



**Department of Health and Human Services**

# **Office of Inspector General**

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## **Work Plan Departmentwide Projects**

**Fiscal Year 1999**

**June Gibbs Brown  
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 1999**

## **INTRODUCTION**

The Office of Inspector General (OIG) Work Plan is set forth in five chapters encompassing the various projects to be addressed during Fiscal Year (FY) 1999 by the Office of Audit Services, Office of Evaluation and Inspections, Office of Investigations, and Office of Counsel to the Inspector General. The first four chapters present the full range of projects planned in each of the Department of Health and Human Services' (HHS) major entities: the Health Care Financing Administration, the Public Health Service agencies, the Administration for Children and Families, and the Administration on Aging. The fifth chapter embraces those projects related to issues that cut across Department programs, including State and local government 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 that we perceive as critical to the mission of the OIG and the Department. Unless otherwise noted, reports on all projects are expected to be issued in FY 1999. 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. The Health Insurance Portability and Accountability Act of 1996, strengthened by the Balanced Budget Act of 1997, brought much needed authorities and resources to achieving this objective.

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## **Program Audits**

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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 1999.

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## **Program Inspections**

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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.

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## **Investigative Focus Areas**

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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.

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## **Legal Counsel Focus Areas**

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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. The 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 developing new, and modifying 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.

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### **Internet Address**

*The FY 1999 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.hhs.gov/progorg/oig>

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Department of Health and Human Services

# Office of Inspector General



## Departmentwide Projects

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# **FINANCIAL STATEMENT AUDITS**

The Government Management Reform Act of 1994 seeks to ensure that Federal managers have at their disposal the financial information and flexibility necessary to make sound policy decisions and manage scarce resources. This act broadened the Chief Financial Officers (CFO) Act of 1990 by requiring annual audited financial statements--commencing with FY 1996--for *all* accounts and associated activities of selected Federal agencies (including HHS and its operating divisions). The audited FY 1998 consolidated HHS financial statements are due to OMB by March 1, 1999.

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## **Audits of FY 1998 Financial Statements**

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The following audits of FY 1998 financial statements will be completed and reports issued during FY 1999:

### **Health Care Financing Administration**

*OAS; W-00-98-40008; A-17-98-00098*

### **Administration for Children and Families**

*OAS; W-00-98-40010; A-17-98-00002*

### **Health Resources and Services Administration**

*OAS; W-00-98-40013; A-17-98-00005*

### **Indian Health Service**

*OAS; W-00-98-40013; A-17-98-00004*

### **National Institutes of Health**

*OAS; W-00-98-40013; A-17-98-00008*

### **Centers for Disease Control and Prevention**

*OAS; W-00-98-40013; A-17-98-00007*

### **Food and Drug Administration**

*OAS; W-00-98-40013; A-17-98-00014*



**Substance Abuse and Mental Health Services Administration**

*OAS; W-00-98-40013; A-17-98-00006*

**Program Support Center**

*OAS; W-00-98-40013; A-17-98-00012*

**Consolidated HHS Financial Statements**

*OAS; W-00-98-40009; A-17-98-00001*

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**Related Activity to Support FY 1998 Financial Statement Audits--  
Reviews of HHS Service Organizations**

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**NIH Computer Center**

*OAS; W-00-98-40012*

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

**Payment Management System**

*OAS; W-00-98-40012; A-17-98-00011*

**Accounting Operations--Division of Financial Operations**

*OAS; W-00-98-40012; A-17-98-00009*

**Payroll Operations**

*OAS; W-00-98-40012; A-17-98-00010*

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**Audits of FY 1999 Financial Statements**

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Work is expected to begin in FY 1999 on the following audits of FY 1999 financial statements:

**Health Care Financing Administration**

*OAS; W-00-99-40008*

*Expected Issue Date: FY 2000*

**Administration for Children and Families**

*OAS; W-00-99-40010*

*Expected Issue Date: FY 2000*

**Health Resources and Services Administration**

*OAS; W-00-99-40013*

*Expected Issue Date: FY 2000*

**Indian Health Service**

*OAS; W-00-99-40013*

*Expected Issue Date: FY 2000*

**National Institutes of Health**

*OAS; W-00-99-40013*

*Expected Issue Date: FY 2000*

**Centers for Disease Control and Prevention**

*OAS; W-00-99-40013*

*Expected Issue Date: FY 2000*

**Food and Drug Administration**

*OAS; W-00-99-40013*

*Expected Issue Date: FY 2000*

**Substance Abuse and Mental Health Services Administration**

*OAS; W-00-99-40013*

*Expected Issue Date: FY 2000*

**Program Support Center**

*OAS; W-00-99-40003*

*Expected Issue Date: FY 2000*

**Consolidated HHS Financial Statements**

*OAS; W-00-99-40009*

*Expected Issue Date: FY 2000*

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## **Related Activity to Support FY 1999 Financial Statement Audits-- Reviews of HHS Service Organizations**

