

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

**AUDIT OF THE DEPARTMENT OF  
HEALTH'S ADMINISTRATION OF HIV  
POLICY AND PROGRAMS AND  
GRANT MANAGEMENT**



**CHARLES J. WILLOUGHBY  
INSPECTOR GENERAL**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



October 15, 2008

Pierre N.D. Vigilance, MD, MPH  
Director  
Department of Health  
825 North Capitol Street, NE, Suite 4400  
Washington, D.C. 20001

David P. Gragan, CPPO  
Chief Procurement Officer  
Office of Contracting and Procurement  
441 4<sup>th</sup> Street, NW, Suite 700 South  
Washington, D.C. 20001

Dear Dr. Vigilance and Mr. Gragan:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of the Department of Health's Administration of HIV Policy and Programs and Grant Management* (OIG No. 07-2-06HC).

As a result of our audit, we directed 20 recommendations to the Department of Health (DOH) and one recommendation to the Office of Contracting and Procurement (OCP) for necessary actions to correct reported deficiencies. We received a response to the draft audit report from DOH, which included OCP's response, on July 25, 2008. DOH responded to all of the recommendations. DOH did not agree with Recommendations 5 and 16; accordingly, we request that DOH reconsider its position on these recommendations. In addition, we are also directing Recommendation 5 to OCP because the agency shares the responsibility for the corrective action on the recommendation.

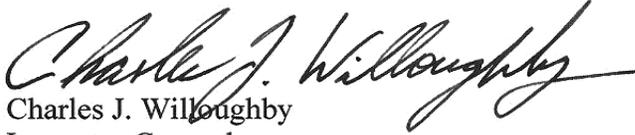
Further, for Recommendations 2, 3, 4, 19, and 20, while DOH responded favorably to the recommendations, it did not clearly provide the actions that it has taken and/or planned to correct the noted deficiencies. Therefore, we request that DOH provide detailed information as to what actions DOH has taken and/or has planned to correct the deficiencies.

Additionally, although DOH commented on Recommendations 17 and 18, DOH did not properly respond to the recommendations. Accordingly, we request DOH provide our office with an updated response to Recommendations 17 and 18. We request that DOH respond to the open and unresolved recommendations, and to our request for additional details and actual and estimated completion dates for all the recommendations within 60 days of the date of this report. We will continue to work with DOH to reach final agreement on the unresolved recommendations. The full text of DOH's response is included at Exhibit G.

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

Sincerely,

A handwritten signature in black ink, reading "Charles J. Willoughby". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Charles J. Willoughby  
Inspector General

Enclosure

CJW/lw

cc: See Distribution List

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**AUDIT OF THE DEPARTMENT OF HEALTH'S  
ADMINISTRATION OF HIV POLICY AND  
PROGRAMS AND GRANT MANAGEMENT**

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**ACRONYMS**

ADAP	AIDS Drug Assistance Program
AHPP	Administration of HIV Policy and Programs
AIDS	Acquired Immunodeficiency Syndrome
CDC	Centers for Disease Control and Prevention
COTR	Contracting Officer's Technical Representative
DOH	Department of Health
EIS	Executive Information System
FSR	Federal Status Report
FY	Fiscal Year
GMD	Grants Management Division
HAA	HIV/AIDS Administration
HIV	Human Immunodeficiency Virus
HOPWA	Housing Opportunities for Persons with AIDS
NOGA	Notice of Grant Agreement
OCP	Office of Contracting and Procurement
OIG	D.C. Office of the Inspector General
RFA	Request for Application
SOAR	System of Accounting and Reporting

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**AUDIT OF THE DEPARTMENT OF HEALTH'S  
ADMINISTRATION OF HIV POLICY AND  
PROGRAMS AND GRANT MANAGEMENT**

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## **EXECUTIVE DIGEST**

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### **OVERVIEW**

The District of Columbia Office of the Inspector General (OIG) has completed an audit of the District of Columbia Department of Health's (DOH) Administration of HIV Policy and Programs and Grant Management. This audit is the third and final audit in a series of audits performed of the HIV/AIDS Administration's (HAA) operations. We conducted this review of HAA's operations due to concerns relating to reporting and recording of federal grant funds, contract administration, and monitoring of subgrantee deliverables. Our audit work found that while HAA's operations have improved and most of our past recommendations have been implemented, additional work and improvements remain to be completed.

### **CONCLUSIONS**

This report contains four findings that detail the conditions documented during the audit. The audit indicated that HAA's maintenance over contract files and records was inadequate. We found numerous contract files where documents required to be maintained in the file folders were missing. The contract administration function in HAA lacked effective management oversight that resulted in noncompliance with certain District laws and regulations.

In addition, we found inefficient controls over HAA's administrative functions. There were HAA employees who had not received performance evaluations, and several employee personnel files were missing position descriptions. Our audit further indicated that HAA needs to improve controls over the grant award process. We found that reviews of awarded subgrants to HIV/AIDS care providers were not conducted consistently among the divisions within HAA. Further, HAA had inadequate controls over the program monitoring of subgrantee deliverables. HAA's fiscal accountability over grant budgets and expenditures also needed improvement. As a result, HAA was unable to provide accurate budget and expenditure reporting data. Lastly, HAA has not fully implemented some prior audit report recommendations. As a result, there are still three open recommendations that HAA needs to take immediate corrective action to resolve.

## **EXECUTIVE DIGEST**

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### **SUMMARY OF RECOMMENDATIONS**

We directed 20 recommendations to DOH that center, in part, on:

- developing written procedures for documenting a uniform method of awarding subgrants;
- developing written program policy to guide program monitors in ensuring that subgrantees' activities and agreed-to services are properly carried out;
- implementing controls to ensure proper recording of grant funding;
- adhering to District laws and regulations on records management; and
- ensuring effective supervision of contract administration activities.

Additionally, we recommended that the Chief Procurement Officer, Office of Contracting and Procurement develop a standard list of required documents that must be maintained in the contract files.

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

### **MANAGEMENT ACTIONS**

On July 25, 2008, DOH provided a response to the recommendations in our draft audit report. DOH concurred with all but two of the recommendations. Included in DOH's response was OCP's response to the recommendation that we directed to them, in which OCP concurred with the recommendation. We request that DOH reconsider its position on Recommendations 5 and 16. In addition, we are also directing Recommendation 5 to OCP because the agency shares the responsibility for the corrective action.

Also, for Recommendations 2, 3, 4, 19, and 20, DOH did not clearly provide the actions it has taken and/or planned to correct the noted deficiencies. Therefore, we request that DOH provide detailed information as to what actions DOH has taken and/or has planned to correct the deficiencies.

Additionally, DOH did not properly respond to Recommendations 17 and 18. Accordingly, we request DOH provide our office with an updated response to Recommendations 17 and 18. To properly establish accountability for the implementation of corrective actions, we request that DOH provide additional details to include actual or estimated completion dates for all the recommendations and respond to the open and unresolved recommendations within 60 days of the date of this report. We will continue to work with DOH to reach final agreement on the unresolved recommendations. The full text of DOH's response is included at Exhibit G.

## INTRODUCTION

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### 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). HAA'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."<sup>1</sup> According to a DOH/HAA Epidemiology Annual Report dated November 19, 2007, as of 2006, there were 12,428 reported cases of persons living with HIV and AIDS in the District of Columbia.<sup>2</sup>

HAA receives federal grant funds to assist in the combat of HIV/AIDS in the District of Columbia. In fiscal years (FYs) 2005 through 2007, the District received \$218.5 million in federal grant funds for HIV/AIDS primary care and prevention. HAA awards subgrants to HIV/AIDS providers in the community for care services to District residents infected and affected by HIV and AIDS. HAA has three divisions that participate in the grant award process: Primary Care and Case Management; Prevention and Intervention Services; and Grants Management. Listed below is a brief description of each division's role.

**Primary Care and Case Management Division** – Develops, organizes, and operates HIV/AIDS programs providing essential healthcare, treatment, and support services to infected individuals, along with their family members. These programs are funded by the Ryan White Title I and II and the Housing Opportunities for Persons with AIDS (HOPWA) federal grants.

**Prevention and Intervention Division** – Provides HIV prevention education, testing, and counseling. The Prevention and Intervention Services Division 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.

**Grants Management Division (GMD)** – Ensures HAA's compliance with local and federal regulations. The Grants Management Division performs program audits, coordinates fiscal monitoring with program divisions (including site visits), provides technical assistance to subgrantees, and processes invoices for payment. In addition, the GMD compiles various types of reports relating to budgets and expenditures for services with specific analyses (by geographic area, target population, and funding source).

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<sup>1</sup> DEPARTMENT OF HEALTH, at [http://doh.dc.gov/doh/cwp/view.a,1371,q,598664,dohNav\\_GID,1839,dohNav,33815.asp](http://doh.dc.gov/doh/cwp/view.a,1371,q,598664,dohNav_GID,1839,dohNav,33815.asp) (last visited January 17, 2008).

<sup>2</sup> The District of Columbia HIV/AIDS Epidemiology Annual Report dated November 19, 2007, contains statistics on HIV and AIDS cases in the District of Columbia.

## INTRODUCTION

HAA awarded over 400 subgrants during FYs 2005 through 2007. Table 1 below identifies the number of subgrants that were awarded for the years under review and the total amount of grant funds received for each fiscal year.

**Table 1. Subgrants Awarded for Fiscal Years 2005, 2006, and 2007**

<b>HAA's Program Services</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Primary Care and Case Management Services:</b>			
• Title I	37	35	29
• Title II	27	23	22
• HOPWA	53	42	41
Total of Primary Care Services	<u>117</u>	<u>100</u>	<u>92</u>
<b>Prevention and Intervention</b>	38	31	32
Grand Total of Subgrants Awarded	<u>155</u>	<u>131</u>	<u>124</u>
Grant Funds Received (Federal Notice of Grant Agreement (NOGA)) <sup>3</sup>	<b>\$73,846,293</b>	<b>\$77,099,812</b>	<b>\$67,533,832</b>

### OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit objectives were to determine whether HAA: (1) managed and used grant resources in an efficient, effective, and economical manner; (2) administered grant funds in compliance with applicable laws, regulations, policies, and procedures; (3) documented program reimbursements properly and for the correct amounts; and (4) established internal controls to safeguard against fraud and abuse. This audit covered transactions during FYs 2005 through 2007. To accomplish our objectives, we held interviews with HAA management and administrative staff as well as officials at the Office of Contracting and Procurement (OCP). Additionally, we examined and analyzed relevant financial and program records and contract files. We re-examined HAA's grant award process in areas where we identified deficiencies in prior audit reports. Lastly, we reviewed the status of prior audit recommendations to determine if the recommendations had been implemented.

<sup>3</sup> A NOGA is the federal document that informs an organization of grant funds awarded by a particular federal agency. To determine the amounts shown here, we totaled all the federal NOGAs that HAA received for the years under review.

## INTRODUCTION

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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

**Follow-up Audit of the Department of Health's Administration for HIV Policy and Programs, OIG No. 06-2-23HC, dated October 20, 2006.** The audit indicated that DOH/HAA had only implemented five of seven previously agreed-to recommendations to improve monitoring and oversight of subgrantees that provide HIV/AIDS services to District residents. This audit identified problems with grant monitoring that were previously reported in OIG No. 04-2-05HC (see below). Specifically, grant management specialists neither performed the required number of site visits nor adequately maintained subgrantee files, and management did not sufficiently ensure that the grant monitors performed their duties.

In addition, we found that DOH/HAA did not always ensure that subgrantees were operating under proper District licensure. In fact, some subgrantees' Articles of Incorporation had been revoked. Additionally, DOH/HAA did not ensure that Medicaid-eligible subgrantees were certified to receive Medicaid funding (reimbursement) before requests for reimbursement were disbursed from grant funds.

Lastly, we found that DOH/HAA did not adequately use available AIDS Drug Assistance Program (ADAP) funding to provide drug treatment to District residents. Specifically, there were inadequate internal controls in place to ensure that DOH/HAA effectively and efficiently used HIV/AIDS grant funding. Due to improper management and planning of ADAP funding, approximately \$6.8 million of ADAP funds remained unspent. DOH/HAA concurred with all recommendations outlined in the audit report and, therefore, agreed to develop a comprehensive plan addressing the ongoing concerns. On August 27, 2007, DOH/HAA submitted to the OIG a status report of the progress and corrective actions taken on the findings and recommendations outlined in the audit report.

**Audit of the Department of Health HIV/AIDS Administration Office, OIG No. 04-2-05HC, dated June 22, 2005.** The audit indicated that the HIV/AIDS Administration (HAA) needed to improve monitoring and oversight of subgrantees who provide HIV/AIDS services to District residents. The report noted that grant management specialists (formerly titled grant monitors) did not perform the required number of site visits, prepared questionable site visit reports, inadequately maintained subgrantee files, and failed to ensure that subgrantees were providing services as agreed. We also found that HAA management did not sufficiently ensure that grant monitors performed their duties.

## INTRODUCTION

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During this audit, we identified many grant monitoring problems. Our audit disclosed that HAA did not always provide timely reimbursement to subgrantees and, in some cases, took over 90 days to reimburse subgrantees.

Finally, we found that fiscal accountability over grant budgets and expenditures was inadequate. HAA could not provide us with budget and expenditure information related to individual grant reviews. There were insufficient internal controls in place to ensure that HAA effectively and efficiently used HIV/AIDS grant funding. DOH agreed with our recommendations and provided details of actions taken to address the concerns and recommendations.

**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, LLP. The report provides seven chapters that detail findings and numerous recommendations concerning the District's response to the HIV epidemic. One chapter contains findings similar to our audit findings 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.

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## FINDINGS AND RECOMMENDATIONS

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<b>FINDING 1: CONTRACT ADMINISTRATION</b>
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### SYNOPSIS

Although HAA had the responsibility for general administration of awarded contracts, it did not maintain adequate documentation to support contract actions. HAA did not establish separate files for each awarded contract, nor maintain copies of signed contracts, statements of work, purchase orders, vendor invoices, and documentation to support contract monitoring activity and deliverables. These items are pertinent to the history of each contract and central to HAA's contract administration responsibility. In addition, due to lack of sufficient supporting documentation, we were unable to determine whether HAA actually received the contract deliverables. Further, our review of HAA's contracts identified one contract with questionable and/or unallowable costs. HAA did not perform adequate contract administration because contracting officer technical representatives (COTRs) were not assigned to all contracts. We believe that HAA's inadequate oversight of its general contract administration responsibilities allowed these problems to occur. As a result, contract practices that potentially violated District procurement laws and regulations were not timely detected and prevented.

