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Report to Rep. Timothy E. Wirth; by Robert F. Keller, Acting Comptroller General.

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Organization Concerned: Department of Health, Education, and Welfare; Department of Health, Education, and Welfare: Office of Population Affairs; Health Services Administration.

Congressional Relevance: Rep. Timothy E. Wirth.

Authority: Family Planning Services and Population Research Act of 1970 (P.L. 91-572). Public Health Service Act, title X (42 U.S.C. 300).

An investigation was conducted as to whether HEW Region VIII discouraged family planning or placed less emphasis on family planning than on other HEW programs. Other problems experienced by the region's family planning program were considered, including inaccurate information forwarded to grantees about abortion, grantee funding reductions, and the discontinuation of the region's family planning training contract. Findings/Conclusions: Region VIII's fiscal year 1976 funding, staffing, and visits to grantees did not indicate a decrease from fiscal year 1975 in the effort or emphasis the region placed on family planning. During fiscal year 1976, the region made several changes in program management; the region's grantees reacted negatively to these changes, and a strained relationship developed between the family planning staff and grantees. The awarding of grants in Wyoming and South Dakota was poorly administered. Administration of program funds, including notifications of budget cuts and grant awards, was not always timely. The region did not anticipate the restoration of previously reduced funds or plan for utilization of these funds. Incorrect information about abortion was disseminated by regional family planning officials. Bidding procedures for a 1977 family planning contract violated contract regulations, and alleged biases in the evaluation of proposals resulted in the cancellation of contract bidding. Recommendations: The Regional Health Administrator should develop a specific plan of action that will: open lines of communication and foster good grantor-grantee working relationships; improve the contract award procedures to prevent future conflicts with contract regulations; improve the management of family planning funds; and improve communication and coordination with the Bureau of

Community Health Services. (RRS)

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REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES

Problems In Administration Of Family Planning Programs In Region VIII

Department of Health, Education, and Welfare

This report describes the lack of effective communications between the HEW Region VIII Family Planning Program and some grantees and between the Region and HEW headquarters agency responsible for family planning. This situation has developed partly because of inadequate Regional management of (1) grant review and selection procedures (2) contract awards (3) grant fund allocations and (4) providing information on Federal abortion policies.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-156518

The Honorable Timothy E. Wirth
House of Representatives

Dear Mr. Wirth:

In response to your January 14, 1976, request, we have reviewed the administration of family planning programs funded under title X of the Public Health Service Act (42 U.S.C. 300) in region VIII of the Department of Health, Education, and Welfare (HEW). We initially reported to you on August 2, 1976 (HRD-76-155), that the procedures and practices used by region VIII to evaluate and select family planning grant applicants

- did not completely comply with applicable regulations,
- were not adequate for an orderly review and selection process, and
- did not adequately provide for objectively and fairly selecting grantees from among competing applicants.

This report presents our findings on whether region VIII discourages family planning or places less emphasis on family planning than on other HEW programs. The report discusses other problems experienced by the region's family planning program, including inaccurate information forwarded to region VIII grantees on abortion, grantee funding reductions, and the discontinuance of the region VIII family planning training contract. Department comments on our August letter and our evaluation of those comments have also been included.

As instructed by your office, we did not obtain official written comments from the Department, but the matters included in this report were discussed with Department regional and headquarters officials. Their comments have been included where appropriate. As also discussed with your office, we are forwarding copies of this report to Representatives Patricia Schroeder and James P. Johnson.

This report contains recommendations to the Secretary of Health, Education, and Welfare. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions

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taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We will be in touch with your office in the near future to arrange for release of the report so the requirements of section 236 can be set in motion.

Sincerely yours,


ACTING Comptroller General
of the United States

D I G E S T

The General Accounting Office reported to Congressman Timothy E. Wirth on August 2, 1976 (HRD-76-155), that the procedures and practices used in region VIII of the Department of Health, Education, and Welfare (HEW) to evaluate and select family planning grant applicants

- did not completely comply with applicable regulations,
- were not adequate for an orderly review and selection process, and
- were not adequate to make certain that grantees would be objectively and fairly selected from among competing applicants.

This report addresses the Congressman's question on whether region VIII deemphasized family planning. The report also addresses problems experienced by the region's family planning program, including inaccurate information on abortions, grantee funding reductions, and discontinuance of the region's family planning training contract.

REGION VIII RELATIONSHIP
WITH GRANTEES

During fiscal year 1975, region VIII awarded 16 grants totaling about \$3 million for family planning. In fiscal year 1976, 15 grantees had a planned funding level of about \$2.4 million; however, the fiscal year allocation was revised upward in April 1976 to about \$3.2 million. (See p. 1.)

Region VIII's fiscal year 1976 funding, staffing, and staff visits to grantees did not indicate a decrease from fiscal year 1975 in

the effort or emphasis the region places upon family planning. (See p. 3.)

During fiscal year 1976, region VIII made several changes in its program management, such as assuming the responsibility for data collection and evaluation and discontinuing funding of a Family Planning Coordinating Council. The changes were within the region's authority, but region VIII grantees reacted negatively to these changes and a strained relationship developed between the family planning staff and certain family planning grantees. This relationship was further deteriorated by region VIII's handling of the following issues.

- The awarding of grants in Wyoming and South Dakota was poorly administered. (See app. II, p. 20.)
- Incorrect information regarding abortion was disseminated by regional family planning officials. (See p. 6.)
- Administration of program funds, including notifications of budget cuts and grant awards, has not always been timely. The region did not anticipate the restoration of funds previously reduced nor plan for their efficient utilization. (See p. 10.)
- Bidding procedures for a planned fiscal year 1977 family planning training contract violated contract regulations, alleged biases in the region's evaluation of proposals resulted in the region's cancellation of contract bidding. Thus, region VIII was without a training contract for the transitional quarter and for the next fiscal year. (See p. 11.)

RECOMMENDATIONS

The Secretary of Health, Education, and Welfare should require the Regional Health Administrator to develop a specific plan of action that will:

- open lines of communication on a continuing basis and foster good grantor-grantee working relationships,

- improve the contract award procedures in the regional office to prevent any future conflicts with contract regulations,
- improve the management of family planning funds so that their use will be timely, and
- improve communication and coordination with the Bureau of Community Health Services (See p. 17.)

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare

CHAPTER 1

INTRODUCTION

The Family Planning Services and Population Research Act of 1970 (Public Law 91-572) established an Office of Population Affairs. This office, located in the Office of the Assistant Secretary for Health, Department of Health, Education, and Welfare (HEW,) is to serve as the primary focus within the Federal Government for family planning services.