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### **NIH Computer Center**

*OAS; W-00-99-40012*

*Expected Issue Date: FY 2000*

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

#### **Payment Management System**

*OAS; W-00-99-40012*

*Expected Issue Date: FY 2000*

#### **Accounting Operations--Division of Financial Operations**

*OAS; W-00-99-40012*

*Expected Issue Date: FY 2000*

#### **Payroll Operations**

*OAS; W-00-99-40012*

*Expected Issue Date: FY 2000*

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## **PROGRAM INTEGRITY AND EFFICIENCY**

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### **Year 2000 Computer Renovation Plans**

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We will determine the adequacy of the Department's planning, management, and assessment of the Year 2000 system compliance problem and assess the risk that mission-critical, internal information systems may not operate effectively and efficiently by January 1, 2000. The Year 2000 remediation efforts, likely the largest computer system conversion effort ever undertaken, is necessary to ensure that computerized systems can distinguish the Year 2000 from 1900, 2001 from 1901, etc., and that they can correctly handle leap year calculations involving the Year 2000 and beyond. To avoid widespread system failures, the Federal Government's Year 2000 strategy places emphasis on ensuring that agencies' mission-critical systems are Year 2000 compliant well before December 31, 1999. As of May 1998, the Department reported to OMB that it had 289

mission-critical systems. It also reported that over the next 2 years, renovation and validation work remained to be done on at least 66 percent of these systems.

Our review is part of an initiative of the President's Council on Integrity and Efficiency to monitor Year 2000 preparations throughout the executive branch. Our compliance work at the individual operating agencies is noted, where applicable, in the preceding chapters.

*OAS; W-00-98-40007; A-17-98-00003*

*Expected Issue Date: Periodic Reporting FYs 1999 and 2000*

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## **Program Support Center Customer Satisfaction**

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We will assess the level of customer satisfaction with the Program Support Center's payroll services and intersecting personnel issues related to payroll functions. The Program Support Center, formed in 1995, operates an automated payroll service for all of the Department's 60,000 employees. Envisioned as a "business enterprise," its mission is to provide the Department and other Federal agencies with administrative support services on a cost-effective, competitive, fee-for-service basis. We plan to assess the Center's performance in delivering payroll services to its clients.

*OEI; 09-98-00140*

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## **State Operations**

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We will review selected aspects of State operations, including pensions, self-insurance funds, internal service funds, and escheated warrants. We will:

- Examine the impact of certain pension changes and the effect on Federal programs. Previous reviews have disclosed significant problems with the pension plan costs charged to Federal programs.
- Determine the reasonableness of fund balances in State self-insurance funds.
- Examine surplus balances in internal service funds.

- Determine whether procedures have been implemented to address the problem of escheated warrants (uncashed checks) charged to HHS programs. Previous audit work in Puerto Rico identified significant overcharges to the Department.

*OAS; W-00-99-40006*

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## **Preaward and Postaward Contract Audits**

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The Department awards contracts/modifications in excess of \$5 billion annually. Selection of the type of audits to be performed (preaward or postaward) is based on risk analyses and other factors developed by the Department's operating divisions, specifically the Contract Audit Users Group, and is cleared and coordinated by the Office of Grants and Acquisition Management, Assistant Secretary for Management and Budget, and the OIG. A series of annual reviews will be conducted for each of the Department's operating divisions.

To ensure maximum return on OIG resources devoted to contract audit work, we will (1) use streamlined, cost-saving audit techniques in conducting preaward audits, (2) rely to the maximum extent possible on nonfederal audits, and (3) focus the collaborative risk-based selection process on those audits that result in savings to the Department.

*OAS; W-00-99-50009 & -50011; Various CINs*

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## **Nonfederal Audits**

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We will continue to review the quality of audits prepared by nonfederal auditors in accordance with OMB Circular A-133. Under this circular, State and local governments, colleges and universities, and nonprofit organizations receiving Federal awards are required to have an annual organizationwide audit of 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.