### DISCUSSION

We found that HAA did not maintain adequate files for its awarded contracts. For example, a separate file was not maintained for each HAA contract award as required by the provisions of 27 DCMR § 1203.3(b). According to this regulation, a file must be established for all contracts to include copies of invoices, approval for payment, and evidence that contract monitoring was performed.

### CONTRACT FILE MAINTENANCE

Our review of HAA contract files revealed that contract files and supporting documentation important to the history of the awarded contracts were missing, contract files could not be located, and a sole-source award justification was not prepared. In addition, we had to visit OCP to review contract files because HAA had insufficient supporting documentation regarding contract transactions and events in its contract files, which is contrary to proper general contract administration practices.

## FINDINGS AND RECOMMENDATIONS

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Title 27 DCMR § 1203.2 states:

The documentation in each contract file maintained by the contract office shall be sufficient to constitute a complete history of the transaction for the following purposes:

- (a) Providing a complete background as a basis for informed decisions at each step of the procurement process;
- (b) Supporting actions taken;
- (c) Providing information for reviews and investigations; and
- (d) Furnishing essential facts in the event of litigation.

Further, DCMR § 1203.1 requires that the office performing contract administration (including payment responsibilities) must also maintain supporting documentation of all contract actions.

In January 2007, HAA's interim Chief of Staff initiated action to have each contract assigned a COTR and selected six program health analysts to be trained to serve as COTRs. However, not all contracts had been assigned a COTR. Specifically, 4 of the 15 purchase orders we reviewed still had no designated COTR. We were informed that prior to January 2007, previous HAA management ignored contract administration activities. In our opinion, the previous failure to provide adequate oversight of general contract administration activities and lack of a sufficient number of trained COTRs were the major factors that negatively impacted HAA's contract file maintenance function.

**Contract Files.** We judgmentally selected 15 purchase orders totaling over \$3.77 million for our review. We noted that a separate contract file was not maintained for each award as required by 27 DCMR § 1203.3. HAA staff provided us a listing of contracts awarded during FY during 2005 through FY 2007 from which we made our selection. For each contract, a purchase order was issued for each year or when an option year was exercised. Thus, a contract could have several different purchase order numbers associated with it. The following table identifies the purchase orders selected for review:

## FINDINGS AND RECOMMENDATIONS

**Table 2. Purchase Orders Selected for Review**

Contractor Name	Purchase Order Number	Purchase Order Amount
Beale, Inc.	174148	\$215,000
Beale, Inc.	200169	\$678,297
Beale, Inc.*	148674	\$98,000
Care Pharmacy, Inc.	140238	\$550,000
Baytek Counseling, Inc.*	203104	\$52,800
Vision Consulting	168235	\$295,381
Community Development Experts*	144610	\$42,500
Family & Medical Counseling	141871	\$138,000
Home Survey Company*	201269	\$45,500
Houston Associates	173544	\$362,907
Life Infinite*	208167	\$107,000
Octane LLC	188751	\$545,000
Tai Pedro & Associates*	210129	\$270,000
Whitman Walker Clinic	141872	\$154,000
Whitman Walker Clinic	169930	\$221,907
<b>Total</b>		<b>\$3,776,292</b>

We found that HAA had copies of contracts for only 9 of 15 executed contracts that we selected for review. Also, we believe that the contractual services or tasks to be performed under the missing contracts may not have been immediately known to the COTR. Information on the services or tasks contained in the contract was essential for the day-to-day contract monitoring responsibility. Without a copy of the contract, the COTR could not have been aware of the contract deliverables and their due dates. Once a contract has been awarded, the first task in administering it is to review the contract requirements and the specific obligations of both the contractor and the awarding agency so that the respective responsibilities can be properly scrutinized and accomplished.

In addition, HAA did not have written procedures covering the responsibilities of the COTR or information from OCP on-hand to help guide the COTR. Without written guidelines for general contract administration activities, the COTR arbitrarily decided what information was necessary to maintain within the contract files, which resulted in little or no supporting documentation of contract actions for some awards.

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\* HAA was unable to provide copies of contracts and statements of work at the time of our review for the awards marked with an asterisk.

## FINDINGS AND RECOMMENDATIONS

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The lack of appropriate supporting documentation reflecting the history of the procurement is considered a control weakness. In addition, HAA was not in compliance with the provisions of 27 DCMR § 1203.2. Upon further examination of the contract files, we noted that HAA did not maintain:

- copies of all signed contracts, statements of work, and purchase orders;
- evidence to support whether contract monitoring was performed or deliverables were received, inspected, and accepted; and
- copies of invoices approved for payment in each of the files.

Consequently, HAA contract files could not be relied upon for information on the propriety of awarded contracts. In our opinion, HAA was not properly executing its general contract administration duties as required by 27 DCMR § 1203.1. Moreover, the need to retain adequate contract files and related documentation is paramount to the general contract administration function.

In June 2007, the Administrative Service Manager of HAA, whose staff was responsible for maintaining the contract files, had a project underway to establish a separate contract file for each awarded contract. This was a good first step toward correcting the control deficiency concerning general contract administration. We believe that HAA should also obtain advice from OCP about what essential information it should include in its contract files.

**Office of Contracting and Procurement.** We visited OCP to review the 15 selected contract files. OCP's files were also missing documentation relevant to the history of the contracts, such as sole-source justification and Determination and Findings (D&F). For example, one contract awarded as a sole-source contract for \$52,800 did not have written justification to validate a sole-source award. The provisions of 27 DCMR Chapter 12 require that the contracting officer maintain records of *all* contractual actions pertinent to the history of a contract.

Regarding the sole-source award, 27 DCMR § 1700.2(a) requires the contracting officer to prepare a written D&F justifying the sole-source award. Additionally, 27 DCMR § 1010.2(a) requires any contract estimated to exceed \$25,000 to have its written D&F for an award on a sole-source basis reviewed and approved by the Director of OCP before the contract is executed. We identified a purchase order/contract (Purchase Order No. 203104) awarded in FY 2007 for \$52,800 as a sole-source award for project management and systems analysis services. The contract file did not include any evidence of the Director's approval, as required, or a written D&F to support the sole-source award.

## FINDINGS AND RECOMMENDATIONS

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The contracting officer indicated that the written justification was probably misfiled. However, when given an opportunity to locate the missing document, the contracting officer was unable to produce the justification.

We attribute the missing contract documentation to insufficient oversight of OCP contract operations. In our opinion, the inadequate contract file documentation adversely affected the effectiveness of OCP operations.

### CONTRACT ADMINISTRATION

**Contracting Officer's Technical Representative.** Our review disclosed that HAA had one person on the administrative services staff designated to perform general contract administration for all its contracts. The COTR responsibilities were in addition to this person's regular administrative duties. The contract listings provided by HAA show that it awarded 54 contracts in FY 2005, 34 contracts in FY 2006, and 19 contracts in FY 2007 (as of January 30, 2007). We believe that HAA did not have enough trained COTRs, based on the number of contract awards, to perform its general contract administration responsibilities. During our audit, HAA recognized a need for additional COTRs and added six COTR staff positions to oversee contracts. Further, we found that HAA did not have any written guidance for COTRs to follow. As a result of poor management oversight, HAA's general contract administration activities, such as maintaining sufficient documentation of contract actions essential to the history of the award, were deficient.

The COTR is usually responsible for general administration and serves as an advisor to the contracting officer concerning a contractor's compliance or noncompliance with the terms of the contract. The work of the COTR also involves the day-to-day monitoring and supervision of the contract. Therefore, COTR training and instructions are cornerstones for understanding general contract administration and effective execution of the COTR responsibilities. Recent steps taken by HAA interim management to increase the number of trained COTRs from one to six and assign a COTR to each contract should help improve HAA's general contract administration function, including contract file documentation.

**Certification of Contractor's Invoices.** We found that HAA did not always maintain contract files with copies of invoices submitted by contractors and approved by HAA for payment. Invoices are first reviewed and certified for payment by HAA before they are transmitted to the accounts payable office at DOH. We also noted that HAA lacked written procedures for processing invoice payments. We believe that the absence of invoice processing procedures negatively impacted HAA's contract file recordkeeping practices. For example, in our review of the 15 contracts, we found that no invoices were maintained for 7 contracts. Of the eight other contract files reviewed, we found that invoices maintained varied from one to five invoices per file.

## FINDINGS AND RECOMMENDATIONS

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Title 27 DCMR § 1203.5 states; “The contract files shall document actions prerequisite to, substantiating, and reflecting contract payments.”

The COTR failed to comply with this provision by not maintaining proper contract payment records. Because of the instances of incomplete contract files and nonexistent supporting documentation, we reviewed payment records at the DOH Chief Financial Officer's office. In reviewing the invoices, we noticed that some invoices submitted for payment did not always include a breakdown of individual costs billed by the contractor. The contracts we reviewed contained a clause that required contractors to provide a description, price, quantity, and date of service on invoices submitted for payments.<sup>4</sup> This was not always done by the contractors as evidenced in the 15 contract files reviewed.

For example, Houston Associates (see Table 2, on page 7 of Purchase Order No. 173544) submitted invoices for payment that only provided a lump-sum figure of \$37,500 each month for services rendered and no detailed breakdown of the costs into individual expense categories as required under the contract terms. Based on our review of Houston Associates' invoices, we found that over \$450,000 had been billed as of January 19, 2007, with no detailed information on the type of expenses charged to the contract. We believe that HAA did not know if all expenses billed to the contract were reasonable, allowable, and consistent with contract terms.

We believe that these conditions resulted from insufficient review of contractor invoices by the COTR, the lack of written invoice payment procedures, and lax management oversight of the invoice payment process. Consequently, it is conceivable that HAA could have been overcharged for the services of its contractors.

**Contract Monitoring.** Our review indicated that HAA did not maintain adequate documentation in contract files to support its contract monitoring responsibility. As a result, we were unable to ascertain whether contract monitoring had been performed by the COTR on a regular basis. We attributed this condition to HAA's failure to provide adequate supervision over its contract monitoring responsibilities. Moreover, we did not find any technical or status reports on the contractors' performance in the files. This was contrary to the provisions of 27 DCMR § 1203.1, which requires documentation be kept of all contractual actions pertinent to the office assigned responsibility for general contract administration.

Further, monitoring serves many purposes such as providing up-to-date contract status information and helping to isolate potential contractor performance problems. Early awareness of contract problems allows time for thorough preparation of solutions through

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<sup>4</sup> For example, RFP Number POHC-2006-T-2790, Section G, Contract Administration Data; Subsection G.1.1, Invoice Payment states, “The District will make payments to the Contractor, upon the submission of proper invoices, at the prices stipulated in this contract, for supplies delivered and accepted or services performed and accepted, less any discounts, allowances or adjustments provided for in this contract.”

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administrative action. Because there was insufficient documentation to support contract monitoring, there was no assurance that HAA received the services contracted for in the statements of work or that the contractor was in compliance with the terms of the contract.

**Contract Deliverables.** We found that HAA had information on deliverables for only 3 of the 15 purchase orders reviewed. The remaining 12 contract files did not contain any information indicating whether contract deliverables had been received. On the three contracts with information, the files did not disclose whether HAA had reviewed, inspected, and accepted any associated deliverables. Title 27 DCMR § 1203.2 requires that contract files be established containing the supporting documentation of all actions vital to the history of the award. In addition, we did not find technical or status reports on file for the other contract awards reviewed that would indicate whether any related contract deliverables were delivered on time, met the contract requirements, or even done at all. As a result, it was not known if HAA received the deliverables on its awarded contracts because there was a lack of sufficient documentation in the contents of the contract files to confirm this fact.

Additionally, assuring quality output generally requires monitoring the contractor's work closely and continually as it progresses to ensure that the contract requirements are met. Further, the inspection and acceptance of contract deliverables are essential to the contract quality assurance function, which is a part of the general contract administration. We believe that the assignment of trained COTRs to contracts, which began in February 2007 by HAA's interim management, will help improve the oversight of contract deliverables.

### QUESTIONABLE AND UNALLOWABLE COSTS

**Beale, Inc. Contract.** In our review of HAA's contracts, we identified questionable or unallowable costs billed by Beale, Inc. for Purchase Order Nos. 174148 and 200629 (see Table 2) that were not approved under the contract. The specific costs noted were: (1) contractor's startup costs; (2) subcontract personnel costs; and (3) unauthorized travel costs.

Startup Costs. The contractor included startup costs of \$106,000 in its pricing proposal and other documents in the contract file indicated that Beale, Inc. sought the startup funds to purchase office furniture and equipment. However, the contracting officer stated that the startup costs should not have been approved for payment because the costs were not included in the request for proposal. We also noted that this contractor was awarded a contract in the previous year for the same support services, thereby obviating the need for HAA to pay any startup costs for the subsequent period.

In our opinion, the payment of \$106,000 for startup costs was questionable and should have been disallowed. Also, e-mail correspondence dated May 1, 2006,<sup>5</sup> from an officer of the corporation to the contracting officer indicated that the contractor was seeking prior approval

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<sup>5</sup> The contract was signed on May 12, 2006.

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## FINDINGS AND RECOMMENDATIONS

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to bill HAA for these improper startup costs. We believe that inadequate management oversight of the invoice payment process and a lack of adherence to the contract terms contributed to the payment of unallowable startup costs. As a result, the District's HIV/AIDS program was deprived of needed funds that HAA could have put to better use.

Subcontracted Personnel Costs. We found that the HAA COTR approved for payment over \$276,000 in personnel costs billed by Beale, Inc. that should not have been paid. At the behest of the then HAA Director, Beale, Inc. hired two specific individuals as subcontractors to conduct an HIV/AIDS testing campaign in the District of Columbia. The HIV/AIDS testing campaign task was not included in Beale's contract statement of work. Thus, over \$276,000 in unallowable costs were billed by the contractor and approved for payment by HAA. In addition, we were also informed that senior management officials at DOH had concerns about the hiring of the subcontractors and the nature of the work they performed. But DOH officials failed to convey their concerns to the contracting officer for action. As a result, HAA paid over \$276,000 for unallowable services not included in the statement of work, which was a misuse of government funds.

Questionable Practices. We were informed that Beale, Inc. subcontractors were hired at the request of the former HAA Director because the agency did not have funds available at the time to hire them. The two former Beale, Inc. subcontractors are now employees of HAA. We believe that hiring these two individuals by the HAA Director may have violated D.C. Code § 1-618.01, Standards of Conduct.

D.C. Code § 1-618.01 states:

- (a) Each employee of the District government must at all times maintain a high level of ethical conduct in connection with the performance of official duties, and shall refrain from taking, ordering, or participating in any official action which would adversely affect the confidence of the public in the integrity of the District government.

Questionable contract practices regarding the Beale, Inc. contract were allowed to persist because of ineffective DOH management oversight.

