



An Introduction to HHS Office of Inspector General and A Discussion on Internal Controls

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Objectives

- Be familiar with HHS OIG
- Discuss OIG audits versus other audits
- Gain an understanding of internal controls
- Discuss examples of weak internal controls in LIHEAP
- Understand the benefits of internal controls



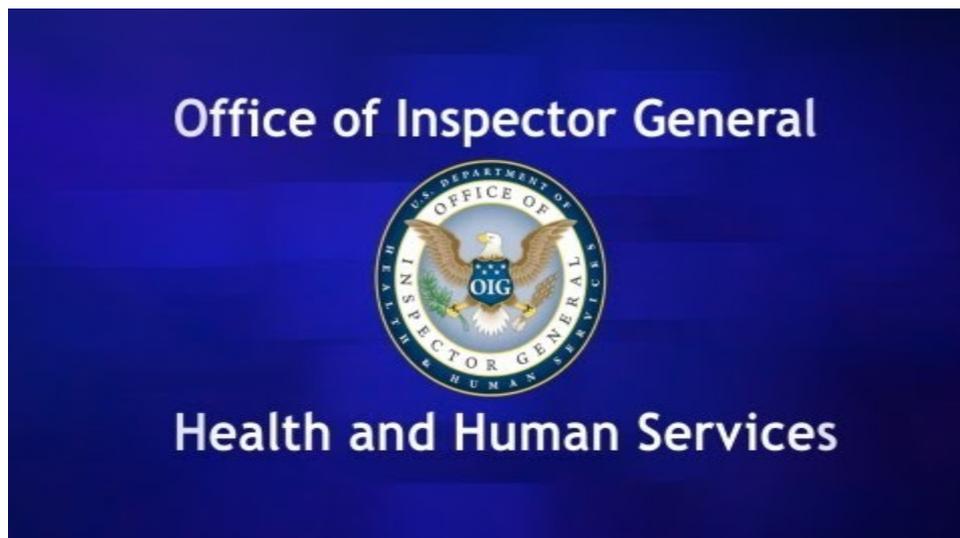


Dept. of Health & Human Services, Office of Inspector General





HHS OIG: An Intro





HHS OIG: Our Mission

- Protect the integrity of HHS programs



- Protect the health and welfare of the people these programs are meant to serve





HHS OIG: Our People

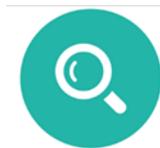
- Largest IG office in the Federal Government
- 1,600 individuals
- Auditors, evaluators, investigators, lawyers
- Oversee programs that are a significant part of the Federal budget





HHS OIG: Our Components

- Multidisciplinary, collaborative approach
- Components play various roles in oversight
- Audits, evaluations, and investigations
- Exclusions and civil monetary penalties on providers



Audit



Evaluate



Investigate



Counsel





HHS OIG: Our Components

- Immediate Office of Inspector General
- Office of Counsel to the Inspector General
- Office of Management and Policy
- Office of Audit Services
- Office of Evaluation and Inspections
- Office of Investigations





HHS OIG: Audit

- ACF Compliance Reviews
- Single Audit (A-133 Audits)
- OIG Audit





HHS OIG: Audit

- OIG work plan
- Mandatory reviews
- Requests from Congress or others
- Implementation of OIG recommendations
- Potential for positive impact





Internal Controls





Fundamental Concepts

- Internal Controls
 - Helps to achieve objectives
 - Process of ongoing tasks and activities
 - Affected by people and their actions
 - Provides reasonable assurance, not absolute
 - Adaptable to entity structure



Source: GAO. | GAO-14-704G





45 CFR Part 75

UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS





45 CFR § 75.302

- Financial management system that provides:
 - Identification of all Federal awards received and expended
 - Accurate, current and complete disclosure of financial results
 - Records that identify the source and application of funds, supported by source documentation





45 CFR § 75.302

- Financial management system that provides:
 - Effective control and accountability of all funds, property and assets.
 - Comparison of expenditures with budgeted amounts
 - Written procedures for determining allowability of costs under cost principles





