

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE CENTERS FOR DISEASE
CONTROL AND PREVENTION
HAS CONTROLS AND STRATEGIES
TO MITIGATE HURRICANE
PREPAREDNESS AND RESPONSE RISK**

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Office of Inspector General

<https://oig.hhs.gov>

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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: November 2018

Report No. A-04-18-02014



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 (P.L. No. 115-123), which provided disaster relief totaling approximately \$89.3 billion. HHS received \$5.97 billion (\$1.07 billion for discretionary programs), of which the Centers for Disease Control and Prevention (CDC) received \$200 million.

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

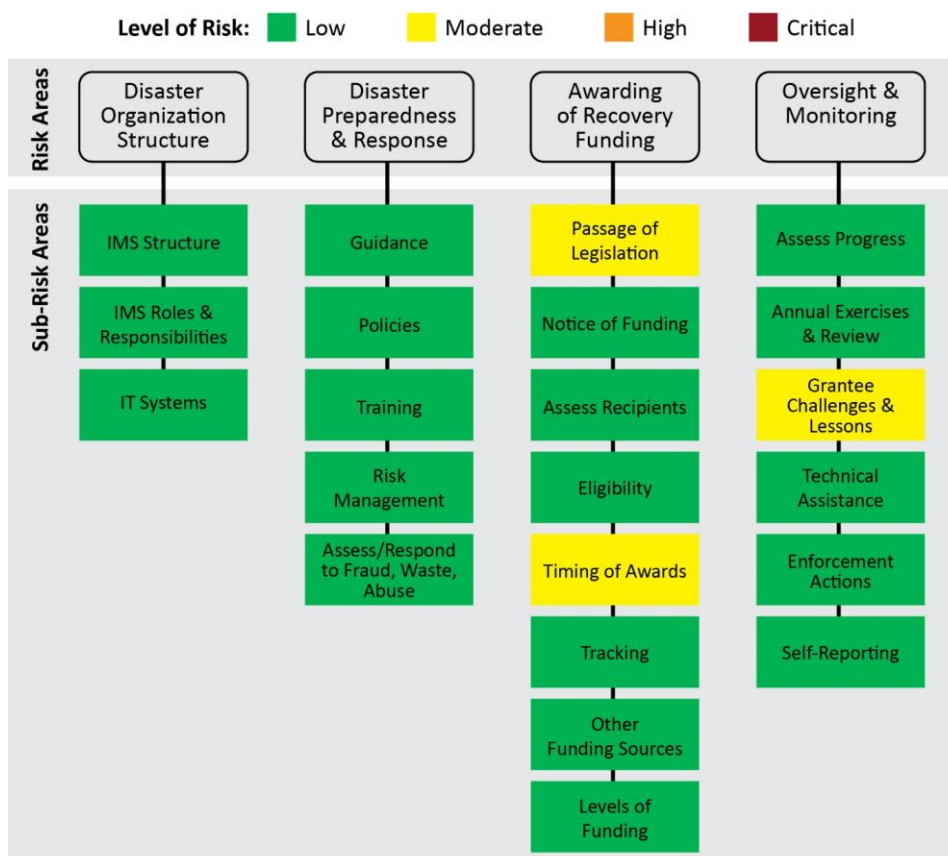
How OIG Did This Review

We interviewed CDC management, reviewed documents, and analyzed the information provided by CDC to describe its current hurricane preparedness and response processes. Based on this review, we identified 4 hurricane preparedness and response risk areas at CDC and 22 sub-risk areas.

The Centers for Disease Control and Prevention Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk

What OIG Found

Within the 4 risk areas related to CDC's hurricane preparedness and response activities, we identified 22 sub-risk areas and rated 19 as low risk and 3 as moderate risk.



Even though we rated three sub-risk areas as moderate, CDC had 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.

What OIG Recommends

This report contains no recommendations.

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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 24, 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. HHS received \$5.97 billion (\$1.07 billion for discretionary programs and \$4.9 billion for Medicaid), of which the Centers for Disease Control and Prevention (CDC) received \$200 million.

