

## Report in Brief

Date: January 2022

Report No. A-05-21-00014

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Audit

HHS is one of the largest contracting agencies in the Federal Government. In fiscal year 2020, HHS awarded over \$14 billion in contracts in response to the COVID-19 pandemic. Of these contracts, HHS's Assistant Secretary for Administration (ASA) awarded five sole source COVID-19 testing contracts to national pharmacy and grocery retail chains to provide Americans convenient access to COVID-19 testing at testing site locations throughout the United States. The contracts provided a flat-fee payment to participating retailers for each test administered.

Our objective was to determine whether ASA awarded and managed the COVID-19 testing contracts in accordance with applicable Federal regulations, and contract terms and conditions.

### How OIG Did This Audit

Our audit covered five sole source COVID-19 testing contracts awarded by ASA in April 2020, totaling \$1.8 billion. As of October 2021, over \$1.2 billion had been paid to the contractors.

We reviewed: (1) ASA's justification and awarding process for the contracts; (2) signed contracts, contract modifications, statements of work, and negotiated payment rates for COVID-19 tests; and (3) a judgmental sample of 18 invoices totaling \$217 million from the contracts.

## The Assistant Secretary for Administration Awarded and Managed Five Sole Source Contracts for COVID-19 Testing in Accordance With Federal and Contract Requirements

### What OIG Found

ASA awarded and managed five sole source COVID-19 testing contracts, totaling \$1.8 billion, in accordance with Federal regulations and contract requirements. Specifically, ASA complied with sole source justification requirements when awarding the contracts and set reasonable payment rates for COVID-19 tests in accordance with Federal regulations. ASA appropriately managed the contracts by establishing and maintaining ongoing communications with contractors, by verifying that lab result numbers matched the number of tests administered, and by reviewing invoices to ensure payment rates were in accordance with the contract terms and conditions.

### What OIG Recommends

This report contains no recommendations.