Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

SELECTED CDC RACIAL AND ETHNIC APPROACHES TO COMMUNITY HEALTH PROGRAM RECIPIENTS GENERALLY COMPLIED WITH FEDERAL REQUIREMENTS BUT DID NOT MEET ALL TARGETS AND CHARGED SOME UNALLOWABLE COSTS

Inquiries about this report may be addressed to the Office of Public Affairs at Public.Affairs@oig.hhs.gov.

Amy J. Frontz
Deputy Inspector General
for Audit Services

May 2024
A-02-22-02001

Office of Inspector General

https://oig.hhs.gov

The mission of the Office of Inspector General (OIG) is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of the people they serve. Established by Public Law No. 95-452, as amended, OIG carries out its mission through audits, investigations, and evaluations conducted by the following operating components:

Office of Audit Services. OAS provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. The audits examine the performance of HHS programs, funding recipients, and contractors in carrying out their respective responsibilities and provide independent assessments of HHS programs and operations to reduce waste, abuse, and mismanagement.

Office of Evaluation and Inspections. OEI's national evaluations provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. To promote impact, OEI reports also provide practical recommendations for improving program operations.

Office of Investigations. OI's criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs and operations often lead to criminal convictions, administrative sanctions, and civil monetary penalties. OI's nationwide network of investigators collaborates with the Department of Justice and other Federal, State, and local law enforcement authorities. OI works with public health entities to minimize adverse patient impacts following enforcement operations. OI also provides security and protection for the Secretary and other senior HHS officials.

Office of Counsel to the Inspector General. OCIG provides legal advice to OIG on HHS programs and OIG's internal operations. The law office also imposes exclusions and civil monetary penalties, monitors Corporate Integrity Agreements, and represents HHS's interests in False Claims Act cases. In addition, OCIG publishes advisory opinions, compliance program guidance documents, fraud alerts, and other resources regarding compliance considerations, the anti-kickback statute, and other OIG enforcement authorities.

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at https://oig.hhs.gov

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG website.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

Report in Brief
Date: May 2024
Report No. A-02-22-02001

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Selected CDC Racial and Ethnic Approaches to Community Health Program Recipients Generally Complied with Federal Requirements But Did Not Meet All Targets and Charged Some Unallowable Costs

Why OIG Did This Audit

Chronic diseases and their outcomes disproportionately impact certain racial and ethnic populations and are largely driven by preventable health behaviors. The Racial and Ethnic Approaches to Community Health (REACH) program, administered by the Centers for Disease Control and Prevention (CDC), is at the forefront of CDC's efforts to address racial and ethnic disparities in health. REACH program recipients use the awarded funds to work with communities to reduce health disparities. Recipients are required to work with priority populations. The work must be in three of four strategy areas: tobacco use, nutrition, physical activity, and community-clinical linkages.

The objective of this audit was to determine whether selected recipients used their REACH program funding in accordance with Federal requirements and award terms.

How OIG Did This Audit

This audit covered REACH program funds totaling $14,920,345 awarded to 10 recipients for the period September 2018 through September 2020. We judgmentally selected 10 recipients based on multiple risk factors. For each selected recipient, we determined whether the recipient (1) worked with the required priority populations, (2) worked in the required REACH strategy areas, (3) met the performance goals outlined in their evaluation and performance measurement plans, and (4) claimed allowable costs.

What OIG Found

The selected recipients generally used their REACH program funding in accordance with Federal requirements and award terms. In addition, the selected recipients complied with requirements for working with the priority populations and in the required strategy areas. However, the recipients did not meet all targeted performance measures, and some charged or may have charged unallowable costs. Specifically, all 10 selected recipients did not meet all targeted performance measures, 5 charged unallowable costs totaling $236,587, and 6 may have charged unallowable costs totaling $1,377,025 because staff salaries and fringe benefit expenditures were not properly allocated to their REACH award.

These deficiencies occurred because recipients faced challenges and barriers in implementing program activities mainly because of COVID-19-related safety restrictions and protocols. Recipients faced other challenges with language barriers, lack of staff, and staffing turnover. In addition, recipients did not maintain financial management systems and internal controls that ensured that only allowable, allocable, and documented costs were charged to their REACH awards

What OIG Recommends and CDC Comments

We made several recommendations to CDC, including that it provide additional technical assistance to recipients to ensure that only allowable, allocable, and documented costs are charged to their REACH program awards. We also recommend that CDC require the selected recipients to refund unallowable costs to the Federal Government.

CDC concurred with our recommendations and described actions it has taken or is planning to take to address them. CDC provided additional documentation for some questioned costs and we adjusted the dollar amount in our recommendation. We maintain that our findings and recommendations, as revised, are valid and acknowledge CDC's efforts to ensure appropriate use and oversight of REACH program funding.

The full report can be found on the OIG website.

