

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF NATIONAL NETWORK  
GRANT (90-CW-1097)**

**GEORGETOWN UNIVERSITY  
CHILD DEVELOPMENT CENTER**

**WASHINGTON, D.C.**



**JANET REHNQUIST  
INSPECTOR GENERAL**

**FEBRUARY 2002  
A-03-01-00515**



**DEPARTMENT OF HEALTH & HUMAN SERVICES**  
OFFICE OF INSPECTOR GENERAL  
OFFICE OF AUDIT SERVICES  
150 S. INDEPENDENCE MALL WEST  
SUITE 316  
PHILADELPHIA, PENNSYLVANIA 19106-3499

February 12, 2002

Common Identification Number A-03-01-00515

Phyllis R. Magrab, Ph.D., Director  
Georgetown University Child Development Center  
3307 M. Street NW, Suite 401  
Washington D. C. 20007 - 3955

Dear Dr. Magrab:

We have reviewed the Administration for Children and Families (ACF) grant (90-CW-1097) awarded to the Georgetown University Child Development Center (GUCDC) for the "Child Welfare Research and Demonstrations National Network Project for Children with Special Health Care Needs" (National Network).

The objectives of our review were to determine if Georgetown University:

- L Achieved the grant objectives of the National Network grant,
- L Complied with standard terms and conditions of the grant, and
- L Maintained a system of accounting and internal controls capable of managing Federal funds.

We could not determine if Georgetown University (the University) accomplished the grant objectives since neither ACF nor the University could produce a written agreement regarding the objectives of the National Network grant. However, the University was generally in compliance with the standard terms and conditions of the grant and was capable of managing Federal funds. Our limited review of the University's accounting controls revealed that the University's Federal equipment inventory records were missing required information such as serial numbers, Federal award numbers and disposition dates.

We also found that the University took action to improve internal controls instituted as the result of a prior settlement agreement with the U.S. Department of Justice (DOJ) to ensure that:

- L Interest accrued on Federal grant funding advances was remitted to the Federal government.
- L Expenses not in accordance with Office of Management and Budget (OMB) Circular A-21, “Cost Principals for Educational Institutions,” were prohibited from Federal grants.

## **BACKGROUND**

The Georgetown University, located in Washington D.C., is comprised of three campuses: the Main Campus, the Medical Center and the Law Center. The GUCDC is a division of the Pediatrics Department of Georgetown University Hospital, which was part of the University until July 1, 2000, when by agreement the hospital became part of MedStar Health. The agreement allowed the University to retain control of all sponsored research grants. During Fiscal Year End (FYE) June 30, 2000, the University received funding from Federal grants totaling \$220,085,226 including \$74,138,990 in funding from the Department of Health and Human Services, which issued the National Network grant through ACF.

The GUCDC was established to address key policy issues and improve the physical and mental health of children and families. During the 4-year grant period ending September 30, 2000, ACF provided \$424,656 in funding to GUCDC for the National Network grant.

## **OBJECTIVE SCOPE AND METHODOLOGY**

The National Network grant was randomly selected for review along with other grants from a national database maintained by ACF. The objectives of our review were to determine if the University:

- L Achieved the grant objectives of the National Network grant,
- L Complied with standard terms and conditions of the grant, and
- L Maintained a system of accounting and internal controls capable of managing Federal funds.

We performed our review in accordance with Generally Accepted Government Auditing Standards. We attempted to review grant objectives by reviewing progress reports, the final grant report and the literature generated by GUCDC during the grant period.

We reviewed the University's organizational and accounting controls by reviewing accounting policies and judgmentally sampling grant transactions, interviewing accounting personnel and reviewing audit reports and Management Advisory Letters from the University's Independent Certified Public Accounting (CPA) firm to determine if the University was capable of managing Federal funds.

We also reviewed selected internal controls to determine if they were sufficient in ordinary circumstances to prevent expenditures not in accordance with the standard terms and conditions of the grant. As a result of issues raised in a prior settlement agreement between the University and DOJ, we reviewed a judgmental sample of transactions for other Federal grants. As for items not tested, nothing came to our attention to indicate that the University was not in compliance with the standard terms and conditions of the grant. We performed our review at GUCDC offices in Washington, D. C. in August 2001.

## **RESULTS OF REVIEW**

### **PROGRAM RESULTS**

We could not determine if the National Network grant objectives were met because neither ACF nor the University could provide a written copy of the grant objectives. The ACF responded to our request for the grant objectives by providing a list of objectives for a Cooperative Agreement between the GUCDC, ACF and the Health Resources Services Administration from 1994, which is prior to the award of the National Network grant.