Unauthorized Travel Costs. We found that Beale, Inc. paid for the unauthorized travel of the former HAA Director and selected HAA staff to attend an HIV/AIDS conference in Toronto, Canada; two conferences in Atlanta, GA; and one in Houston, TX in 2006. The costs of the trips in question totaled \$28,353. The trip payments for the HAA Director and staff were not authorized under this contract. Under the contract, the contractor was authorized to pay only for the domestic travel costs of Prevention Planning Council members to attend (national and local) HIV/AIDS conferences. The trip to Toronto, Canada was considered international travel and, therefore, the costs should not have been approved for reimbursement. Moreover, the travel costs of the former Director and staff should have been approved and authorized

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through the normal District travel approval process and paid from appropriated funds. As a result, travel costs were paid that were not authorized under the terms of the contract. The former Director demonstrated a lack of adherence to the District's travel policies and applicable regulations.

Table 3 below provides a breakdown for the travel by HAA former Director and staff.

**Table 3. Unauthorized Trips and Costs Paid by Contractor**

Trip	Date	Cost
Toronto, Canada	8/11-19/06	\$20,245
Atlanta, GA	1/22/06	\$2,916
Atlanta, GA	2/15/06	\$2,809
Houston, TX	2/24/06	\$2,383
<b>Total</b>		<b>\$28,353</b>

We believe that a lack of sustainable leadership at HAA, inadequate management oversight of HAA general contract administration activities by DOH, questionable practices of a former HAA Director, and an absence of written procedures covering general contract administration allowed these conditions to occur. As a result, government funds that could have benefitted the District's HIV/AIDS initiatives were misused.

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### **RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS**

We recommend that the Director, Department of Health:

1. Establish and implement procedures that mandate separate contract files for each awarded contract and/or purchase order in accordance with the provisions of 27 DCMR, Chapter 12. Also, DOH should periodically review adherence to the established procedures and require HAA to obtain assistance from the Office of Contracting and Procurement in identifying the types of documents that should be kept in contract files.

#### **DOH RESPONSE**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

#### **OIG COMMENT**

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for the corrective actions.

2. Establish policies and procedures that require HAA management to provide effective supervision over its general contract administration responsibilities, including such contract activities as the review and approval of contractors' invoices submitted for payment. Require HAA to periodically assess compliance with the established policies.

#### **DOH RESPONSE**

DOH's comments indicate agreement with the recommendation to develop policies and procedures for effective supervision over contracts. DOH's full response is included at Exhibit G.

#### **OIG COMMENT**

While DOH agreed to develop policies and procedures for supervision over contracts, DOH's response did not indicate whether the supervision would include the review and approval of contractors' invoices and if compliance with policies and procedures would be periodically assessed. We request that DOH reconsider its response and provide additional comments that fully address and meet the intent of the recommendation.

## **FINDINGS AND RECOMMENDATIONS**

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3. Establish a training program for COTRs that requires basic and refresher training, utilizing the expertise of OCP, the Center for Workforce Development, and the myriad of COTR training programs (such as those provided by the Graduate School, USDA, the General Services Administration, other federal agencies, and commercial vendors).

### **DOH RESPONSE**

DOH comments indicate agreement with the recommendation. HAA is in the process of obtaining adequate training and certification for HAA's COTRs. DOH's full response is included at Exhibit G.

### **OIG COMMENT**

We consider actions taken or planned by DOH to be partially responsive to our recommendation. We request that DOH provide additional details on the type of OCP training that will be provided to all of HAA's COTRs and the estimated dates when the training will be completed.

4. Direct HAA management to routinely screen contract files to verify that COTRs have monitored contractor performance.

### **DOH RESPONSE**

DOH's comments indicate agreement with the recommendation in the development of internal support to COTR's contract performance reviews. DOH's full response is included at Exhibit G.

### **OIG COMMENT**

We consider actions taken or planned by DOH to be partially responsive to our recommendations. We request that DOH clarify the specific actions taken or planned for monitoring COTR's contract performance reviews.

5. Take the necessary action to recover the \$106,000 in questionable/unallowable startup costs and \$28,353 in unauthorized travel costs.

### **DOH RESPONSE**

DOH disagreed with our recommendation by declining to recover startup costs, which they believe were allowable and authorized.

## **FINDINGS AND RECOMMENDATIONS**

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### **OIG COMMENT**

Our audit revealed that the contractor included startup costs of \$106,000 in its pricing proposal to purchase office furniture and equipment. Based on communications with an OCP representative, the startup costs were not included in the request for proposal, and, therefore, should not have been approved for payment. Additionally, this contractor received a contract in the previous year for the same support service. For that additional reason, we questioned the startup costs. We have also directed this recommendation to OCP's contracting officer, who indicated that the startup costs were not included in the request for proposal.

Further, our review revealed DOH/HAA had unauthorized travel costs for international travel. According to the contract terms, the contractor was authorized to pay for domestic travel costs but not for international travel costs. Therefore, we request that DOH reconsider its response and take action to obtain the full recovery of the \$28,353 in unauthorized travel costs. We consider this recommendation unresolved until it is fully addressed by DOH and OCP.

We recommend that the Chief Procurement Officer, Office of Contracting and Procurement:

6. Develop and implement a standard list of items that contracting officers must document and maintain in the official contract files. This list should be tailored, as appropriate, due to specific requirements of a particular agency.

### **OCP RESPONSE**

OCP commented on the recommendation and provided detailed actions taken and planned to address the recommendation. OCP's full response is included at Exhibit G.

### **OIG Comment**

We consider actions taken or planned by OCP to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

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### FINDING 2: HAA'S ADMINISTRATIVE FUNCTIONS

#### SYNOPSIS

HAA had weak controls over its administrative functions. The office procedural manual had not been updated for several years, resulting in information that was not current, valid, or relevant to HAA's current operations. HAA's management did not establish adequate controls over the administrative functions within the agency. There were personnel files missing position descriptions of current employees and performance appraisals were not prepared for certain HAA staff. Some of the performance appraisals that had been prepared could not be located. These conditions existed due to a lack of effective management oversight and controls over the administrative functions within HAA.

#### DISCUSSION

In our prior audit report OIG No. 06-2-23HC, we described the many changes that occurred under the new leadership in FY 2005 (see Introduction section of in this report). HAA's leadership stated that they were in the process of developing position descriptions for all HAA staff, and had established performance standards and conducted performance evaluations for each employee. However, our most current audit revealed that performance standards had not been established for 47 percent of the staff and that only 39 of 87 employees received performance evaluations in FY 2007.

#### OFFICE PROCEDURAL MANUAL

Our review of the office procedural manual indicated that most of the documents and processes in the manual were outdated and no longer performed by HAA. The office procedural manual had not been updated since FY 2002. There were documents that listed the names of management personnel who had not been employed with HAA for at least 3 years, and documents that showed inconsistent use of the agency's official name. Additionally, there were documents detailing work processes that HAA does not currently perform. These conditions show a lack of effective management oversight in maintaining current policies and procedures to guide HAA employees in their day-to-day functional activities.

We believe that HAA needs to update its office procedural manual to properly guide employees and to ensure continuity of operations in the event of turnovers or prolonged absences involving key employees. We also believe that changes in leadership do not justify failure to provide proper guidance and direction to HAA employees through the use of the office procedural manual that reflects current practices.

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### **POSITION DESCRIPTIONS AND PERFORMANCE EVALUATIONS**

Review of HAA's office operations indicated that 41 of 87 (47%) employees did not have current position descriptions on file. Of the 46 position descriptions found on file, we identified 11 descriptions that did not correctly reflect employees' job titles as recorded on their respective official personnel action forms. These conditions revealed that HAA did not maintain current copies of official position descriptions for all its employees. These shortcomings also inhibit employees from being well-informed of their job responsibilities, and carrying out their duties effectively, efficiently, and ethically, and also prevent management from holding employees accountable for achievement of HAA mission objectives.

In addition, we found that performance ratings were prepared for 39 of 87 employees. However, copies of the ratings could not be obtained for 15 of the 39 employees to support management performance rating assertions. A review of 24 personnel files with performance ratings indicated that the ratings for 15 employees also did not have any evidence of supervisory approval. Additionally, performance ratings were not conducted for the remaining 48 employees as required by Section 1412 of the District Personnel Manual (Annual Performance Evaluations). These conditions indicate ineffective management of HAA's human resources.

### **RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS**

We recommend that the Director, Department of Health:

7. Revise and update HAA's office procedural manual and distribute the revised manual to its entire staff.

#### **DOH RESPONSE**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendations. DOH's full response is included at Exhibit G.

#### **OIG COMMENT**

We consider actions taken or planned by DOH to be responsive to our recommendations. However, we request that DOH provide estimated completion dates for corrective actions.

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8. Require HAA to conduct performance evaluations for all employees and maintain copies of all documented evaluations on file.

### **DOH RESPONSE**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendations. DOH's full response is included at Exhibit G.

### **OIG COMMENT**

We consider actions taken or planned by DOH to be responsive to our recommendations. However, we request that DOH provide estimated completion dates for corrective actions.

9. Require HAA to obtain or develop position descriptions for all employees and maintain current copies of all position descriptions on file.

### **DOH RESPONSE**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendations. DOH's full response is included at Exhibit G.

### **OIG COMMENT**

We consider actions taken or planned by DOH to be responsive to our recommendations. However, we request that DOH provide estimated completion dates for corrective actions.

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<b>FINDING 3: REPEAT FINDINGS</b>
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### SYNOPSIS

This report repeats findings made in the same or similar operating areas as was found in the past two audits we performed at HAA. Accordingly, we found ineffective controls over the awarding of subgrants; specifically, the award process was inconsistent and grant award files were disorganized. Further, we found weak controls over the program monitoring of subgrantee deliverables and inadequate file maintenance controls over subgrantee files.

These repeat findings occurred because: (1) HAA program monitors had not received adequate training to effectively carry out HAA's mission and perform programmatic monitoring of subgrantees; and (2) there was inadequate fiscal accountability over recording and reporting of grants budgets and expenditures. Additionally, HAA did not have written policies and procedures outlining the grant award process, procedures covering program monitoring of subgrantees, or documentation defining the responsibilities of a program monitor. As a result, HAA remained ineffective in providing proper management controls over operations, which affected operational areas such as the awarding of subgrants, program monitoring, fiscal responsibility, and receipt of deliverables.

### DISCUSSION

Our audit of HAA's grant award process and operations included reviewing Requests for Application (RFA) and program files, and conducting interviews of program staff. We found conditions similar to those discovered in previous OIG audits, OIG No. 04-2-05HC, "Audit of the Department of Health HIV/AIDS Administration Office," dated June 22, 2005, and "Follow-up Audit of Health's Administration for HIV Policy and AIDS Programs," OIG No. 06-2-23HC, dated October 20, 2006. Some of the conditions found during this current audit involved a lack of conformity and consistency among HAA's program divisions that were due, in part, to the lack of written procedures pertaining to the grant award process. We also found that each division operated differently in awarding subgrants by using different procedures or protocols to award subgrants. The flowchart at Exhibit B describes HAA's grant award process and outlines the deficiencies found during our review.

Additionally, our review found that HAA had weak controls over program monitoring, including monitoring of deliverables. We found that there was no verification process in place to determine if grant deliverable requirements were met by subgrantee(s). There were inadequate file maintenance controls over subgrantee files, and subgrantee files lacked pertinent documentation such as NOGAs (Notice of Grant Agreement), reports, invoices, and documentation acknowledging approval of grant deliverables. HAA also lacked written

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procedures for program monitoring, file maintenance, grant reporting, and the handling of subgrantee funding increases/adjustments. In addition, program staff were not properly trained in areas related to their field-of-work to help improve job performance.

Further, our audit found that HAA continued to have poor controls over the management of grant funding and grant expenditures. We were unable to determine the actual funds (amount) recorded, for example, budgeted dollars versus actual expenditures. Further, we were unable to verify and validate data in reports provided by HAA. These conditions resulted in large amounts of grant funds that have lapsed over several years.

### GRANT AWARD PROCESS

**Consistency in Awarding Subgrants.** In our review of HAA's grant award process, we tested three RFAs, including one from each year of the period under review. The RFAs cover the following grant programs: Title I, HOPWA, and Prevention and Intervention Services. Our tests consisted of reviewing the original applications and ensuring that applications existed for those providers awarded subgrants. The RFAs reviewed were:

- **Title I - RFA #0815-06**—issued in the amount of \$14,397,006. A total of 32 applicants submitted applications, but only 25 applicants received a subgrant.
- **HOPWA - RFA #0708-05**—issued in the amount of \$2,500,000. A total of 30 applications were received and 26 were awarded subgrants.
- **Prevention and Intervention Services - RFA #12082006**—issued in the amount of \$1,400,000. There were 30 applications submitted and 10 were awarded subgrants.

Application Receipts and Application Profiles. When applications are submitted in response to a RFA, an application receipt is signed by an HAA employee, preferably an employee associated with the grant program. The application receipt identifies the provider name, service category, amount requested, and the name of a representative from the provider. The document also requests the name of the HAA staff member who received the application and the date and time of receipt. There also should be an application profile attached to all applications submitted in response to a RFA. The "application profile" lists the amount requested by the applicant, and we compared this amount to the requested amount listed on the decision document. The results of our review are as follows:

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- **RFA #0815-06** – For this RFA, the application receipt forms were maintained in a notebook that contained 158 forms. We requested applications of providers who were awarded subgrants, which totaled 111. HAA was unable to provide 4 of the 111 applications for review, and all four received grant funds.
- **RFA #0708-05** – HAA was unable to provide application receipt forms for the 30 applications submitted under this RFA. We then requested to review the applications awarded subgrants which totaled 26, but HAA was only able to provide 20 applications for our review. The six missing applications were, in fact, awarded subgrants. Additionally, we received documents not related to this RFA due to incorrect labeling and disorganization of files.
- **RFA #12082006** - There were 30 applications submitted; each contained an application profile sheet, but none of the profiles were dated or had a signature of receipt by HAA. Further, HAA did not provide copies of the application receipt for these applications. As a result, due to the lack of documented receipts of applications, we could not verify if the applications were submitted timely. Additionally, HAA was unable to provide one application for our review.

**Uniformity in Use of Forms and Filing Protocols.** Due to each division performing under different protocols in awarding subgrants, we found divisions using documents/forms that other divisions are not using. Also, the filing systems used by the divisions differed, including the types of documents filed. We found no uniformity between the HOPWA and Prevention and Intervention Services programs, resulting in the need to develop standardized forms and filing procedures for each division. Without uniform protocols, there is no assurance that subgrants were awarded on a consistent basis.