TABLE OF CONTENTS

INTRODUCTION

WHY WE DID THIS AUDIT

Chronic diseases and their outcomes disproportionately impact certain racial and ethnic populations.[1] According to the Centers for Disease Control and Prevention (CDC), chronic disease such as heart disease, cancer, diabetes, and stroke are among the leading causes of death and disability in the United States and are largely driven by preventable health behaviors. CDC's Racial and Ethnic Approaches to Community Health (REACH) program is at the forefront of CDC's efforts to address racial and ethnic disparities in health.[2] This audit is being conducted as part of the Office of Inspector General's (OIG's) oversight work in program areas that are related to health equity and to address one of OIG's top management challenges–safeguarding public health.

OBJECTIVE

Our objective was to determine whether selected recipients used their REACH program funding in accordance with Federal requirements and award terms.

BACKGROUND

The Racial and Ethnic Approaches to Community Health Program

Since 1999, the REACH program has worked to reduce health disparities among certain racial and ethnic groups in communities with the highest risk or rates of chronic disease.[3] Under the REACH program, CDC awards funds to State and local health departments, tribes, universities, and community-based organizations to reduce health disparities.[4] REACH program recipients use the awarded funds to work with communities to reduce health disparities. The program provides culturally tailored interventions to address preventable risk behaviors, including tobacco use, poor nutrition, and lack of or insufficient physical activity.

As a condition of receiving REACH program funding, recipients agree to work with one or two of the following priority populations: (1) African Americans, (2) Hispanic Americans, (3) Asian

[1] CDC defines chronic disease as a health condition that lasts 1 year or more and requires ongoing medical attention or limits activities of daily living.

[2] CDC describes "health disparities" as differences in health outcomes and their causes among different groups of people. Health disparities are preventable differences in the burden of disease, injury, violence, or in opportunities to achieve optimal health experienced by socially disadvantaged populations.

[3] The REACH program is authorized by section 317 of the Public Health Service Act (42 U.S.C. § 247b).

[4] The REACH program provides funding through cooperative agreements. A cooperative agreement is a type of grant in which there is substantial involvement between the Federal awarding agency and the non-Federal entity in carrying out the activities of the Federal award (45 CFR § 75.2).

Americans, (4) Native Hawaiians or other Pacific Islanders, and (5) American Indians and Alaska Natives. According to the REACH program award terms, recipients are also required to work in three of the following four strategy areas (1) tobacco use,[5] (2) nutrition,[6] (3) physical activity,[7] and (4) community-clinical linkages.[8]

REACH program recipients must claim reimbursement for allowable costs in accordance with Federal requirements and award terms. Along with funding, CDC provides expert support to REACH recipients. As part of its continuous monitoring activities, CDC requires REACH program recipients to provide evaluation and performance measurement plans within 6 months from the start of the award.[9] Recipients are also required to report to CDC on an annual basis their progress in meeting performance measures, including targets and counts. CDC uses evaluation and performance measurement to determine if program activities are effective at reaching the priority populations.

In fiscal year 2018, CDC made available $125 million in REACH program funds to 31 recipients for a 5-year project period—from September 30, 2018, through September 29, 2023. CDC awarded funds annually to recipients.[10] The recipients are depicted in the figure on the following page.

[5] The goal of the tobacco strategy area is to promote tobacco-free living by communicating information on the harmful effects of tobacco use, exposure to secondhand smoke, and encouraging tobacco users to quit.

[6] The goal of the nutrition strategy area is to improve nutrition by establishing healthy food standards and making improvements to local programs in the community.

