



REPORT OF REVIEW

ALDERSON-BROADDUS COLLEGE
PHILIPPI, WEST VIRGINIA

Rural Health Care Expansion Project

Grant No. WV-11265-93-I-302-0226

September 1, 1993 - August 31, 1994

OIG Report No. 96-7(H)

November 30, 1995

Contract 93-109

I. INTRODUCTION

A. PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grant, (2) to determine if the grant objectives were met, and (3) to determine the current status of the project.

B. SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grant, as well as costs claimed as matching funds. The period of performance was September 1, 1993 through August 31, 1994. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Philippi, West Virginia, June 28-29, 1995. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreement, Office of Management and Budget (OMB) Circulars A-21 and A-110, and the ARC Code.

C. BACKGROUND

ARC Grant WV-11265-93-I-302-0226 was awarded to Alderson-Broaddus College to assist in the expansion of rural health care services in West Virginia by training physician assistants and placing second and third year students in rural clinical settings. According to the grant agreement, the following tasks were to be completed:

- 1) Recruit a minimum of 75 new students to train as competent physician assistants in medically underserved areas.

- 2) Establish two new clinical sites for second and third year students.
- 3) Design and implement a three-semester hour course that emphasizes tobacco, alcohol, drugs, heart disease, stroke, and cancer. The course will begin in the fall, 1993, and be required for first and second year physician assistant students.
- 4) Establish a clinical training program in the area of prenatal and postnatal care at the Barbour County Public Health Department for third-year students.
- 5) Develop an evaluation instrument designed to evaluate the overall effectiveness of the program and submit a report to ARC with the final report.

The grant was for the lesser of \$93,939 or 80 percent of the actual, reasonable and eligible costs of the project, as determined and approved by ARC. The grantee was to provide the non-federal share of \$23,485, or 20% in cash, contributed services, and in-kind contributions as approved by ARC. The grant was closed out at ARC in February 1995.

II. SURVEY RESULTS

A. Financial System

The grantee did not have a separate grant account for the ARC grant that allows for the comparison of expenditures with budget amounts as required by OMB Circular A-110. The grantee's financial representative indicated he was not aware of the requirement. Expenses attributable to the ARC grant were paid by the grantee but were usually not annotated as being a grant expense. The grantee agreed that a separate grant account would be established for any future ARC grants.

B. Questioned Costs

At the time of our review, the grantee had claimed grant costs of \$93,939 and total project costs of \$135,500. ARC paid the claim and closed the grant in February 1995. During our visit, the grantee provided records indicating that total project expenses were \$89,522 instead of \$135,500. However, we found that the grantee had claimed some costs based on estimates and budgeted amounts and not on actual costs. At the time of our visit, they did not know the actual amount of expenses that were applicable to the ARC project (primarily a result of not having a separate ARC grant account). Grant personnel reviewed expenditures for the college's Physician Assistant Program during our visit and selected some as being applicable to the ARC grant. Based on our reconstruction of the fragmented records provided to us, we determined that adjusted ARC project expenditures were \$103,079 (see Exhibit A). The additions to total project costs involved increases in most categories based on differences between actual and estimated costs. We are questioning \$11,324 as being inadequately documented, unallowable, or outside the scope of the grant agreement as specified by OMB Circular

A-110. The questioned costs are as follows:

- 1) The ARC grant budget indicated that the Medical Director's level of effort on the grant would be 40 percent at a cost of \$15,000 plus \$3,450 (23 percent) for fringe benefits. Alderson-Broadus College entered into a contract with a professor to teach three classes and serve as Medical Director of the Physician Assistant Program from August 1, 1993 through July 31, 1994. The contract was for \$15,000 and also provided for fringe benefits in accordance with the Faculty Staff Handbook. We discussed this issue with the ARC project coordinator who agreed that the entire \$15,000 contract should not be charged to the ARC grant because the grant agreement did not provide for teaching the three classes. We agreed that the professor's level of effort to the ARC grant should be 40 percent as stated in the grant agreement. Therefore, we are questioning 60 percent of the contract and fringe benefits costs, \$9,000 and \$2,070, respectively, (\$11,070 total) as being outside the scope of the grant agreement.
- 2) We are questioning a total of \$254 in miscellaneous travel expenses including excess daily meal costs, lodging costs for persons not covered under the ARC grant and receipts that were not consistent with travel dates.
- 3) The ARC grant budget provided for a full-time secretary at a cost of \$10,500 plus \$2,415 for fringe benefits. We determined that the secretary was not working full-time on the ARC project and concurred with the grantee's decision to reduce the level of effort for the secretary to 75 percent of time available on this project. Available time and attendance records did not specify time spent on particular projects. We also determined that expenses incurred for the secretary during the grant period approximated \$18,700 plus fringe benefits of \$4,301 (23 percent), of which we considered 75 percent allowable. We included the allowable salary and fringe benefits costs of \$14,019 and \$3,224, respectively, in our calculation of total project costs.