45 CFR § 75.303

- Establish and maintain effective internal control
- Reasonable assurance grantee complies with:
 - Laws
 - Regulations
 - Terms of Award





45 CFR § 75.303

- Evaluate and monitor compliance
- Take prompt action when non-compliance has been identified
- Take reasonable measures to safeguard personally identifiable or other sensitive information





Internal Control Standards

- Government Accountability Office, Standards for Internal Control in the Federal Government
 - Fundamental concepts
 - Establish and evaluate controls
 - Offers relevant best practices





Internal Control Standards

How does internal control work?

Internal control helps an entity



Run its operations efficiently and effectively



Report reliable information about its operations



Comply with applicable laws and regulations





LIHEAP: Reporting Issue

- Grantees did not submit complete and timely FFRs and Carryover Reports
- No controls to ensure reports submitted in accordance with Federal requirements
- Assign responsibility and document in written job descriptions and procedure manuals





LIHEAP: Reporting Issue

- FFRs and Carryover Reports inaccurately state amounts obligated
- No controls to ensure that it submitted Carryover Reports and FFRs that accurately reported the amount of unobligated funds
- Reconcile reports to financial statement information, ensure amounts are properly supported





LIHEAP: Eligibility Issue

- Eligibility based on incorrect income calculations
- No controls to ensure that household income was properly calculated to determine eligibility
- Establish written procedures for income calculation and documentation requirements





LIHEAP: Obligation Issue

- Energy suppliers allowed “rainy day” fund
- Delivery tickets created to allow LIHEAP to give money to suppliers, money not credit to specific beneficiaries
- Establish segregation of duties and proper approval of actions and transactions





LIHEAP: Obligation Issue

- Prepayments made to obligate funds at year end were not tracked
- Funding at year end exceeded allowable 10 percent carryover so grantee wrote prepayment checks to suppliers without tracking funds
- Periodic reconciliation to avoid having excess funds at year end or proper tracking of funds to ensure allowable use





LIHEAP: Documentation Issue

- Grantee unable to support payment to energy suppliers
- No controls to ensure payments supported by adequate documentation
- Written policies and procedures regarding proper documentation and record retention





Benefits of Internal Controls

- Ensures compliance with laws, regulations, and terms of award
- Provides reasonable assurance regarding the achievement of objectives
- Increases financial reliability and integrity
- Helps protect funds against waste and reduce possibility of fraud





Benefits of Internal Controls

- Internal controls can also help protect employees
 - by clearly outlining tasks and responsibilities
 - by providing checks and balances
 - from being accused of misappropriations, errors or irregularities.





Control Limitations

- Limitations which may hinder effectiveness of an adequate system internal controls include:
 - resource constraints
 - inadequate skill, knowledge or ability
 - degree of motivation by management and employees
 - faulty judgments
 - unintentional errors





Lack of Internal Controls

- Unable to meet objectives
- May result in non-compliance with laws, regulations, terms of award
- Unauthorized transactions results in waste of funds
- Poor internal controls creates opportunity for fraud





Resources

HHS Office of Inspector General at

<https://oig.hhs.gov/>

The screenshot shows the homepage of the HHS Office of Inspector General. At the top, there is a dark blue header with the HHS logo on the left, the text "U.S. Department of Health and Human Services Office of Inspector General" in the center, and a search bar and "Submit a Complaint" button on the right. Below the header is a navigation menu with links for "About OIG", "Reports", "Fraud", "Compliance", "Exclusions", "Newsroom", and "Careers". The main content area features a large blue banner with the headline "53 Medical Professionals Charged in Appalachian Region Opioid Takedown" and a "Read About the Takedown" button. Below the banner are three columns of content: "What's New" with two news items from April 19 and 18, 2019; "Enforcement Actions" with two items from April 22, 2019; and "Most Shared This Week" with a list of five top-shared items.

