



REPORT OF REVIEW

ALABAMA DEPARTMENT OF PUBLIC HEALTH MONTGOMERY, ALABAMA

Newborn Screening Project

Grant No. AL-11527-94-I-302-0406 October 1, 1994 - March 31, 1996

OIG Report No. 97-6(H) January 14, 1997

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 October 1, 1994 through March 31, 1996. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Montgomery, Alabama September 23-24, 1996. 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.

C. BACKGROUND

Approximately 60,000 Alabama newborns are tested each year in an effort to reduce the number of undetected illnesses such as phenylketonuria, hypothyroidism, sickle cell disease, and galactosemia. Approximately 120,000 specimens are submitted to the Alabama Department of Public Health (ADPH), Bureau of Clinical Laboratories (BCL) for testing. To ensure that all infants are tested requires the coordinated efforts of ADPH's Newborn Screening Follow-Up Program, BCL, county health department personnel and private health care providers. Forming

a partnership with rural providers has become particularly important because of the increase in out-of-hospital births and the early discharge of infants from hospitals.

ARC Grant AL-11527-94-I-302-0406 was awarded to the Alabama Department of Public Health to provide funding to initiate a Newborn Screening Project in Appalachian Alabama. The program was to be a partnership between health care providers in Alabama and the Alabama Department of Public Health. The existing ADPH computer data base of laboratory test results for newborn children was to be integrated with an Interactive Voice Response System (IVR) to provide automated telephone reporting of test results to health providers across Appalachian Alabama. With IVR, the touch tone telephone would become a terminal for human operators. The IVR was to be augmented with educational programs that would stress the importance and intent of screening, and would monitor certain screening practices.

The grant was for the lesser of \$141,703 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 \$35,426, or 20% in cash, contributed services, and in-kind contributions as approved by ARC.

## II. SURVEY RESULTS

### A. CLAIMED COSTS

The grantee claimed total project expenditures of \$171,840, including ARC costs of \$137,472 (80 percent) and matching costs of \$34,368 (20 percent). At the time of our review, final payment was being withheld by ARC pending receipt of the grantee's final program report and a line item expenditure report. The grantee indicated they would not spend the remaining grant funds totaling \$4,231. The grant was closed by ARC on October 16, 1996 with a deobligation of \$4,231. We reviewed documentation for a sample of claimed costs and noted the following:

- 1) A project coordinator funded under the ARC grant was to provide intensive educational programs aimed at rural health care providers in eleven ARC counties. We found that the coordinator did not provide the educational programs specified by the grant agreement.

The grantee's project director indicated that they had trouble recruiting a project coordinator because the job was for only one year and when they finally hired someone it was at a higher grade and pay level than they had initially planned. ARC approved a time extension to allow the coordinator to work a full year under the grant, however, the grantee found that the coordinator needed substantial training to become familiar with the program and to enable her to perform the job for which she was hired.

The project director indicated that the coordinator is now being funded by the state and is preparing to begin the educational program specified by the ARC grant agreement. Salary and fringe benefit costs for the coordinator for one year totaled \$79,938. Of that amount, \$48,824 was charged to the grant and \$20,562 was charged to match, as indicated below:

Personnel Costs Claimed for Project Coordinator

	<u>ARC Costs</u>	<u>Matching Costs</u>	<u>Total Costs</u>
Salary	\$48,824	\$16,902	\$65,726
Fringe Benefits	<u>10,552</u>	<u>3,660</u>	<u>14,212</u>
Total	\$59,376	\$20,562	\$79,938

- 2) The project director and a representative of the state health lab indicated that some of the software charged to the ARC grant account had not been received as of the date of our on-site visit. We did not determine the value of the software.

Grantee Comments: The grantee noted that the total cost for coordination of the project was \$79,938 and this amount represented salary and benefit costs for more than one person. Also, the grantee noted that on December 17, 1996, the project coordinator held the first "Train the Trainer" newborn screening educational in-service for statewide Perinatal Outreach Coordinators and that the evaluations for the 6 hours of training were very positive.

With respect to software, the grantee noted that the software that produces the VRS reports had been corrected since the auditor's visit and the reports are now accurate.

**Recommendation:** Financial information provided by the grantee at the time of our visit indicated that the \$79,938 was attributable to one person. Regardless of the salary and benefit distribution, we recommend that the grantee contact ARC program personnel to resolve the issue of the ARC-funded employee not performing the duties specified by the grant agreement during the grant period. We also recommend that the grantee notify ARC of any software charged to the ARC grant but not yet received by the grantee.