The act created title X of the Public Health Service Act under which grants and contracts are placed with public and nonprofit private organizations to provide comprehensive voluntary family planning services to all persons desiring them. The Bureau of Community Health Services, Health Services Administration, in Rockville, Maryland, administers the national title X family planning program. Decentralized day-to-day management, however, rests with the 10 HEW regional offices.

During fiscal year 1975, region VIII ^{1/} provided about \$3 million to 16 grantees. In fiscal year 1976 there were 15 grantees with a planned funding level of about \$2.4 million. As discussed later in this report, the fiscal year 1976 allocation was revised upward in April 1976 to about \$3.2 million.

SCOPE OF REVIEW

We conducted our fieldwork primarily at the region VIII offices in Denver, Colorado. We also obtained and examined records from the Bureau of Community Health Services and the Contracts Operations Branch of the Health Services Administration in Rockville, Maryland.

Numerous problems concerning the relationship between regional officials and grantees were brought to our attention. To learn more about these problems, we interviewed regional Public Health Service officials and representatives from 7 of 16 family planning grantees funded through region VIII. Two of these grantees were contacted because of their involvement in allegations discussed in our August 1976 letter report. Two were selected because they were large grantees and were located in Denver. Two were contacted at random from States other than Colorado. One grantee contacted us to report problems it had experienced. We did not contact all 16 grantees because of the time and travel involved.

^{1/}Encompasses Colorado, Wyoming, Utah, Montana, and North and South Dakota.

CHAPTER 2

EMPHASIS ON FAMILY PLANNING PROGRAMS

To determine the emphasis placed upon family planning by region VIII, we examined such factors as organization, funding, staffing, and the number of staff visits to grantees.

ORGANIZATION

In July 1975 region VIII reorganized its Family Health Branch and, in the process, combined the family planning program with the maternal and child health program. After the reorganization four additional staff members were hired to manage the region VIII family planning program.

In March 1976, the family planning staff told the grantees the region intended to restructure the family planning training program. The staff also told the grantees the region would assume the functions of data collection and evaluation. These functions were being fulfilled through grants to the Colorado State Health Department. Further, the family planning staff informed the Regional Family Planning Coordinating Council that the council's grant would not be continued the following year. On June 30, 1976, grants for data collection and evaluation and for the coordinating council expired, and the region assumed the functions covered by those grants.

FUNDING

We interviewed 7 of the 16 region VIII family planning grantees on the adequacy of program funding. Three of these grantees complained of the following funding problems.

- Two grantees complained that funding delays forced them to borrow money to continue their programs.
- One grantee complained that the late award and the uncertainty of the funding hindered its program planning.

The chief of the region VIII Family Health Branch explained that the two grantees experienced delays because:

- One had submitted an incomplete application which had to be completed.
- The other's application had to be revised to reflect budget reductions; this application was then misplaced in the regional office for 1 month.

The third grantee that experienced funding difficulties was the South Dakota State Health Department, which received the award discussed in our August 2, 1976, report. Because its application did not completely comply with certain aspects of Health Services Administration funding regulations, the health department was required to submit a revised general and financial plan reflecting a \$38,000 decrease from its proposed level of title X funding. The South Dakota State Health Department's family planning coordinator informed us that the program terminated four outreach workers and adopted more clinical services in order to comply with the approved level of funding. He further stated that it took about 5 months to comply with all the conditions attached to the grant award.

STAFFING AND STAFF VISITS

The staffing for family planning was increased after the reorganization of the Family Health Branch in July 1975. The total staff time charged to family planning increased an estimated 100 percent from fiscal year 1975 to fiscal year 1976. Visits to grantees also increased about 100 percent during the same time.

CONCLUSION

Region VIII's fiscal year 1976 funding, staffing, and visits to grantees did not indicate a decrease from fiscal year 1975 in the effort or emphasis the region placed on family planning.

CHAPTER 3

REGION VIII RELATIONSHIP

WITH GRANTEES

We believe that such management changes as assuming responsibility for data collection and evaluation are within the region's prerogative, and we believe that the region has not deemphasized family planning. However, the region's management of the family planning program did not adequately consider the grantees' sensitivity to such program changes; thus, effective communication and cooperation were reduced between (1) the region and some of its family planning grantees and (2) the region and the headquarters agency responsible for family planning.

GRANTEE COMPLAINTS AND REGION VIII RESPONSE

Of the seven grantees interviewed, three specifically complained of funding problems similar to those described in the previous chapter. The other four complained of the loss of grant funded projects for data collection, evaluation, and continuance of the Regional Family Planning Coordinating Council. They also complained about the termination of the fiscal year 1976 regional family planning training program. These actions had convinced the complaining grantees that region VIII was deemphasizing family planning.

In response to these complaints, region VIII family planning officials told us:

- That when the coordinating council and the data collection and evaluation program grants were awarded, there was no guarantee or promise that they would be renewed after expiration.
- The regional data collection system previously funded with grant money was too expensive and duplicated the national system (Informatics). The previous regional system cost \$109,000 while the same data, using Informatics, cost \$24,000.
- The previous training contract did not provide sufficient individualized training to grantees and needed to be revised to include such training for fiscal year 1977.

Three of the seven grantees also cited problems in dealing with the regional family planning staff. They concluded that

the regional office was uncooperative and nonresponsive to their needs because

- they could no longer communicate with the region,
- they did not trust the regional family planning staff,
- they could not work cooperatively with the regional staff, and
- the regional staff was not qualified in family planning and planned to emphasize maternal and child health care to the detriment of programs serving most clients, who were not married and had no children.

The chief of the regional Maternal and Child Health Care and Family Planning section said he was aware that the expiration of grant funds for data collection and evaluation and for the coordinating council, along with the failure of Rocky Mountain Planned Parenthood, Inc., to receive grants for South Dakota and Wyoming, had upset a few of the grantees.

In November 1976 the Regional Health Administrator said he had reached an agreement with the directors of two of the three grantee agencies discussed above to try to work out any problems. He said further that he could not resolve the problems with the third grantee, Rocky Mountain Planned Parenthood--noting basic disagreements with it regarding the regional policy toward family planning.

According to the Regional Health Administrator, the family planning staff is highly qualified in the field of family planning. It includes a medical doctor, who specializes in obstetrics and gynecology, holds a master's degree in public health, and has experience in public health nursing, and a social worker, who holds a master's degree in public administration.

Region VIII family planning officials said they do plan to emphasize maternal and child health care, as well as family planning. They disagreed that emphasis on the family planning program had decreased.

Two of the grantees alleged that regional officials had threatened their receiving other grant funds if they did not support the region's views. Region VIII officials denied that any grantees had been threatened. From their investigation they concluded that both incidents resulted from misunderstandings.

