

**Department of Health and Human Services**  
**OFFICE OF**  
**INSPECTOR GENERAL**

**FOLLOW-UP REVIEW OF HIV**  
**PREVENTION PROGRAM AT THE**  
**SAN FRANCISCO STOP AIDS**  
**PROJECT, INC.**



**JANET REHNQUIST**  
**Inspector General**

**December 2002**  
**A-09-02-01005**

# ***Office of Inspector General***

**<http://oig.hhs.gov>**

---

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95452, 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 OIG's Office of Audit Services (OAS) provides all 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 in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout the department.

## ***Office of Evaluation and Inspections***

The OIG's Office of Evaluation and Inspections (OEI) conducts short-term management and program evaluations (called inspections) that focus on issues of concern to the department, the Congress, and the public. The findings and recommendations contained in the inspections reports generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of departmental programs.

## ***Office of Investigations***

The OIG's Office of Investigations (OI) conducts criminal, civil, and administrative investigations of allegations of wrongdoing in HHS programs or to HHS beneficiaries and of unjust enrichment by providers. The investigative efforts of OI lead to criminal convictions, administrative sanctions, or civil monetary penalties. The OI also oversees state Medicaid fraud control units, which investigate and prosecute fraud and patient abuse in the Medicaid program.

## ***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 in OIG's internal operations. The OCIG imposes program exclusions and civil monetary penalties on health care providers and litigates those actions within the department. The OCIG also represents OIG in the global settlement of cases arising under the Civil False Claims Act, develops and monitors corporate integrity agreements, develops model compliance plans, renders advisory opinions on OIG sanctions to the health care community, and issues fraud alerts and other industry guidance.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Region IX  
Office Audit Services  
50 United Nations Plaza, Rm. 171  
San Francisco, CA 94102-4912

Report Number A-09-02-01005

DEC 23 2002

Darlene Weide  
Executive Director  
STOP AIDS Project, Inc.  
2128 15<sup>th</sup> Street  
San Francisco, California 94114-1213

Dear Ms. Weide:

Enclosed are two copies of the Department of Health and Human Services, Office of Inspector General (OIG), Office of Audit Services' (OAS) final report entitled, "Follow-Up Review of HIV Prevention Program at the San Francisco STOP AIDS Project, Inc." Your attention is invited to the audit findings and recommendation contained in the report.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination. Should you have any questions, please direct them to the HHS action official.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, OIG, OAS reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act (see 45 CFR part 5). As such, within 10 business days after the final report is issued, it will be posted on the world wide web at <http://oig.hhs.gov>.

To facilitate identification, please refer to Report Number A-09-02-01005 in all correspondence relating to this report.

Sincerely,

Lori A. Ahlstrand  
Regional Inspector General  
For Audit Services

Enclosures

**Direct Reply to HHS Action Official:**

Centers for Disease Control and Prevention\ATSDR  
Director, Management Analysis Branch  
Management Analysis and Services Office  
Office of Program Support, OD, CDC  
Executive Park Drive  
Building 22  
Atlanta, Georgia 30329

**Department of Health and Human Services**  
**OFFICE OF**  
**INSPECTOR GENERAL**

**FOLLOW-UP REVIEW OF HIV**  
**PREVENTION PROGRAM AT THE**  
**SAN FRANCISCO STOP AIDS**  
**PROJECT, INC.**



**JANET REHNQUIST**  
**Inspector General**

**December 2002**  
**A-09-02-01005**

# *Notices*

---

**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <http://oig.hhs.gov>

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

## **OAS FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.





Region IX  
Office Audit Services  
50 United Nations Plaza, Rm. 171  
San Francisco, CA 94102-4912

Report Number: A-09-02-01005

Darlene Weide  
Executive Director  
STOP AIDS Project, Inc.  
2128 15<sup>th</sup> Street  
San Francisco, California 94114-1213

Dear Ms. Weide:

This report provides you with the results of our self-initiated *Follow-Up Review of HIV Prevention Program at the San Francisco STOP AIDS Project, INC.* The initial Office of Inspector General (OIG) review of the STOP AIDS Project (SAP) was conducted in response to a request made by the Secretary of the Department of Health and Human Services (HHS) in September 2001. We provided the results of our initial review of SAP to the Secretary in a memorandum dated October 12, 2001, and the results were subsequently provided to Congressman Mark E. Souder on November 14, 2001.