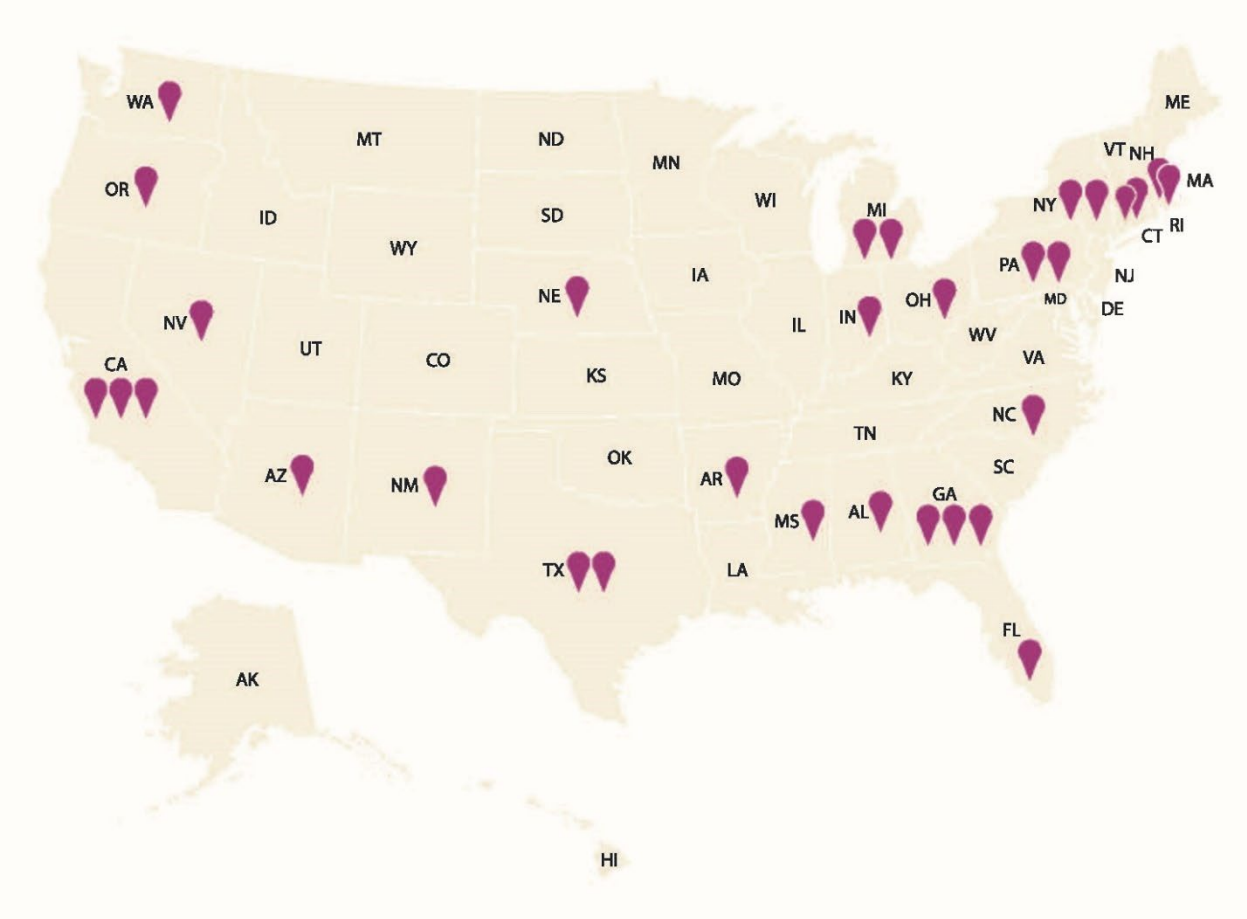
[7] The goal of the physical activity strategy area is to improve physical activity by working with local agencies to connect sidewalks, paths, bicycle routes, and public transit with homes, schools, worksites, parks, and recreation centers.

[8] The goal of the community-clinical linkages strategy area is to increase referrals and access to community-based health programs for the priority population by promoting locally available programs such as diabetes prevention, chronic disease management, tobacco cessation, and food nutrition programs.

[9] The evaluation and performance measurement plans describe how recipients will fulfill requirements of the award, including measures they will take to achieve the goals of their strategy areas. For example, for the nutrition strategy, a recipient may indicate an increase in the number of persons with access to healthier foods.

[10] As of September 2023, CDC provided REACH funding to 40 recipients throughout the United States.

Figure: CDC REACH Program Recipients*



* Source: CDC, https://www.cdc.gov/nccdphp/dnpao/state-local-programs/reach/pdf/REACH2018_MAP_508_JAN2019.pdf

HOW WE CONDUCTED THIS AUDIT

Our audit covered REACH program funds totaling $14,920,345 awarded to 10 recipients (of the 31 total recipients and $46,394,481 total awarded) for the period September 30, 2018, through September 29, 2020 (the first 2 years of the 5-year project period). We judgmentally selected the 10 recipients based on their geographic location,[11] the priority populations they served, the strategy areas covered, and whether significant prior audit findings were identified in the recipients' Single Audit reports.[12] The selected recipients are located in the four geographic

[11] The selected recipients served priority populations in the following States: Arizona, Arkansas, Connecticut, Florida, Michigan, New Mexico, New York, Pennsylvania, Utah, and Washington.

[12] In accordance with the Singe Audit Act, a Single Audit is an independent audit of a non-federal entity that expends more than $750,000 in Federal funds in a fiscal year. It is intended to provide assurance to the Federal Government that the entity has adequate internal controls in place and is generally in compliance with program requirements.

regions of the United States[13] and, cumulatively, worked with all priority populations and in all strategy areas. Table 1 below summarizes the priority populations and respective strategy areas selected by the 10 recipients.