INADEQUATE MANAGEMENT BY REGION VIII
OF SENSITIVE FAMILY PLANNING PROGRAM ISSUES

Since the region was aware that some grantees were openly critical of the direction taken by the family planning program, it is our opinion that the management practices and procedures should have met high, or at least adequate, standards of performance in order to avoid adding "fuel to the fire." Unfortunately for the family planning program in region VIII, several issues that were inadequately handled by the region added to the difficulties in communication and cooperation.

Abortion guidelines

On April 16, 1976, the region VIII chief of Maternal and Child Health and Family Planning issued a letter regarding abortion-related activities. The letter advised grantees of a planned change in HEW policy and guidelines. The change was more restrictive in what was permitted by family planning grantees, particularly in regard to "abortion counseling" versus "problem pregnancy counseling" and the need for segregation of all abortion-related activities from other family planning activities.

The letter stated that its contents were based on oral guidelines recently obtained from "Washington" (the Bureau of Community Health Services), which was in the process of preparing written specific guidelines, and which would disseminate the new guidelines within the next several weeks. Following are excerpts from the April 16 letter.

"Abortion and any type of abortion counseling is expressly forbidden. Writing or developing any abortion-related material is also forbidden. For example, a grantee could not write a pamphlet on abortion.

"A project may refer a patient to another legal entity for abortion counseling. A 'referral' is only giving the patient the name and location of an information source. No pressure can be placed on the patient to go, or not to go, to the place where abortion information can be obtained. A project may have available pamphlets or other written material available for patients as long as the material was written and supplied by some other group. If a patient asks for material, it can then be supplied. However, a discussion of the material would be interpreted as 'abortion counseling.'

"The distinction between 'abortion counseling' and 'problem pregnancy counseling' is clear. Possible or real problems concerning pregnancy can certainly be discussed. Discussions primarily about abortion information would obviously be 'abortion counseling,' no matter what they are called.

"In those large projects where abortion is performed, utilizing other funding, there must be clear separations. Separate and clear sources of money; separate accounting systems; and separate staff must be used, as well as temporal or geographical separation."

The April 16 letter prompted complaints from several region VIII grantees, a private citizen, and the Governor of Colorado. The grantees complained about the more restrictive guidelines. The private citizen complained that the letter promulgated a highly restrictive policy which goes beyond the language of title X legislation and the intent of the Congress. In a June 14, 1976, letter the Governor of Colorado stated that since July 1975 he had become increasingly dissatisfied with the quality of services provided to the family planning programs in Colorado by region VIII. One of the 10 specific items the Governor mentioned was the misinformation provided to Colorado family planning programs on Federal abortion guidelines.

Subsequent to the complaints, the region VIII chief of the Family Health Branch wrote a letter dated June 18, 1976, to all grantees, which stated:

"In view of the confusion which may have resulted from (Chief of the Family Planning Section's) letter of April 16, 1976, and our subsequent phone calls negating it, this letter is to officially rescind the April 16, 1976 letter and reiterate that we will continue to follow the direction of [The Deputy Assistant Secretary for Population Affairs'] memorandum dated January 31, 1972, copy of which is attached."

The Deputy Assistant Secretary's memorandum of January 31, 1972, presents the agency's official position on abortion-related activities. That memorandum states:

"P.L. 91-572, (42 U.S.C. 300a-6)

None of the funds appropriated under this Title shall be used in programs where abortion is a method of family planning.

"Report No. 91-1667, p. 8 -- Conference Report to Accompany S. 2108"

It is, and has been, the intent of both Houses that the funds authorized under this legislation be used only to support preventive family planning services, population research, infertility services, and other related medical, informational, and educational activities. The conferees have adopted the language contained in section 1008, which prohibits the use of such funds for abortion, in order to make clear this intent. The legislation does not and is not intended to interfere with or limit programs conducted in accordance with State or local laws and regulations which are supported by funds other than those authorized under this legislation.

"Report No. 92-374, p. 15"

The Committee has added bill language to include a citation to Title X of the Public Health Service Act which is included in the Family Planning Services and Population Research Act of 1970. 'The Committee directs that all family planning activities conform with the "voluntary participation" and "prohibition of abortion" provisions of that Act.'

"Regulations for Grants for Family Planning Services. 42 CFR 59.5(a)(9)"

The project will not provide abortions as a method of family planning.

The proposed regulations for Title X, the Family Planning Services and Population Research Act of 1970, Section 1003 and the proposed amendment to the regulations for Title V of the Social Security Act will indicate the same prohibition.

These statements represent the intent of Congress and the policy of the Department of Health, Education, and Welfare. Because programs are often funded from multiple sources there must be a clear and distinct separation of activities that can be supported from the sources listed above and those that cannot."

We discussed the April 16 letter with region VIII and Bureau of Community Health Services, Health Services Administration, family planning officials to determine the reason for the apparently incorrect information in the letter.

Family planning officials insist that the Bureau told them that written guidelines were being prepared and portions of those guidelines were provided by telephone to the region. They stated this information and region VIII notes taken at a Regional Program Consultants for Family Planning meeting, held in December 1975, were the source for the details in the April 16 letter.

Bureau family planning officials agree that they discussed abortion activities with region VIII family planning staff. They also agree they were in the process of preparing a draft memorandum on the abortion policy for Bureau projects. These officials point out, however, that the memorandum was never issued and its policy was never changed.

We obtained and reviewed copies of both the draft memorandum and the regional notes on abortion activities. We noted some differences between the April 16 letter and the notes or the drafted memorandum. For example, in discussing title X and jointly funded programs, the Bureau draft memorandum states:

"There is a clear prohibition in law against use of any Title X funds in programs in which abortion is a method of family planning.* * *

* * * In any case in which a project offers family planning services under Title X and abortion services funded by another source, it must be emphasized that the functions are separate and do not constitute sub-parts of the same program. This separation should include at a minimum separate accounting and record-keeping functions, and, if at all possible, separation in terms of location, time of clinics, and staff."

The April 16 regional letter differed by stating that there "must be" separate accounting systems, separate staff, and temporal and geographic separation.

Regional family planning officials have not acknowledged that the letter was incorrect but have informed us that the regional policy, regarding abortion-related activities, is to follow the Deputy Assistant Secretary for Population Affairs' January 31, 1972, memorandum. Any specific requests for clarification will be forwarded to the Deputy Secretary for Population Affairs.

Restoration of the 20-percent funding reduction

As part of an overall budget reduction, region VIII's family planning funds for fiscal year 1976 were initially reduced to approximately 20-percent less than authorized for 1975. This resulted in seven family planning programs receiving reduced grant awards. In March 1976 the region VIII chief of the the Maternal and Child Health and Family Planning section informed us that, if the 20-percent funds were restored, each of the seven grantees would be re-funded by the amount their request had been cut.