Tests of Reporting. For our review, we selected the decision document of the RFAs listed above and a Grant Management Division (GMD) report to perform our tests. The decision document is the official listing of applicants approved to receive grant funding and contains the amount of the award. The GMD report data are derived from original NOGAs between HAA and the subgrantee. The report lists the amount awarded to the subgrantee, along with the grant number, and the grant period. We compared the decision document with the GMD report to determine the accuracy and effectiveness of HAA's reporting of data related to the grant award process.

For RFA #0815-06, we compared the award amount on the GMD report and the decision document. Of the 25 subgrants selected for review, none of the amounts on the documents agreed. In five cases, we found that the decision document amount was greater than the amount listed on the GMD report or vice versa, resulting in a difference of \$3.5 million. Exhibit C identifies the inconsistencies in HAA's financial reporting.

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For RFA #0708-05, we found that the requested amount for one provider amounted to \$259,000, but the GMD report identified the requested amount as \$250,000, a \$9,000 difference. This applicant was awarded a subgrant for \$250,000. Additionally, another applicant's application profile showed a requested amount of \$350,000, but HAA's report indicated the applicant's requested amount as \$355,000, which is \$5,000 more than originally requested. Further, we identified that one review panel member's consensus form indicated the requested amount as \$355,000, but the other two panel members' consensus forms list \$350,000.

Our test of two additional RFA decision documents disclosed incomplete and inaccurate information which was processed and reported by the two grant divisions. We believe that these conditions were due to ineffective management oversight of the RFA process and lack of supervisory review of the reported information, making it difficult to monitor and track subgrantee awards.

Sign-in Sheets. As an integral part of the grant award process, the sign-in sheet is the first step in receiving applications. We tested two RFAs to review the adequacy of the sign-in sheet procedures. There were 32 applicants who responded to RFA #0815-06; however, we found that 33 applicant signatures appeared on the sign-in sheet. In addition, one grant program area adhered to submission deadlines while another program area did not, further indicating that there was no uniformity in awarding subgrants within the HAA.

Our review of RFA #0708-05 sign-in sheet disclosed that it did not include a column for the date of receipt of applications. Therefore, we could not determine when applicants submitted their grant applications. We also noted instances where applicants were assigned duplicate numbers on the sign-in sheets, causing problems in the orderly organization of applications based on numerical sequence. Further, we found that one applicant missing from the sign-in sheet was awarded a subgrant but HAA was unable to locate the underlying grant application for our review.

A prepared document entitled, "Submission of Applicants," by HAA's HOPWA program staff listed all applicants under RFA #0708-05. A comparison of information reflected on this document and the relevant sign-in sheet indicated the following inconsistencies:

- The document incorrectly listed applicants and their assigned numbers. For instance, one applicant had a different number listed on each document.
- The reported number of applicants was inconsistent, with the sign-in sheet identifying 18 applicants as opposed to 19 applicants as reflected on the submission document.
- The submission document listed all 18 applicants found on the sign-in sheet. However, HAA was not able to provide for our review the application package for the 19<sup>th</sup> applicant listed on the submission document.

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These inconsistencies indicate that controls over HAA's recordkeeping practices need to be strengthened to improve the reliability of its grant information.

Review of Proper Certification. We found that HAA's management provided limited oversight for awarding subgrants. In our past audit reports, we reported that HAA awarded subgrants to businesses that lacked proper and valid licensure and certifications.

During this audit, we tested three RFAs to determine if the RFAs contained language informing applicants of the licensure and/or certifications needed in order to be considered as a valid applicant. We also tested internal controls to ensure that organizations had proper licensure and certification in order to obtain grant funding. We found that only one of the three RFAs required applicants to submit proof of valid licensure; however, the applicant did not meet the requirement. In our prior two audit reports, we emphasized the need for ensuring that subgrantees have current licensure and certifications. Based on our current review, HAA still lacks adequate and effective controls in certifying whether subgrantees have valid licensure and certification. These conditions indicate that the grant award process lacks appropriate oversight from HAA management, and divisions continue to award subgrants in an inconsistent and uncoordinated manner.

**Grant File Maintenance.** Our review of the three RFAs indicated that grant award files were disorganized and unlabeled. For example, several documents we requested for review were missing. We also found that none of the files contained denial letters to organizations that were not awarded grants. Further, approval letters for the applicants awarded grant funding were not located in the grant files. According to DOH management, these documents should have been maintained in the files as part of the grant award process. The lack of written policies and procedures contributed to these poor recordkeeping practices.

### PROGRAM MONITORING AND DELIVERABLES

Our audit found that there were inadequate controls over subgrantee deliverables and files. Further, HAA lacked written policies and procedures for program operations and processes. HAA program staff were not sufficiently trained to effectively perform their duties and carry out HAA's mission. As a result, there is no assurance that subgrantees were fully providing the agreed-to services to the District's HIV/AIDS population.

Our previous audits focused on the grant monitoring aspect of HAA operations. We also reviewed the grant monitors' functions and recommended remedial actions that HAA needed to implement to improve its grant monitoring operations. This current review focused on program monitoring of subgrant activities. Program and grant monitoring are complementary processes because both involve conducting site visits, maintaining subgrantee file folders, and monitoring subgrantee progress. In addition, the program monitors scrutinize the services agreed-to by the subgrantee and ensure subgrantee target

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dates for deliverables are met. Our findings in the program monitoring area are similar to those found in the grant monitoring function, as reported in our previous audits.

**Monitoring of Agreed-to Services.** We found that program staff monitor provider deliverables by reviewing the monthly and end-of-year reports submitted by the subgrantees. HAA staff relied on such reports to determine whether deliverables were properly met; however, HAA staff did not use an independent verification process to ascertain whether the required services were actually provided or performed. Further, our review of subgrantee files did not find any written acknowledgment of agreed-to services approved or sanctioned by HAA staff. As a result, we could not determine whether the District received all of the agreed-to services outlined in the NOGAs.

Generally, HAA had not instituted an effective system of checks and balances to ensure that the agreed-to services were performed by the subgrantees. For example, if a subgrantee was contracted to provide a public awareness service, such as passing out flyers and/or contraceptives, HAA did not have an effective method for determining whether the subgrantee has satisfactorily rendered the required service. In our opinion, reading an end-of-the-year report submitted by a subgrantee is not a reliable verification process for determining whether services were actually rendered. This deficiency prevented us from determining the validity of the services provided by subgrantees. A more valuable and timely verification method would be for HAA to document that the agreed-to services rendered by the subgrantee were verified and acceptable to HAA's management. Upon review of subgrantee file folders, we found that there was no documentation indicating HAA approval/acknowledgement that the agreed-to services were accomplished. We believe that HAA needs to have an independent verification process to determine if agreed-to services are provided and deliverable target dates are appropriately met by the subgrantees.

**Subgrantee File Maintenance.** We randomly selected 33 file folders from 2 of HAA's program divisions to determine whether the services provided by the subgrantees were in accordance with the grant agreement. We were only able to review 18 of the 33 requested program files because HAA provided subgrantee file folders that were inconsistent with our data request and lacked documentation. We noted that neither of the two program divisions had written procedures on file maintenance covering the types of essential information that should be maintained in the subgrantee file folders.

We found that:

- 12 of the 18 subgrantee file folders did not have close-out reports; however, we were able to obtain close-out reports from the GMD's grant folders;
- Monthly reports, spending plans, fiscal reports, and end-of-the-year reports were not documented in the subgrantee file folders;

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- Close-out reports were vague on the services rendered, making it difficult to determine whether the subgrantees actually performed the agreed-upon services;
- Documents provided by the subgrantees did not allow us to determine whether services were actually rendered and whether deliverable target dates were met;
- Client target goals were changed without updating the respective subgrant agreements to reflect the changes; and
- The scope of services stated in the NOGAs was not clear and specific on the required deliverables.

Moreover, the conditions noted above indicate that HAA has not clearly defined how its divisions should maintain subgrantee files. Documents missing from subgrantees files were found in grant monitor files. Additionally, the two program and grant management divisions collect and maintain the same subgrantee information. We believe that these instances of missing and duplicate subgrantee documents stress the necessity of adopting formal guidelines to ensure consistent and reliable recordkeeping practices within HAA.

**Lack of Written Procedures.** We identified that HAA did not have written policies and procedures for its major mission operations. We believe that established policies and procedures are the necessary ingredients for an effective and efficient organization, including current written directives for office operations. In addition, the provisions of DCMR § 1502.4 on Public Records of the District of Columbia states: “The programs, policies, and procedures of agencies shall be documented in directives. A copy of each directive shall be maintained as a part of the official records.”

Specifically, HAA lacked written policies and procedures covering the following areas:

- Office operations;
- Grant awarding process;
- Program monitoring activities;
- Subgrantee file maintenance;
- Site visits;
- Reporting requirements for documenting site visits; and
- Independent verification of subgrant deliverables.

**Changes to Site Visit Policies.** We learned that HAA had recently changed the required number of subgrantee site visits to be conducted by its staff. According to the Chief of the GMD, the new policy requires grant monitors and program staff to conduct two grant monitoring and programmatic site visits, respectively.<sup>6</sup> However, this new policy was neither readily available for our review nor placed in the office procedures manual. In

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<sup>6</sup> The old policy requires that a total of 4 site visits were to be conducted by both the grant and program monitors.

## FINDINGS AND RECOMMENDATIONS

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addition, the Chief of the GMD unilaterally changed the number of site visits to be performed without input from the Chiefs of the program divisions. Further, we found that this change in the number of site visits was not formally approved or adopted as official HAA policy by the Director of DOH, which further demonstrates HAA's senior management's inattentiveness to its subgrant operations and responsibilities. As a result of inadequate written policies and procedures, HAA program divisions were inconsistent in carrying out their subgrant activities and compromised achievement of the agency's important HIV/AIDS mission objectives.

Increased Funding. Another example of the lack of written guidance relates to the protocols for approving and qualifying subgrantees to receive an increase in funding. There is no verification process in place to determine if subgrantees are actually in need of additional funding. According to HAA staff, subgrantees are allowed to request an increase in funding in writing and such requests are routinely approved by HAA management. In addition, HAA lacks a formal process for determining the legitimate bases for an increase in grant funding. Moreover, HAA should have prepared a cost estimate of the funding needed to perform the requested services outlined in the RFA. Unfortunately, if the funding allotted for the requested service is insufficient, HAA does not require its staff to document the reasons for increasing funding to a subgrantee.

In instances where subgrantees were provided increased funding, there were no controls in place to determine the integrity of the process for increasing funds to a subgrantee, such as who is assigned approval authority and what qualifies subgrantees to receive extra funding. Also, there were no procedures outlining the type of inquiry that must be employed into the reason for the request and if the request is valid. Further, our review of program files indicated that the files did not contain the most current data, such as the NOGA. In some instances, we found that funding was increased without any evidence in the program file folders as to why the increase was granted. As a result, there is no assurance that the processes for the approval of funding increases are properly implemented and effectively managed by HAA officials.

**Training Program Monitors.** We interviewed 18 program staff members from 3 different program divisions and found that 7 program monitors had not received any type of formal training since employed with HAA. We believe the HAA's program monitors have not received adequate training, such as subgrantee program evaluation and analysis and subgrantee project management/monitoring, to provide them with the necessary skills to effectively and efficiently monitor the program activities of the subgrantees.

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### FISCAL CONTROL AND OPERATIONS

We noted in one of our previous audit reports (No. 04-2-05HC) that HAA's controls over grant funding and grant expenditures were inadequate. Similarly, our current audit found that HAA lacked adequate fiscal controls over the recording and reporting of grant funds. Our review of financial reports identified inaccurate grant data. We also learned that HAA routinely records grant funds before the funds are awarded.

These deficiencies resulted in HAA's inability to determine the exact amount of grant funds available at any given time period. This uncertainty can lead to HAA under or over spending grant funds. Finally, ineffectively managed grant funds could result in such funds being misused or not used for their intended purposes.

**Recorded and Reported Grant Funds.** In FY 2005 and FY 2006, HAA received nine and eight federal grants, respectively. In FY 2007, HAA received nine federal grants. We conducted tests to determine the validity and accuracy of the receipt, recording, and disbursement of grant funds. We compared financial data from the NOGAs, Executive Information System (EIS) reports, and the Federal Status Reports (FSR). The following is a description of the documents that we used in our testing:

- NOGA — a federal document that informs an organization of the grant funds awarded by a particular federal agency.
- Executive Information System (EIS) — a report generated from the District's financial System of Accounting and Reporting (SOAR). The EIS report identifies the grant award amounts and corresponding expenditures. HAA manually enters the data into EIS. In order for us to verify the accuracy of the data, we requested a report from HAA listing each grant's budgeted dollars and expenditures in FYs 2005, 2006, and 2007.
- Federal Status Report (FSR) — a federal standard form (269A) that is prepared by the DOH/Chief Financial Office annually to the spending activity of a grant award. This report contains the dollars spent/activity of the expenditures. HAA uses this form to report the spending outlays, as well as the available balance, of each grant to the federal agency that awarded the particular grant.

The grants reviewed were Ryan White Title I & Title II; Prevention; HOPWA; Surveillance and Seroprevalence; Ticket-to-Work; Community Based HIV/AIDS; Shelter Care Plus-Sponsor Based Rental; Shelter Care Plus-Tenant Based Rental; and Minority AIDS Initiative Programs. We performed tests to include comparing budgeted dollars with the NOGAs and recorded expenditures with the reported expenditures listed on the FSRs for FYs 2005 through 2007.

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## FINDINGS AND RECOMMENDATIONS

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- Fiscal Year 2005 - In FY 2005, HAA received nine grants totaling \$73,846,293. In two instances, the budgeted dollars were recorded in amounts less than the awarded amounts, and one grant was not listed on the SOAR report. The remaining six grant budgets were recorded in amounts less than the awarded amounts. During our review, there were only two grants, Title I and Community Based HIV/AIDS funds, that were completely exhausted and were accurately recorded and reported. We also identified four FSR expenditure amounts that did not agree with the NOGA amounts. As a result of these recording errors in FY 2005, there was \$7.9 million in unspent grant funds.

Recording amounts greater or less than the awarded amounts results in improper management and reporting of grant funds. For instance, we noted that the budgeted amounts recorded by HAA did not agree with any of the NOGAs for nine grants. Similarly, the reported expenditures for the grants did not agree with the amounts awarded. Exhibit D identifies the federal grant amounts awarded and the expenditures recorded in comparison to reported amounts in the District's SOAR for FY 2005.