U.S. Department of Health and Human Services
Office of Inspector General

Search Submit a Complaint

About OIG Reports Fraud Compliance Exclusions Newsroom Careers

53 Medical Professionals Charged in Appalachian Region Opioid Takedown

Read About the Takedown

What's New

April 19, 2019

- Review of the Department of Health and Human Services' Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2018

April 18, 2019

- Washington State Made Progress Toward Achieving Program Goals for Enhancing Its Prescription Drug Monitoring Program

Enforcement Actions

April 22, 2019; U.S. Department of Justice

- Michigan Home Health Agency Owner Sentenced to Prison for \$8.3 Million Medicare Fraud

April 22, 2019; U.S. Attorney; Southern District of Florida

- Stuart Physician Sentenced to Prison After Having Been Convicted at Trial of Health Care Fraud

April 19, 2019; U.S. Attorney; District of

Most Shared This Week

- Many Inpatient Rehabilitation Facility Stays Did Not Meet...
- 2019 Appalachian Region Opioid Takedown: Media Materials
- Fraud Alert: Nationwide Brace Scam
- Concerns About Opioid Use in Medicare Part D in the Appalachian...
- 2018 National Healthcare Fraud Takedown



Resources

Office of Audit Services Reports

The screenshot shows the official website of the U.S. Department of Health and Human Services, Office of Inspector General. The header includes the department name, the Office of Inspector General logo, a search bar, and a "Submit a Complaint" button. A navigation menu lists various sections: About OIG, Reports, Fraud, Compliance, Exclusions, Newsroom, and Careers. The main content area features a sidebar with a list of reports and publications, including "Office of Audit Services" which is highlighted. The main heading is "Office of Audit Services" followed by a list of links to various agencies and programs.

U.S. Department of Health and Human Services
Office of Inspector General

Search Submit a Complaint

About OIG Reports Fraud Compliance Exclusions Newsroom Careers

Reports & Publications
Work Plan
Top Management & Performance Challenges
Health Care Fraud and Abuse Control Program Report
Strategic Plan
Budget
Semiannual Reports to Congress
Unimplemented Recommendations
Office of Audit Services
Office of Evaluation and Inspections

Office of Audit Services

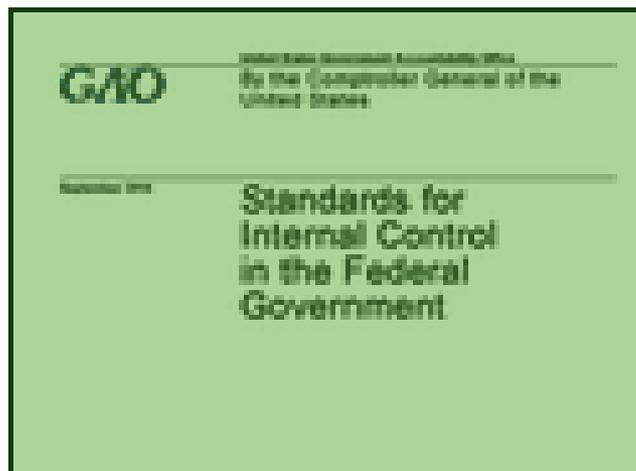
- [Administration on Aging \(AoA\)](#)
- [Administration for Children and Families \(ACF\)](#)
- [Centers for Disease Control and Prevention \(CDC\)](#)
- [Centers for Medicare and Medicaid Services \(CMS\)](#)
- [Food and Drug Administration \(FDA\)](#)
- [General Departmental](#)
- [Health Resources and Services Administration \(HRSA\)](#)
- [Indian Health Service \(IHS\)](#)
- [National Institutes of Health \(NIH\)](#)
- [Federal/State Joint Audit Initiatives](#)
- [Substance Abuse and Mental Health Services Administration \(SAMHSA\)](#)





Resources

Standards for Internal Control in the Federal Government – by the Comptroller General of the United States dated September 2014
<https://www.gao.gov/greenbook/overview>





Resources

Internal Control – Integrated Framework- by the Committee of Sponsoring Organizations of the Treadway Commission dated 2013

www.coso.org





Questions



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