On March 5, 1976, the Public Health Service's Office of Administrative Management requested all regional offices to submit requests for a 20-percent supplemental funding increase for family planning. The regions were informed that a final allowance would be made by March 18. On March 15, region VIII requested supplemental funding of \$666,239 for family planning. The Director of the Bureau of Community Health Services on April 7 issued a memorandum allocating restored funds to all regions. On April 8, 1976, an Advice of Allowance was prepared by the Bureau increasing region VIII's fiscal year 1976 family planning allocation by \$663,600.

In June a private citizen complained that grantees were not notified when Federal funds were restored. The Governor of Colorado also complained in his June 14 letter that Colorado programs were not notified when the funds were restored. Family planning officials of the Bureau informed us that all regional offices were aware of the pending restoration of funds because of communications with the regional offices during March 1976 and because of each region's request for supplemental funds. Bureau officials stated that when the Advice of Allowance was prepared on April 8 each region was telephoned and notified of the restoration.

We discussed the restoration of funds with regional family planning officials. They said they did not receive notification by telephone on April 8, 1976. Nor would they have acted on the basis of a telephone call because of past experience where an Advice of Allowance was cut back after an oral communication from HEW headquarters. The Advice of Allowance, received in the region on April 26, 1976, reached the family planning officials on May 3. At that time they considered using the funds to adjust program starting dates so that programs would begin on similar dates at quarterly intervals. This plan was rejected by the Regional Health Administrator in June 1976. Regional

officials said the grantees were informally notified of the restored funds between June 3 and June 11 and were officially notified by letter on June 15, 1976. The seven grantees who had previously received budget cuts were also informed that they must submit and have approved a revised budget before the restored funds could be expended. The six grantees that submitted revised budgets were given approval July 30, 1976, to spend the restored funds.

The approval to spend restored funds was not timely for several grantees. Four of the affected grants expired on July 31, 1976. One expired on December 31, 1976. The sixth grant expired on September 30, 1976. This latter grantee complained that, because funds were awarded so late and for purposes different than those requested, the grantee would not be able to effectively utilize the total award. Regional officials stated that this grantee's funds were awarded for the same purpose as the original grant award.

Fiscal year 1977 training contract

Region VIII planned to restructure the family planning training program for fiscal year 1977 and prepared a training plan in December 1975. This plan did not include a continuing role for the training committee of the regional coordinating council, an organization composed of family planning grantees. This prompted complaints from several of the grantees.

In February 1976 the regional office prepared and forwarded to HEW headquarters a request for a family planning training contract. This request was rejected on March 10, 1976, by the Health Services Administration contracts officer as being inappropriate, since it appeared to be a personal service arrangement. The regional office was informed that the request for contract must include a scope of work with substantive areas of work to be performed by the contractor and include specific worksteps and tangible products.

Bureau records show that on March 23, 1976, the region VIII training contract project officer informed the region VIII Family Planning Coordinating Council and the Bureau of Community Health Services that the feasibility of awarding a sole-source contract to the University of Colorado School of Nursing was being explored. Region VIII prepared a request for a sole-source contract with the University of Colorado. This was not approved.

In April 1976 the region VIII training contract project officer and Bureau officials jointly prepared a request for contract. This request was forwarded to the Health Services

Administration contracts officer, who on April 12 placed an advertisement in the Commerce Business Daily soliciting proposals for the region VIII family planning training system. Proposals were received from the University of Colorado, Development Associates, and James Bowman Associates.

Region VIII was informed on April 29, 1976, by the Director of the Bureau of Community Health Services that the regional review team must prepare and document a well-designed proposal review process and must follow this process in its review activities. He further stated the following elements must be included:

- Development and use of specific proposal evaluation criteria.
- Score sheets which are completely filled out and in which the comments are detailed and substantial.
- Space available for individual evaluator's comments, which must be clear and substantive to be acceptable.
- Full participation from each member of the review team.
- A review team comprised of appropriate region VIII and Bureau personnel.
- Compliance with the Project Officer's Handbook in preparation of the technical evaluation criteria and proposal evaluation.

The region VIII review team evaluated the three proposals and on June 5, 1976, recommended that primary attention in negotiations be given to the University of Colorado. The total scores assigned to each proposal by the review team were:

University of Colorado	- 78 points
Development Associates	- 56 points
James Bowman Associates	- 40 points

On June 15, 1976, the Health Services Administration contracts officer canceled the procurement, citing changes in the requirement and evaluation criteria of such magnitude as to make a new solicitation desirable.

Records show the Bureau requested that the contracts officer cancel the procurement for the following reasons:

- Privileged information was provided the University of Colorado School of Nursing by the region VIII training contract project officer.

--The weighting of evaluation criteria was slanted toward one portion of the work which favored the University of Colorado School of Nursing.

--Five of the seven review team members appointed by region VIII were nurses, and several of those appeared biased in favor of the University of Colorado School of Nursing.

Our review of the evaluators' score sheets disclosed that comments were not always completed as required by the Director of the Bureau of Community Health Services.

The fiscal year 1976 family planning training contract with James Bowman Associates expired on July 31, 1976. This left region VIII without a training program until a new contract is negotiated. The region was offered the opportunity to extend James Bowman's contract but declined. Regional family planning officials stated that all the deliverables called for in James Bowman's contract had been received. They further explained that extending James Bowman's fiscal year 1976 contract to provide fiscal year 1977 services would give James Bowman an unfair advantage in competing for the 1977 contract.

AGENCY COMMENTS ON PRIOR LETTER
AND OUR EVALUATION

We reported, in an August 2, 1976, letter (HRD-76-155) (see app. II) that the procedures and practices used by region VIII to evaluate and select family planning grant applicants

--did not completely comply with applicable regulations,

--were not adequate for an orderly review and selection process, and

--did not adequately provide for objectively and fairly selecting grantees from among competing applicants.

HEW, on November 15, 1976, commented (see app. III) that our August report contained inaccuracies and inappropriate references and held the region retroactively responsible for review procedures not yet approved. HEW also said the report held the region responsible for not following contract regulations in the grant award process.

The August 2 report recognized that the region did not have any established review procedures at the time the grant applications were reviewed. The report further noted that HEW regulations provide only limited guidance on procedures to be followed in evaluating grant applications and selecting awardees. The report does not criticize the region for not following procedures not yet approved; however, it does express concern about the procedures and practices the region actually used to evaluate and select applicants. These procedures and practices did not completely comply with applicable regulations and thus were inadequate for an orderly review and selection process and for objectively and fairly selecting grantees.