- Fiscal Year 2006 - HAA received eight grants totaling \$77,099,812 in FY 2006. There were two grants in which the budgeted amounts recorded were greater than the awarded amounts. We found that one grant was not on the SOAR report provided for our review. The remaining five grants budgeted amounts were recorded as less than the awarded amounts. Review of the FY 2006 FSRs indicated that only one grant expended all grant funds awarded. We also noted that four grants had unspent balances totaling \$9.4 million in FY 2006. Further analysis indicated that the recorded expenditures of four grants were less than the corresponding amounts of expenditures reported to the federal agencies. As stated previously, HAA continues to improperly record financial data and not expend all grant funds within the allotted timeframe, thereby exposing the agency to the risk of losing some or all of its federal grant funds. Exhibit E identifies the federal grant amounts awarded and the expenditures recorded in comparison to reported amounts in SOAR for FY 2006.
- Fiscal Year 2007 - HAA received nine grants totaling \$67,533,832 in FY 2007. However, there were only seven grants listed on the SOAR report with budgeted amounts and expenditures, leaving two grants that were not listed on the SOAR report. We noted that for one grant, the recorded amounts were more than the NOGA amounts. HAA recorded budgeted amounts for the remaining six grants that were less than the NOGA amounts. Therefore, none of the budgeted amounts for the seven grants were recorded correctly in SOAR. Exhibit F identifies the federal grant amounts awarded and the expenditures recorded in comparison to reported amounts in SOAR for FY 2007.

## FINDINGS AND RECOMMENDATIONS

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**HAA's Unused Grant Funds.** Review of HAA's financial records disclosed that the agency had large amounts of unspent federal grant funds. HAA receives grant funds from federal agencies each year. These funds are added to the prior year's unspent grant funds – making it difficult for the agency to fully expend the funds for their intended purposes. We noted in a prior OIG audit report that HAA had a large amount of unspent AIDS Drug Assistant Program (ADAP) funds. In response, HAA indicated that the unspent funds derived from two new Medicaid programs that were initiated at the time, and that transferring ADAP patients to the new programs caused the increase in available funding because prior ADAP funds were unused.

HAA indicated that it has completed many tasks to help attract more participants to participate in its ADAP program. For example, HAA management has recently implemented steps to spend the ADAP funds by promoting major advertising initiatives using different venues, such as metro buses, radio, brochures, and posters. The agency has also sent notices to physicians in the District of Columbia requesting them to inform patients of the ADAP services that are provided by HAA. According to HAA, the increase in advertising has resulted in a slight increase of clients.

For most of the federally awarded grants, HAA is allowed 12 months to exhaust grant funds, excluding the HOPWA and Shelter Plus Care grants, which allow a period of 5 years to expend funds. In the event that grant funds are not fully expended within the allotted timeframe, HAA is required to prepare and submit a written request for extension to the awarding federal agency, detailing the planned use of the remaining grant funds. The information needed to file a request to extend grant funding requires HAA management to have access to accurate, complete, and current financial information of its grant balances. However, our review showed that HAA does not have adequate controls in place to ensure that it is maintaining accurate, complete, and current grant financial records. We believe that these deficiencies not only expose HAA to the risk of losing grant funds, but also inhibit the agency from the effective, efficient, and ethical management of grant funds to combat HIV/AIDS in the District of Columbia.

Table 4 below shows the unspent grant funds from the federal grants that HAA received in FYs 2005, 2006, and 2007, and the FYs in which the unspent funds are to be liquidated.

**FINDINGS AND RECOMMENDATIONS**

**Table 4. Funding Liquidation End Period**

<b>Liquidation end-period:</b>	<b><u>FY 2007</u></b>	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2010</u></b>	<b><u>FY 2011</u></b>	<b><u>TOTAL</u></b>
Ryan White Title I--52 HAER	----	----	----	----	----	----
Ryan White Title I--61 HAER	----	----	----	----	----	----
Ryan White Title I--71 HAER	----	\$4,180,885.00	----	----	----	\$4,180,885.00
	----	----	----	----	----	----
Ryan White Title II--52 HATT	----	\$2,979,842.00	----	----	----	\$2,979,842.00
Ryan White Title II--61 HATT	----	\$7,438,088.00	----	----	----	\$7,438,088.00
Ryan White Title II--71 HATT	----	\$9,452,606.00	----	----	----	\$9,452,606.00
	----	----	----	----	----	----
Prevention--52 HAPR	----	----	----	----	----	----
Prevention--61 HAPR	----	----	----	----	----	----
Prevention--71 HAPR	----	\$1,026,904.00	----	----	----	\$1,026,904.00
	----	----	----	----	----	----
Surveillance--52 HASS	----	----	----	----	----	----
Surveillance--61 HASS	----	\$775,536.00	----	----	----	\$775,536.00
	----	----	----	----	----	----
HOPWA--43 HAHO	----	\$328,721.00	----	----	----	\$328,721.00
HOPWA--53 HAHO	----	----	\$1,117,107.00	----	----	\$1,117,107.00
HOPWA--63 HAHO	----	----	----	\$2,721,366.00	----	\$2,721,366.00
HOPWA--73 HAHO	----	----	----	----	\$488,023.00	\$488,023.00
	----	----	----	----	----	----
Shelter Plus Tenant--71 HAST	\$297,900.00	----	----	----	----	\$297,900.00
Shelter Plus Sponsor--71 HASP	\$327,420.00	----	----	----	----	\$327,420.00
	----	----	----	----	----	----
Shelter Plus Tenant--72 HAST	----	\$288,408.00	----	----	----	\$288,408.00
Shelter Plus Sponsor--72 HASP	----	\$217,728.00	----	----	----	\$217,728.00
	----	----	----	----	----	----
	----	----	----	----	----	----
	----	----	----	----	----	----
<b>TOTAL</b>	<b><u>\$625,320.00</u></b>	<b><u>\$26,688,718.00</u></b>	<b><u>\$1,117,107.00</u></b>	<b><u>\$2,721,366.00</u></b>	<b><u>\$488,023.00</u></b>	<b><u>\$31,640,534.00</u></b>

We also noted several cases where HAA had formally received an extension to expend the grant funds, but failed to disburse those funds in a timely manner, even with the extension. Specifically, we noted the following conditions:

- In FY 2007, the Shelter Plus Care Tenant Based (71 HAST) and the Shelter Plus Care Sponsor Based (71 HASP) grants each have carryover funds of \$297,900 and \$327,420, respectively. The total carryover amount was \$625,320. The Tenant Based and the Sponsor Based grants liquidation period ended 10/31/07 and 11/30/07, respectively. Use of these funds was lost to the District resulting in lapsed funding; therefore, future grant awards of this type could ultimately be reduced by the federal

## FINDINGS AND RECOMMENDATIONS

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government because the District failed to put to use past grant funds within the prescribed grant period.

- In FY 2008, HAA will have \$26.7 million in carryover funds to expend from the Ryan White Titles I and II; Prevention; Surveillance; HOPWA; Shelter Plus Care Tenant Based; and the Shelter Plus Care Sponsor Based grants.

According to HAA, the \$2,979,842 in unspent funds under the Ryan White Title II grant (52 HATT) awarded in FY 2005 was carried over from multiple years due to under spending. This amount was carried over through March 31, 2008. HAA officials stated that the majority of these funds are ADAP funds that could not be spent due to the implementation of the Ticket-to-Work Medicaid Waiver Program, which moved the ADAP clients to the Medicaid program.

The FY 2008 Ryan White Title II grants have the highest percentage (74%) of the FY 2006 lapsed funds, totaling \$19.8 million. The Title II grant for FY 2006 (61 HATT) with a total amount of \$7.4 million had an original liquidation period of June 30, 2006. The grant required the agency to submit the FSR within 120 days after the grant officially closed. HAA submitted the required FSR in August 2007, and was awaiting response from the awarding federal agency at the time of our fieldwork. Once HAA receives permission to carryover the funds, plans will be made to use those unexpended funds.

- For FY 2009, the HOPWA grant awarded in FY 2005 (53 HAHO) has \$1,117,107 to expend and the liquidation period ends September 30, 2009. HAA has up to 5 years to use these funds and 3 years to commit the funds.
- For FY 2010, HAA will have \$2,721,366 of carryover from the HOPWA (63 HAHO) grant and the liquidation period will end September 30, 2010.

Based on the above analysis, HAA will have available for disbursement at least \$31.6 million of unspent grants funds over the next 4 years, excluding new grant funds that become available for use. This places a greater responsibility on HAA to increase public awareness of HIV/AIDS and related services available to District residents.

We believe that many factors contributed to HAA's inability to more effectively accomplish its mission and goals. Major problems included the lack of: (1) continuity in the agency leadership; (2) effective monitoring and reporting processes; and (3) formal guidelines for staff to ensure effective management of mission-critical operations.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS**

We recommend that the Director, Department of Health:

10. Implement internal controls over the grant award process to ensure consistency in grant awards and to improve oversight of related activities.

#### **DOH Response**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

#### **OIG Comment**

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

11. Develop written procedures for awarding subgrants to ensure that sound practices are uniformly followed.

#### **DOH Response**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

#### **OIG Comment**

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

12. Establish a checklist delineating documents that must be maintained in the grant award files for each subgrant application to ensure consistency in recordkeeping practices.

#### **DOH Response**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

## FINDINGS AND RECOMMENDATIONS

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### **OIG Comment**

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

13. Develop written policy ensuring that program monitors adequately oversee and report on activities related to each grant and maintain appropriate supporting documents.

### **DOH Response**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

### **OIG Comment**

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

14. Periodically conduct a supervisory review of program monitors' subgrantee file folders to ensure that files are maintained according to policy.

### **DOH Response**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

### **OIG Comment**

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

15. Provide program monitors with training, such as program evaluation/analysis and project management, to equip them with the necessary skills to effectively and efficiently monitor program activities of subgrantees.

### **DOH Response**

DOH commented on the recommendation and provided detailed actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

## FINDINGS AND RECOMMENDATIONS

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### OIG Comment

We consider actions taken or planned by DOH to be responsive to our recommendation. However, we request that DOH provide estimated completion dates for corrective actions.

16. Develop a verification process to validate HIV/AIDS program deliverables, including practices that provide reasonable assurance that services are being provided.

### DOH Response

DOH disagreed with the recommendation to develop a verification process to validate HIV/AIDS program deliverables, including practices that provide reasonable assurance that services are being provided. DOH's full response is included at Exhibit G.

### OIG Comment

We re-examined our facts and conclusion and determined that the report is fairly presented. Our audit revealed inadequate controls over subgrantees' deliverables and files. We correctly concluded that HAA lacked written policies and procedures over program operations, including operating processes over monitoring of deliverables. Also, we found instances where subgrantee files lacked independent verifications acknowledging receipt of deliverables certified by HAA staff.

Generally, HAA had not instituted an effective system of checks and balances to ensure that the agreed-to services were performed by the subgrantees. Therefore, we reiterate the importance of developing a verification process to validate program deliverables and request that DOH reconsider its response to our recommendation and act on implementing appropriate corrective actions to address the recommendation. We consider this recommendation unresolved until action is taken to correct the reported deficiency.

17. Set qualifying standards for subgrantees to meet before receiving an increase in grant funds, ensure that a formal supervisory approval is obtained for all requests, and ensure that the requests and approvals/denials are fully documented.

### DOH Response

DOH provided comments on the recommendation, but did not specifically provide detailed actions taken or planned to address this recommendation. DOH's full response is included at Exhibit G.

## FINDINGS AND RECOMMENDATIONS

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### **OIG Comment**

We consider this recommendation unresolved and request that DOH provide comments that include actions taken or planned to fully address the recommendation.

18. Periodically review grant and subgrantee files and records to ensure that the operating divisions adhere to all District statutes, regulations, and agency policies and procedures relating to records management.

### **DOH Response**

DOH provided comments on the recommendation, but did not specifically provide detailed actions taken or planned to address this recommendation. DOH's full response is included at Exhibit G.

### **OIG Comment**

We consider this recommendation unresolved and request that DOH provide comments that include corrective actions intended to fully address the recommendation.

19. Accurately record grant funds into SOAR upon actual receipt of the funds.

### **DOH Response**

DOH provided comments on the recommendation to accurately record grant funds in SOAR and indicated that it has corrected noted discrepancies in the grant data and the recording of funds. DOH's full response is included at Exhibit G.

### **OIG Comment**

DOH's response failed to identify the steps that were taken to correct the noted discrepancies in grant data and the recording of funds. We request that DOH provide additional comments identifying the specific actions required to accurately record grant funds in SOAR.

20. Develop a plan outlining the necessary actions that will be taken to expend unused grant funds before they lapse or become unavailable for the District's use.

## **FINDINGS AND RECOMMENDATIONS**

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### **DOH Response**

DOH provided comments on the recommendation, but did not specifically provide detailed actions taken or planned to address the recommendation. DOH's full response is included at Exhibit G.

### **OIG Comment**

We consider DOH's response to be insufficient because it did not include a plan outlining the necessary actions that will be taken to expend unused grant funds before they lapse or become unavailable for the District's use. We request that DOH provide additional comments detailing actions that fully address and meet the intent of the recommendation.

## FINDINGS AND RECOMMENDATIONS

### FINDING 4: IMPLEMENTATION OF PAST RECOMMENDATIONS

#### SYNOPSIS

DOH has not fully implemented recommendations directed in prior OIG audit reports. The first report, entitled *Audit of the Department of Health HIV/AIDS Administration Office* (No. 04-2-05HC), was issued on June 22, 2005. The second audit, entitled *Follow-up Audit Department of Health's Administration for HIV Policy and AIDS Programs* (No. 06-2-23HC), issued on October 20, 2006, determined that HAA had not fully implemented the previous audit recommendations. Currently, there are still open recommendations that HAA needs to address immediately in order to correct the reported deficiencies.

#### DISCUSSION

We found that HAA has made strides in implementing most of the recommendations in our June 2005 audit report. Of the 16 agreed-to recommendations contained in the report, only 1 remains open. We still have concerns about Recommendation 10, which, DOH reported as closed in its formal response to us. However, our review found that HAA had not fully implemented appropriate controls to ensure that all potential subgrantees are properly licensed and certified to conduct business in the District. This issue is detailed in Table 5 below.

<b>TABLE 5. RECOMMENDATIONS REVIEWED—Audit Report No. 04-2-05HC</b>		
<b>Intent of Recommendation<sup>7</sup></b>	<b>DOH's Response</b>	<b>Current Status of Recommendation</b>
<b>Recommendation 10</b> -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's response of August 27, 2007, indicated that all current RFAs will include language stating that documents such as business licenses and Articles of Incorporation must be submitted with the application package. However, the policy language is not always included in the RFA.  <b>Current Status:</b> Remains open.

<sup>7</sup> This column provides a synopsis of the results that AHPP would have received if the recommendation had been implemented.