The purpose of the grant as stated by GUCDC officials in the final grant report is:

*“...to include child welfare issues, concerns, and stakeholders ...and to promote cross-system, family centered collaboration among child welfare and children's mental health systems at the federal, state, and local levels with the intent of achieving better outcomes for families and children.”*

However, we could not determine if ACF agreed to this purpose.

The GUCDC provided us with documentation that showed that GUCDC contributed to 14 publications as a result of work performed on four grant-funded projects as follow:

#### **Partnership for Action Project**

This project assisted six pilot sites in their efforts to strengthen collaboration between child welfare, mental health, and families. From the information gained at these pilot sites, the project produced several documents that described practical strategies for collaboration among these systems. It included GUCDC contributions to the following three publications:

1. Child Welfare, Children’s Mental Health, and Families: A Partnership for Action (Revised Edition, 1996).
2. Collaboration Basics: Strategies from Six Communities Engaged in Collaborative Efforts among Families, Child Welfare and Children’s Mental Health (1999).
3. Collaboration Basics: A Companion Guide (1999).

### **Managed Care**

This project was a review of public sector managed care reforms as they impact families, children and adolescents with behavioral health disorders. It included GUCDC contributions to the following seven publications:

1. The Health Care Reform Tracking Project, The 1997-98 State Survey.
2. The Health Care Reform Tracking Project, The 1997-98 State Survey- Special Analysis of Child Welfare Managed Care Reform Initiatives.
3. The Health Care Reform Tracking Project, The 1997 Impact Analysis.
4. The Health Care Reform Tracking Project, The 1999 Impact Analysis.
5. The 1999 Child Welfare Impact Analysis, The Health Care Reform Tracking Project.
6. The article, “Achieving Success at Managing Integrated Systems for Children & Families: Critical Considerations”- in *Behavioral HealthCare Tomorrow*, (1997).
7. Managed Care and Child Welfare Practitioner Training Needs (2001).

### **Welfare Reform**

This project was a review of the emerging issues and various state policies and practices caused by Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform) and the Act’s effect on children with mental health, emotional disturbance or substance abuse problems. It included the GUCDC contributions to the following publications:

1. An Uncertain Future: How the New Welfare Law Affects Children with Serious Emotional Disturbance and Their Families (1996).
2. Welfare Reform: Issues and Implications for Children and Families Who Need Mental Health or Substance Abuse Services (1998).

3. Welfare Reform: Exploring Opportunities for Addressing Children’s Mental Health and Child Welfare Issues (2000).

### **Adoption and Safe Families Act**

This project was a review of the effect of the Adoption and Safe Families Act of 1997 on child welfare, perspective birth, foster and adoptive families and court systems in States and communities. It included GUCDC contributions to:

The Adoption and Safe Families Act: A Resource Guide - Exploring the Opportunity for Collaboration between Child Mental Health and Child Welfare Systems (1999).

It was obvious that GUCDC expended significant effort on the grant and was able to document the accomplishments resulting from grant-related effort. However, we cannot determine if the effort or accomplishments on these projects were in line with the grant objectives since the objectives were not defined.

### **FISCAL ACCOUNTABILITY**

The University had adequate written accounting policies and procedures in place to properly manage and account for Federal funding and the University generally followed their policies and procedures. However, we noted a weakness that needs to be corrected:

#### **Inventory Records Lack Complete Identification of Property**

The University’s Federal equipment inventory records were missing information required by OMB Circular A-110, Section 34(f)(1), which requires award recipient’s property management standards to include:

- (i) A description of the equipment.*
- (ii) Manufacturer’s serial number, model number, Federal stock number, national stock number, or other identification number.*
- (iii) Source of the equipment, including the award number.*
- (iv) Whether the title vests with the recipient or the Federal Government.*
- (v) Acquisition date (or date received, if the equipment was furnished by the Federal Government) and costs.*
- (vi) Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).*

*(vii) Unit acquisition cost.*

*(viii) Location and condition of the equipment and the date the information was reported.*

*(ix) Ultimate disposition date, including date of disposal and sales price.*

We reviewed 25 Federally funded equipment records. We found that none of the 25 records identified the Federal award number and disposition dates and 5 records were missing serial numbers.

The University's CPA firm found similar equipment subsidiary ledger problems. In its OMB Circular A-133 Audit Report for FYE June 30, 2000, the CPA noted that the University had an unexplained variance between the subsidiary ledger and the general ledger balances and physical inventory observations were not reconciled to the subsidiary ledger on a regular basis. The CPA recommended that the University "Maintain an Accurate Equipment Subsidiary Ledger."

The University concurred in their response to the CPA's recommendation and stated "...a fixed asset software package... will be installed in FY 2001." We were informed that the software package was installed and working at the time of our review but we did not determine if the software package was able to provide the missing information required by OMB Circular A-110.