Table 1: Recipients' Priority Populations and Strategy Areas

Priority Population	No. of Recipients That Selected Priority Population	No. of Recipients That Selected Strategy Area			
		Tobacco Use	Nutrition	Physical Activity	Community-Clinical Linkages
African Americans	6	1	6	5	6
Hispanic Americans	5	1	4	5	5
Asian Americans	2	0	2	2	2
American Indians and Alaskan Natives	2	1	1	2	2
Native Hawaiians or other Pacific Islanders	1	0	1	1	1

For each selected recipient, we interviewed CDC's and the recipient's program and financial officials and reviewed CDC's and the recipient's REACH program documentation for our audit period to determine whether the recipient (1) worked with the required priority populations, (2) worked in the required strategy areas, (3) met the performance targets outlined in their evaluation and performance measurement plans, and (4) claimed allowable costs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology.

[13] According to the Department of Commerce, U.S. Census Bureau, the four regions of the United States are the West, Midwest, South, and the Northeast (US Bureau of the Census Regions).

FINDINGS

The selected recipients generally used their REACH program funding in accordance with Federal requirements and award terms. Specifically, the selected recipients complied with requirements for working with the priority populations and in the required strategy areas. However, recipients did not meet all targeted performance measures, and some charged or may have charged unallowable costs. Specifically, all 10 selected recipients did not meet all targeted performance measures; 5 charged unallowable costs for supply, travel, subcontractor, and maintenance costs; and 6 may have charged unallowable costs because staff salaries and fringe benefit expenditures were not properly allocated to their REACH award.

These deficiencies occurred because recipients faced challenges and delays in implementing program activities mainly because of COVID-19-related safety restrictions and protocols. Recipients also faced challenges with language barriers, lack of staff, and staff turnover. In addition, recipients did not maintain financial management systems and internal controls that ensured that only allowable, allocable, and documented costs were charged to their REACH awards. As a result, there may have been delays in addressing health disparities in the priority populations. Further, recipients charged $236,587 in expenditures to the REACH program that did not comply with Federal requirements and charged $1,377,025 in salary and related indirect costs that may not have complied with Federal requirements.

RECIPIENTS COMPLIED WITH REQUIREMENTS FOR WORKING WITH PRIORITY POPULATIONS AND STRATEGY AREAS

REACH recipients are required to work with one or two of the following priority populations: (1) African Americans, (2) Hispanic Americans, (3) Asian Americans, (4) Native Hawaiians or other Pacific Islanders, and (5) American Indians and Alaska Natives. Recipients are also required to work in three of the following four strategy areas (1) tobacco use, (2) nutrition, (3) physical activity, and (4) community-clinical linkages.

All 10 selected recipients complied with requirements for working with the priority populations and strategy areas. Table 2 (following page) shows the priority population and strategy areas selected for each recipient.

Table 2: Priority Population and Strategy Areas for Each Recipients

Recipient	Priority Population Served	REACH Strategy Areas
1	Asian Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
2	African Americans	1. Nutrition 2. Tobacco Use 3. Community-Clinical Linkages
3	African Americans and Hispanic Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
4	African Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
5	Hispanic Americans and Native Hawaiians or other Pacific Islanders	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
6	African Americans and Hispanic Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
7	American Indians and Alaskan Natives	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
8	African Americans and Hispanic Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages
9	American Indians and Hispanic Americans	1. Physical Activity 2. Tobacco Use 3. Community-Clinical Linkages
10	African Americans and Asian Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages

RECIPIENTS DID NOT MEET YEAR 2 PERFORMANCE TARGETS

Federal awarding agencies must measure recipient performance related to the goals or objectives of the program.[14] A performance goal means a target level of performance expressed as a tangible measurable objective, against which actual achievement can be compared.[15]

[14] 45 CFR § 75.210(d).

[15] 45 CFR § 75.2.

REACH award terms and conditions require recipients to submit an evaluation and performance measurement plan within 6 months from the start of the award.[16] CDC and the REACH program recipients use evaluation and performance measurement to determine if program activities are effective at achieving the goals of the program and what program improvements are needed. CDC reviews and approves each recipient's evaluation and performance measurement plan to ensure that it is appropriate for the activities to be undertaken and for compliance with CDC guidance. The performance measurement plan contains measurable targets for goals or activities within the REACH strategy and sub-strategy areas.[17]

On a yearly basis, CDC required recipients to report certain performance measurements for each strategy and sub-strategy area. CDC did not require recipients to report performance measure counts during the first year of the REACH program award. Rather, it began requiring performance reporting for Year 2 of the award. The performance measurements contain numerical results of the recipients' progress in meeting the goals or targets such as the number of sites and the number of people in the priority population potentially impacted by the strategy.

None of the 10 selected recipients met all performance measures for Year 2 of their REACH program. For example:

- One recipient's performance target in the community-clinical linkages strategy area was to refer 260 patients from a health center to a food insecurity screening and referral program in the targeted geographic area. However, the recipient was unable to refer any patients to the program while the health center was closed during the COVID-19 public health emergency.

- One recipient's performance target in the nutrition strategy area was to provide increased access to healthier food at two local stores. The recipient worked with only one of the stores and implemented a healthy initiative by increasing access to affordable fruits, vegetables, and healthy foods. The recipient was not able to accomplish the initiative planned at the second store, which included in-person cooking demonstrations, because COVID-19 prevented the recipient from hosting in-person activities at the store.

