



Department of Health and Human Services

**Office of
Inspector General**

**Work Plan
Departmentwide Projects**

Fiscal Year 1998

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Inspector General**






Office of Inspector General

MISSION:

Under the authority of the IG Act, we improve HHS programs and operations and protect them against fraud, waste, and abuse. By conducting independent and objective audits, evaluations, and investigations, we provide timely, useful, and reliable information and advice to Department officials, the Administration, the Congress, and the public.






VISION

WE ARE GUARDIANS OF THE PUBLIC TRUST

-  Working with management, we will ensure effective and efficient HHS programs and operations.
-  Working with decision-makers, we will minimize fraud, waste and abuse in HHS programs.
-  Working with our talented and motivated staff, we will manifest the highest standards as a Federal OIG.

VALUES

WE VALUE:

-  Quality products and services that are timely and relevant.
-  A service attitude that is responsive to the needs of decision-makers.
-  Fairness, integrity, independence, objectivity, proficiency, and due care in performing our work.
-  Teamwork and open communication among OIG components.
-  A positive environment that supports our personal and professional needs and encourages us to be innovative and reach our full potential.

Department of Health and Human Services

Office of Inspector General



Work Plan for Fiscal Year 1998

INTRODUCTION

The Office of Inspector General (OIG) Work Plan is set forth in five chapters that encompass the various projects of the Office of Audit Services, Office of Evaluation and Inspections, Office of Investigations, and Office of Counsel to the Inspector General that are to be addressed during Fiscal Year (FY) 1998. The first four chapters present the full range of projects planned in each of the Department of Health and Human Services' (Department) major operating divisions: the Health Care Financing Administration, Public Health Service Agencies, the Administration for Children and Families, and the Administration on Aging. The fifth chapter embraces those projects related to issues which cut across Department programs, including State and local use of Federal funds as well as the functional areas of the Office of the Secretary.

In preparing this edition of the OIG Work Plan, we have provided a brief description of the various project areas and a projected completion date for many of the work items that we perceive as critical to the mission of the OIG and the Department. However, as the work planning process tends to be ongoing and dynamic, the focus and timing of many of these projects can evolve in response to new information, new issues, and shifting priorities of the Congress, the President and the Secretary, and may be altered over time. Given these variables, the OIG objective still remains the targeting of available resources on those projects that best identify vulnerabilities in the Department's programs and activities that have been designed to serve and protect the safety, health and welfare of the American people and promote the economy, efficiency and effectiveness of the Department's programs.

Program Audits

The Office of Audit Services (OAS) conducts comprehensive financial and performance audits of departmental programs and operations to determine whether program objectives are being achieved and which program features need to be performed in a more efficient manner. The OAS also provides overall leadership and direction in carrying out the responsibilities mandated under the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 relating to financial statement audits.

The audit portion of the OIG Work Plan represents the most significant audit work that will be conducted in FY 1998.

Program Inspections

The Office of Evaluation and Inspections (OEI) seeks to improve the effectiveness and efficiency of departmental programs by conducting program inspections to provide timely, useful, and reliable information and advice to decision makers. These inspections are program and management evaluations that focus on specific issues of concern to the Department, the Congress, and the public. The inspections identified in this Work Plan focus on programs with significant expenditures of funds and services to program beneficiaries or in which important management issues have surfaced. The results of these inspections should generate accurate and up-to-date information on how well those programs are operating and offer specific recommendations to improve their overall efficiency and effectiveness.

Investigative Focus Areas

The OIG's Office of Investigations (OI) conducts investigations of fraud and misconduct to safeguard the Department's programs and protect the beneficiaries of those programs from individuals and activities that would deprive them of rights and benefits.

The OIG concentrates its resources on the conduct of criminal investigations relating to the programs and operations of HHS. These investigative activities are designed to prevent fraud and abuse in departmental programs by identifying systemic weaknesses

in areas of program vulnerability that can be eliminated through corrective management actions, regulation or legislation; by pursuing criminal convictions; and by recovering the maximum dollar amounts possible through judicial and administrative processes, for recycling back to the intended beneficiaries.