## **OBJECTIVES**

The objectives of our follow-up audit were to determine whether SAP:

- (1) obtained approval from the local review panel for all educational materials used in federally-supported prevention programs, and
- (2) established an adequate time and effort reporting system to support salaries and wages charged to federal cost reimbursement type awards.

These objectives reflect the two areas where our earlier review had disclosed issues.

## **SUMMARY OF FINDINGS**

We concluded that SAP made progress in both areas. Specifically, for the period of our review, it submitted, as required by guidance issued by the Centers for Disease Control and Prevention (CDC), all of its educational material to the local review panel - San Francisco Department of Public Health (SFDPH) - and obtained approval. In terms of its time and effort reporting system, we found that SAP had not yet made changes to its system, but had: explored alternative methods of tracking time and effort; analyzed the costs of each alternative; and begun evaluating its accounting systems and procedures to ascertain if financial requirements are being met for all funding sources. Effective July 1, 2002, SAP installed a software package

to track costs by department and by grant. In addition, SAP said it would install an after-the-fact time and effort reporting system. We recommend that SAP follow through with its intent to establish an after-the-fact time and effort reporting system.

In a written response to our draft report, SAP officials agreed with our findings and recommendation. SAP stated that it had implemented the effort reporting system effective October 1, 2002. The SAP comments are included in their entirety as an appendix to this report.

## INTRODUCTION

### BACKGROUND

#### **Federal Role in HIV/AIDS Prevention**

Within HHS, CDC is responsible for administering—in collaboration with community, state, national, and international partners—programs designed to prevent Human Immunodeficiency Virus (HIV) infection, the virus that causes Acquired Immunodeficiency Syndrome (AIDS), and reduce the incidence of HIV-related illness and death. In 1984, the agency began funding grants and cooperative agreements for AIDS Innovative Risk Reduction Programs through which grantees could use the federal funds to develop AIDS-related informational and educational materials and programs.

#### **CDC Guidance for AIDS-Related Material**

In 1986, recognizing that the content of educational sessions and other AIDS-related material could be controversial, CDC issued guidelines regarding the content of such material. The current CDC guidelines for AIDS assistance programs are contained in a document entitled, *Interim Revision of Requirements for Content of AIDS-Related Written Materials, Pictorials, Audiovisuals, Questionnaires, Survey Instruments, and Educational Sessions Used in Centers for Disease Control and Prevention Assistance Programs* (hereafter referred to as the Interim Revision), published in the Federal Register on June 15, 1992.

The Interim Revision contains guidelines setting forth CDC's basic principles for all AIDS-related material. Specifically, the material is to "include information about the harmful effects of promiscuous sexual activity and intravenous substance abuse, and the benefits of abstaining from such activities." Further, no funds are to "be used to provide education or information designed to promote or encourage, directly, homosexual or heterosexual sexual activity or intravenous substance abuse." The Interim Revision also provides that the above cited provisions "not be construed to restrict the ability of an education program to provide accurate information about various means to reduce an individual's risk of exposure to, or the transmission of, the etiologic agent for acquired immune deficiency syndrome, provided that any informational materials used are not obscene."

The Interim Revision does not provide a substantive standard for obscenity. To address this issue, CDC borrowed the congressional language from section 2500 of the Public Health Service Act to establish a procedural regulation for the local review panels. Related to our previous review of SAP, in a memorandum dated October 5, 2001, CDC explained to the OIG that “CDC and its grantees are guided by the important principle that local determinations of appropriateness of targeted, community-based programs should not be made at a national or federal level. Such determinations are more appropriately made by local review panels whose membership includes health professionals and individuals who represent the target community.” The local review panel in San Francisco is the Materials Review Committee (MRC), established by the SFDPH.

### **Federal Guidelines for Not for Profit Grantees**

The Office of Management and Budget (OMB) Circular A-122, “Cost Principles for Non-Profit Organizations,” provides guidance to not for profit grantees that receive federal funds.

### **STOP AIDS Project**

The SAP is a not for profit organization whose mission is to prevent HIV transmission among gay and bisexual men in San Francisco through multicultural, community-based organizing. To achieve its mission, SAP uses community outreach, workshops, community forums, media campaigns, and condom distribution.