Appendix B contains details on the number of performance measure targets met and not met for each of the selected recipients. See Appendix C for additional examples of recipients that did not meet their performance targets.

[16] CDC put this requirement into operation by providing technical assistance to recipients throughout the first 6 months of the 5-year award to assist in drafting their evaluation plans and establishing performance measure targets.

[17] The nutrition strategy has three sub-strategies: health nutrition standards, food systems, and breastfeeding.

Because REACH program recipients did not meet all performance measures for Year 2 of their awards, priority populations may not have received all of the services outlined by the recipients for the strategy areas that would have reduced health disparities, including nutrition and breastfeeding, tobacco cessation, increased physical activities, and increased referral and access to community-based health programs.

CAUSES FOR RECIPIENTS NOT MEETING PERFORMANCE TARGETS

Each of the 10 recipients cited challenges related to COVID-19 as a primary reason for not meeting established targets. For example, several recipients indicated that they had to postpone or cancel in-person activities, including setting up food pantries, breastfeeding and school nutrition initiatives, and community health screenings. Recipients also indicated that they had to focus their resources on COVID-19 emergency response. In addition, many of their community partners were in areas disproportionately affected by COVID-19. As a result, their staffing and other resources were impacted and planned activities were postponed or moved to a virtual or no-contact format, if possible. Other barriers and challenges cited by the recipients included:

- language barriers within the community;
- lack of staff or staff turnover;
- disruptions in clinical services and staff layoffs; and
- contractual agreements finalized later than anticipated, thereby delaying the start of some projects. For example, one recipient faced delays with connecting local destinations (such as building sidewalks or bike paths) as part of its physical activity strategy because a contract was not finalized as anticipated.

CDC offered recipients flexibilities and provided guidance and technical assistance during the COVID-19 public health emergency. While not changing REACH grant terms, CDC allowed recipients to refocus efforts and resources to meet the needs of the community and allowed them to carryover REACH program funds to future periods when the award objectives could be met.

CDC officials stated that the COVID-19 public health emergency impacted program activities and recipients beyond Year 2. The officials stated that recipients experienced delays in implementing program activities, closures of activity sites, and loss or reassignment of staff. However, recipients were able to pivot by moving certain training platforms and meetings to virtual formats. According to the officials, since Year 2, recipients have been able to move back

to more in-person activities and collaboration, and have indicated through their performance and progress reports that they are meeting or exceeding goals and targets.[18]

RECIPIENTS CLAIMED UNALLOWABLE COSTS

To be allowable, charges to Federal awards must be reasonable for the performance of the Federal award and be allocable according to the cost principles at 45 CFR part 75, subpart E.[19] Charges to Federal awards must also be adequately documented.[20] A cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with relative benefits received.[21] Recipients must meet certain requirements when passing through funds to a subrecipient. These requirements include the subaward period of performance start and end date, and the amount of Federal funds obligated and committed to the subrecipient by the recipient. If any of the data elements of the subaward change, then the recipient must issue a subsequent subaward modification.[22] Pre-award costs that are incurred prior to the effective date of the Federal award must have written approval from the HHS awarding agency.[23]

Five of the 10 selected recipients charged unallowable costs totaling $236,587 to their REACH program awards.[24] Specifically:

- Three recipients did not provide invoices or other supporting documentation to support costs totaling $140,447. Examples of the unsupported costs include supply, travel, and subcontractor costs.

- Four recipients expended REACH program funds for costs totaling $30,125 that were not eligible for reimbursement. Examples include subcontractor costs not related to the REACH program, childcare costs not allocable to the REACH program, and a duplicate supply cost.

- Three recipients did not have contractual agreements in place covering subcontract work totaling $55,050 charged to the REACH award.

[18] We did not confirm this statement.

[19] 45 CFR § 75.403(a).

[20] 45 CFR § 75.403(g).

[21] 45 CFR § 75.405(a).

[22] 45 CFR § 75.352.

[23] 45 CFR §75.458.

[24] The total number of recipients with deficiencies exceeds five because four recipients had more than one deficiency.

- One recipient charged a subcontractor cost totaling $10,965 that was incurred prior to the REACH award project period. CDC did not grant prior approval for the cost.

RECIPIENTS MAY HAVE CLAIMED UNALLOWABLE SALARY COSTS

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award or both a Federal award and a non-Federal award. The recipient's system of internal controls should include processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the Federal award is accurate, allowable, and properly allocated.[25]

Six of the 10 sampled recipients may have charged unallowable salaries, related fringe benefits, and overhead costs, totaling $1,377,025, to their REACH program awards.[26] Specifically, recipients may not have properly allocated costs to the award. Recipients charged salary, related fringe benefits, and overhead costs based on budget estimates rather than on the actual time employees spent working on the REACH program project or did not maintain sufficient documentation to support salary allocations. As a result, we could not determine the portion of employee salary, related fringe benefits, and overhead costs, totaling $1,377,025, that should have been charged to the REACH program award.