### **Prior Settlement Agreement Issues**

Our review of a prior settlement agreement between the University and DOJ, disclosed two issues that had a potential adverse effect on the National Network grant although the National Network grant was not specified in the settlement agreement.

### **Interest Not Refunded**

Interest was accrued on Federal funding that was not returned to the Federal government. This took place because grant drawdowns included advanced unexpended amounts of budgeted subcontract expenditures. This resulted in interest being accrued for the advanced funds that was not refunded, which violates 45 CFR part 74.22 (l) which states:

*"...interest earned on Federal advances deposited in interest bearing accounts shall be remitted annually to the Department of Human Services, Payment Management System."*

In the settlement agreement letter dated April 16, 2001, the University stated that it initiated controls as of November 2000 to assure that grant drawdowns were no longer used for unexpended subcontract obligations. Our review of transactions for the National Network grant and other grant subcontract obligations incurred after November 2000, did not disclose any advanced funding or un-refunded interest.

### **Expenditures Not in Accordance with OMB Circular A-21**

Various expenditures that were unallowable under OMB Circular A-21 “Cost Principals for Educational Institutions” were charged to other Federal grants during the grant period of the National Network grant. In the settlement letter the University explained that it instituted controls to prevent these overcharges. Although we did not test charges made to other grant projects, we did not encounter any overcharges in our review of National Network grant transactions.

## **CONCLUSION AND RECOMMENDATIONS**

We were unable to determine if the University had completed the objectives of the National Network grant because neither the University nor ACF could produce a written agreement on grant objectives. However, we determined that the University has documented numerous publications and accomplishments that were funded by the National Network grant. The University also complied with standard terms and conditions of the grant and in general, established and followed adequate accounting policies and procedures to manage and account for Federal funding.

Our limited review of the University’s accounting controls found that the University’s Federally funded equipment records did not include all identifying information required by OMB Circular A-110.

We also determined that the University has established controls to ensure that grant drawdowns were no longer used for advanced funding and we did not encounter un-refunded interest on grants. We also did not find any expenditures made on the National Network grant that were not in accordance with OMB Circular A-21.

We recommend that the University maintain an equipment subsidiary ledger that contains all identifying information required by OMB Circular A-110, including, related Federal award numbers, disposition dates and serial numbers.

### **GUCDC Response and OIG Comments**

By letter dated February 4, 2002, GUCDC responded to a draft of this report. The complete text of GUCDC’s response is included as an Appendix.

The GUCDC believed that their interaction with Federal project officers, including discussions and meetings and GUCDC’s statements contained in budget requests provided ample evidence as to the objectives of the grant. They also provided a history of the grant from inception to the end of the grant in September 2000 along with a description of the Federal project officer’s interaction and satisfaction with grant accomplishments. Our review confirmed that there were numerous completed deliverables and grant accomplishments. However, none of the information reviewed by

OIG during the review or provided by GUCDC in its response specifically detailed the objectives of the grant.

The GUCDC also provided clarifying information that caused us to revise our interpretation of the focus of the Partnership for Action project. We have made the appropriate revision to the report.

The GUCDC did not comment on our finding on equipment inventory controls.

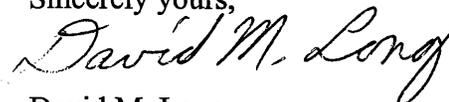
\*\*\* \*\*

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, HHS/OIG Office of Audit Services reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act (See 45 CFR Part 5).

To facilitate identification, please refer to Common Identification Number A-03-01-00515 in all correspondence relating to this report.

Sincerely yours,



David M. Long  
Regional Inspector General  
for Audit Services

Direct Reply to HHS Action Official:

Director, Division of Financial Integrity  
Administration for Children and Families  
Room 702 Aerospace Building  
370 L'Enfant Promenade S.W.  
Washington, D.C. 20447



GEORGETOWN UNIVERSITY MEDICAL CENTER

Child Development Center  
*Center for Child Health and Mental Health Policy*

February 4, 2002

David Long  
Regional Inspector General for Audit Services  
Department of Health and Human Services  
Office of Inspector General  
Office of Audit Services  
150 S. Independence Mall West  
Suite 316  
Philadelphia, PA 19106-3499

Dear Mr. Long,

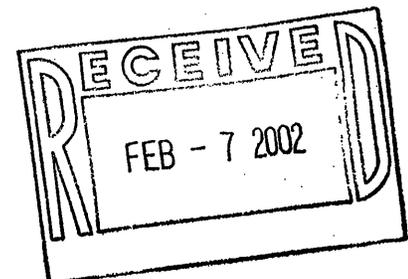
Enclosed please find the response of Georgetown University to the audit report - Review of National Network Grant (90-CW-1097), Common Identification Number A-03-01-00515.