## FINDINGS AND RECOMMENDATIONS

Our second audit report, OIG No. 06-2-23-HC, directed 5 recommendations, which DOH/HAA agreed to implement and submit a comprehensive plan and status report on the progress of addressing those recommendations. However, DOH/HAA did not submit the responses to the agreed-to recommendations in a timely manner, and several deficiencies remain unresolved, including two recommendations that are open.

For these two outstanding recommendations, HAA indicated in its August 2007 response that corrective actions were taken to address the reported deficiencies. However, our review revealed that HAA continues to have significant amounts of unused grant funds intended to benefit eligible District residents in need of HIV/AIDS care. HAA's formal response also failed to indicate the existence of a newly developed system to track ADAP patients. Table 6 provides details on these two outstanding recommendations.

<b>TABLE 6. RECOMMENDATIONS REVIEWED—Audit Report No. 06-2-23-HC</b>		
<b>Intent of Recommendation</b>	<b>DOH's Response</b>	<b>Current Status of Recommendation</b>
<b>Recommendation 3</b> -Improves management over 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.	Concurred	In HAA's written response dated August 27, 2007, it did not adequately indicate the necessary actions that are being taken to implement the recommendation.  <b>Current Status:</b> Remains Open.
<b>Recommendation 5</b> -Develops a system to track the number of clients participating in ADAP, the date of acceptance for each client, the type of services rendered to the client, and the renewal status of the client.	Concurred	In HAA's written response dated August 27, 2007, it did not adequately indicate the necessary actions that are being taken to implement the recommendation.  <b>Current Status:</b> Remains Open.

### CONCLUSION

HAA has not established adequate controls to ensure that all subgrantees are properly licensed to conduct business in the District of Columbia. This increases the risk of HAA using businesses that either do not exist or possess a valid license. Additionally, HAA has not taken the necessary steps to implement 3 of 21 recommendations addressed in 2 OIG audit reports to ensure that: (1) adequate controls are in place for the effective management of ADAP funds; (2) District residents were properly informed of available drug assistance; and (3) a system of tracking ADAP participants is fully developed.

## **FINDINGS AND RECOMMENDATIONS**

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### **RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS**

We recommend that the Director, Department of Health:

21. Take immediate steps to implement the agreed-to recommendations in previous OIG audit reports and provide the OIG with anticipated completion dates for the corrective actions.

#### **DOH RESPONSE**

DOH commented on the recommendation and provided actions taken and planned to address the recommendation. DOH's full response is included at Exhibit G.

#### **OIG COMMENT**

We consider actions taken or planned by DOH to be responsive to our recommendations. However, DOH's response did not indicate anticipated completion dates for the corrective actions. We request that DOH provide estimated completion dates for implementing the previous agreed-to recommendations.

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

<b>Recommendations</b>	<b>Description of Benefit</b>	<b>Amount and Type of Benefit</b>	<b>Agency Reported Estimated Completion Date</b>	<b>Status<sup>8</sup></b>
1	<b>Compliance and Internal Controls.</b> Establishes and implements procedures that call for separate contract files for each awarded contract in accordance with the provisions of 27 DCMR, Chapter 12. Also, periodically reviews adherence to the established procedures.	Non Monetary	<b>DOH</b> July 25, 2008	Closed
2	<b>Compliance and Internal Controls.</b> Establishes policies and procedures for ensuring that HAA management provides effective supervision over its general contract administration responsibilities, including instituting internal controls over its contract activities.	Non Monetary	<b>DOH</b> To Be Determined	Open
3	<b>Compliance.</b> Requires that competent personnel assigned to be COTRs have taken adequate COTR training courses.	Non Monetary	<b>DOH</b> To Be Determined	Open
4	<b>Compliance.</b> Directs HAA management to routinely screen contract files to verify that COTRs have monitored the performance of contractors.	Non Monetary	<b>DOH</b> To Be Determined	Open

<sup>8</sup>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. If a completion date was not provided, the date of management’s response is used. “Unresolved” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

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

<b>Recommendations</b>	<b>Description of Benefit</b>	<b>Amount and Type of Benefit</b>	<b>Agency Reported Estimated Completion Date</b>	<b>Status<sup>8</sup></b>
5	<b>Internal Control and Economy and Efficiency.</b> Takes the necessary action to recover the \$106,000 in startup costs and \$28,353 in unauthorized travel reimbursed to Beale, Inc.	Monetary \$134,353	<b>DOH OCP To Be Determined</b>	Unresolved
6	<b>Compliance.</b> Develops and implements a standard list of items that contracting officers must document and maintain in the official contract files.	Non Monetary	<b>OCP July 25, 2008</b>	Closed
7	<b>Compliance and Internal Controls.</b> Develops and updates HAA's office procedural manual and distributes it to the entire staff.	Non Monetary	<b>DOH July 25, 2008</b>	Closed
8	<b>Compliance.</b> Requires HAA to conduct performance evaluations for all employees and maintain copies of all documented evaluations on file.	Non Monetary	<b>DOH July 25, 2008</b>	Closed
9	<b>Compliance.</b> Requires HAA to obtain or develop position descriptions for all employees and maintain current copies of all position descriptions on file.	Non Monetary	<b>DOH July 25, 2008</b>	Closed
10	<b>Internal Controls.</b> Implements internal controls over the grant award process to ensure consistency in grant awards and to improve oversight of related activities.	Non Monetary	<b>DOH July 25, 2008</b>	Closed
11	<b>Compliance and Internal Controls.</b> Develops written procedures for awarding subgrants to ensure that sound practices are uniformly followed.	Non Monetary	<b>DOH July 25, 2008</b>	Closed

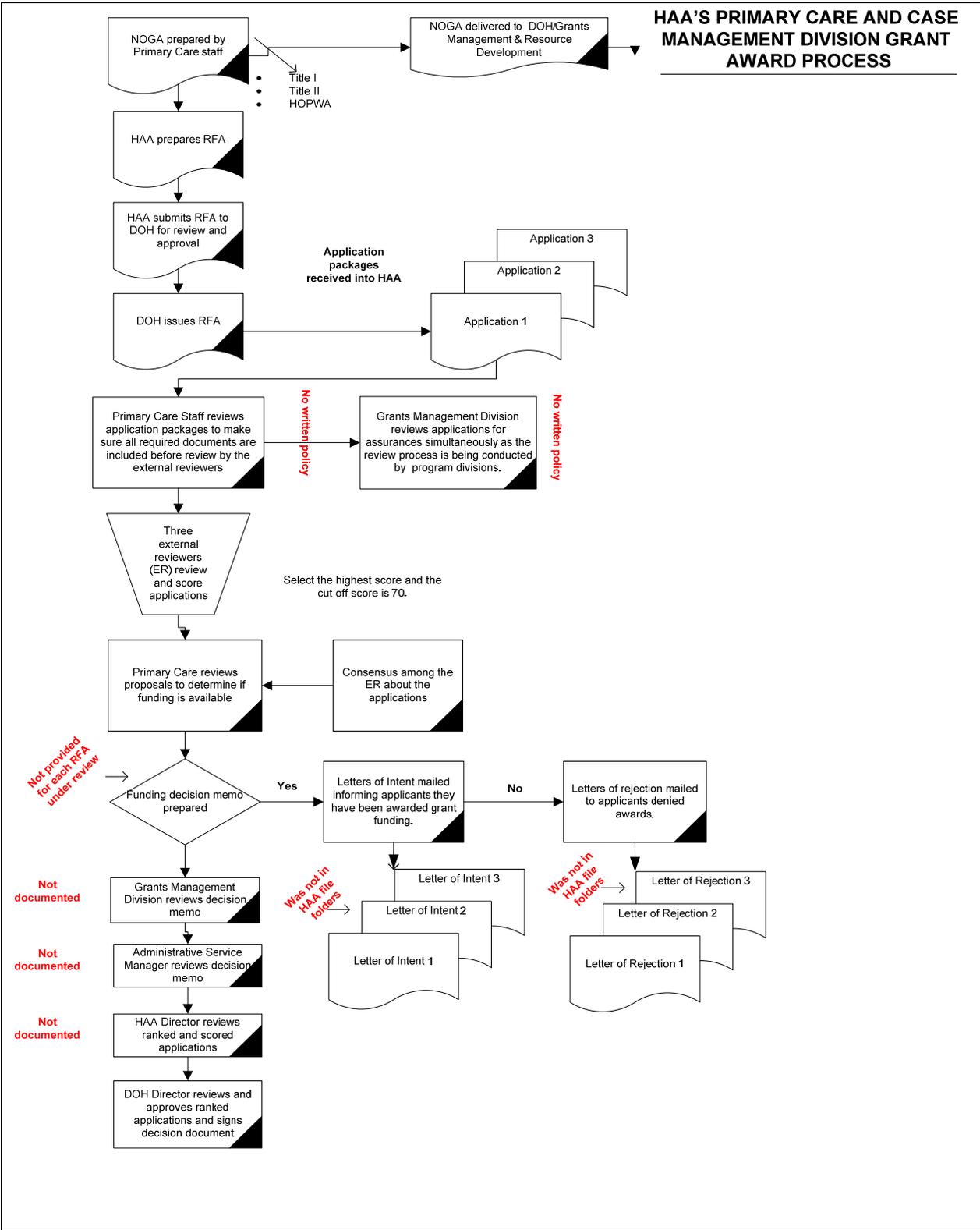
**EXHIBIT A. SUMMARY OF POTENTIAL BENEFITS  
RESULTING FROM AUDIT**

<b>Recommendations</b>	<b>Description of Benefit</b>	<b>Amount and Type of Benefit</b>	<b>Agency Reported Estimated Completion Date</b>	<b>Status<sup>8</sup></b>
12	<b>Compliance and Internal Controls.</b> Establishes a checklist delineating the documents that must be maintained in the grant award files for each subgrant application to ensure consistency in recordkeeping practices.	Non Monetary	<b>DOH</b> July 25, 2008	Closed
13	<b>Compliance.</b> Requires HAA management to develop written policy ensuring that program monitors adequately oversee, report, and document activities related to each grant.	Non Monetary	<b>DOH</b> July 25, 2008	Closed
14	<b>Compliance.</b> Establishes periodic supervisory review of program monitors' subgrantee file folders to ensure that files are maintained according to policy.	Non Monetary	<b>DOH</b> July 25, 2008	Closed
15	<b>Internal Controls.</b> Provides program monitors with training to equip them with the necessary skills to effectively and efficiently monitor program activities of subgrantees.	Non Monetary	<b>DOH</b> July 25, 2008	Closed
16	<b>Compliance and Internal Controls.</b> Develops a verification process, such as reviewing documents to obtain reasonable assurance that services are being provided, and to validate the deliverables.	Non Monetary	<b>DOH</b> To Be Determined	Unresolved

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

<b>Recommendations</b>	<b>Description of Benefit</b>	<b>Amount and Type of Benefit</b>	<b>Agency Reported Estimated Completion Date</b>	<b>Status<sup>8</sup></b>
17	<b>Compliance.</b> Requires that HAA management set qualifying standards for subgrantees to meet before receiving an increase in grants funds, and ensure that formal supervisory approval is obtained for all requests.	Non Monetary	<b>DOH</b> To Be Determined	Unresolved
18	<b>Compliance.</b> Periodically reviews grant and subgrantee files and records to ensure compliance with all District statutes, regulations, and agency policies and procedures relating to records management.	Non Monetary	<b>DOH</b> To Be Determined	Unresolved
19	<b>Compliance.</b> Requires HAA to accurately record grant funds into SOAR upon actual receipt of the funds.	Non Monetary	<b>DOH</b> To Be Determined	Open
20	<b>Compliance.</b> Develops a plan outlining the necessary actions that will be taken to expend unused grant funds before they become unavailable for the District's use.	Non Monetary	<b>DOH</b> To Be Determined	Open
21	<b>Compliance and Internal Controls.</b> Ensures that immediate steps are taken to implement agreed-to recommendations from previous OIG audit reports.	Non Monetary	<b>DOH</b> July 25, 2008	Closed

**EXHIBIT B. FLOWCHART OF HAA'S GRANT AWARD PROCESS**



**EXHIBIT C. COMPARISON OF FEDERAL AND DISTRICT RECORDS  
ON HAA'S GRANT EXPENDITURES FOR FY 2005**

<b>HIV/AIDS Grant</b>	<b>FY 2005 NOGA (A)</b>	<b>FY 2005 Budgeted Dollars (EIS Report) (B)</b>	<b>FY 2005 Expenditures (C)</b>	<b>Diff. Between (A&amp;B) (D)</b>	<b>Available Funds Diff. Between (B&amp;C) (E)</b>	<b>Available Funds (EIS Report)<sup>9</sup> (F)</b>	<b>FY 2005 FSR (G)</b>	<b>Diff. Between (A&amp;G) (H)</b>
Ryan White Title I	\$27,636,644	\$30,729,692	\$27,970,215	\$-3,093,048	\$2,759,477	\$2,759,477	\$27,636,642	\$2
Ryan White Title II	\$18,951,519	\$11,183,583	\$10,205,556	\$7,767,936	\$978,027	\$978,027	\$15,976,469	\$2,975,050
Prevention	\$5,938,305	\$4,599,296	\$3,599,469	\$1,339,009	\$999,827	\$999,826	\$5,160,334	\$777,971
HOPWA	\$11,802,000	\$9,944,662	\$9,900,659	\$1,857,338	\$44,003	\$40,978	-----	-----
Surveillance and Seroprevalence	\$1,644,359	\$960,851	\$607,972	\$683,508	\$352,879	\$352,879	\$788,590	\$855,769
Ticket-to-Work	\$6,829,777	\$3,952,510	\$3,519,291	\$2,877,267	\$433,219	\$433,220	\$3,524,752	\$3,305,024
Community Based HIV/AIDS	\$570,217	\$552,628	\$542,830	\$17,589	\$9,798	\$9,798	\$570,217	\$0
Shelter Plus Tenant Based	\$200,640	\$327,240	\$122,563	\$-126,600	\$204,677	\$207,677	-----	-----
Shelter Plus Care Sponsor	\$272,832	-----	-----	-----	-----	-----	-----	-----
<b>TOTAL</b>	<b><u>\$73,846,293</u></b>	<b><u>\$62,250,462</u></b>	<b><u>\$56,468,555</u></b>	<b><u>\$11,322,999</u></b> <sub>10</sub>	<b><u>5,781,907</u></b>	<b><u>\$5,781,882</u></b>	<b><u>\$53,657,004</u></b>	<b><u>\$7,913,816</u></b>

<sup>9</sup> These data were derived from HAA's generated EIS Report.