Legal Counsel Focus Areas

The Office of Counsel to the Inspector General (OCIG) coordinates the OIG's role in the resolution of health care fraud and abuse cases, including the litigation and imposition of administrative sanctions, such as program exclusions, and civil monetary penalties and assessments; the global settlement of cases arising under the Civil False Claims Act; and the development of corporate agreements for providers that have settled their False Claims Act liability with the Federal Government. It also develops and promotes industry awareness of models for corporate integrity and compliance programs and monitors ongoing integrity agreements. OCIG also provides all administrative litigation services required by OIG, such as patient dumping cases and all administrative exclusion cases. In addition, OCIG issues special fraud alerts and advisory opinions regarding the application of OIG's sanction statutes, and is responsible for the development of new, and the modification of existing, safe harbor regulations under the anti-kickback statute. Finally, OCIG counsels OIG components on personnel and operations issues, subpoenas, audit and investigative issues and other legal authorities.

Internet Address

The FY 1998 OIG Work Plan and other OIG materials, including final reports issued and OIG program exclusions, may be accessed on the Internet at the following address:

<http://www.sbaonline.sba.gov/ignet/internal/hhs/hhs.html>

Department of Health and Human Services

Office of Inspector General



Departmentwide

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during FY 1998:**

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GOVERNMENT MANAGEMENT REFORM ACT OF 1994 and CHIEF FINANCIAL OFFICERS ACT OF 1990 and GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993

The Government Management Reform Act of 1994 seeks to ensure that the Federal managers have at their disposal the financial information and flexibility necessary to make sound policy decisions and manage scarce resources. This Act broadens the Chief Financial Officers (CFO) Act of 1990 to require annual audited financial statements--commencing with FY 1996--for *all* accounts and associated activities of selected Federal agencies (includes HHS and its operating divisions). The consolidated HHS financial statement to the OMB is due by March 1, 1998.

Also covered by financial statement audits are the performance measures and goals required by the Government Performance and Results Act of 1993. This Act requires Federal agencies to prepare strategic plans that include performance measures and goals.

The following financial statement audits will be completed and reports issued during FY 1998:

Health Care Financing Administration--FY 1997

OAS; W-00-96-30102; A-17-95-00051
Expected Issue Date: FY 1998

Administration for Children and Families--FY 1997

OAS; W-00-97-00000; A-17-97-00000
Expected Issue Date: FY 1998

Health Resources and Services Administration--FY 1997

OAS; W-00-97-00000; A-17-96-00000
Expected Issue Date: FY 1998

Indian Health Service--FY 1997

OAS; W-00-96-40013; A-17-97-00000

Expected Issue Date: FY 1998

National Institutes of Health--FY 1997

OAS; W-00-96-40013; A-17-97-00000

Expected Issue Date: FY 1998

Centers for Disease Control and Prevention--FY 1997

OAS; W-00-96-40013; A-17-97-00000

Expected Issue Date: FY 1998

Food and Drug Administration--FY 1997

OAS; W-00-96-40013; A-17-97-00000

Expected Issue Date: FY 1998

**Substance Abuse and Mental Health Services
Administration--FY 1997**

OAS; W-00-96-40013; A-17-97-00000

Expected Issue Date: FY 1998

Combined Financial Statements--FY 1997

OAS; W-00-96-40011; A-17-97-00000

Expected Issue Date: FY 1998

Related audit activity to support financial statement audits:

NIH Computer Center

OAS; W-00-96-40012

Expected Issue Date: FY 1998

Program Support Center--Major Administrative Support Services:

Payment Management System

OAS; W-00-96-40012; A-17-97-00000
Expected Issue Date: FY 1998

Accounting Operations--Division of Financial Operations

OAS; W-00-97-40012
Expected Issue Date: FY 1998

Payroll Operations

OAS; W-00-96-40012
Expected Issue Date: FY 1998

Work is expected to begin in FY 1998 on the following audits:

Health Care Financing Administration--FY 1998

OAS; W-00-97-40008
Expected Issue Date: FY 1999

Administration for Children and Families--FY 1998

OAS; W-00-97-40010
Expected Issue Date: FY 1999

Health Resources and Services Administration--FY 1998

OAS; W-00-97-40013
Expected Issue Date: FY 1999

Indian Health Service--FY 1998

OAS; W-00-97-40013
Expected Issue Date: FY 1999

National Institutes of Health--FY 1998

OAS; W-00-97-40013

Expected Issue Date: FY 1999

Centers for Disease Control and Prevention--FY 1998

OAS; W-00-97-40013

Expected Issue Date: FY 1999

Food and Drug Administration--FY 1998

OAS; W-00-97-40013

Expected Issue Date: FY 1999

**Substance Abuse and Mental Health Services
Administration--FY 1998**

OAS; W-00-97-40013

Expected Issue Date: FY 1999

Consolidated Financial Statements--FY 1998

OAS; W-00-97-40009

Expected Issue Date: FY 1999

Related audit activity to support financial statement audits:

NIH Computer Center

OAS; W-00-97-40013

Expected Issue Date: FY 1999

**Program Support Center--Major Administrative Support
Services:**

Payment Management System

OAS; W-00-97-40012

Expected Issue Date: FY 1999

Accounting Operations--Division of Financial Operations

OAS; W-00-97-40012

Expected Issue Date: FY 1999

Payroll Operations

OAS; W-00-97-40012

Expected Issue Date: FY 1999

PROGRAM INTEGRITY AND EFFICIENCY

Review of Self-Insurance Funds

This assignment will determine the reasonableness of fund balances in the State self-insurance funds. Self-insurance funds provide reserve type self-insurance for State activities and properties administered by State, county and municipal governments. The cost of insurance, or premiums, is billed to the appropriate government agencies. Excess reserves result from premiums collected and interest earned in excess of claims and operating expenses. The Office of Management and Budget (OMB) Circular A-87 cost principles for State and local governments preclude the charging of such reserves (excess costs) to Federal programs. States should identify and refund the Federal share of excess reserves, take steps to avoid future excesses and ensure that self-insurance funds are properly accounted for in future Statewide Cost Allocation Plans.

OAS; W-00-98-20017

Expected Issue Date: FY 1998

Statewide Cost Allocation Plan Section II Costs

At selected States we will examine the equitableness of States' allocations to Federal programs of costs such as pensions, self-insurance, and telecommunications. Also, we will determine whether refunds to the Federal Government or rate adjustments are

necessary. The HHS, by virtue of the magnitude of its funding, negotiates the payment rates and methods that outside entities, such as State and local governments, charge for administering HHS and other Federal programs.

OAS; W-00-98-20017

Expected Issue Date: FY 1998

Pensions

This review will determine whether investment earnings are lost as a result of State agency delays in forwarding Federal funds drawn down for pension contributions and whether certain reserve balances maintained in the State pension plans are contingency reserves. Previous reviews have disclosed significant problems with the pension plan costs charged to Federal programs.

OAS; W-00-98-20017

Expected Issue Date: FY 1998

Internal Service Funds - New York

This study will determine if New York is maintaining excessive accumulated surplus balances in its telecommunications internal service fund. A recent review disclosed that the State's telecommunications fund had a surplus balance of about \$10 million at the end of its Fiscal Year 1995. Internal service centers are in-house enterprises that provide services to other operating units within the State government. The service center's operating costs are recovered through fees charged to users. User fees should be designed to recover not more than the aggregate cost of operations.

OAS; W-00-98-20003

Expected Issue Date: FY 1998

Preaward and Post Award Contract Audits

Annually the Department awards contracts/modifications in excess of \$5 billion. Selection of the type of audits to be performed (preaward or post award) will be based on risk analyses and other factors developed by the Department's operating divisions, specifically the Contract Audit Users Group, and cleared and coordinated by the

Office of Grants and Acquisition Management, Assistant Secretary for Management and Budget and the OIG.

To ensure maximum return on OIG resources devoted to contract audit work we are: (1) utilizing streamlined audit techniques in conducting preaward audits for a resource savings of approximately \$30,000 per audit; (2) relying to the maximum extent possible on nonfederal audits; and (3) focusing the collaborative risk-based selection process on those audits that result in savings to the Department.

Nonfederal Audits

We will review the quality of audits prepared by nonfederal auditors in accordance with OMB circulars A-128 and A-133. Under these circulars, State and local governments, colleges and universities and nonprofit organizations receiving Federal awards, are required to have an annual organization-wide audit which includes all Federal money they receive. We provide up-front technical assistance to nonfederal auditors to facilitate a clear understanding of the Federal audit requirements and promote effective audit work. In addition, we identify, analyze, and record electronically the audit findings reported by nonfederal auditors for use by Department managers.

Our reviews provide Department managers with assurance about the management of Federal programs and identify significant areas of internal control weaknesses, noncompliance with laws and regulations, and questioned costs that require formal resolution by Federal officials.

INVESTIGATIONS

Investigative Activities

The OIG will investigate employee fraud and misconduct related to the administration of the Department's programs. Previous areas have included conflict-of-interest, embezzlement, and accepting bribes or gratuities.