

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**THE ADMINISTRATION FOR CHILDREN  
AND FAMILIES HAS CONTROLS AND  
STRATEGIES TO MITIGATE HURRICANE  
PREPAREDNESS AND RESPONSE RISK**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



Gloria L. Jarmon  
Deputy Inspector General  
for Audit Services

December 2018  
A-04-18-02013

# *Office of Inspector General*

<https://oig.hhs.gov>

---

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## *Office of Audit Services*

The 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. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## *Office of Evaluation and Inspections*

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## *Office of Investigations*

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## *Office of Counsel to the Inspector General*

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning 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: December 2018  
Report No. A-04-18-02013



## Why OIG Did This Review

Three major hurricanes hit the United States between August and September of 2017. On September 8, 2017, the President signed the first Federal Disaster Assistance package of the 2017 hurricane season following Hurricane Harvey.

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018, which provided disaster relief funding totaling approximately \$89.3 billion. HHS received \$5.97 billion (\$1.07 billion for discretionary programs), of which the Administration for Children and Families (ACF) received \$650 million.

Our objectives were to identify ACF's potential risks for preparing for and responding to hurricanes and other natural disasters and to determine whether ACF has designed and implemented controls and strategies to mitigate these potential risks.

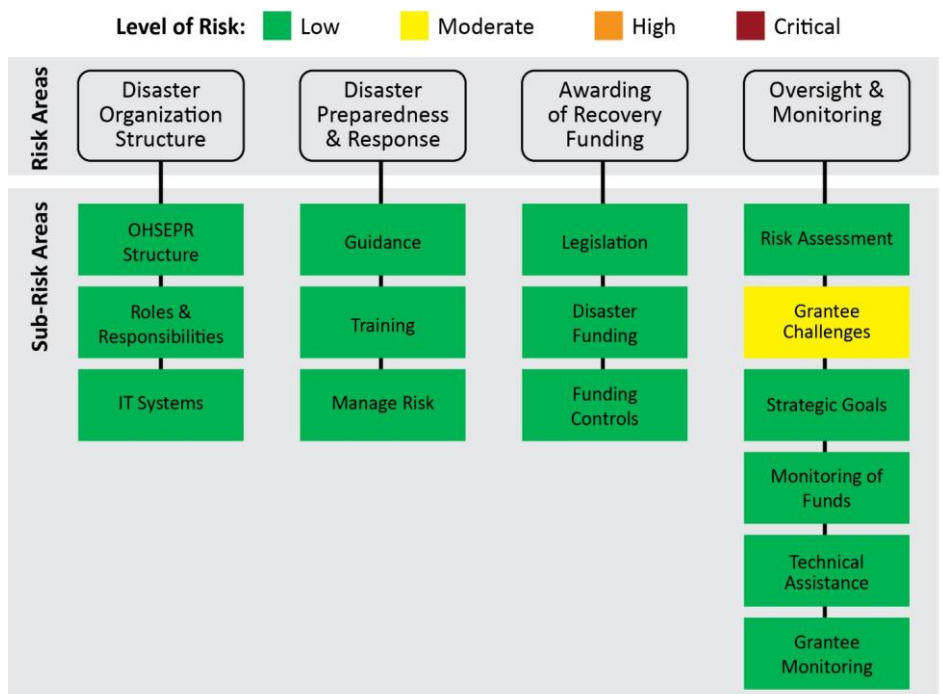
## How OIG Did This Review

We interviewed ACF management, reviewed documents, and analyzed the information provided by ACF to describe its current hurricane preparedness and response processes. Although we also reviewed documents from some of ACF's offices, bureaus, and regions, our report focuses on operations at ACF's administrative level. Based on this review, we identified 4 potential risk areas at ACF and 15 sub-risk areas.

## The Administration for Children and Families Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk

### What OIG Found

Within the 4 risk areas related to ACF's hurricane preparedness and response activities, we identified 15 sub-risk areas and rated 14 as low risk and 1 as moderate risk.



Even though we rated one sub-risk area as moderate, ACF had developed various controls and strategies that are designed to mitigate the risks that we identified for preparing for and responding to hurricanes and other natural disasters.

### What OIG Recommends

This report contains no recommendations.