The Disaster Relief Act required the HHS Office of Inspector General (OIG) to perform oversight activities supported with Disaster Relief Act funds, which include response, recovery, preparation, and mitigation. This review is part of OIG's Disaster Relief Act oversight activities.¹

OBJECTIVES

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

BACKGROUND

Centers for Disease Control and Prevention

CDC's mission is to protect the Nation from health, safety, and security threats, both foreign and domestic. To accomplish its mission, CDC provides scientific expertise and health information to protect the Nation against expensive and dangerous health threats and respond when these threats arise. CDC received \$200 million in Disaster Relief Act funding. According to the *HHS Hurricane Supplemental Funding Spend Plan*, CDC plans to use these funds to support response, recovery, preparation, mitigation, and other expenses (\$194 million). In addition, CDC plans to repair and improve the laboratory facilities for its Dengue Branch in San Juan, Puerto Rico (\$6 million).

¹ We are conducting similar reviews at other HHS components (Administration for Children and Families and Health Resources and Services Administration).

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 (ERM) and internal control. The circular emphasizes the need to integrate and coordinate risk management and strong and effective internal controls into existing business activities and 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) that managers must integrate into risk management and internal control functions.

HOW WE CONDUCTED THIS REVIEW

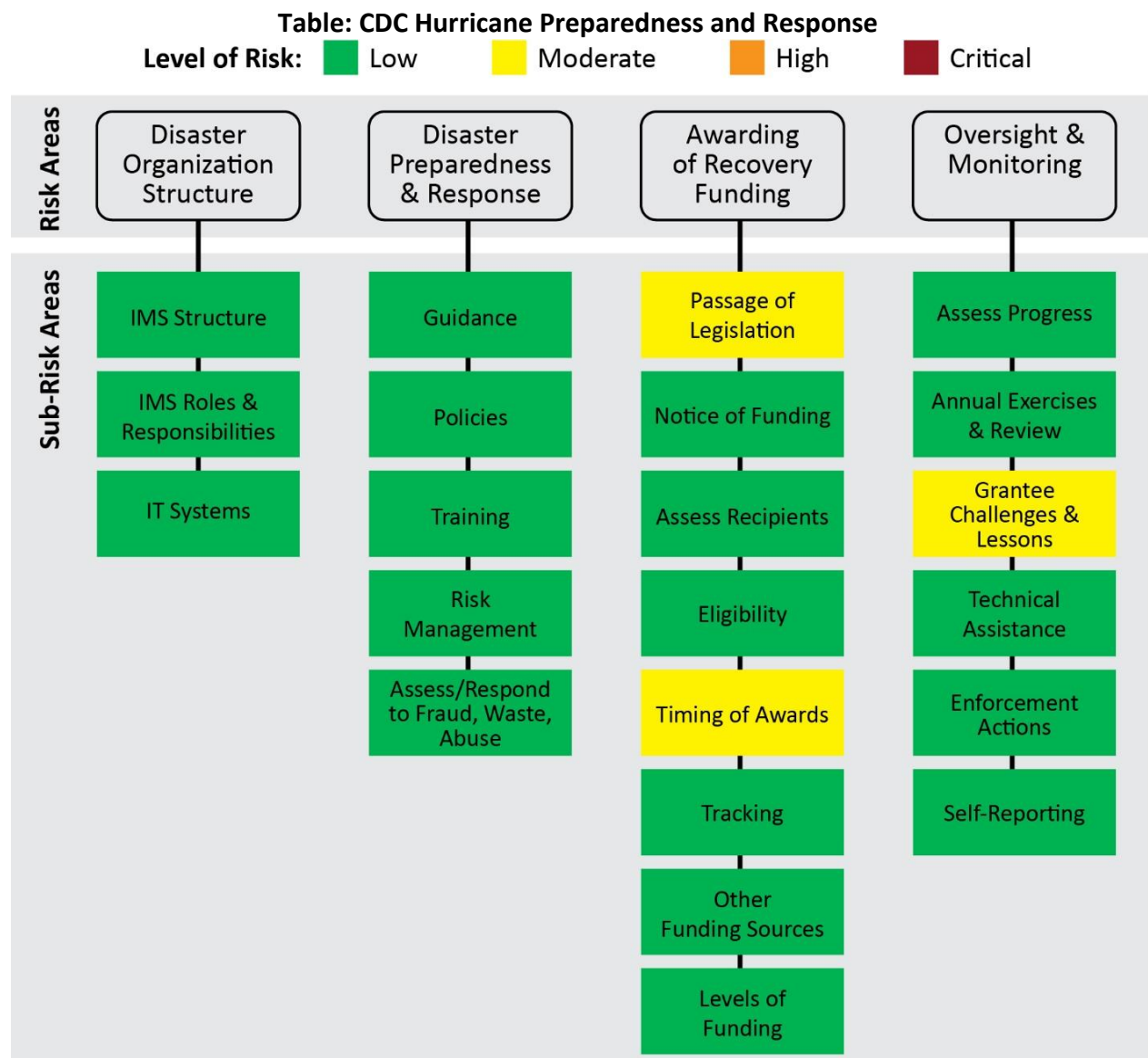
We interviewed CDC management, reviewed documents, and analyzed the information provided by CDC to describe its current hurricane preparedness and response processes. Based on this review, we identified four potential hurricane preparedness and response risk areas at CDC:

1. **Disaster Organization Structure** – the organizational structure, responsibility and authority of personnel involved, and IT systems in place related to disaster preparedness and response.
2. **Disaster Preparedness and Response Procedures** – the laws, policies, and guidance used by CDC when preparing, training for, responding to, and managing risks related to disasters.

3. **Awarding of Recovery Funding** – the legislative authority and funding used by CDC for disaster preparedness and response efforts, whether internally or awarded to grantees.
4. **Oversight and Monitoring** – CDC’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 risk areas that we identified and assigned a level of risk to each sub-risk area (low, moderate, high, and critical) based on our review of documents and responses from CDC.

In this report we discuss both the low sub-risk areas, as well as those that we rated as moderate risk or higher. The following table shows all sub-risk areas that we identified.



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.

The Appendix contains our scope and methodology.

RESULTS OF REVIEW

Within the four risk areas related to CDC's hurricane preparedness and response activities, we identified 22 sub-risk areas and rated 19 as low risk and 3 as moderate risk. To mitigate these moderate risks, CDC 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 process because of CDC's clearly defined, longstanding organizational structure and the controls that it has in place to mitigate potential risks.

CDC uses Public Health Emergency Preparedness (PHEP) cooperative agreements² to fund State, local, and territorial public health department efforts to prepare for and respond to natural disasters and other emergencies. Through PHEP cooperative agreements, CDC provides PHEP recipients (generally health departments) with access to direct technical assistance from local-level CDC subject matter experts to prepare for and respond to public health emergencies.

In addition, CDC has a defined emergency preparedness and response structure to help States respond to disasters. Specifically, the CDC Emergency Management Program is a resource management system designed to identify, locate, acquire, store, maintain, distribute, and account for resources to be used in emergencies and disasters. The Incident Management System (IMS) Resource Support Section administers and facilitates specific components of the CDC Emergency Management Program. The IMS offers logistics support (equipment, material, travel, shipping, and facilities services) for deploying personnel and staff assigned to the Emergency Operations Center (EOC) during an IMS activation. The IMS Resource Support Section also coordinates resource planning, financial management, and acquisition and support services required for successful implementation of an emergency response to an event. The IMS system is flexible and can be adjusted to the particular needs of a response regardless of cause, size, location, or complexity.

CDC activated the IMS and its EOC within a week of Hurricane Harvey making landfall in Texas. Epidemiologists, environmental health specialists, emergency managers, health

² CDC uses cooperative agreements in lieu of grants when the Federal Government is expected to have substantial involvement with recipients in accomplishing the objectives of the agreements.

communicators, and scientists with expertise in waterborne and vector-borne diseases worked together to monitor and address public health threats in the aftermath of this devastating storm.

As part of the CDC IMS and EOC activations, CDC mobilized its State Coordination Task Force, which provides a direct line of communication with State, local, and territorial health departments. The task force worked directly with these jurisdictions to identify and coordinate response needs in areas affected by the hurricanes.

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, during the 2017 hurricane season, CDC followed longstanding laws, guidance, and operational policies related to grant management and emergency response, such as:

- *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal and HHS Awards* (2 CFR § 200 and 45 CFR § 75);
- *Grants Policy Administration Manual*;
- *Department of Health and Human Services Grants Policy Statement*; and
- the *All Hazards Plan*, which contains the basic principles, organization, and responsibilities to follow during a disaster response.

