

AUDIT ALERT

December 16, 2009.

Recovery Act Audits Begin for New Community Health Center Grantees

NACHC recently learned that, as anticipated from the Recovery Act provision of significant additional funds for Offices of Inspectors General, and from information issued by the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services (HHS), the Chicago Office of the OIG has initiated an audit of a new grantee that received Recovery Act funds for the establishment of a new community health center access point. Earlier this year, the OIG designated all 50 of such new grantees that received \$157 million in Recovery Act funds as potentially high-risk recipients of Recovery Funds. The community health center, located in a region encompassing Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin, is one of these 50 new grantees.

The OIG previously stated that it intends to conduct recipient capability audits in FY2009 and FY2010 of all new grantees to assess their capacity to manage and account for Federal funds and to operate new community health service delivery sites in accordance with Federal regulations. (FY2010 OIG Work Plan, App. A). Thus, the other 49 new grantees should expect to undergo the same type of audit by the OIG. The objectives of these capability audits are to determine whether the new grantees maintain (1) systems and internal controls to administer federally funded projects; (2) financial management reporting systems to provide accurate, current, and complete disclosure of the financial results of each award; and (3) monitoring and evaluation systems for both financial and program performance activities.

The 2010 Work Plan indicates that the OIG will also conduct audits of community health centers systems that received Health Information Technology (HIT) grants. Such health-center-

controlled networks and health centers received grants totaling \$50 million to implement EHRs and other HIT technology. According to the Work Plan, these OIG audits will review (1) the grantee reporting documents to assess progress in implementing EHR and other HIT initiatives and (2) the adequacy of HIT security controls to protect sensitive EHR and personal information.

NACHC recommends that community health centers which have received Recovery Act funds take immediate and appropriate steps to prepare for the OIG audits. These steps include: (1) participating in educational opportunities regarding compliance with legal and financial requirements associated with Recovery Act funds; (2) conducting internal (“mock”) audits to identify risk areas that may need improvement; and (3) maintaining an effective corporate compliance program. In the near future, NACHC will be announcing a series of education webinars on Recovery Act risk areas for OIG audits to assist health centers in preparing for Recovery Act audits.