## TABLE OF CONTENTS

|   |    |
|---|----|
| INTRODUCTION.....                                   | 1  |
| Why We Did This Review .....                        | 1  |
| Objectives.....                                     | 1  |
| Background .....                                    | 1  |
| Administration for Children and Families.....       | 1  |
| Federal Requirements.....                           | 2  |
| How We Conducted This Review .....                  | 2  |
| RESULTS OF REVIEW .....                             | 4  |
| Disaster Organization Structure.....                | 4  |
| Disaster Preparedness and Response Procedures ..... | 5  |
| Awarding of Recovery Funding.....                   | 5  |
| Oversight and Monitoring.....                       | 6  |
| CONCLUSION .....                                    | 7  |
| APPENDICES  |    |
| A: Scope and Methodology.....                       | 8  |
| B: Related Office of Inspector General Reports..... | 10 |

## INTRODUCTION

### WHY WE DID THIS REVIEW

Three major hurricanes hit the United States between August and September of 2017. On September 8, 2017, the President signed the first Federal Disaster Assistance package of the 2017 hurricane season following Hurricane Harvey. This package included approximately \$22 billion in disaster relief funding. The President signed a second Disaster Assistance package on October 26, 2017, which included approximately \$36.5 billion in additional disaster relief funding.

On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018 (P.L. No. 115-123), which included division B, subdivision 1, entitled the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act, 2018 (Disaster Relief Act), and provided disaster relief funding totaling approximately \$89.3 billion. The Department of Health and Human Services (HHS) received \$5.97 billion (\$1.07 billion for discretionary programs and \$4.9 billion for Medicaid), of which the Administration for Children and Families (ACF) received \$650 million.

The Disaster Relief Act required the HHS Office of Inspector General (OIG) to perform oversight of activities related to disaster relief, which include response, recovery, preparation, and mitigation. This review is part of OIG's Disaster Relief Act oversight activities (see Appendix B).<sup>1</sup>

### OBJECTIVES

Our objectives were to identify ACF's potential risks for preparing for and responding to hurricanes and other natural disasters and to determine whether ACF has designed and implemented controls and strategies to mitigate these potential risks.

### BACKGROUND

#### Administration for Children and Families

ACF's mission is to foster health and well-being by providing Federal leadership, partnership, and resources for the compassionate and effective delivery of human services. ACF received \$650 million in Disaster Relief Act funding. According to the *HHS Hurricane Supplemental Funding Spend Plan*, ACF plans to use these funds for granting funds directly to local hurricane-affected Head Start programs and for training and technical assistance to address the immediate, temporary, and long-term consequences and associated costs resulting from the 2017 hurricanes. These funds will cover such things as (1) facility repair, renovation, acquisition, and construction; (2) materials, supplies, furnishings, vehicles, and equipment;

---

<sup>1</sup> We are conducting similar reviews at other HHS components (Centers for Disease Control and Prevention and Health Resources and Services Administration).

(3) program operations, including temporarily serving more children who are now homeless, or lowering teacher-child ratios to support transitions in services; (4) additional health, mental health, dental, and nutrition services; (5) training and technical assistance; and (6) disaster recovery expense obligations incurred prior to availability of funds under the Disaster Relief Act.

## **Federal Requirements**

Federal agencies are required to comply with regulations and Office of Management and Budget (OMB) guidance governing Federal grants. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, updated July 15, 2016, provides guidance to Federal managers and defines management's responsibilities for enterprise risk management and internal control. The circular emphasizes the need to integrate and coordinate risk management and strong and effective internal controls into existing business activities as an integral part of managing an agency. The circular states:

Federal leaders and managers are responsible for establishing goals and objectives around operating environments, ensuring compliance with relevant laws and regulations, and managing both expected and unexpected or unanticipated events. They are responsible for implementing management practices that identify, assess, respond, and report on risks. Risk management practices must be forward-looking and designed to help leaders make better decisions, alleviate threats and to identify previously unknown opportunities to improve the efficiency and effectiveness of government operations. Management is also responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance.

OMB Circular No. A-123 also establishes an assessment framework based on the Government Accountability Office's *Standards for Internal Control in the Federal Government* (The Green Book) and Committee of Sponsoring Organizations of the Treadway Commission's (COSO) *Enterprise Risk Management—Integrating With Strategy and Performance* (June 2017) standards that managers must integrate into risk management and internal control functions.