**B. BUDGET COSTS**

OMB Circular A-102 requires grantees to obtain prior agency approval whenever a direct cost category is expected to exceed 10 percent of the total project budget. We noted that actual personnel costs charged to the project exceeded total project costs by more than 15 percent. Total actual and budget costs for personnel were as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
ARC	\$38,976	\$48,824	\$ 9,848
Match	<u>11,439</u>	<u>27,523</u>	<u>16,084</u>
Total	\$50,415	\$76,347	\$25,932

The project budget included \$50,415 for personnel costs but actual expenditures were \$76,347. The difference of \$25,932 represents 15 percent of the \$171,840 total project costs claimed. The grantee indicated the increased personnel costs were primarily due to the project coordinator being hired at a higher grade than initially planned. We also noted that the grantee budgeted \$29,859 for supplies, \$3,455 for other, and \$7,652 for indirect costs, but none of it was claimed. They also underspent their equipment budget by \$14,871.

**Recommendation:** We recommend that the grantee obtain ARC approval when direct cost categories are expected to exceed total project costs by 10 percent of the project amount on any future ARC grants.

#### C. PROJECT REPORTS

We noted that quarterly reports were not submitted to ARC as required by the grant agreement. The grantee's project director indicated she was not aware quarterly reports were required and that ARC personnel did not mention the need for reports until they requested the final progress and expenditure report, which we understand have been submitted to ARC.

**Recommendation:** We recommend that the grantee submit the required progress reports if they obtain future ARC grants.

#### D. GRANT STATUS


On February 9, 1996, the grantee began testing the IVR and registration forms were provided to all pediatricians and family practice physicians in the target area in March 1996. After substantial refinement, the IVR was available for use by registered participants on July 15, 1996. As a result of the ARC project, the Alabama Newborn Screening Program was able to link its newborn screening computer database with an automatic phone answering service so authorized callers could obtain the results of infant specimens received at the BCL more than 24 hours previously. The system indicates if the test results were abnormal and the degree of seriousness of the abnormality. The callers are also provided with information concerning the need for repeat testing or medical follow-up.

The grant agreement also required the grantee to do a detailed evaluation of the project at the end of one year to assess the effectiveness of both the IVR and the educational component. The grantee indicated that the IVR was implemented on July 15, 1996 and that the evaluation period would end on July 15, 1997.

As noted above, the educational component specified by the grant agreement was not completed during the grant period but the grantee indicated the work will be done during the current period with state funding.

**Grantee Comment:** The grantee noted that funding provided by ARC for the Alabama Voice Response System has allowed the Newborn Screening Program to reduce duplicitous testing, ensure testing of all infants including notification to the correct physician of the test results, and to ensure that appropriate retesting procedures and follow-up are done.

**Recommendation:** We recommend that the grantee provide the program evaluation to ARC program personnel when it is completed.

  
Hubert N. Sparks  
Inspector General




January 13, 1997

MEMORANDUM FOR      ARC EXECUTIVE DIRECTOR

SUBJECT:                      OIG Report 97-6(H), Grant AL-11527-94, Newborn Screening Project

Attached is a copy of our report on the subject grant. Minor issues, with respect to the unavailability of a project person during part of the grant period and budget revisions, can be resolved between ARC program and grantee staff.

  
Hubert N. Sparks  
Inspector General

Attachment

cc:      Judy Rae



STATE OF ALABAMA

DEPARTMENT OF PUBLIC HEALTH

DONALD E. WILLIAMSON, M.D. • STATE HEALTH OFFICER

December 18, 1996

Mr. Hubert N. Sparks  
Inspector General  
Appalachian Regional Commission (ARC)  
1666 Connecticut Avenue, NW  
Washington, D.C. 20235

Dear Mr. Sparks:

We agree with the draft audit findings as reported with the exception of the last paragraph regarding Survey Results Claimed. The total cost for the coordination of the project for one year was \$79,938 (this amount represented salary and benefit costs for more than one person). The status of the software and project coordinator are as follows:

1. The software that produces the VRS reports has been corrected since the auditors' visit and the reports are now accurate. The initial software did not capture the accurate data.
2. On December 17, 1996, the project coordinator held the first 'Train the Trainer' newborn screening educational in-service for statewide Perinatal Outreach Coordinators. The evaluations were very positive. The Alabama Board of Nursing awarded 6.0 contact hours for the training.

Funding provided by ARC for the Alabama Voice Response System has allowed the Newborn Screening Program to reduce duplicitous testing, ensure testing of all infants including notification to the correct physician of the test results, and to ensure that appropriate retesting procedures and follow-up are done. The implementation of the VRS conveys to Alabama Citizens that Newborn Screening is beneficial to the health of newborns.