Appendix D contains a summary of unallowable and potentially unallowable deficiencies for each recipient.

CAUSES FOR UNALLOWABLE AND POTENTIALLY UNALLOWABLE COSTS

Recipients charged unallowable costs because their financial management and internal control systems did not always ensure that there were processes to (1) maintain supporting documentation for costs charged to their REACH awards, (2) charge only allocable costs, (3) meet requirements for subrecipient costs, and (4) obtain written approval for pre-award costs. In addition, recipients may have charged unallowable salary costs because their financial management and internal control systems did not include processes to review and reconcile budgeted to actual charges and make necessary adjustments to ensure salary and related fringe benefits amounts charged to their REACH awards were accurate for each employee who worked on the REACH program.

[25] 45 CFR § 75.430(i)(1).

[26] This total is comprised of salaries totaling $768,833, associated fringe benefits totaling $449,993, and related overhead totaling $158,199.

RECOMMENDATIONS

We recommend that the Centers for Disease Control and Prevention:

- require the five recipients in our sample identified as having charged unallowable REACH program costs to refund $236,587 to the Federal Government;

- require the six recipients in our sample that may have improperly charged salary, related fringe benefit, and overhead costs to the REACH program award to refund $1,377,025 to the Federal Government or work with the recipients to determine what portion of these costs is allocable to their REACH program award and refund any unallocable portion of these costs to the Federal Government; and

- provide additional technical assistance to recipients to ensure that only allowable, allocable, and documented costs are charged to their REACH program awards.

CDC COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, CDC concurred with our recommendations and described actions it has taken or is planning to take to address them.[27] Regarding our first recommendation, CDC stated that it will work with the recipients identified as having charged unallowable REACH program costs to ensure that the funds are returned to the Federal Government. Regarding our second recommendation, CDC stated that it will work with the recipients that may have improperly charged salary, related fringe benefit, and overhead costs to the REACH program to determine the portion of costs allocable to the REACH award and ensure that unallocable funds are returned to the Federal Government. Regarding our third recommendation, CDC stated that it requires recipients to certify that they maintain financial management systems prior to grant funds being awarded, and that it continues to monitor REACH recipients' financial management systems.

Under separate cover, CDC provided additional documentation related to costs identified as unallowable and potentially unallowable in our draft report. In addition, CDC stated that some recipients identified in our draft report have returned misspent funds to the Federal Government as a result of our audit. CDC's comments, excluding attachments and the additional documentation, are included as Appendix E.

We reviewed the additional documentation CDC provided and adjusted the dollar amount by $90,285 for our first recommendation and clarified the language of our second recommendation. Regarding our third recommendation, we acknowledge that CDC requires recipients to certify that they maintain financial management systems and that CDC monitors these systems. CDC's oversight and monitoring includes initial communications with recipients

[27] CDC's written comments included its rationale for editing details and dollar figures in the first and second recommendations in our draft report.

at time of award, monthly communications thereafter, site visits, and annual technical reviews of financial reports. However, we believe recipient certifications and CDC's monitoring alone are insufficient to ensure only allowable, allocable, and documented costs are charged to program awards. Therefore, we modified our recommendation to indicate that CDC should provide additional technical assistance (such as trainings and webinars) to recipients. We maintain that our findings and recommendations, as revised, are valid and acknowledge CDC's efforts to ensure appropriate use and oversight of REACH program funding.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We judgmentally selected 10 REACH program recipients and audited each recipient's financial and programmatic activities to determine whether REACH program funds were used for their intended purposes and met the needs of the priority populations. Our audit covered REACH program expenditures totaling $14,920,345 claimed by the 10 selected recipients (of the 31 total recipients and $46,394,481 total awarded) for the period September 30, 2018, to September 29, 2020 (audit period).

We limited our review of CDC's and the recipients' internal controls to those applicable to our objective. Specifically, we reviewed (1) CDC's processes for overseeing and monitoring recipients' compliance with REACH program requirements, including CDC's policies and procedures for recipient performance measurement, guidance and technical assistance provided to recipients, and policies and procedures for monitoring program expenditures and (2) recipients' policies and procedures for complying with REACH program requirements and expending program funds. We did not assess the overall internal control structure of CDC or the recipients.

