



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

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DHHS/OIG



# 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

Office of Inspector General



Health and Human Services





# 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

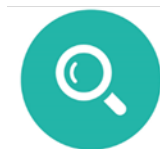
- Largest IG office in the Federal Government
- 1,600 individuals
- Auditors, evaluators, investigators, lawyers
- Oversee programs that are a significant part of the Federal budget





# 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 official website of the U.S. Department of Health and Human Services Office of Inspector General. The header includes the department name, 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 banner features a large headline: '53 Medical Professionals Charged in Appalachian Region Opioid Takedown', with a 'Read About the Takedown' button. Below the banner, there are three columns of content: 'What's New' with dates and brief descriptions of recent activities; 'Enforcement Actions' with dates and details of legal proceedings; and 'Most Shared This Week' with a numbered list of top stories.

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**

- 1 Many Inpatient Rehabilitation Facility Stays Did Not Meet...
- 2 2019 Appalachian Region Opioid Takedown: Media Materials
- 3 Fraud Alert: Nationwide Brace Scam
- 4 Concerns About Opioid Use in Medicare Part D in the Appalachian...
- 5 2018 National Healthcare Fraud Takedown





# Resources

## Office of Audit Services Reports



U.S. Department of Health and Human Services  
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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 \(SAMHSA\)](#)

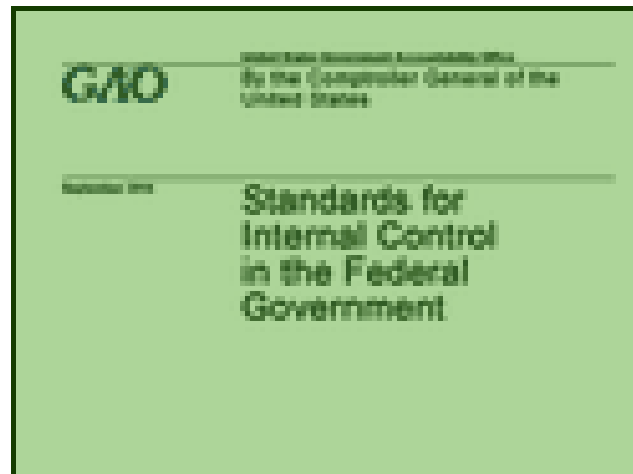




# Resources

*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](http://www.coso.org)