AWARDING OF RECOVERY FUNDING

Of the eight sub-risk areas that we identified, we rated two as moderate risk: (1) delayed passage of legislation (Disaster Relief Act) to support funding of hurricane response and recovery efforts and (2) timing of awards to recipients from these funds. These two sub-risk areas are directly related because if legislation is delayed, the funds available to be awarded for recovery efforts are also delayed.

Although CDC does not have the authority to affect the passage of legislation, it developed two new cooperative agreements designed to mitigate these sub-risk areas by reducing the time for grantees to receive funding for recovery and response efforts:

1. The “Public Health Crisis Response” cooperative agreement is intended to establish a roster of public health departments that would be pre-identified and pre-approved for rapid funding by CDC for public health emergencies.

2. The “Technical Assistance for Response to Public Health or Healthcare Crises” cooperative agreement is designed to establish a pool of organizations capable of rapidly providing essential expertise to parties involved in an emergency response.

Both of these new cooperative agreements create a list of eligible recipients that are “approved but unfunded.” When a public health emergency response is needed, CDC will make funding available to these recipients.

OVERSIGHT AND MONITORING

Of the six sub-risk areas that we identified, we rated one as moderate risk: grantee challenges. CDC identified several challenges its health department grantees at State and local public health agencies experience when preparing for and responding to hurricanes, such as inadequate staffing, information technology infrastructure, lack of equipment, damaged equipment, communication and reporting issues, etc. Through monitoring and oversight, CDC creates guidance and technical assistance resources to assist grantees in mitigating these challenges.

CDC’s responsibility for testing and monitoring States’ readiness is specifically built into the health department cooperative agreement. To do this, CDC assesses jurisdictional progress³ and incorporates results of these assessments (lessons learned) into guidance. CDC annually assesses recipient jurisdictional progress in achieving emergency preparedness and response capabilities by analyzing self-reported data. In addition, CDC assesses recipient performance by collecting process and performance measurement data. Likewise, recipients are required to conduct annual preparedness and response exercises and to submit to CDC after-action-reports (AARs) and improvement plans (IPs). CDC reviews these AARs and IPs and monitors health department recipient progress.

CDC incorporates findings from these AARs and IPs into guidance documents and technical assistance resources for its recipients. For example, CDC is currently updating its “2011 Public Health Preparedness Capabilities: National Standards for State and Local Planning” to reflect current public health emergency preparedness and response strategies based in part on lessons learned from recent State and local responses to public health emergencies.

CONCLUSION

Of the 4 risk areas related to CDC’s hurricane preparedness and response activities, we identified 22 sub-risk areas and rated 19 as low risk and 3 as moderate risk because of CDC’s clearly defined, longstanding organizational structure and adherence to laws and regulations when preparing for and responding to disasters.

³ Jurisdictional progress refers to CDC’s assessment of how well each jurisdiction (State, Tribal, local, and territorial) will be able to prepare for and respond to hurricanes (and other natural disasters).

Even though we rated some sub-risk areas as moderate, CDC had 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. This report contains no recommendations.

APPENDIX: SCOPE AND METHODOLOGY

SCOPE

We interviewed CDC management, reviewed documents, and analyzed the information provided by CDC to describe its current hurricane preparedness and response processes and subprocesses. We identified four potential hurricane preparedness and response risk areas at CDC.

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 risk areas that we identified and assigned a level of risk to each sub-risk area (low, moderate, high, and critical) based on our review of documents and responses from CDC.

We focused our review on CDC's internal controls, including policies and procedures related to disaster relief funding under the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act of 2018.

We performed our fieldwork at CDC in Atlanta, Georgia.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, policies, and guidance;
- reviewed related reports published by other Federal Government agencies;
- developed a risk assessment questionnaire, reviewed CDC's responses, and analyzed these responses in light of COSO's risk assessment guidelines;
- held discussions with CDC about emergency planning and implementation;
- reviewed CDC's internal planning documents, internal control plan, and internal reports;
- identified risk areas and sub-risk areas and assigned a level of risk to each sub-risk area;
- assessed mitigating controls and strategies for reducing identified risks; and
- discussed the results with CDC.

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 will provide a reasonable basis for our findings and conclusions based on our audit objectives.