

**TESTIMONY OF CHARLES J. WILLOUGHBY
INSPECTOR GENERAL
BEFORE THE D.C. COUNCIL COMMITTEE ON HEALTH**

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

OCTOBER 23, 2006

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE ON HEALTH TO SHARE WITH YOU THE RESULTS OF THE OFFICE OF INSPECTOR GENERAL'S (OIG) FOLLOW-UP AUDIT OF THE DEPARTMENT OF HEALTH'S (DOH) ADMINISTRATION FOR HIV POLICY AND PROGRAMS (AHPP) THAT YOU REQUESTED¹. ACCOMPANYING ME TODAY ARE WILLIAM J. DIVELLO, ASSISTANT INSPECTOR GENERAL FOR AUDITS AND LADONIA WILKINS, AUDIT DIRECTOR. MY TESTIMONY TODAY WILL: DESCRIBE THE AUDIT OBJECTIVES AND SCOPE; SUMMARIZE THE CONDITIONS REPORTED IN OUR AUDIT REPORT; AND, OUTLINE THE RECOMMENDATIONS MADE TO DOH TO CORRECT THE NOTED DEFICIENCIES.

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

OBJECTIVES AND SCOPE

OUR AUDIT OBJECTIVES WERE TO REVIEW DOH'S IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS AND CORRECTIVE ACTIONS PERTAINING TO THE EFFICIENCY AND EFFECTIVENESS OF 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.

WHILE OUR REPORT IS PROBLEM-ORIENTED AND OUR FINDINGS INDICATE THAT MUCH WORK REMAINS TO BE DONE, IT IS NECESSARY TO KEEP THE FINDINGS AND RECOMMENDATIONS IN CONTEXT. THROUGHOUT OUR AUDIT, WE NOTED EVIDENCE OF ORGANIZATIONAL IMPROVEMENTS MADE BY MANAGEMENT. ACCORDINGLY, WE OFFER THE FOLLOWING PERSPECTIVE.

PRIOR TO THE APPOINTMENT OF THE NEW AHPP DIRECTOR IN SEPTEMBER 2005, THE ADMINISTRATION WAS NOT OPERATING IN AN EFFECTIVE AND EFFICIENT MANNER. THE NEW DIRECTOR WAS CHARGED WITH TURNING AROUND AN ADMINISTRATION THAT WAS FAILING AT ITS MISSION.

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 HIV/AIDS CARE TO DISTRICT RESIDENTS BY ESTABLISHING A SEAMLESS SYSTEM OF CARE TO PERSONS WITH OR AT RISK FOR HIV.

FURTHER, 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. 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.

AUDIT FINDINGS

FINDING 1: IMPLEMENTATION OF PAST RECOMMENDATIONS

WE FOUND THAT DOH HAS NOT FULLY IMPLEMENTED RECOMMENDATIONS THAT WERE PROVIDED IN OUR PRIOR AUDIT REPORT, "AUDIT OF THE DEPARTMENT OF HEALTH HIV/AIDS ADMINISTRATION

OFFICE (HAA),” DATED JUNE 22, 2005. THE PRIOR REPORT CONTAINED FOUR FINDINGS THAT DESCRIBED HIV/AIDS PROGRAM DEFICIENCIES FOUND AT HAA. 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 AND FOUND THAT ADEQUATE MEASURES WERE TAKEN TO ADDRESS ONLY TWO OF THE SEVEN RECOMMENDATIONS. SPECIFICALLY, THE FOLLOWING WAS FOUND:

GRANT MONITORING FUNCTIONS

OUR RE-AUDIT OF THE GRANT MONITORING FUNCTION FOUND THAT AHPP DID NOT ADHERE TO EXISTING POLICIES AND PROCEDURES FOR MONITORING HIV/AIDS GRANT-FUNDED PROGRAMS. AS REFLECTED IN OUR PRIOR REPORT, AHPP 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.

AHPP'S GRANT AWARD PROCESS

OUR RE-AUDIT OF THE GRANT AWARD PROCESS 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.

FOR EXAMPLE AHPP AWARDED GRANTS TO 2 SUBGRANTEES WHOSE ARTICLES OF INCORPORATION WERE REVOKED EITHER AT THE BEGINNING OF OR DURING THE GRANT PERIOD AND TO 14 SUBGRANTEES THAT WERE UNLICENSED IN THE DISTRICT OF COLUMBIA. FURTHER, AHPP DID NOT ALWAYS IDENTIFY SUBGRANTEES THAT WERE ELIGIBLE FOR MEDICAID CERTIFICATION. SUBGRANTEES ARE REQUIRED TO OBTAIN THIS CERTIFICATION PRIOR TO SUBMITTING AN APPLICATION FOR GRANT

FUNDING. 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. 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.

FINDING 2: ADAP GRANT FUNDING

DOH DID NOT PROVIDE ADEQUATE MANAGEMENT CONTROLS OVER 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. 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 TO OBTAIN FINANCIAL ASSISTANCE FOR THEIR MEDICATION AND INSURANCE COSTS. THIS CONDITION EXISTS BECAUSE OF INADEQUATE PLANNING FOR 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.

RECOMMENDATIONS AND MANAGEMENT RESPONSES

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.

DOH RESPONSE

DOH STATES THAT THEY HAVE 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. 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.

THANK YOU FOR PROVIDING ME THE OPPORTUNITY TO SHARE THE
RESULTS OF OUR AUDIT WITH YOU. AT THIS TIME, MY COLLEAGUES AND I
WILL BE HAPPY TO ANSWER YOUR QUESTIONS.