The August 2 report did not state the region must follow contract regulations in their grant review and award process. It compared contract regulations to grant review requirements to demonstrate the need for fairness, objectivity, and adequate recordkeeping as necessary elements of the competitive grant award process. More specifically, we commented on the region's:

- Not providing competing applicants with work statements, scope of work, and specifications.
- Not requiring the review committee to develop evaluative criteria, score each application, or always prepare narrative assessments.
- Not maintaining adequate records on all aspects of the review process to support the award decisions.
- Not allowing equal time to all competitors to revise applications for the South Dakota grant.
- Not offering to one competitor for the South Dakota grant the same information, assistance, and time in revising its application that was provided the other competitor.
- Not making sure that review committee members were completely objective concerning the applicants competing for the South Dakota grant.

Procedures covering grant awards were approved by HEW on September 4, 1976, which strengthen the family planning grant application review and award processes. HEW has instituted requirements calling for rapid, complete, and uniform implementation of the new grant policies and procedures.

HEW disagreed with our finding that the applications of the two grant recipients discussed in the report, North-Western's Community Action Program and the South Dakota State Health Department, did not properly meet all the requirements of the regulations. It believed that all project requirements of the regulations were met by the competitive applications, with one exception. HEW further stated that the conditions for both grant awards requiring copies of contracts with third-party agencies, physicians, and local groups were not required by regulations.

The regulations require that copies of contracts with third-party agencies, physicians, and local groups must be submitted when a "significant portion" of the cost of care is to be reimbursed. Our finding was premised, however, on the fact that at the time of grant award, the regional office stated, as a condition to award, both grantees must submit copies of all contracts including third-party agencies, physicians, and local groups providing family planning services as evidence of compliance with title X regulations.

The Department maintained that the general and financial plans of all applications were minimally acceptable, but we noted that the notices of grant award to both South Dakota and North-Western stated:

"The grant application has not completely met the requirements of the Health Services Funding Regulations.* * *"

Both grantees were required to submit revised general and financial plans for review and approval by October 1, 1975.

The South Dakota family planning coordinator told us that his program had to reduce its outreach activities and emphasize clinical services in order to achieve an acceptable revised budget. One of the reasons cited by the review committee for awarding the grant to South Dakota was the program's proposed outreach and recruiting activities.

Furthermore, both South Dakota and North-Western were required to submit descriptions of their sterilization consent procedures as a condition to award. The award to North-Western stated:

"The Sterilization consent forms submitted in your grant application are not in compliance with the

requirements set forth in the April 18, 1974 regulations (42 CFR 50.201-50.204). * * *

Therefore, we believe that the South Dakota and North-Western applications did not completely comply with regulations at the time of grant award. We believe also this was the opinion of the regional office and that was why both notices of grant award state the application was not in complete compliance with regulations.

CONCLUSIONS

Changes in program management, such as assuming the responsibility for data collection and evaluation and discontinuing funds for the Family Planning Coordinating Council are within the authority of region VIII. However, adverse reactions to these changes led to a poor relationship between the family planning staff and certain grantees. This relationship was further deteriorated by region VIII's handling of the following issues.

- The awarding of grants in Wyoming and South Dakota was poorly administered by region VIII. (See app. II, p. 20.)
- Incorrect information regarding abortion-related activities was disseminated by family planning officials.
- Administration of program funds--notifications of budget cuts and grant awards--has not always been timely. The region had ample time to anticipate the restoration of the 20-percent funds and plan for their efficient utilization. Regional officials should have been aware of when funds were actually restored. Instead there was a 4-month lag between restoration and the authorization to spend funds even though affected grants were near expiration.
- The administration of the procedures for the attempted fiscal year 1977 family planning training contract was such that it violated contract regulations by providing one competitor with information which gave it an advantage over other competitors. This fact and other allegedly biased aspects of the region's contract evaluation resulted in cancellation of contract bidding; thus region VIII was without a training contract for the transitional quarter and for the next fiscal year.

The result of the family planning program changes and the region's poor administration of the above issues is that some grantees, who constitute a large portion of the regional family planning program, feel they cannot work cooperatively with the region. While this is a mutual problem, we believe it is HEW's responsibility to attempt to resolve the conflict and to improve program management.

In addition to region VIII's problems concerning its relationship with some of its grantees, communication and coordination with the Bureau has not been effective. Regional and Bureau officials disagree on what information has been provided the region concerning abortion. These officials also disagree on when the regional office was informed of the restoration of family planning funds.

The Regional Health Administrator has agreed to work out any problems with two of the grantee agency directors. However, he has not proposed any specific solutions to the problems, nor has he reached agreements with other grantees. Consequently, we are unable to determine if the relationships between regional officials and the grantees will improve and not adversely affect the Government's ability to aid persons wanting family planning assistance.

RECOMMENDATIONS

We recommend that the Secretary of Health, Education, and Welfare direct the Regional Health Administrator to develop a specific plan of action that will

- open lines of communication on a continuing basis and foster good grantor-grantee working relationships,
- improve the contract award procedures in the regional office to prevent any future conflicts with contract regulations,
- improve the management of family planning funds so that their use will be timely, and
- improve communication and coordination with the Bureau of Community Health Services.

TIMOTHY E. WIRTH
29 D STREET, COLORADO

COMMITTEE:
INTERSTATE AND FOREIGN
COMMERCE
SCIENCE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

January 14, 1976

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Honorable Elmer B. Staats
Comptroller General
General Accounting Office
Washington, D.C. 20548

Dear Mr. Staats:

For some months my office has been monitoring the administration of Title X family planning programs in the Region VIII office of the Department of Health, Education, and Welfare in Denver, Colorado. The information which has come to my attention indicates that there may be significant problems in the management of Title X federal grant funds by the Regional staff of the Health Services Administration. I have not been successful in obtaining a responsive internal review of the situation by HEW officials. Therefore, I now am compelled to request the assistance of your office in conducting an audit of the administration of these programs in Region VIII.

Specifically, I would ask that your audit concentrate on the following questions:

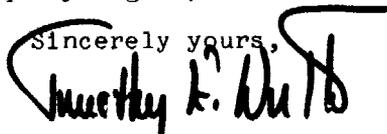
1. Are existing HEW Health Services Funding Regulations (42 C.F.R. Part 50, Subpart A) consistent with authorizing statutes that govern federal assistance to family planning services under Title X? Do the regulations accurately reflect Congressional intent in authorizing this program?
2. Do the regulations provide an adequate basis for administering the Title X family planning program in a fair and consistent manner nationally and regionally? In particular, do the regulations include objective standards and criteria that permit and require administrative decisions on family planning grant applications to be made in a way insuring administrative due process and avoiding potential abuses of discretion?