<sup>10</sup> Difference was not calculated for the Shelter Plus Care Sponsor grant because FY 2005 budgeted dollars for this grant were not shown on the EIS Report.

**EXHIBIT D. COMPARISON OF FEDERAL AND DISTRICT RECORDS  
ON HAA'S GRANT EXPENDITURES FOR FY 2006**

<b>HIV/AIDS Grant</b>	<b>FY 2006 NOGA (A)</b>	<b>FY 2006 Budgeted Dollars (EIS Report) (B)</b>	<b>FY 2006 Expenditures (C)</b>	<b>Diff. Between (A&amp;B) (D)</b>	<b>Available Funds Diff. Between (B&amp;C) (E)</b>	<b>Available Funds (EIS Report)<sup>11</sup> (F)</b>	<b>FY 2006 FSR (G)</b>	<b>Diff. Between (A&amp;G) (H)</b>
Ryan White Title I	\$29,706,024	\$28,774,339	\$17,507,424	\$931,685	\$11,266,915	\$6,816,764	\$29,471,909	\$234,114
Ryan White Title II	\$23,354,203	\$14,900,411	\$5,523,302	\$8,453,791	\$9,377,109	\$6,361,218	\$15,918,115	\$7,436,088
Prevention	\$5,761,344	\$4,655,268	\$4,124,445	\$1,106,076	\$530,823	\$246,726	\$5,761,344	\$0.00
HOPWA	\$10,535,000	\$16,800,464	\$7,929,106	\$-6,265,464	\$8,871,357	\$8,116,759	-----	-----
Surveillance and Seroprevalence	\$2,407,314	\$2,128,497	\$1,211,074	\$278,817	\$917,422	\$770,034	\$1,497,415	\$909,899
Ticket-to-Work	\$4,830,667	\$4,833,468	\$4,011,179	\$-2,801	\$822,290	\$822,290	\$3,970,715	\$859,952
Shelter Plus Tenant Based	\$207,360	\$200,640	\$200,640	\$6,720	\$0.00	\$0.00	-----	-----
Shelter Plus Care Sponsor	\$297,900	-----	-----	-----	-----	-----	-----	-----
<b>TOTAL</b>	<b>\$77,099,812</b>	<b>\$72,293,087</b>	<b>\$40,507,170</b>	<b>\$4,508,824<sup>12</sup></b>	<b>\$31,785,916</b>	<b>\$23,133,791</b>	<b>\$56,619,498</b>	<b>\$9,440,053</b>

<sup>11</sup> These data were derived from HAA's generated EIS Report.

<sup>12</sup> Difference was not calculated for the Shelter Plus Care Sponsor grant because FY 2006 budgeted dollars for this grant were not shown in the EIS Report.

**EXHIBIT E. COMPARISON OF FEDERAL AND DISTRICT RECORDS  
ON HAA'S GRANT EXPENDITURES FOR FY 2007**

HIV/AIDS Grant	FY 2007 NOGA (A)	FY 2007 Budgeted Dollars (EIS Report) (B)	FY 2007 Expenditures (C)	Diff. Between (A&B) (D)	Available Funds Diff. Between (B&C) (E)	Available Funds (EIS Report) <sup>13</sup> (F)	FY 2007 FSR <sup>14</sup> (G)	Diff. Between (A&G) (H)
Ryan White Title I	\$18,759,719	\$17,136,946	\$5,123,226	\$1,622,773	\$12,013,720	\$12,013,720	----	----
Ryan White Title II	\$18,630,530	\$9,066,265	\$0.00	\$9,564,265	\$9,066,265	\$9,066,265	----	----
Prevention	\$6,361,344	\$3,772,391	\$789,600	\$2,588,953	\$2,982,791	\$2,982,791	----	----
HOPWA	\$11,370,000	\$10,499,876	\$9,628,255	\$870,124	\$871,620	\$871,620	----	----
Surveillance and Seroprevalence	\$4,322,369	\$997,217	\$2,066.00	\$3,325,152	\$995,151	\$995,151	----	----
Ticket-to-Work	\$5,402,798	\$5,149,315	\$501,509	\$253,483	\$4,647,806	\$4,647,806	----	----
Shelter Plus Care Sponsor	\$288,408	\$327,240	\$46,000.00	\$-38,832	\$281,240	\$281,240	----	----
Shelter Plus Care Tenant	\$217,728	----	----	----	----	----	----	----
Minority AIDS Initiative Program (Part A & B) <sup>15</sup>	\$2,180,936	----	----	----	----	----	----	----
<b>TOTAL</b>	<b>\$67,533,832</b>	<b>\$46,949,250</b>	<b>\$16,090,656</b>	<b>\$18,185,918<sup>16</sup></b>	<b>\$30,858,593</b>	<b>\$30,858,593</b>	<b>\$0</b>	<b>\$0</b>

<sup>13</sup> These data were derived from HAA's generated EIS Report.

<sup>14</sup> For FY 2007, we could not test expenditures because, at the time of our audit, the grant period had not yet ended. Therefore, the information needed to complete the review of the FSRs was not available.

<sup>15</sup> The Minority AIDS Initiative Program (Parts A&B) is included in one grant with one NOGA issued for both parts.

<sup>16</sup> Difference was not calculated for the Shelter Plus Care Sponsor and the Minority AIDS Initiative Program grants because FY 2007 budgeted dollars for these grants were not shown in the EIS Report.

**EXHIBIT F. HAA'S FINANCIAL REPORTING DATA**

<b>Grant No.</b>	<b>Vendor Name</b>	<b>Funding Stream</b>	<b>Award Amount Grant Mgmt Div Report</b>	<b>Decision Document Listed Amount</b>	<b>Difference</b>
1	Howard University	Title I	\$623,569.00	\$611,342.00	\$12,227.00
2	Unity Health Care	Title I	\$1,090,883.00	\$1,240,519.00	\$149,636.00
3	Family and Medical Counseling Services	Title I	\$1,283,328.00	\$1,771,957.00	\$488,629.00
4	Regional Additions Prevention, Inc.	Title I	\$378,788.00	\$502,912.00	\$124,124.00
5	Terrific	Title I	\$2,731,861.00	\$185,151.00	\$2,546,710.00
6	Abundant Life	Title I	\$36,101.00	\$35,393.00	\$708.00
7	Joseph's House	Title I	\$76,178.00	\$74,681.00	\$1,497.00
8	Andromeda	Title I	\$1,056,138.00	\$1,034,413.00	\$21,725.00
9	Children's National Medical Center	Title I	\$572,462.00	\$593,814.00	\$21,352.00
10	DC Care Consortium	Title I	\$874,784.00	\$857,067.00	\$17,717.00
11	Food and Friends	Title I	\$854,211.00	\$837,462.00	\$16,749.00
12	Christ House	Title I	\$56,529.00	\$55,156.00	\$1,373.00
13	Damien Ministries	Title I	\$192,019.00	\$188,254.00	\$3,765.00
14	Right, Inc.	Title I	\$48,343.00	\$47,395.00	\$948.00
15	The Women's Collective	Title I	\$82,630.00	\$81,010.00	\$1,620.00
16	Union Temple	Title I	\$219,533.00	\$215,278.00	\$4,255.00
17	Building Futures	Title I	\$65,960.00	\$64,667.00	\$1,293.00
18	Whitman Walker	Title I	\$3,378,652.00	\$3,315,404.00	\$63,248.00
19	Samaritan	Title I	\$37,546.00	\$36,810.00	\$736.00
20	Us Helping Us	Title I	\$267,040.00	\$262,707.00	\$4,333.00
21	Community of Hope	Title I	\$215,552.00	\$211,325.00	\$4,227.00
22	Carl Vogel	Title I	\$1,039,823.00	\$1,019,434.00	\$20,389.00
23	Echelon Community Services	Title I	\$53,609.00	\$52,558.00	\$1,051.00
24	La Clinica del Pueblo	Title I	\$475,708.00	\$543,800.00	\$68,092.00
25	Metro Teen AIDS	Title I	\$81,961.00	\$80,354.00	\$1,607.00
<b>TOTAL</b>			<b><u>\$15,793,208.00</u></b>	<b><u>\$13,918,863.00</u></b>	<b><u>\$3,578,011.00</u></b>

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Health



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Office of the Director

Pierre N.D. Vigilance, MD, MPH

July 25, 2008

Charles J. Willoughby  
Inspector General  
717 14th Street, N.W., 5th Floor  
Washington, D.C. 20005

Dear Inspector General Willoughby:

I trust this letter finds you well. The Department of Health (DOH) and the Office of Contracting and Procurement (OCP) appreciate the opportunity to review and respond to Office of the Inspector General's audit of the Department of Health's HIV/AIDS Administration grant, contract and administration operations contained in draft report OIG No. 07-2-06HC.

Please find enclosed a combined response on behalf of DOH and OCP to be included in your final report. The response offers many of the steps taken by the agencies to improve its operations as identified in your findings and recommendations. There are a couple of disagreements that the agencies have with the report and our explanation is provided.

DOH has welcomed the reviews the OIG has conducted, and has found its recommendations to be very instrumental in the progress the department has made to ensure accountability of procedures and delivery of vital HIV/AIDS services to the residents of the District of Columbia. DOH is committed to continuous improvement and will utilize opportunities, such as Mayor Fenty's Capstat, to build further capacity and performance review.

DOH will look forward to further reviews when appropriate of its operations to ensure the highest quality administration and services for District residents.

Sincerely,

  
Pierre N.D. Vigilance, MD, MPH  
Director

cc: Mr. Daniel M. Tangherlini, City Administrator and Deputy Mayor  
Mr. David P. Gragan, Chief Procurement Officer  
Dr. Shannon L. Hader, Senior Deputy Director, HIV/AIDS Administration  
Mr. William Singer, Chief of Budget Execution, Office of the City Administrator

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825 North Capitol Street, NE, Suite 4400, Washington, DC 20002 202-442-5955 Fax: (202) 442-4795

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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**Department of Health  
HIV/AIDS Administration  
Office of Contracts and Procurement  
Response to Findings in OIG No. 07-2-06HC Report**

**Finding #1 Contract Administration**

HAA and OCP work closely together to ensure proper oversight and management of contracts. HAA has taken several steps to improve its administration of contracts. All contracts have been assigned COTRs, the HAA administration bureau has established a central filing system for contracts and will provide more support to COTRs, and COTRs are conducting appropriate supervision of contract deliverables and invoices. With respect to completeness of files, it is important to note that the official contract file is maintained by OCP. OCP does not provide some contract documentation, such as price reasonableness, to the agency as it is not pertinent to agency responsibilities.

HAA and OCP disagree with the OIG's finding with respect to the Beale, Inc. contract. The expenses cited were driven by agency mission and policy and program requirements. The personnel, start-up costs and travel were authorized and were part of the total price proposal submitted by the contractor. The expenses did not increase the contract's value. HAA is now following standard personnel and travel procedures. Therefore, HAA declines to recover the costs cited in the report.

***Specific Findings***

- COTRs: since the review was conducted by the OIG, COTRs have been assigned to all contracts.
- Contract files: HAA has established files for every contract, which includes copies of the contract, invoices, and COTR assignment. HAA is in the process of creating procedures on creating contract files, as well as monitoring and invoice payment processes.
- Note that one of the contracts, Tai Pedro & Associates, listed among the purchase orders in Table 2 is not administered by HAA, but by the central office of DOH.

***Recommendations***

1. HAA has established separate contract files and will obtain assistance from OCP on appropriate documentation.
2. HAA is developing policies and procedures to ensure effective supervision of contracts. HAA has provided OCP prepared handbooks to all COTRs.
3. OCP conducts bi-monthly COTR training, and will work with HAA to ensure that all of the COTRs are effectively trained and certified.
4. HAA is developing internal supports to COTRs contract performance reviews.
5. HAA declines to recover costs as expenses were allowable and authorized.
6. The Chief Procurement Officer, Office of Contracting and Procurement, has developed and implemented OCP Directive 1101.00, Contract File Preparation Guidelines

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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(Attached), for the purpose of establishing and implementing guidelines to ensure that the required documents are included in all Office of Contracting and Procurement (OCP) contract files. The directive provides specific direction on the required content for each contract file while allowing for the accommodation of agency and procurement specific information and documents. The contract file check list is specifically designed for contract types not agencies.

### **Finding #2 HAA Administrative Functions**

HAA has made substantial progress and improvements in its administration operations. Since January 2007, HAA has hired an administrative officer and dedicated Human Resource staff to ensure effective agency procedures and personnel responsibilities.

### ***Recommendations***

7. Office Procedure Manual: HAA completed a draft office procedure manual for internal review in February 2008. Edits and revisions were sought and submitted by administrative staff by May 2008. In July 2008, the administrative services manager will prepare the final draft for review. The expected distribution to entire staff will occur in September 2008.
8. Personnel Files/Performance Evaluations: In December 2007, the HAA chief of staff was assigned general oversight and management of administrative and personnel functions. HAA has hired a new human resources specialist/management analyst effective July 2008, who has begun a complete assessment of personnel files. The assessment and updating of personnel files will continue through December 2008. In this period of time, HAA has been very active in recruiting and hiring vacant positions, which coincides with the improved maintenance of personnel recordkeeping. HAA recently completed its performance evaluations of all and personnel files have been updated.
9. Position Descriptions: With the start of the new Senior Deputy Director Dr. Shannon Hader in November 2007, HAA has conducted an intensive review of staffing plans and organization structure for all divisions, including the integration of the STD and TB Control Programs and Hepatitis surveillance. The review by Senior Deputy Director, Chief of Staff, Bureau Chiefs and Administrative Services Manager was completed in June 2008. From June 2008 to September 2008, HAA is in the process of updating and/or re-classifying position descriptions as per the new staffing plans. HAA is obtaining an updated list of all position descriptions from DCHR starting in July 2008.

### **Finding #3 Repeat Findings**

The following sections respond to the findings and recommendations contained in the OIG report.

#### GRANT AWARD PROCESS

HAA welcomed the review of its grant award and program monitoring as it provides helpful information to make improvements. HAA especially appreciated the OIG diagram on the RFA

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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process conducted by the Care, Housing and Support Services Bureau as a clear depiction of all the steps required to solicit, review and award grant funds.

HAA has been examining ways to streamline the grant award process to ensure accountability for documentation, transparency of the selection process and thorough, but timely decision making. HAA has sought procedures, policies and materials to consolidate across program areas, while recognizing different service requirements and federal and local grant obligations.

For example, HAA has combined federal and local dollars into its new prevention and housing RFAs. Applicants for various prevention resources, including evidence-based interventions, and capacity building need only complete one set of basic components and then tailor program sections to those specific funding categories. HAA has developed a new budget form for RFA submissions that will also serve as the categorical budget for grants. It has simplified the categories and included definitions that will make it easier for applicants to complete. This form is being used for new prevention, housing and capacity building grant applications. HAA is also considering uniform technical reviews of applications. It is important to note that different federal requirements, programmatic elements and skill sets may necessitate components that are not identical among RFAs.

