. AHPP received \$28,953,702, \$28,427,279, and \$29,242,856 in grant funding for FY 2004, FY 2005, and FY 2006, respectively.

Community-based HIV/AIDS Grant

The D.C. TechNet Capacity Building Demonstration Project is a public/private partnership between the District government and a private firm, and seeks to assess the need for HIV/AIDS services; enhance the resource capacity of subgrantees; and increase community involvement and linkage between HIV/AIDS agencies and resources. Subgrantees are targeted for training and mentoring in areas where they have been assessed to have a need for

EXHIBIT D. LIST OF AHPP'S HIV AND AIDS GRANTS

increased capacity building from fiscal management to Board of Directors development or utilization of technology to enhance their general management. The District received \$514,555 and \$570,217 community-based HIV grant funding in FY 2004 and FY 2005, respectively.

Housing Opportunities for Persons with Aids (HOPWA) Grant

The HOPWA grant is federally funded through HUD to EMAs and direct recipients, who in turn, make grants to local nonprofit organizations for projects that benefit low-income persons medically diagnosed with HIV/AIDS and their families. The HUD-funded HOPWA program distributes funds using a formula that relies on AIDS statistics reflecting cumulative AIDS cases and area of incidence. HOPWA funding is awarded to qualified states and metropolitan areas with the highest number of AIDS cases.

The District received HOPWA grant funds of \$9,428,000, \$11,802,000, and \$10,535,000 in FY 2004, FY 2005, and FY 2006, respectively. There were 32, 17, and 22 housing providers during FY 2004, FY 2005, and FY 2006, respectively, who received subgrants from AHPP. Many of the subgrantees received more than 1 HOPWA grant to administer housing and supportive services.

Prevention Grant

The Prevention Division is comprised of three offices: the Program Office; the Counseling, Testing and Referral Services Office; and the Community Planning Office. Its mission is preventing the transmission of new HIV infection and re-infection by providing leadership and innovation in the development and delivery of HIV prevention services to residents of the District of Columbia.

The Prevention Division is responsible for developing programs and initiatives that respond to the community's changing HIV prevention needs, emerging trends, gaps in resources, and the incidence of HIV/AIDS in various demographic groups. AHPP's prevention efforts are focused on promoting general HIV awareness among District residents, increasing protective behaviors among sexually active persons, and decreasing the proportion of people who are unaware of their HIV status.

Further, AHPP's Prevention Division provides HIV counseling and testing to District of Columbia residents and refers all newly identified HIV positive individuals to appropriate healthcare and other support services, while funding numerous subgrantees to provide education and intervention programs. The Prevention Division awarded 9 subgrants in FY 2004, 11 in FY 2005, and 10 in FY 2006. The District received grant funding amounting to \$5,988,005, \$5,938,305, and \$5,761,344 in FY 2004, FY 2005, and FY 2006, respectively.

EXHIBIT D. LIST OF AHPP'S HIV AND AIDS GRANTS

Surveillance Grant

The Surveillance Division maintains, accumulates, and reports statistical data for all AHPP programs in order for AHPP to apply for grant funding. The Surveillance Division's primary function is to keep statistical information on HIV and AIDS cases to allow information retrieval by gender, race, age, and geographical location.

AIDS surveillance is conducted to monitor the spread of the epidemic and to provide a basis for planning and evaluation of prevention and care services. The District conducts AIDS Surveillance under cooperative agreements with the federal Centers for Disease Control and Prevention. The Data and Research Division is responsible for monitoring the incidence and prevalence of HIV/AIDS in the District of Columbia through surveillance and epidemiology activities.

The Surveillance and Epidemiology Section supports the work of the Division through various data gathering, management, and analysis functions. The responsibility of this section is to maintain a confidential electronic registry and to conduct the investigation, collection, analysis, and interpretation of reported HIV/AIDS case data. In addition, the Division is responsible for maintaining, analyzing, and reporting HIV health services and prevention services data. AHPP received grant funds in the amounts of \$1,484,018, \$1,644,359, and \$1,709,085 in FY 2004, FY 2005, and FY 2006, respectively.

EXHIBIT E. DOH RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HEALTH



Office of the Director

October 19, 2006

Charles J. Willoughby
Inspector General
Government of the District of Columbia
717 14th Street, NW
Washington, DC 20005

Dear Mr. Willoughby:

Thank you for the opportunity to respond to the "Follow-up Audit of the Department of Health Administration for HIV Policy and Programs (AHPP). As you know, we received the draft audit on October 16th, and as a result, will make some general observations while offering a timeframe for more comprehensive and specific response.

I want to express both my appreciation and my concurrence for the evidence of "organizational improvements made by management with vigor and enthusiasm." Dr. [redacted] and her team have worked quickly and methodically to hire senior level managers where they were vacancies, and promote managers to permanent positions in an effort to establish stability and impose a solid management structure in an agency that was in critical need of senior and mid-level leadership. At the same time we have worked to rebuild the new "AHPP" to manage the day-to-day responsibilities, we have embarked upon a number of new initiatives to energize the conversation around the HIV epidemic in the District of Columbia. Most notable are our efforts to make HIV testing routine in health settings and ensure that District residents "know their status."

I have discussed the draft audit with Dr. [redacted] and her staff, and we are in agreement, that while we have made solid and discernible progress on deficiencies previously identified, we have much to left to accomplish with respect to your findings and recommendations. We have agreed that the Administration will prepare no later than November 30, 2006 a comprehensive plan to address the ongoing concerns of your office.

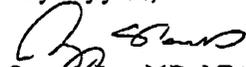
At that time, we will forward a thorough response to your report, including: a strategic plan outlining an implementation timeline for the five open grants management recommendations—to be followed by a six month status report on the progress of completing those recommendations. We will also address our plans to expand utilization of the ADAP program—including our current efforts with respect to filling senior management vacancies, expanding treatment adherence programs, and developing outreach and marketing tools. We look forward to addressing all concerns raised in your report, as well as other suggestions proffered by your staff to strengthen our work at AHPP.

825 North Capitol Street, N.E. Washington, D.C. 20002 (202) 442-5955 FAX (202) 442-4795

EXHIBIT E. DOH RESPONSE TO DRAFT REPORT.

Thank you again for the opportunity to review and respond to your draft audit. I look forward to working with the Office of the Inspector General to build on the solid foundation that Dr. [redacted] and her staff have established in the Administration for HIV Policy and Programs. Please let me know if you have any questions or need additional information.

Very truly yours,



Gregg A. Fane, M.D., MPA
Director, Department of Health