We conducted our audit work from November 2021 through October 2023.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal requirements, award terms, and guidance;
- met with CDC officials to gain an understanding of the REACH program's operation and CDC's oversight and monitoring of the program;
- obtained from CDC a list of recipients that received REACH program funding in 2018;
- judgmentally selected 10 REACH program award recipients for review using risk factors, including the recipients' geographic location, the recipients' reported priority populations served, the strategy areas covered, and any significant audit findings identified in the recipients' Single Audit reports;
- for each selected REACH program award recipient, obtained and reviewed the recipient's policies and procedures for expending REACH program funds, interviewed program officials, and reviewed the recipients' financial and programmatic activities during the audit period to determine whether the recipient:

- worked with one or two of the priority populations described in their REACH program applications;

- worked in at least three of the four REACH strategy areas;

- met the performance goals outlined in their evaluation and performance measurement plans; and

- claimed allowable costs for their REACH program funding.

- summarized the number of recipients that did not use their REACH program funding in accordance with Federal requirements and award terms and the amount of REACH program funding associated with the noncompliance; and

- discussed the results of our audit with CDC officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: SUMMARY OF REACH PROGRAM YEAR 2 PERFORMANCE MEASURE TARGETS MET AND NOT MET[28]

Recipient	Priority Population Served	REACH Strategy Areas	Total Targets[29]	Targets Met	Targets Not Met
1	Asian Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	7	0	7
2	African Americans	1. Nutrition 2. Tobacco Use 3. Community-Clinical Linkages	13	6	7
3	African Americans and Hispanic Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	4	0	4
4	African Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	9	8	1
5	Hispanic Americans and Native Hawaiians or other Pacific Islanders	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	10	5	5
6	African Americans and Hispanic Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	12	5	7
7	American Indians and Alaskan Natives	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	7	5	2
8	African Americans and Hispanic Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	11	6	5
9	American Indians and Hispanic Americans	1. Physical Activity 2. Tobacco Use 3. Community-Clinical Linkages	13	8	5
10	African Americans and Asian Americans	1. Nutrition 2. Physical Activity 3. Community-Clinical Linkages	10	5	5
		Totals	**96**	**48**	**48**

[28] CDC did not require recipients to report performance measure counts during the first year of the REACH program award. Rather, it began requiring performance reporting for Year 2 of the award.

[29] Not every performance measure in each strategy area had a target for Year 2 of the award. We are only reporting total performance measures for the strategies that had set targets.

APPENDIX C: ADDITIONAL EXAMPLES OF PERFORMANCE TARGETS NOT MET

NUTRITION

Healthy Nutrition Standards

A recipient's performance target was to implement healthy nutrition standards at two food banks by modifying the food banks' nutrition policies to eliminate certain unhealthy food. The recipient reported implementation of healthy nutrition standards at only one of the two targeted food banks. The modified nutrition policy at one food bank included the elimination of sweetened beverages, candy, and products containing trans-fat and hydrogenated oils, and setting sodium standards for canned food items. The recipient indicated that due to the increased food insecurity in the community related to the COVID-19 public health emergency, its efforts were focused on meeting the immediate and substantial increase in need; therefore, it had little time to dedicate to planning or implementing long term systems changes.

Breastfeeding

A recipient's performance target was to implement seven new or improved programs to support breastfeeding in the priority population. The recipient implemented only two of the seven breastfeeding program initiatives. Specifically, the recipient implemented a policy that included guidelines allowing and encouraging breastfeeding and providing culturally sensitive education to patients. In addition, the recipient implemented a lactation accommodation policy for its employees. The recipient reported delays in meeting targets because nutrition activities had been restricted to online or small in-person activities due to COVID-19. In addition, the recipient reported delays in translating breast-feeding pamphlets to the appropriate languages.

PHYSICAL ACTIVITY

A recipient's performance target was to establish improvement plans to create three parks within walking distance from schools and connected by activity-friendly pathways. The recipient established only one of the three targeted improvement plans to connect an elementary school in a priority neighborhood to a park. Specifically, the plan included improvements to 2 miles of pathways that connect the elementary school to a loop that connects several parks. The recipient stated that there were delays due to COVID-19. Specifically, the creation of parks within walking distance of schools in priority neighborhoods was one of the areas delayed. According to the recipient, community partners shifted priorities during the COVID-19 public health emergency that impacted the recipient's planned work. In addition, a high turnover of staff also contributed to the delays.

TOBACCO

A recipient's performance target was to implement tobacco-free policies at 10 worksites; however, the recipient implemented a tobacco-free policy at only 1 targeted worksite. Specifically, the worksite, which employed 600 people, invested in signage for the new smoke-free policy to be placed on every building that housed its employees. Due to COVID-19, the recipient had to shift staff to COVID-19 response teams, which caused the delay in meeting the performance target.

COMMUNITY-CLINICAL LINKAGES

A recipient's performance target was to refer 250 residents to locally available health and prevention programs. The programs initially required in-person contact between participating residents and clinical health partners. Due to COVID-19, the recipient needed to create new processes that ensured the health and safety of all participating individuals. As a result, the referral process was halted and the recipient was only able to refer 48 residents to health and prevention programs.