HAA is making progress to address the organizational concerns of documentation, staff capacity, and effective reviews of applications. In the subsequent program sections, HAA provides responses from its Prevention and Intervention Services Bureau and Care, Housing and Support Services Bureau.

### PROGRAM MONITORING AND DELIVERABLES

#### *Monitoring of Agreed-to Services*

HAA disagrees with the finding by the OIG that the agency is not able to verify the program deliverables of sub-grantees and that it needs an independent verification process. HAA is convinced that its multi-tiered process of project officer monitoring visits consisting of both formal review and routine contact with sub-grantees in combination with detailed program reporting by sub-grantees adequately accounts for the delivery of services as required by the grant funding. The agency's program monitoring staff have extensive experience in working with sub-grantees to discern when organizations are not meeting deliverable targets and in implementing corrective action steps to ensure services goals are achieved. When corrective actions are not fulfilled, HAA is prepared to terminate funding. This was recently demonstrated when HAA did not renew second year funding to a non-performing prevention sub-grantee. Independent verification is unnecessary as the existing monitoring mechanisms are in place. HAA, however, recognizes that improvements to system documentation and staff development are crucial to building more capacity for program monitoring. The following information details the efforts HAA has underway to enhance monitoring and accountability.

The Prevention and Intervention Services Bureau completed a draft ***Grant Program Monitoring Manual (GPMM)*** which is currently under review by senior management for final approval. The GPMP is intended to assist HAA Prevention Bureau personnel who work with the

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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programmatic aspects of sponsored programs; including Project Officers, project directors, evaluators, data managers and others. The GPMP policies and procedures apply to all Prevention and Intervention Bureau departments and are to be used harmoniously with all other HAA approved *Policy & Procedure Manuals* when specific procedures are required by a sponsored agreement. The scope of the post-award administration encompasses all DOH HAA, HIV/AIDS Prevention and Intervention Bureau activities associated with overseeing grantee performance under the grant from the date of grant approval to closeout.

The GPMM Manual assists in accomplishing several important tasks:

1. Ensure the proper administration of sponsored agreements.
2. Ensure compliance with all applicable state and federal regulations.
3. Properly identify program reporting deficiencies.
4. Ensure sub-grantees are meeting program deliverables as delineated in the grant/contract agreement.

Monitoring is conducted through the collection and assessment of information gathered from all levels of grant agreement; amendment requests; financial and project progress reports; correspondence; grantee Board minutes; newspaper articles; site visits; sub-grantee sponsored events, audit reports, and other sources.

A key element of project monitoring involves the periodic structures and systematic review on-site to verify that:

- Project work is performed in compliance with Federal and/or District statues, regulations, policies, and guidelines.
- Recipient performance of services, tasks, products is being met according to quality and scheduled service (and product) delivery time frames as specified in the grant agreement.
- Recipient performance is accurately reported and is commensurate with expenditures.
- The sub-grantee's self-evaluation process identifies and properly addresses issues and problems that may impede project performance as planned.

In an effort to ensure programmatic and fiscal monitoring synergy, quarterly meetings between the Prevention Project Officers who are responsible for programmatic monitoring and Grants Management staff who have fiscal monitoring responsibility to conduct case (grant/contract) reviews are planned to begin in the third quarter of FY 2008. The HAA believes that these meetings will result in increased monitoring to ensure compliance to grant deliverables as delineated in the grant/contract agreement.

In addition to reviewing monthly programmatic reports and end-of-year reports, the Care, Housing and Support Services Bureau site visit protocols and reporting guidance has been strengthened to include random chart reviews and sampling of reported data. Program outcome indicators have been added to each funded program and are reviewed at the time of grant signing. Monitoring these indicators give an indication of whether or not a program has successfully implemented the program. Additionally, monthly reporting tools have been expanded to capture a broader range of service activities.

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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### *Program Grant File Maintenance*

The Prevention and Intervention Services Bureau is in the process of developing the official grant monitoring file documentation content requirements but has determined that monitoring information shall be kept in the Project Officers Official Monitoring File and at a minimum shall include:

- Summary of initial startup activities
- Copy of the grant agreement and NOGA
- Table A delineating grant/contract deliverables
- Regular telephone contact records
- Site visit reports including persons contacted, findings, recommendations for corrective action, follow-up of previous recommendations and the sub-grantees response
- Sub-Grantee project progress reports
- Financial spending spreadsheets

Upon completion of this task all Prevention Project Officers will be trained on the new requirements. To ensure compliance the Community Based Prevention Program Supervisor shall conduct file reviews on 25% of all grant files quarterly. The file review shall result in a Quarterly File Review Results document that shall inform future trainings to correct identified deficiencies and focus individual personnel needs training and or retraining.

Care, Housing and Support Services Bureau has implemented new program grant folder standards and expectations to ensure consistency among program officers, allow for greater understanding of grant programs and to improve our ability to comply with requests for information and documentation.

### *Lack of Written Procedures*

The Care, Housing and Support Services Bureau created written or updated policies and procedures as recommended in the following areas:

- 1) Program monitoring activities-Program Monitoring Procedures were developed which include topics such as standards for monitoring, frequency and duration of monitoring, program revisions, and site visit planning and reporting.
- 2) Sub-grantee file maintenance-describes what should go in a programmatic folder and at what tab should it be placed.
- 3) Site visit protocols-describes the purpose of site visits, preparation, activities, and reporting.
- 4) Reporting requirements for documenting site visits-documented in the Site Visit Protocol and Program Monitoring Procedures.
- 5) Grant awarding process-a draft of the grant award process has been created. It includes timelines, Notice of Funding Alert, and the Request for Applications process.
- 6) Independent verification of sub-grant deliverables-and draft of new sub-grantee reporting requirements has been created and will be implemented this grant year.

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## EXHIBIT G. DEPARTMENT OF HEALTH RESPONSE TO DRAFT REPORT

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The Prevention Bureau has included its response in the monitoring section.

### *Changes to Site Visit Policies*

HAA program and grant staff had considered that a single form of site visit protocols did not effectively address the different levels of program activity, complexity of services, funding levels, and organization capacity. HAA has been developing a new approach based on assessing the accountability and capacity of grantees.

On February 27, 2007 the Chief of the Grants Bureau received a communication from the then DOH Chief of Grants Management & Resource Development [REDACTED] in response to HAA's submission of a revised Grants Management Policies & Procedures Site Visits Protocol. In the cover e-mail, Mr. [REDACTED] states: "I need this to be revised to include the different types of site visits performed and the purpose of each type. See my edits and where I want the purpose of the program management site visits and quality assurance site visits". HAA did not make a unilateral decision to change the site visit policy. It was not only sanctioned by the DOH director's office, but guided by the DOH grants officer.

HAA is finalizing the new monitoring plan that will more effectively correspond to the type of organization, level and diversity of services, and familiarity and skills for delivering services and conducting grant management. HAA will be meeting with grantees for preliminary input on the new protocols in July and August 2008 and expects to implement the new system in October 2008 with the new fiscal year. HAA will hold a meeting with all grantees in October to introduce the new monitoring approach.

### *Training of Program Monitors*

HAA concurs that proper training of grant management will ensure quality monitoring of grantees and has established a policy to ensure that project officers are properly trained to monitor activities of grantees providing HIV/AIDS Services.

Throughout the past year the Prevention and Intervention Services Bureau and Care and Housing and Support Services Bureau staff received training in various areas of grant/contract monitoring including:

- Sub-awarding for Pass-Through Entities
- Managing Federal Grants and Cooperative Agreements for Recipients
- Uniform Administrative Requirements for Grants: OMB A-102 and 2 CFR Part 215
- Program Development and Evaluation
- Implementing evidence-based interventions appropriate to the area

In addition, the Prevention Bureau conducts monthly Project Officers meetings and case reviews for all individuals involved in monitoring grant/contract agreements. The Bureau has concluded a job search to fill a recently created and currently vacant Community Based Prevention Program Supervisor position whose responsibility it will be to directly supervise the work of all project

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officers, conduct quality assurance reviews of sub-grantee files and provide maximum feasible opportunities to grant monitoring personnel, supervisors and managers to obtain internal or external training regarding their specific roles and responsibilities in monitoring grant activities, and in effectively implementing the recommendations resulting from them.

New Care, Housing and Support Services Bureau program monitors are paired with a seasoned program officer for mentorship. Training includes an overview of the following:

- Program Officer Assignments, Roles and Responsibilities
- Documentation and program grant folder expectations
- Site visit protocol
- Budget Approval Process
- Developing Corrective Action Plans
- RFA Process
- Data Collection
- Program outcome indicators
- Confidentiality

### FISCAL CONTROL AND OPERATIONS

HAA has improved its fiscal control management with more regular tracking through information systems, consultations with OCFO and regular monitoring of expenditures. HAA manages several federal funding sources, in addition to local dollars, and nearly all cover different time periods. The major federal grants of Ryan White CARE Act and CDC have grant years different than the District's fiscal year. This is a principal explanation for why some funding amounts do not correspond. There is more explanation to follow.

The District of Columbia has the System of Accounting & Reporting (SOAR) software which tracks all of HAA's budget expenditures. HAA receives Executive Information System (EIS) reports from the OCFO which reports accurate agency budget expenditures tracked in SOAR. HAA has scheduled bi-monthly meetings with the OCFO to ensure fiscal accountability and assistance in oversight of our grant budgets and expenditures.

### ***Recorded and Reported Grant Funds***

HAA has corrected discrepancies in grant data and recording of those funds. With FY09 budget submission, HAA ensured that the proper budget authority is available for the accurate grants so grantees will not experience any lag time in receiving funds.

As mentioned above, the federal grants that HAA receives cross fiscal years, and therefore the agency strives to setup its budgets in SOAR to be in-line with agency forecasted and planned expenditures. HAA should never fully load federal grants in one fiscal year, when the intent of the federal grant is covering multiple fiscal years.

The OCFO office also works closely with HAA to ensure that the submitted FSR's are accurate.

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With respect to budgets not matching grant awards, since HAA's budget process requires the agency to forecast any given grant amounts twelve months in advance, as well as the fact of all grants crossing fiscal years, the total amount in SOAR may be different than the awarded amount. With the assistance of the OCFO, HAA monitors spending along with the submitting of budget modifications to bring the actual budget in line with the awarded amounts.

### *HAA's Unused Grant Funds*

HAA has made significant progress in reducing unspent funds from federal grants and carryover requests. HAA's fiscal goal is to fully expend federal grants and reduce the necessity of making carryover requests. There are instances when carryover requests are appropriate to ensure continuity of programs. Overall, the goal helps HAA and residents of the District of Columbia as the federal government will be phasing down carryover funding.

Here are some corrections to the housing grants cited in the report that clearly show HAA fully expended federal grants:

#### HOPWA (53HAHO) grant awarded in FY2005

Award	\$11,802,000
Expenditures	
FY05	\$5,050,080.12
FY06	\$4,805,992.23
FY07	\$1,945,928.00
Total	\$11,802,000.35

#### HOPWA (63HAHO) grant awarded in FY2006

Please note the breakdown of the cash expended for 63HAHO.

Award	\$10,535,000
Expenditures	
FY06	\$3,850,923.65
FY07	\$6,095,963.80
FY08	\$588,112.55 (planned expenditures through September 30)
Total	\$10,535,000

The OIG report states "Title II grant for FY2006 (61 HATT) with a total amount of \$7.4 million had an original liquidation period of June 30, 2006. The grant required the agency to submit the FSR within 120 days after the grant officially closed. HAA submitted the required FSR in August 2007." HAA's record of the submission of this FSR shows a June 29, 2007 date, not August 2007.

### *Recommendations*

HAA is in accordance with the recommendations cited in the report and has most of them underway to completion as described in the previous sections.

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### **Finding #4 Implementation of Past Recommendations**

The report includes three previous recommendations that the OIG cites as not yet achieved. HAA addresses them as follows.

#### ***Grant Assurances***

HAA continues to work with sub-grantees to ensure full compliance with assurances. For its recent RFAs, HAA has reviewed and reduced the required assurances as some were incorporated in other assurance items or were unnecessary for proper accountability to program management. The new RFA assurance check list includes information for applicants on where to obtain the requested assurances.

HAA has determined a different approach for the Effi Barry HIV/AIDS Capacity Building Program. Many of the applicants are new to the public funding process. HAA has worked with applicants and sub-grant awardees to facilitate acquisition of assurance items. As the intent of the program is to increase the capacity of small, ward-based organizations to mainstream or initiate new HIV/AIDS activities in heavily impacted communities, HAA is making the obtaining of assurances a component of the capacity building program.

#### ***AIDS Drug Assistance Program***

##### Recommendation 3

DC ADAP has pursued a full complement of activities to ensure that DC ADAP provides assistance with HIV-related medications to all eligible District residents. To that end, DC ADAP has committed resources to a major marketing and outreach campaign as well as an expansion of our eligibility criteria.

The HIV/AIDS Administration embarked on an ADAP marketing and outreach campaign in 2007 with the tag line: "It's Free to Treat your HIV!" This involved print media (newspaper advertisements), internet ads, television and radio commercials, and advertisements on public transportation. In addition, brochures and posters were made available in various health care settings. Finally, an ADAP mailing will be conducted shortly to all District physicians including marketing and enrollment materials for the program. This marketing and education campaign is intended to enable District residents who qualify to obtain free HIV medication therapy through DC ADAP.

DC ADAP has also expanded its eligibility criteria to ensure HIV medication access to District residents in need. In the last year, the program increased its financial eligibility criteria from 400% to 500% of the Federal Poverty Level (\$52,000 per year) and its asset requirements from \$5,000 to \$25,000. DC ADAP has experienced a significant increase in privately insured clients seeking assistance with co-payments for HIV medication.

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### Recommendation 5

HAA recognizes the administrative and reporting challenges associated with multiple data collection systems and a single point of entry eligibility portal for various health care programs for people living with HIV. Regular enrollment reports are available which identify the number of clients participating in DC ADAP as well as their enrollment and recertification dates. Comparable information is available on clients in the Medicaid waiver programs (Ticket to Work and Medicaid Expansion). The greatest challenge is overlapping information from multiple programs and data sources to present comprehensive information that incorporates the nuances of dynamic enrollment between programs.

The agency is committed to upgrading its data collection system to effectively track participation in multiple programs. A comprehensive review of available systems throughout the country is currently underway. It is anticipated that a new system will be procured within the next twelve months.