Honorable Elmer B. Staats
January 14, 1976
Page 2

3. Given the existing regulations, have the administrative decisions made by Region VIII officials in approving and rejecting family planning grant applications in fiscal 1975 and fiscal 1976 been made fairly and in compliance with the requirements of existing regulations and statutes?
4. Has there been any pattern of conduct or administrative action by past or present officials in Region VIII which has been generally designed to minimize the priority given to family planning among the various regional health programs, or otherwise to reduce the efficiency and efficacy of such programs in Region VIII?

Thank you very much for your assistance in this matter. I would appreciate it if you have the appropriate persons on your staff contact David Skaggs in my office to discuss further how your inquiry might proceed.

Sincerely yours,



Timothy E. Wirth

TEW:sa



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-156518

AUG 2 1976

The Honorable Timothy E. Wirth
House of Representatives

Dear Mr. Wirth:

On January 14, 1976, you asked us to review the administration of family-planning programs funded under title X of the Public Health Service Act (42 U.S.C. 300) in region VIII 1/ of the Department of Health, Education, and Welfare (HEW).

Based on discussions with your office in April 1976, we focused our review on two objectives:

- Determining if the standards and criteria used by region VIII in selecting family-planning service grantees comply with applicable regulations and are objective.
- Determining if region VIII discourages family planning or places less emphasis on family planning than on other HEW programs.

This letter presents our findings on the first objective. As discussed with your staff on July 13, 1976, since additional information concerning the region VIII attitude toward, and relationship with, family-planning grantees is available, we are performing additional fieldwork on the second objective and will report our findings when that work is completed.

We examined the regulations and procedures region VIII followed in selecting grantees from applicants competing for fiscal year 1976 family-planning grants in South Dakota and Wyoming. We made the review primarily at the region VIII office in Denver, Colorado, and held discussions with HEW officials there. We met with various grantee officials who were in Denver on grant-related matters.

1/Encompasses Colorado, Wyoming, Utah, Montana, and North and South Dakota.

HRD-76-155

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SUMMARY

The procedures and practices used to evaluate and select applicants did not completely comply with applicable regulations, were not adequate to insure an orderly review and selection process, and were not adequate to insure that grantees would be objectively and fairly selected from among competing applicants.

Details about this matter follow.

EVALUATION AND SELECTION OF APPLICANTS

Two applicants competed for a single grant in only two fiscal year 1976 grants:

--In Wyoming, the North-Western Community Action Program and Rocky Mountain Planned Parenthood, Inc., submitted competing applications.

--In South Dakota, the South Dakota State Health Department and Rocky Mountain submitted competing applications.

At the time of these applications, Rocky Mountain had a family-planning grant program in Colorado. The successful applicants were North-Western, receiving a \$45,000 award, and the South Dakota State Health Department, receiving a \$250,000 award.

Compliance with regulations

Title 42, parts 50 and 59, and title 45, part 74, of the Code of Federal Regulations govern family planning. These regulations specify certain assurances and provisions which each application must contain unless the Secretary of HEW determines that the applicant has established good cause for their omission.

North-Western and South Dakota were awarded grants even though their applications did not meet all the prerequisite requirements, and neither sought the Secretary's determination that the data could be omitted. Some requirements not properly completed in the North-Western application were:

--A detailed plan identifying the priority areas of need, information on proposed clinic sites and satellite models, and specification of staff responsibilities and the services to be furnished to minors.

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- Steps to be taken to provide comprehensive family-planning services in the neediest areas within the five-county target area.

Some requirements not properly completed in the South Dakota application were:

- A plan for a statewide family-planning program.
- Identification of priority areas of need throughout the State, including the number of low-income and paying clients.
- A description of how comprehensive, family-planning services would be provided.
- A position description containing responsibilities and qualifications of the Program Director.
- A budget for the statewide program.

Requirements not properly completed in both applications were:

- Copies of contracts with third-party agencies, physicians, and local groups.
- General and financial plans.
- Preservice and inservice training plans.
- Statements on the role of the consumer and the community in developing, implementing, and evaluating the program.

Region VIII records do not show if Rocky Mountain's original application and a revised application for South Dakota met all the requirements in the regulations. However, HEW records show that Rocky Mountain's Wyoming application did meet all the requirements.

Review procedures

HEW regulations for family-planning grants provide only limited guidance on procedures to be followed in evaluating and selecting grant applications. Further, the regulations provide no guidance for cases when there are competing applications. The Public Health Service instructed region VIII

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to establish formal application review procedures by June 30, 1975. However, when the Wyoming and South Dakota applications were evaluated in May 1975, no procedures had been established.

We attempted to reconstruct the review process leading to award of the grants but were seriously hindered because (1) no written procedures existed, (2) review documentation was very poor, (3) many of the reviewers were no longer available, and (4) of those reviewers available, none could remember all the proceedings. The following is our reconstruction of the events leading to the approval of the two grants.

Wyoming grant

During May 27 through 30, 1975, a committee reviewed competing grant applications submitted by North-Western and Rocky Mountain for Wyoming. North-Western proposed a 5-county program. Rocky Mountain proposed a 12-county program including those counties in the North-Western program.

The review committee was selected by a member of the region VIII family-planning staff and consisted of two members from the family-planning staff, five members from other organizations within HEW, and one individual from outside the Federal Government. No records were kept of the committee's proceedings. The family-planning staff scored each application using worksheets they had developed, but the worksheets used to score the Rocky Mountain application were not retained.

Regarding the basis for the North-Western award, two available review committee members said the family-planning staff briefed the committee on each application's score and a general discussion followed. The committee did not rank or vote on the applications. The two committee members did not agree on who was in charge of the review and were uncertain as to how the worksheets were used in determining the award. One member did not completely agree with the reasons the family-planning staff cited for the award.

A July 10, 1975, memorandum, written by a member of the family-planning staff 41 days after the review, was the only record of the committee's review. It was not signed by the committee members. The memorandum cited the following reasons for the award.

--High priority given to providing services to low-income persons.

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--A well-established community base.

--Ongoing outreach, support services, and recruitment activities.

The award was made on June 18, 1975.

South Dakota State Health Department grant

During the May 27 through 30, 1975, review, the same committee that considered the Wyoming applications reviewed the South Dakota State Health Department application for South Dakota and the Rocky Mountain application for the Rapid City, South Dakota, area. Again, records were not kept on the review proceedings. Available review committee members said the committee did not rank or vote on the applications. They said that the committee rejected the Rocky Mountain application because it covered only the Rapid City area and rejected the South Dakota State Health Department application because it was incomplete.