For fiscal year ended June 30, 2001, SAP received \$1,470,949, which is approximately 80 percent of its revenue, from federal, state and local governments. The SAP received a direct award from CDC and was also a sub-recipient under the CDC cooperative agreement with the SFDPH. The direct award was a cooperative agreement for “Minority and Other Community Based HIV Prevention Project.” As part of the CDC-SFDPH cooperative agreement, SAP received three subawards: (1) Venue-Based Individual Outreach, (2) Prevention for Positives-Community Level Intervention, and (3) HIV Prevention Web-based Innovative Intervention. In addition, SFDPH provided general funds to SAP for condom distribution and HIV Prevention Projects.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

The objectives of the follow-up audit were to determine whether SAP:

- (1) obtained approval from the local review panel for all educational materials used in federally-supported prevention programs, and
- (2) established an adequate time and effort reporting system to support salaries and wages charged to federal cost reimbursement type awards.

This audit, which was conducted in accordance with generally accepted governmental auditing standards, was intended to follow up on issues related to SAP that were discussed in a memorandum, dated October 12, 2001, from the OIG to the Secretary of HHS.

### **Scope**

To determine if SAP was in compliance with the federal requirements of the Interim Revision, we identified 72 workshops and other educational events SAP presented between January 1, 2002 and April 30, 2002. Based on Congressman Souder's initial request letter, which raised questions about workshops on SAP's calendar for August 2001, we selected for review similar workshops presented by SAP during the period January 1, 2002 through April 30, 2002. We did not review the internal controls of SAP because a review of controls was not necessary to accomplish the objectives of this audit.

We did not attend any of the workshops or other events sponsored by SAP, nor did we evaluate the efficacy of the programs to prevent HIV infection and reduce the incidence of HIV-related illness and death. As such, we do not render an opinion on the efficacy of the programs. We also did not review the Internet website maintained by SAP and funded, in part, by CDC. At the time of our review, CDC had not established guidelines or regulations that address the interactive nature of the "chat-rooms" other than to require each site to post a warning notice.

To evaluate the SAP's compliance with CDC's content guidelines, we reviewed documentation prepared and maintained by the local review panel at SFDPH. We did not audit the SFDPH-MRC, but performed sufficient work to gain a general understanding of the operations of the SFDPH-MRC and the community planning process for HIV prevention activities. At the time of our review, the completed MRC checklists returned to SFDPH were not retained for inspection. Instead, the MRC coordinator certified the committee's decision and documented the decision in SFDPH's records.

Our review of SAP's time and effort reporting was limited to a review of its accounting practices in September 2001 and subsequent discussions with SAP officials regarding proposed changes. We did not audit costs for allowability, allocability, or reasonableness. For the 4 years ended June 30, 1998 through June 30, 2001, the Independent Public Accountant performed audits of SAP, required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," for grantees who receive more than \$300,000 in federal funds, and reported that the audits were performed in accordance with generally accepted governmental auditing standards.

### **Methodology**

To accomplish our objectives, we:

- Obtained an understanding of the cooperative agreement between SFDPH and CDC, including the community planning process.

- Obtained the Annual Progress Report from the SFDPH-AIDS Office for calendar year 2001 to review and evaluate the comments related specifically to SAP.
- Met with the Director of HIV prevention at SFDPH and obtained a general understanding of the policies and procedures of the local review panel.
- Determined whether SFDPH provided training on the materials review process and verified that the sign-in sheet included a representative from SAP.
- Reviewed the training materials used by SFDPH to explain new procedures related to content guidelines for AIDS-related material.
- Reviewed the checklists used by SFDPH-MRC to evaluate content of AIDS-related educational material.
- Determined what workshops and other educational events SAP conducted since our initial review of workshops presented in August 2001.
- Determined what educational materials SAP submitted to the local review panel and the status of all submitted material.
- Ascertained whether SAP used approved materials for workshops and other educational events between January 1, 2002 and April 30, 2002.
- Verified that the workshops presented by SAP in August 2001 and listed in Congressman Souder's letter were subsequently approved by the local review panel.
- Reviewed awards to SAP to determine the project description, funding source and, for sub-awards under SFDPH-CDC cooperative agreements, if the agreements incorporated applicable federal cost principles and AIDS content guidelines.
- Reviewed SAP's OMB Circular A-133 audit report for the organization's latest fiscal year ended June 30, 2001 and for the 3 preceding years.
- Discussed the proposed changes to SAP's time and effort reporting system with the Executive Director and Finance Director.