We appreciated the opportunity to work with ARC. If we can be of further assistance to you in this matter, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Thomas M. Miller'.

Thomas M. Miller, MD  
Director, Bureau of Family Health Services

TMM/ms



APPALACHIAN  
REGIONAL  
COMMISSION

*A Proud Past,  
A New Vision*

*Office of the Inspector General*


July 2, 1997

MEMORANDUM FOR MS. JUDY RAE, PROGRAM DIRECTOR

SUBJECT: Audit Followup

A review of our files indicates additional information from the grantee and/or ARC is necessary to close our files. I have summarized the needed information on the attached sheets; and in some cases, I have attached recent correspondence or the report cover letter that indicates the open items.

As possible, a summary of the status of actions in each case is appreciated and, where necessary, contact should be made with the grantee to obtain information.

  
Hubert N. Sparks  
Inspector General

Attachments



## SUMMARY OF REPORTS AND OPEN ITEMS

### Report 96-8(H)

**Grants PA-7752F-93, PA-8285-94, and PA-10774-91, Northwest Pennsylvania Regional Planning and Development Commission**

The OIG report and correspondence recommends return of interest earned on advances and questions the determination made by grantee. Also, we have no indication that interest was refunded. A copy of our July 2, 1997 letter to grantee is attached.

### Report 96-30(H)

**Grants PA-7784-93/94, Pennsylvania Consolidated Technical Assistance**

Information is needed to resolve the issues pertaining to allowable costs and matching contribution with respect to one project. A copy of our July 2, 1997 letter to grantee is provided.

### Report 96-31(H)

**Grants PA-0708C-95 and PA-8305-94, Northern Tier RP&DC**

Information is necessary to settle the matching issue as respects funds provided by the Pennsylvania Department of Transportation--e.g., were the funds provided?

### Report 96-44(H)

**Grant NC-11446-93, North Carolina Smart Start Program**

Information is needed with respect to the reconciliation and final report accounting for the \$8,000 error in request for payment and \$16,704 subcontract fee that was not part of the ARC project.

### Report 97-1(H)

**Grants CO-11465-94 and KY-11347-93, Forward in the Fifth**

Information dealing with documentation for the cash match, approval of a consulting contract and correction of final report to account for reported error of \$4,490.

**Report 97-3(H)**      **Grants OH-11566-94 and OH-12038-95, Governor's Office of Appalachia**

Final information on matching contribution and approval of subcontract costs is requested.

**Report 97-5(H)**      **Grant CO-11481-94, Ohio Valley Regional Development Commission**

Approval of use of program income requested.

**Report 97-6(H)**      **Grant AL-11527-94, Alabama Department of Health**

ARC position on noted use of employee requested.

**Report 97-7(H)**      **Grant CO-10959-92, Natchez Trace Parkway Association**

Information is requested with respect to completion of the project and deobligation of funds

**Report 97-8(H)**      **Grant CO-11895-95, Concord College**

Information is requested about adequacy of final report information, including support for \$1,422 student assistance hours that were questioned.

**Report 97-12(H)**      **Grant NY-11336-94, Southern Tier West Regional Planning and Development Board**

The issue of eligible match remains open pending ARC concurrence with grantee response on this issue.

**Report 97-17(H)**      **Grant SC-11800-94, South Carolina Department of Parks, Recreation and Tourism**

Determinations with respect to use of funds prior to the grant period and unused funds are requested.

**Report 97-19(H)**      **Grant TN-11804-94, Tennessee Tomorrow**

Confirmation of ARC approval of the additional consultants is requested.

**Report 97-23(H)**      **Grants SC-11569-94 and SC-12097-95, Greenville Hospital System**


Information is needed with respect to the grantee refund of interest earned on advances and documentation of costs charged to the Nurse Practitioner grant. A copy of our letter to grantee dated July 2, 1997, is provided.

**Report 97-24(H)**      **Grant KY-12032-95, Kentucky Highlands Investment Corporation**

Several issues remain open. Of primary importance is the apparent nonspending of \$90,647, as of the audit, and apparent reporting to ARC that these funds were expended. We believe this is a significant issue and appropriate action could include recovery of \$65,000 of this amount. Other open issues pertain to equipment purchases, interest earned on advance, program income, and completion of grant objectives.

**Report 97-34(H)**      **Grant CO-10720-91, Maryland Department of Business and Economic Development**

Information is requested with respect to the need for certification/documentation of employee/consultants services to grantee.

  
Hubert N. Sparks  
Inspector General

Attachments