## **HOW WE CONDUCTED THIS REVIEW**

We interviewed ACF management, reviewed documents, and analyzed the information provided by ACF to describe its current hurricane preparedness and response processes. Although we also reviewed documents from some of ACF's offices, bureaus, and regions, our report focuses on operations at ACF's administrative level. Based on this review, we identified four potential risk areas at ACF:

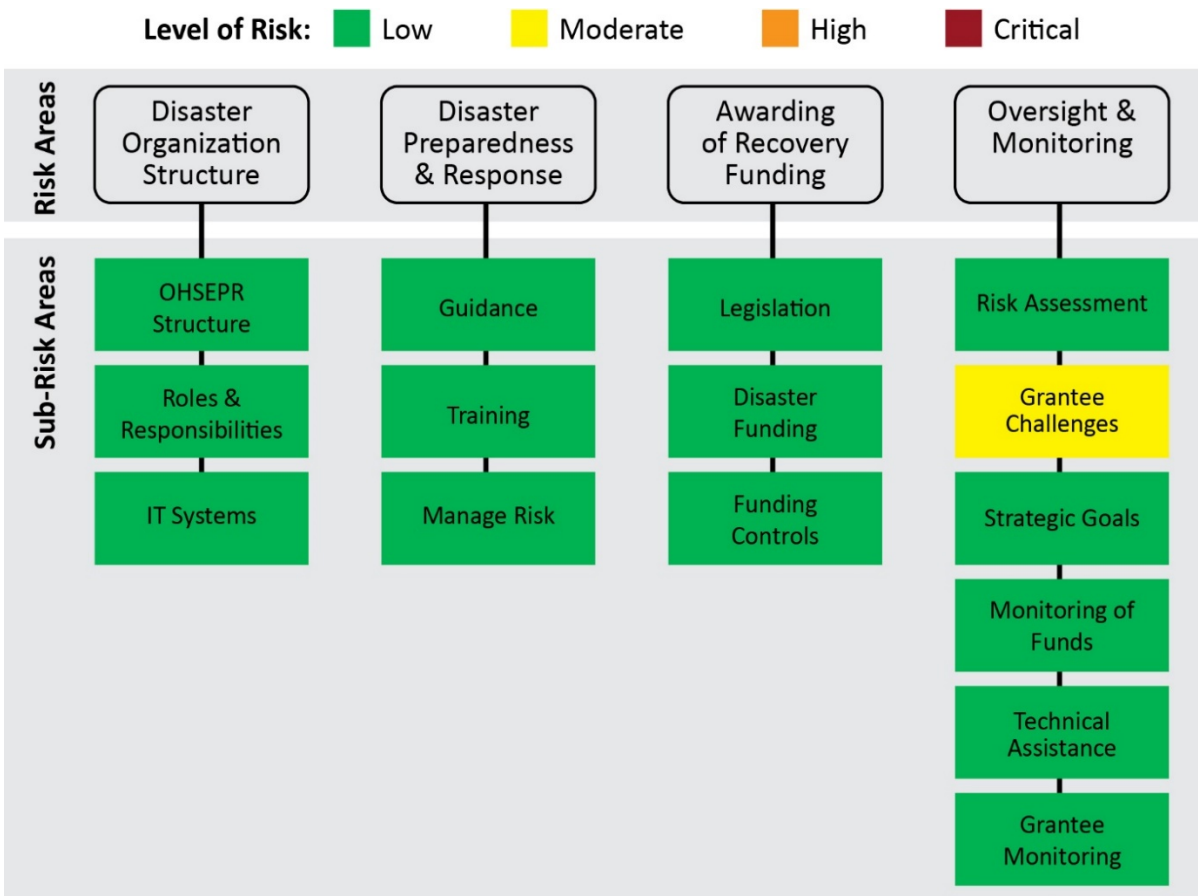
1. **Disaster Organization Structure** – the organizational structure, responsibility and authority of personnel involved, and information technology (IT) systems in place related to disaster preparedness and response.

2. **Disaster Preparedness and Response Procedures** – the laws, policies, and guidance used by ACF when preparing, training for, responding to, and managing risks related to disasters.
3. **Awarding of Recovery Funding** – the legislative authority and funding used by ACF for disaster preparedness and response efforts, whether internally or awarded to grantees.
4. **Oversight and Monitoring** – ACF’s responsibilities for ensuring emergency preparedness funds, plans, and processes are functioning as intended.

Using the principles established in COSO’s *Enterprise Risk Management—Integrating With Strategy and Performance* (June 2017) and other sources, we then conducted a high-level risk assessment of the areas that we identified and assigned a level of risk (low, moderate, high, or critical) to each sub-risk area based on our review of documents and responses from ACF.