This response provides clarification and one correction to the draft report as provided by your office. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Phyllis R. Magrab, Ph.D.  
Director

Cc: James E. Ward, University Counsel



**NATIONAL NETWORK GRANT (90-CW-1097)**

**GEORGETOWN UNIVERSITY CHILD DEVELOPMENT CENTER**

**RESPONSE TO THE REVIEW BY THE OFFICE OF THE INSPECTOR GENERAL  
DECEMBER 2001**

One of the three objectives of the Review by the Office of the Inspector General was to determine if Georgetown University achieved the grant objectives of the National Network Grant. The Review indicated that the Office of Inspector General could not determine if the University achieved the grant objectives because neither the Administration for Children and Families (ACF) nor the University could produce a written agreement regarding the objectives of the National Network grant. The purpose of the University's response to the Review is twofold:

1. To explain how the University and ACF communicated to determine objectives and activities, and how, through these communications, the objectives of the grant were both understood and achieved; and
2. To correct an inaccurate statement in the Review that describes the focus of one of the grant projects.

**Objectives**

The ACF originally provided funding for the child welfare related activities of the National Network for Children with Special Needs through a Cooperative Agreement between the Maternal and Child Health Bureau of the Health Resources and Services Administration, the Children's Bureau of the Administration on Children, Youth and Families and the Center for Mental Health Services of the Substance Abuse and Mental Health Services Administration. Through this cooperative agreement the three federal agencies decided the purpose of the agreement and the scope of work to be carried out by the Georgetown University Child Development Center. The stated purpose of the Cooperative Agreement was to "support planning and development for family-centered, coordinated, community-based, and culturally-competent systems of care for children with special needs". The Cooperative Agreement, which was signed in 1994, was for a 1-year period, to be extended for the following four years subject to the availability of funds.

In June of 1996, the Administration on Children, Youth, and Families (ACYF) informed the Center for Mental Health Services (CMHS) that it was no longer able to participate in the Cooperative Agreement. In her communication to CMHS, the project officer from the Children's Bureau indicated her pleasure with the activities carried out under the agreement for the past two years and the Children's Bureau's intention to continue participation in the funding by making a parallel award to the grantee (Georgetown University). The funds were to be used "to continue the child welfare emphasis in the effort to develop a coordinated service delivery system". The project officer also stated that the Children's Bureau hoped to continue, "on an informal basis," participation in the collaborative effort with CMHS and the MCHB and to continue the overall program.

Over the life of the Cooperative Agreement and the subsequent grant, which began on July 1, 1996, communication regarding the objectives and scope of work

occurred in a number of ways, including through meetings, telephone conversations, quarterly reports and submission of an annual budget that included a budget justification and description of activities to be accomplished with the funds. Four meetings took place between staff from the Georgetown University Child Development Center (GUCDC) and the project officers from CMHS and the Children's Bureau during the first year of the Cooperative Agreement. Each of these meetings focused on a review of activities and a plan for the next quarter.

A similar communication process occurred when the Cooperative Agreement ended and the grant period began. The same individuals who had met previously met in September 1996 to review past accomplishments and to plan for activities during the first year of the grant, and similar meetings were held in 1997, 1998, and 2000. In addition, the project officer from the Children's Bureau served on, and attended meetings of, the Advisory Committee for the National Technical Assistance Center for Children's Mental Health at the GUCDC.

Each quarterly report for the grant described accomplishments for the quarter, plans for the next quarter, and any special issues or concerns that needed to be addressed. When the University submitted annual budgets and requests for the use of carry-over funds, it discussed the focus of grant activities with the project officer.

The University's Final Report for the Grant Period (1996-2000), which is quoted in the Review by the Office of the Inspector General, summarizes the purpose of the grant that guided the activities throughout the grant period – *to include child welfare issues, concerns, and stakeholders in the work... and to promote cross-system, family-centered collaboration among child welfare and children's mental health systems at the federal, state, and local levels with the intent of achieving better outcomes for families and children.*

The Children's Bureau understood and supported this purpose through ongoing verbal and written communication from the project officer. The final report also summarized grant accomplishments which support the agreed upon purpose.

#### **Focus of One Grant Project**

The Partnership for Action Project, which was mentioned in the Review, was not about "a review of recent welfare bills and their effect on families' and children's mental health." The Partnership for Action Project assisted 6 pilot sites in their efforts to strengthen collaboration between child welfare, mental health, and families. From the learnings of these pilot sites, the project produced several documents that described practical strategies for collaboration among these systems.