A family-planning staff member telephoned the South Dakota State Health Department on May 28, 1975, and asked it to submit a revised application. Representatives from the health department met with the family-planning staff from June 3 to 6, 1975, to revise the application. On June 6, 1975, a regional official telephoned Rocky Mountain requesting that it submit by June 10, 1975, an application for the entire State. Rocky Mountain had only 2 workdays and a weekend to prepare its application. It was not offered help by, and did not ask for help from, the family-planning staff.

On June 27, 1975, a second review committee, set up by the Chief of the Family Health Branch, met to review the resubmitted applications. This committee had three voting members, one from the family-planning staff and two from other areas of the Public Health Service. The committee included two nonvoting members from the community health field who did not participate in the review but whose opinions were presented to the committee by its chairman.

The chairman said the nonvoting members submitted their opinions--one in writing and one by telephone--to him before the review. Both nonvoting members favored the Rocky Mountain application. Again, committee proceedings were not recorded. No record shows how or if the nonvoting members' views were considered during the review. Worksheets were not used in this review, but the committee compared the applications on 22 points, such as cost per client, total population,

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and low-income population to be served. There was no scoring or ranking based on these points. According to the committee members, the points were discussed only generally. Based on these discussions and a vote which was not documented, the committee decided to fund the South Dakota State Health Department application.

An unsigned memorandum of June 30, 1975, stated that two voting members favored the South Dakota State Health Department application and that the other member, plus the two nonvoting members, favored Rocky Mountain. According to regional officials, the memorandum was prepared primarily by the two committee members voting for the South Dakota State Health Department application.

A document in the grant file showed that one member, who voted for the health department application, believed a commitment had been previously made to fund the South Dakota State Health Department. The other member who voted for the health department application agreed. The voting member favoring Rocky Mountain was also its regional project officer--a position which requires a close working relationship with the program. He said he wrote, in support of Rocky Mountain's application, the minority opinion portion of the memorandum.

The award was made on June 30, 1975.

Objectivity and fairness of award procedures

As outlined above, region VIII practices in awarding the Wyoming and South Dakota grants did not insure objective and fair award decisions. The need to improve Government grant processes has been recognized by the Commission on Government Procurement, established by Public Law 91-129 in 1969. The Commission recommended that a system, analogous to the current Federal procurement regulations which provide guidance on contracts, be developed for evaluating grant applications and for selecting grant awardees. A comparison of selected contract regulations to the processes followed by region VIII in awarding the Wyoming and South Dakota grants demonstrates that grantmaking activities need to be improved.

The development of a procurement plan

Contract regulations provide that a procurement plan be developed and consider matters such as work statements, scope of work, and specifications as a basis for soliciting and evaluating proposals.

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Conduct of discussions

The Code of Federal Regulations specifies that care be exercised to preclude giving information to one applicant and not another, which could give one a competitive advantage over another.

With the South Dakota award, one applicant was provided information, assistance, and time to revise its application without a similar offer to the competing applicant.

CONCLUSION

The processes leading to the Wyoming and South Dakota grant award decisions were badly administered by region VIII family-planning officials. Applications were accepted although they did not fully comply with applicable requirements. Evaluation and selection procedures were not established. Important documents used in the evaluations were not retained. The bases for award decisions, including review committee proceedings, were not adequately documented. These deficiencies make it impossible to determine whether the grants to the North-Western Community Action Program and the South Dakota State Health Department were justified. Nor can we determine whether or not the Rocky Mountain Planned Parenthood applications were superior to the others.

Based on the limited data available and on the general manner in which activities were conducted, we believe that the applications review process was not adequate to insure that grantees were objectively and fairly selected from among the competing applicants.

HEW ACTIONS

In April 1975, HEW issued drafts of new chapters of its Grants Administration Manual chapters covering subjects, such as:

- The development of procedures for preparing work statements, specifications of areas of program emphasis, details regarding funding, and descriptions of areas and populations to be served.
- The development of evaluation criteria and guidelines, including rating and ranking procedures, to obtain uniformity and comparability among reviewers.
- The retention of records fully documenting the evaluation and selection process.

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The region did not provide the Wyoming or South Dakota grant applicants with this type of data. As a consequence, in the case of South Dakota, Rocky Mountain requested \$57,000 for a family-planning program for only the Rapid City area while the South Dakota State Health Department requested \$289,000 for a program covering the entire State. The two applications received for the Wyoming grant were also for differing areas and amounts.

Evaluation of proposals

Under contract regulations, technical evaluators will evaluate each proposal in strict conformity with the evaluation criteria and will assign each proposal a score. A technical evaluation will be prepared and signed by the technical evaluators and maintained as a permanent record in the contract file. The report will also include a narrative evaluation specifying the strengths and weaknesses of each proposal and any reservations or qualifications that might influence the selection of applicants for negotiation and award.

The review committees in region VIII did not (1) develop evaluative criteria, (2) score each application, or (3) always prepare narrative assessments.

Adequate documentation

According to contract regulations, a reviewer will determine that the contract file constitutes an independent record providing a complete chronology of actions relating to all aspects of the procurement. The file should contain data sufficient to explain and support the rationale, judgments, and authorities upon which all decisions and actions were predicated.

The region did not keep records on all aspects of the application reviews, nor were the records that were kept adequate to support the decisions for either the South Dakota or Wyoming award.

Allowing sufficient and equal bidding time

Contract regulations provide that all invitations, except those providing for special Government needs, allow sufficient time to permit prospective bidders to prepare and submit bids. This facilitates competition on reasonable and equal terms.

In the case of the South Dakota grant, applicants were not allowed equal time to prepare revised applications.

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These new chapters, scheduled to be adopted in late 1976, include more specific HEW policy on those elements vital to insuring objectivity and fairness. However, as was the case with the policies and procedures in effect during our review, full and uniform implementation by region VIII officials is needed in order to adequately promote objectivity and fairness in the grantmaking process.

RECOMMENDATION

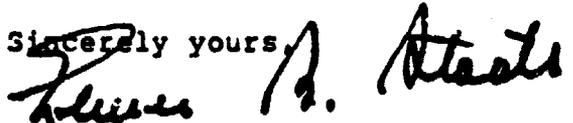
We recommend that the Secretary of HEW direct that the draft policies and procedures regarding the solicitation, evaluation, and awarding of grants be expeditiously adopted and that emphasis be placed on uniformly implementing them throughout the agency.

- - - -

As instructed by your office, we did not obtain official written comments from HEW, but the matters covered in this report were discussed with HEW regional and headquarters officials. As also discussed with your office, we are forwarding copies of this letter to Representatives Patricia Schroeder and James P. Johnson.