In this report we discuss the sub-risk areas we rated as low or moderate. We did not rate any sub-risk areas as high or critical. The table on the next page shows all sub-risk areas that we identified.

**Table: ACF Hurricane Preparedness and Response**





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 our scope and methodology.

## **RESULTS OF REVIEW**

Within the 4 risk areas related to ACF's hurricane preparedness and response activities, we identified 15 sub-risk areas and rated 14 as low risk and 1 as moderate risk. To mitigate the moderate risk, ACF has designed and implemented various controls and strategies.

### **DISASTER ORGANIZATION STRUCTURE**

We rated as low risk each sub-risk area that we identified within the Disaster Organization Structure because of ACF's organizational structure and the controls that it has in place to mitigate potential risks.

After Hurricane Katrina hit the United States in 2005, ACF created the Office of Human Services, Emergency Preparedness and Response (OHSEPR), to provide policy development, coordination, guidance, and support to the ACF Assistant Secretary, ACF programs, and the ACF regional offices. OHSEPR's mission is to promote resilience of vulnerable individuals, children, families, and communities impacted by disasters and provide expertise in human services preparedness, response, and recovery through policy, planning, operations, and partnerships.

In emergency preparedness, response, and recovery, OHSEPR works in partnership with the ACF programs and Immediate Offices of the Regional Administrators in the 10 ACF regions. Each region has a Regional Emergency Management Specialist serving as senior advisor to the Regional Administrator and subject matter expert on emergency preparedness, response, and recovery. OHSEPR has a designated Lead Regional Administrator for Emergency Preparedness, Response, and Recovery. Together, OHSEPR and the Immediate Offices of the Regional Administrators provide technical assistance and support to States; grantees; and local, Tribal, and Territorial governments in their preparedness planning efforts.

During the 2017 hurricane response efforts, OHSEPR was not only the conduit between emergency operations on the ground and the ACF program offices, but also the liaison between ACF and HHS, as well as other Federal agencies, such as the Federal Emergency Management Agency (FEMA). For instance, OHSEPR would gather data from the field related to the status and needs of ACF programs and send a situation report to all ACF leadership, program offices, the Assistant Secretary for Preparedness and Response, and the Office of the Secretary of HHS.

## **DISASTER PREPAREDNESS AND RESPONSE PROCEDURES**

We rated as low risk each sub-risk area that we identified within the Disaster Preparedness and Response Procedures process because of ACF's longstanding laws, standard operating procedures, guidance, and the controls that it has in place to mitigate potential program and grant management risks, such as:

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75) (Uniform Requirements);
- HHS Disaster Human Services Concept of Operations, which defines the principles of intradepartmental coordination; and
- National Response Framework, Emergency Support Function (ESF) #8, which outlines the coordination responsibilities of Federal agencies when responding to a disaster.

During the pre-award grantee selection process, ACF considers the risk posed by applicants in accordance with the Uniform Requirements. Based on this assessment, ACF will impose terms and conditions of the award to mitigate any identified risks affecting successful implementation of the project.

ACF demonstrated intra-department coordination during an emergency response by participating in diverse coordination calls that discussed families, children, behavioral health, and program and emergency response issues. OHSEPR implemented ACF's role under ESF #8 by using regional ACF staff to collaborate and coordinate with FEMA and other Federal agencies.

## **AWARDING OF RECOVERY FUNDING**

We rated as low risk each sub-risk area that we identified within the Awarding of Recovery Funding process because of ACF's procedures and the controls that it has in place to mitigate potential risks.

ACF does not receive disaster preparedness or response funding directly. However, under the Disaster Relief Act,<sup>2</sup> the Office of Head Start (OHS) received disaster-related funding "for necessary expenses directly related to the consequences of Hurricanes Harvey, Irma, and Maria, including making payments under the Head Start Act." Following the hurricanes, ACF was following procedure and obtaining data about its programs to brief HHS. OHS assisted ACF in this endeavor by gathering data pertaining to the status and needs of its Head Start agencies in the hurricane-affected areas. As a result, OHS knew the situations its Head Start agencies were facing and was prepared to provide guidance to Head Start agencies on applying for recovery funds. On April 9, 2018, OHS issued a program instruction to all Head Start agencies

---

<sup>2</sup> Bipartisan Budget Act of 2018 (P.L. No. 115-123), division B, subdivision 1, entitled the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act, 2018.

regarding the process of applying for disaster assistance funds, which could include replacing damaged or destroyed property and facilities.