Based on total allowable project costs of \$91,755 (see Exhibit A), ARC's portion would be \$73,404 (80 percent). Because the grantee has been paid \$93,939, the excess funds totaling \$20,535 should be returned to ARC.

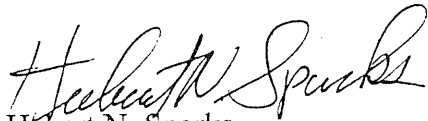
Recommendation: We recommend that the grantee return \$20,535 to ARC.

C. Grant Status

We determined that the tasks required of the grantee under the grant agreement were substantially completed. The grantee indicated that the Physician Assistant Program will continue with funding obtained from other sources.

D. Grantee Comment

The grantee concurred with the recommendation and noted that there were no additional expenses that could be applied to the grant.


Hubert N. Sparks
Inspector General

Attachments: Exhibits A & B

ALDERSON-BROADDUS COLLEGE
RURAL HEALTH CARE EXPANSION PROJECT

Table of Questioned Costs

	Project Budget	Claimed Project Expenses	Grantee's Adjusted Records	Questioned Costs	Allowable Project Costs
Salaries	\$ 70,500	\$ 75,500	\$ 77,873	\$ 9,000	\$68,873
Fringe Benefits	16,215	16,715	17,911	2,070	15,841
Travel	7,009	7,647	3,055	254	2,801
Supplies	4,000	5,500	4,250	0	4,240
Other	19,700	30,138	0	0	0
	\$117,424	\$135,500	\$103,079	\$11,324	\$91,755

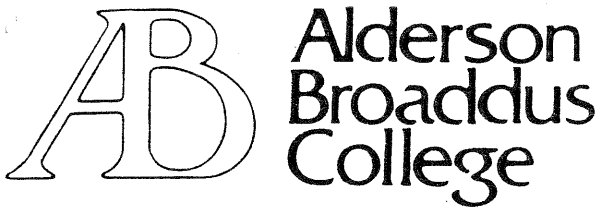


Exhibit B

November 7, 1995

Mr. Hubert N. Sparks
Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20235

Dear Mr. Sparks:

I have reviewed the **Report of Review** for Grant No. **WV-11265-93-I-302-0226, Alderson-Broaddus College Rural Health Expansion Project**, and I can find no additional expenses which can be directed toward this grant. The **Report of Review** is correct and acceptable as presented.

Thank you for the initial funding and all the assistance afforded to me and others at Alderson-Broaddus College.

Respectfully,

A handwritten signature in cursive script that reads 'Paul A. Bennett'.

Paul A. Bennett, Ed.D.
Chairman, Division of Health Sciences

PAB:rjj

cc: Leonard LoBello, Vice-President for Finance

[4] From: Donna Suber 6/25/97 11:13AM (424 bytes: 1 ln)
To: Hubert Sparks
Subject: WV-11265-93, Contract 93-109, OIG Report 96-7(H)

----- Message Contents -----

Decker asked that I let you know when the grantee's check to ARC for \$20,535 had arrived in Finance. The check has arrived and Alfred is in the process of recording it in the project database.

96-7(H)

Alderson - Broadus college

Put in report file &

use in 9/30/97 semiannual
report

HS



March 11, 1996

MEMORANDUM FOR Applicable Project Coordinators

SUBJECT: Audit Followup

As part of our periodic audit followup, we are attaching a summary of open reports and recommendation and would appreciate feedback with respect to the status of recommended actions.

If you have not received a copy of the subject report, let me know.

Please provide a status summary within 30 days with respect to the noted reports and recommendations. In some cases, it appears the reports can be closed; but a confirmation of such action is requested.

Hubert N. Sparks
Hubert N. Sparks
Inspector General

Attachment

cc: Henry King

*FIU letter to
project coordinator
sent 5/8/96 R*

March 11, 1996

OIG Report 96-7(H), 11/30/95

Name: Alderson-Broadus College

Project Coordinator: John Demchalk

Open Finding/Recommendation:

- o Information is requested as to whether \$20,535 was refunded and/or deobligated.

ARC contract 93-109

WV - 11265