This report contains a recommendation to the Secretary of Health, Education, and Welfare. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We will be in touch with your office in the near future to arrange for release of the report so the requirements of section 236 can be set in motion.

Sincerely yours,



Comptroller General
of the United States



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201
NOV 10 1976

The Honorable Elmer B. Staats
Comptroller General of the
United States
Washington, D.C. 20548

Dear Mr. Staats:

In accordance with the requirements of OMB Circular A-101, I am pleased to enclose a statement prepared by Assistant Secretary, Comptroller, John C. Young, of actions taken or planned by the Department on your letter report re: family-planning programs in Region VIII, B-156518, dated August 2, 1976.

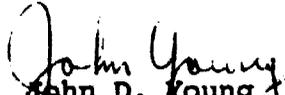
Sincerely,

Secretary

Enclosure

STATEMENT OF DEPARTMENT ACTION

The following comments were developed in coordination with interested officials as the Department's statement on actions taken or planned on the Comptroller General's letter report B-156518, dated August 2, 1976, re Family Planning Programs in Region VIII.


John D. Young

Assistant Secretary, Comptroller

General

The General Accounting Office report contains inaccuracies and inappropriate references which make the basic premises of the report questionable in some cases and invalid in others.

In attempting to evaluate the manner in which regional officials awarded this grant, we believe the GAO report erroneously implies there were regulations or standards in effect which were not complied with. Such procedures covering grant awards were, in fact, not approved for use in Region VIII until September 4, 1975--some three months after the awards. Further, the GAO implies that guidelines for the award of contracts would be completely appropriate for grants awards, which is not the case.

During the grant awards in question, the Region attempted to insure objectivity and fairness by implementing a committee review composed of members from within the program as well as outside the program and the use of score sheets. Although this was the first time competing family planning applications were reviewed, we believe the process and procedure assured fairness and objectivity. However, we agree that the documentation was not as complete as desirable.

We believe the Review Practices in effect at the time did comply with applicable regulations and the applications selected for funding did meet the requirements of Title X and Health Services Funding. However, we have strengthened family planning grant award procedures as follows:

1. The standard application kit sent to a public or non-profit private entity that expresses interest in applying for a family planning grant includes the following:
 - a. Program Guidelines for Project Grants for Family Planning Services under Section 1001, Public Health Service Act, January 1976 (which includes the applicable Regulations).
 - b. Criteria for Evaluating Title X Family Planning Grants.
 - c. Suggestions for developing the narrative which accompanies the grant application for Title X Family Planning Grants.
2. The grant application review process now includes the following:
 - a. Applications are reviewed by a Committee of seven members, three of whom are from within the Division of Health Services, and four of whom are from outside the Division of Health Services.
 - b. Each application is reviewed and scored by the Committee using established, weighted review criteria which are scored and a total score for each proposal is calculated.
 - c. The Chairman prepares a Committee report which is signed by all committee members and forwarded to the Regional Health Administrator, along with the Review sheets.
 - d. All documentation is retained in the official grant file.

GAO Recommendation

That the Secretary of HEW direct that the draft policies and procedures regarding the solicitation, evaluation, and awarding of grants be expeditiously adopted and that emphasis be placed on uniformly implementing them throughout the agency.

Department Comment

We concur, but would also point out that the Grants Administration Manual (GAM) chapters issued in April 1976 were not drafts. They were issued then as final policies and a notice

to that effect was published in the Federal Register on June 4, 1976. The Department's Office of Grants and Procurement Management (OGPM) has required all principal operating components of this Department to develop an implementation plan which will ensure that the requirements of the new policies are put into effect as rapidly and completely as is practicable. OGPM is monitoring the principal operating components' progress in developing and carrying out these plans, and is providing technical assistance and interpretations where needed. Any major problem areas which surface will be brought to the attention of the Assistant Secretary for Administration and Management and/or the Secretary.

In August 1976, the Public Health Service established, and the Office of the Secretary approved, a schedule for amendment of PHS's grant policies to incorporate the requirements of the GAM chapters. It calls for completion of the PHS policy revision by February 1977.

To ensure that the new policies and procedures are uniformly applied, the Office of the Assistant Secretary for Health has already established a staff function which is responsible for conducting reviews throughout PHS to ensure compliance of grants and contracts management activities with applicable policies and regulations. This ongoing activity is aware of the findings of this report and will address the issues raised in conducting their future reviews throughout PHS.

Technical Comments

1. On page 2, GAO states "at the time of these applications, Rocky Mountain had a family planning grant program in Colorado."

In the interest of completeness, fairness and objectivity the actual fact that all the applicants had family planning grants, not just one of the competitors, should be reflected. This sentence should more accurately read: "At the time of these applications competing for programs in Wyoming and South Dakota, Rocky Mountain Planned Parenthood had a family planning grant program in Colorado, North-Western Community Action Program had a family planning grant program in Wyoming, and the South Dakota State Health Department had a family planning grant program in South Dakota."

2. On page 2, the GAO report states that "North-Western and South Dakota were awarded grants even though their applications did not meet all the prerequisite requirements, ..."

We disagree with this statement. All of the Project requirements specified in Title 42, Parts 50 and 59 and the requirements of Title 45, Part 74, were met in all four of the applications, Rocky Mountain Planned Parenthood for Wyoming, NOWCAP for Wyoming, Rocky Mountain Planned Parenthood for South Dakota, and South Dakota State Health Department for South Dakota with one exception.

The South Dakota State Health Department application does not indicate that a copy of the application had been contemporaneously forwarded to the appropriate State health planning agency as specified in Title X, 59.4(c). However, correspondence from the Comprehensive Health Planning Agency indicates they had applications from both the South Dakota State Health Department and Rocky Mountain Planned Parenthood.

3. On page 3, the GAO report discusses and lists "Some requirements not properly completed in the South Dakota application." This is incorrect, since the required information was furnished.

4. On page 3, the GAO report states that "Requirements not properly completed in both applications were:

--Copies of contracts with third-party agencies, physicians and local groups."

Title X Regulations, 59.5(k) state "In those cases in which the project will provide family planning services by contract or other similar arrangement with the actual providers of service, a plan shall be provided establishing rates and methods of payment for medical care," and Health Services Funding Regulations, 50.105(c) states "That where a significant percentage of the cost of care and services provided by the project is to be reimbursed by a third party, a written agreement is required ..."

Copies of contracts are not required by 59.5(k). The applications did include a plan establishing rates and methods of payment.

Copies of contracts are not required by 50.105(c) unless a significant portion of the cost of care and services is to be reimbursed which was not the case with these two grantees.

5. Same reference as Item 4 above.

--General and Financial Plans

All applications in our opinion contained minimally acceptable
General and Financial plans.