According to this program instruction, all disaster-related funding must be awarded by September 30, 2021. Based on data gathered by OHS, the majority of these funds will go to Puerto Rico and the United States Virgin Islands. As of July 2018, no OHS disaster funding had been awarded.

## **OVERSIGHT AND MONITORING**

Of the six sub-risk areas that we identified in the Oversight and Monitoring process, we rated one as moderate risk: grantee challenges. ACF identified several challenges that its Head Start grantees experienced when preparing for and responding to hurricanes, such as continuity of operations, infrastructure deficiencies, unexpected delays to recovery such as weather or lack of supplies, and the mental health of staff. Through oversight and monitoring, ACF used lessons learned from past responses and provided technical assistance to assist grantees in mitigating these challenges.

For example, in Puerto Rico, hurricanes affected more than 1,000 Head Start facilities in 2017. Some of these facilities were severely damaged, jeopardizing their continuity of operations. In addition, the destruction of Puerto Rico's infrastructure, along with subsequent weather issues, delayed some Head Start agencies' access to supplies for reopening. To mitigate these risks to recovery, ACF reached out to the Department of Education to ask whether ACF could purchase some empty schools in Puerto Rico to accommodate Head Start agencies whose facilities were severely damaged or closed. Because the empty schools were still standing after the hurricane, they could provide a safer environment for Head Start grantees. ACF used lessons learned during past hurricane responses to assist grantees in both identifying hurdles to reopening and developing strategies with ACF and other agencies to overcome these hurdles.

OHS uses Head Start monitoring protocols to determine a grantee's approach for maintaining a system of health and safety practices in accordance with the Head Start Program Performance Standards. OHS issues guidance relevant to response and recovery efforts on the OHS website and redistributes and trains grantees on that guidance through emails, in-person meetings, webinars and conferences, or printed hard copies for affected grantees. For example, ACF conducted a webinar for all affected Head Start agencies immediately after the hurricanes had passed in September 2017. This webinar informed Head Start agencies of ACF support during the recovery and provided information on how Head Start agencies could continue to provide services to their populations and staffs. OHS also provided training in June 2018 on mental health issues to its Head Start agencies.

## CONCLUSION

Of the 4 risk areas related to ACF's hurricane preparedness and response activities, we identified 15 sub-risk areas and rated 14 as low risk and 1 as moderate risk because of ACF's clearly defined organizational structure and adherence to laws and regulations when preparing for and responding to disasters.

Even though we rated one sub-risk area as moderate, ACF has developed various controls and strategies that are designed to mitigate the risks we identified for preparing for and responding to hurricanes and other natural disasters. Therefore, this report contains no recommendations.

## APPENDIX A: SCOPE AND METHODOLOGY

### SCOPE

We interviewed ACF management, reviewed documents, and analyzed the information provided by ACF to describe its current hurricane preparedness and response processes and subprocesses. Although we also reviewed documents from some of ACF's offices, bureaus, and regions, our report focuses on the hurricane preparedness operations at ACF's administrative level. We identified four potential hurricane preparedness and response risk areas at ACF.

Using COSO's *Enterprise Risk Management—Integrating with Strategy and Performance* (June 2017) and other sources, we then conducted a high-level risk assessment of the areas that we identified and assigned a level of risk (low, moderate, high, or critical) to each sub-risk area based on our review of documents and responses from ACF.

We focused our review on ACF's internal controls, including policies and procedures related to disaster relief funding under the Disaster Relief Act.

We performed work at ACF in Washington, D.C.

### METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, policies, and guidance;
- reviewed related reports published by other Federal Government agencies;
- developed a risk assessment questionnaire, reviewed ACF's responses, and analyzed these responses in light of COSO's risk assessment guidelines;
- held discussions with ACF about emergency planning and implementation;
- reviewed ACF's internal planning documents and internal reports;
- identified risk areas and sub-risk areas and assigned a level of risk to each sub-risk area;
- assessed mitigating processes and strategies for identified risks; and
- discussed the results with ACF 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: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

| <b>Report Title</b>  | <b>Report Number</b>                 | <b>Date Issued</b> |
|--|--------------------------------------|--------------------|
| <i>The Centers for Disease Control and Prevention Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk</i> | <a href="#"><u>A-04-18-02014</u></a> | 11/2018            |
| <i>The Health Resources Services Administration Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk</i>   | <a href="#"><u>A-04-18-02015</u></a> | 12/2018            |