



March 22, 2000

OIG REPORT 00-29(H)

MEMORANDUM FOR: DAVID SMITHERMAN, ASSISTANT ADMINISTRATOR
CORPORATE COMMUNICATION AND DEVELOPMENT
CARRAWAY HOSPITALS FOUNDATION

OBJECT: Memorandum Survey Report
Review of Carraway Life Saver Program
AL-12985

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.

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 for the grant was October 1, 1998 through September 30, 1999. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Birmingham, Alabama on February 23, 2000. 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-87 and A-102, and the ARC Code. Audit work was performed in accordance with Government Auditing Standards.

BACKGROUND

ARC Grant AL-12985 was awarded to the Carraway Hospitals Foundation to provide funds to improve critical care services for low to moderate income families by providing emergency air transportation to premature and critically ill infants and children in the Appalachian region of Alabama.

The total project costs was estimated as \$354,578. The ARC grant was for \$200,000 (56%). The grantee was to pay or cause to be paid matching contribution which was \$154,578 (44%).

RESULTS


Financial Review

During our visit, we reviewed the grantee's accounting records, including invoices and supporting documentation for a sample of grant and matching costs charged to the project. Total claimed costs were supported by the grantee's accounting records and no deficiencies were noted as to the allowability of the expenses or the adequacy of the documentation for the expenditures we reviewed.

The grantee claimed total project costs of \$354,578, which included ARC grant costs of \$200,000, and non-federal costs of \$154,578.

Program Review

The average cost of a medical air transport flight is \$2,949. The grantee applied \$1,500 towards each flight of 134 critically ill children. By April 17, 1999 the ARC grant funds had been expended. Eligible children came predominantly from low income families who are uninsured or only covered by Medicaid. Emergency air transportation is not covered by Medicaid.


Hubert N. Sparks
Inspector General



March 22, 2000

Ms. Bonnie F. Durham
ARC Program Manager
Alabama Appalachian Regional Office
P. O. Box 681093
Fort Payne, AL 35968


re: OIG Report 00-29(H), Grant AL-12985

Dear Ms. Durham:

Enclosed is a copy of our memorandum report on Grant AL-12985 regarding emergency air transportation provided by the Carraway Hospitals Foundation.

We are processing several other reports based on recent work in Alabama; and are preparing a summary of our visit to Bridgeport, Alabama, in connection with Grant AL-12853, Bridgeport Utilities Improvement. With respect to this grant, documentation supported project expenditures; but there remain substantive issues impacting decisions relative to HUD/ADECA release of ARC funds, including the eligibility of some matching costs to support HUD's funding, progress toward meeting low and moderate income goals, and availability of required audit reports. Our primary recommendations were directed at informing HUD/ADECA about plans to address the low to moderate income employee issue, circumstances surrounding the use of sources or contracting methods not acceptable to HUD, and completion of the grantee audit. It was apparent that the grantee will need to request some consideration based on circumstances not directly related to the grant, e.g., the negative impacts of a serious explosion and fire in 1999, and based on recognition that some requirements may not be fully met, e.g., employee income levels and eligible costs. However, a summary report by the grantee, or its representative, that includes all of the issues will better allow HUD/ADECA to make decisions about appropriate actions.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure



March 22, 2000

Mr. David Smitherman
Executive Director
Carraway Hospitals Foundation
1600 Carraway Boulevard
Birmingham, AL 35234

re: OIG Report 00-29(H), Grant AL-12985


Dear Mr. Smitherman:

Enclosed is a copy of our final report dealing with a grant for emergency air transportation for premature and critically ill infants and children from low- to moderate-income families. We consider the report closed.

A copy of the report is being provided to the Federal Co-Chairman, ARC Executive Director, and the Alabama State Alternate.

The courtesies and cooperation afforded the auditor were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure



April 10, 2000

MEMORANDUM FOR The Federal Co-Chairman
 ARC Executive Director

SUBJECT: OIG Reports

Enclosed are copies of the following reports for which our records do not indicate transmittal to your office. The reports were previously distributed to the grantees. In most instances, the reports were closed on issuance based on the absence of material findings.


- 00-13(H) Benton County, Mississippi, Head Start Facility
- 00-14(H) Team Pennsylvania Entrepreneurial Education Program
- 00-15(H) Team Pennsylvania Entrepreneurial Network Initiative
- 00-16(H) Northern Tier Pennsylvania RPDC Administrative Grant
- 00-17(H) New York State Technical Assistance
- 00-20(H) Kentucky Regional Diabetes Healthcare Delivery in Appalachia
- 00-21(H) Tennessee Technical Assistance
- 00-22(H) Clay County, Tennessee, Industrial Project
- 00-23(H) Southwest Virginia Higher Education Center
- 00-24(H) Appalachian Rural Systemic Initiative, Kentucky
- 00-25(H) Dental Care, Cumberland Plateau Health District, Virginia
- 00-29(H) Carraway Life Saver Program, Alabama
- 00-31(H) Alabama J-1 Followup Visits

These reviews generally disclosed that grant funds were accounted for, controls were in place, and project tasks were completed.

Report 00-15(H), Team Pennsylvania Entrepreneurial Network Initiative, contains several open issues with respect to a small claim for costs incurred prior to grant start; \$3,185 in unsupported matching costs; and subrecipient monitoring.

Report 00-20(H), Regional Diabetes Healthcare Delivery in Appalachia, questions \$12,247 in personnel costs incurred outside the grant period. Report 00-21(H), Tennessee Technical Assistance recommends improved identification of performance measures and results.

Several reports are awaiting auditee comments with a primary issue noted in these reports being limited grantee oversight or monitoring of subrecipients or subcontractors with the result being difficulty to assess whether the activities performed were commensurate with the costs incurred.


Hubert N. Sparks
Inspector General

Enclosures

cc: Ms. Judy Rae

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