APPENDIX D: SUMMARY OF UNALLOWABLE OR POTENTIALLY UNALLOWABLE DEFICIENCIES FOR EACH RECIPIENT

Recipient	Deficiencies					No. of Deficiencies
	Expenditures Not Adequately Documented	Expenditures Not Allocable	No Contractual Agreement with Subcontractors	Unauthorized Pre-award Costs	Salary Costs Potentially Unallowable	
1		X	X		X	3
2		X		X		2
3	X	X	X		X	4
4					X	1
5						0
6	X	X	X		X	4
7						0
8					X	1
9						0
10	X				X	2
Totals	**3**	**4**	**3**	**1**	**6**	**17**

APPENDIX E: CDC COMMENTS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

Centers for Disease Control
and Prevention (CDC)
Atlanta GA 30329-4027

DATE: March 15, 2024

TO: Amy Frontz
Deputy Inspector General for Audit Services

FROM: Mandy K. Cohen, MD, MPH
Director, Centers for Disease Control and Prevention (CDC)

SUBJECT: Office of the Inspector General (OIG) Draft Report

Attached is CDC's response to the OIG draft report, "*Selected CDC Racial and Ethnic Approaches to Community Health Program Recipients Generally Complied with Federal Requirements but Did Not Meet All Targets and Charged Some Unallowable Costs*, A-02-22-02001" (the Report).

Mandy K. Cohen, MD, MPH

Centers for Disease Control and Prevention (CDC)'s planned actions in response to the Office of the Inspector General's (OIG) draft report, "Selected CDC Racial and Ethnic Approaches to Community Health Program Recipients Generally Complied with Federal Requirements but Did Not Meet All Targets and Charged Some Unallowable Costs, A-02-22-02001."

CDC appreciates OIG's work in the Report and has taken the following actions to implement the recommendations.

OIG Recommendation 1:
OIG recommends that CDC require the three recipients in our sample identified as having charged unallowable REACH program costs to refund $90,166 to the Federal Government.*

CDC Response:
CDC concurs with this recommendation. CDC will work with the recipients to ensure that the funds are returned to the agency.

OIG Recommendation 2:
OIG recommends that CDC require the three recipients in our sample that may have improperly charged salary, related fringe benefit, and overhead costs to the REACH program award to refund $253,043 to the Federal Government or work with the recipients to determine what portion of these costs is allocable to their REACH program award.**

CDC Response:
CDC concurs with this recommendation. CDC will work with the recipients to ensure that the funds are returned to the agency.

OIG Recommendation 3:
OIG recommends that CDC require recipients to develop and maintain financial management systems that ensure only allowable, allocable, and documented costs are charged to their REACH program awards.***

CDC Response:
CDC concurs with the recommendation. CDC requires grant applicants and recipients to certify that they maintain financial management systems. CDC grant applicants must certify that they maintain financial management systems and indicate that they can meet this requirement in their application on SAM.gov through the Entity Registration Checklist (Appendix I: Financial Assistance General Certifications and Representations) prior to grant funds being awarded. CDC also includes this requirement in the Notice of Funding Opportunity for all recipients, including those in the REACH program. After a grant is awarded, all recipients must agree to CDC's General Terms and Conditions for Research and Non-Research Awards, which include this requirement in the "Acceptance of the Terms of the Award" and "Certification Statement" sections. For the current REACH program awards, CDC continues to monitor recipients' financial managements systems per HHS Grant Policies and Regulations, which

details required monitoring and reporting for award recipients and offer technical assistance and guidance as needed.

Attachment Tab A: CDC's planned actions regarding recommendations

---

* CDC provided edits to OIG's recommendations #1 and #2 in the Racial and Ethnic Approaches to Community Health Program (A-02-22-02001) draft report. Edits are based on CDC's Office of Grants Services' (OGS) review of documentation of the recipient's OIG audited for this report. Recipient documentation was shared by OIG with OGS and with OGS directly from recipients. CDC also created an excel file with data from OIG's previously provided Summary of Findings and recipient documentation. The excel file provides CDC comments regarding edits in columns AA, AB, and AC. Recipient documentation and the excel file with data supporting CDC's edits will be provided via Kiteworks.

** For recommendation #2, CDC is working with the [redacted] recipient to collect and review their documentation. Once received, OGS will review the documentation to determine if any portion of the costs are allocable to their REACH program award. If it is determined that the costs are allocable, CDC will recommend the $253,043 amount currently listed in the recommendation is reduced by up to $154,889. CDC will provide an update to OIG as soon as possible.

*** For recommendation #3, CDC requires grant applicants and recipients to certify that they maintain financial management systems. Considering that CDC already engages in the activities listed in recommendation #3, CDC requests that OIG consider removing this recommendation. Supporting documentation linked in the recommendation response will also be provided via Kiteworks.

*

*** OIG Note:** We redacted text in this appendix because it contained identifying information.