We performed our fieldwork at the SFDPH-AIDS Office, and at the SAP office, San Francisco, California, during the period from March 2002 through August 2002. We held an exit conference with SAP officials on August 28, 2002.

## **FINDINGS AND RECOMMENDATIONS**

In general, SAP had taken several positive steps following our initial review in 2001. For the period covered by our follow-up review, we found that SAP had substantially complied with CDC's guidance in terms of submitting its AIDS-related educational material to SFDPH for review and approval. Regarding the project's time and effort reporting system, SAP was in the process of evaluating its accounting system and selecting ways to improve it. The Executive Director informed us that SAP implemented an after-the-fact time and effort reporting system to support labor charges to federal awards effective October 1, 2002.

### **LOCAL PANEL REVIEW OF AIDS-RELATED EDUCATIUNAL MATERIALS**

Our follow-up review revealed that SAP had implemented a new procedure to ensure that all of its AIDS-related materials are reviewed by the local panel as established by the SFDPH. As a result, we concluded that SAP was in substantial compliance with the CDC guidance to have its materials reviewed by a local panel. Below we describe our previous finding and the positive actions taken by both SAP and SFDPH.

#### **Initial OIG Review**

Our initial limited review showed SAP had not followed CDC guidelines because it had not obtained the local panel's approval for materials used for its August 2001 workshops. The SAP had submitted the advertisements for workshops as required by SFDPH, but curricula and other educational materials had not been submitted and approved. Without such local panel approval, we raised questions about the appropriateness of some of the materials we reviewed. Based on our results, we requested that CDC write to SAP and the SFDPH to remind both that the CDC's content guidelines provided in the Interim Revision must be applied by the local review panel in its review of all AIDS-related materials.

#### **Follow-up OIG Audit**

We found that, for the period of time we reviewed, SAP had generally ensured that all of its AIDS-related materials (including curricula, workshop and event outlines, videos, advertisements and photographs) were reviewed and approved by the local review panel prior to their being used. Of the 72 workshops and other educational events presented by SAP between January 1, 2002 and April 30, 2002, 68 had materials submitted to the local review panel and subsequently approved prior to their use in workshop events.

The exception we identified was one series of four workshops held between January 30, 2002 and February 9, 2002, which was prior to implementation of new requirements by SFDPH, as described below. The events were held after approval of the promotional material was received on January 8, 2002, but before the panel had approved the course material on February 12, 2002.

We concluded that SAP, for the period of our review, had substantially complied with the CDC’s Interim Revision in terms of submitting its AIDS-related educational material to SFDPH for review and approval. The local review panel determined that:

- SAP’s materials were not designed to promote or encourage, directly, homosexual or heterosexual sexual activity or intravenous substance abuse and the workshops included information about the harmful effects of such activities and the benefits of abstaining;
- SAP’s educational sessions did not include sexually suggestive physical contact or actual sex practices and that the materials provided accurate information about reducing the risk of exposure to HIV; and
- The potential for preventing HIV infection in San Francisco outweighed any possible obscenity.

We attribute such substantial compliance with CDC’s content guidelines in the Interim Revision to efforts taken by both the SFDPH-AIDS Office and SAP to ensure that the review of HIV-related materials meets these guidelines. Specifically, on February 26, 2002, the SFDPH-AIDS Office held a training session for members of the local review panel. The training included an overview of the HIV epidemic in San Francisco and review of: (1) CDC materials review guidelines, (2) the SFDPH-MRC protocol, and (3) the revised SFDPH-MRC materials review checklist and comment form. On February 28, 2002, the SFDPH-AIDS Office held a “Forum for HIV Prevention Partners” for HIV prevention organizations in the San Francisco community. All attendees, including the Executive Director for SAP, received basic instruction and comprehensive written explanations of applicable CDC materials review guidelines. After receiving the instruction, each provider representative signed a statement acknowledging the instruction in CDC material review requirements.

The SAP also had taken steps to build the material review time into its overall workshop development process. It analyzed the amount of time needed to develop an educational workshop and integrated the time required to submit and obtain approval for all AIDS-related materials from the local review panel into the time frame. Based on that analysis, SAP developed a policy for submitting material for review, including specific responsibilities for program staff, the Media Department and the Education Director. The Executive Director told us that the policy was developed so that SAP would receive approval for all AIDS-related material before it was used.

## **TIME AND EFFORT REPORTING**

We determined that SAP was taking steps to address its need to have an adequate time and effort reporting system. The Executive Director informed us that SAP would implement the time and effort reporting system. Such steps would allow SAP to come into compliance with OMB guidance on employee compensation.

### **Initial OIG Review**

Our initial review showed that SAP did not have a time and effort reporting system capable of identifying funding sources for its activities—an important feature in light of our concern at the time that SAP may have used federal funds to carry out certain workshops that were not in compliance with CDC guidance. We specifically found that SAP's accounting system could not identify costs by project and did not include an after-the-fact time and effort reporting system.

### **Follow-up OIG Audit**

In our follow-up review, we concluded that SAP had explored alternative methods of tracking time and effort and the costs of each alternative. The Executive Director told us that the new Finance Director will evaluate SAP's accounting systems and procedures and review the grants and contracts in order to ascertain if requirements of all funding sources are being adequately met. The Finance Director had installed a software package to track costs by departments and by grants, effective July 1, 2002. She also said that SAP would develop an after-the-fact time and effort reporting system.

These actions should help SAP come into compliance with OMB Circular A-122, Attachment B, Section 7.m (2). This guidance discusses the need for grantees to prepare and maintain reports used to distribute activity of employees for all staff whose compensation is charged, in whole or in part, directly to awards; and the requirement for reports to reflect an *after-the-fact* determination of the actual activity of each employee, not budget estimates determined before the services are performed.

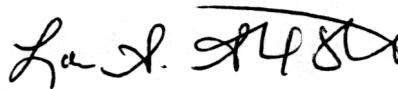
### **RECOMMENDATION**

We recommend that SAP follow through with its efforts to establish an after-the-fact effort reporting system to support salaries charged to federal cost reimbursement type awards.

### **AUDITEE COMMENTS**

In a written response to our draft report, SAP officials agreed with our findings and recommendation. SAP stated that it had implemented the effort reporting system effective October 1, 2002. The SAP comments are included in their entirety as an appendix to this report.

Sincerely,



Lori A. Ahlstrand  
Regional Inspector General  
for Audit Services

# **APPENDIX**



APPENDIX

STOP AIDS Project  
Office of the Executive Director  
2128 15<sup>th</sup> Street  
San Francisco, CA 94114

November 25, 2002

2128 15th Street  
San Francisco, CA  
94114-1213

415-575-0150  
fax 415-575-0166

Region IX  
Office of Audit Services  
50 United Nations Plaza  
San Francisco, CA 94102

**Mission**

To prevent HIV  
transmission among  
all gay and bisexual  
men in San Francisco,  
through multicultural,  
community-based  
organizing.

**RE: Response to the Department of Health & Human Services Audit  
Report Findings. Dated October 30, 2002  
Report Number A-09-02-01005**

The STOP AIDS Project is pleased that the Department of Health & Human Services Office of Inspector General audit report recognizes the high standards the STOP AIDS Project utilizes to achieve its mission and implement its programs.

**Board of Directors**

Jorge Romero  
*President*

Joshua Russell  
*Vice President*

Steve Abbott  
*Secretary*

Jamie Austin  
*Treasurer*

Richard Brown

Thomas Bruein

Judson Gregory

Kem Hainebach

Tony Koester

Roger Myrick

F. Duncan Reyes

Rafael Rosario

Michelle Williams

The STOP AIDS Project concurs with the findings that it is in compliance with the Centers for Disease Control and Prevention guidance to have all education materials reviewed and approved by a local San Francisco panel.

Following is the STOP AIDS Project's response to the only DHHS recommendation:

1. Effective October 1, 2002, the STOP AIDS Project implemented an after-the-fact effort reporting system to support salaries and wages charged to federal cost reimbursement type awards. The STOP AIDS Project has always had a formal time reporting system in place. The Project revised the former reporting system to reflect the Department of Health & Human Services recommendation.

Sincerely,  
  
Darlene K. Weide, MPH, MSW  
Executive Director  
STOP AIDS Project

**Executive Director**  
Darlene Weide, MPH, MSW