



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

HRD-76-155  
8-2-76

093692

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.

~~707481~~  
**093692**

HRD-76-155

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.

- 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

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.

--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,

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.

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.

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 1976, 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.



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

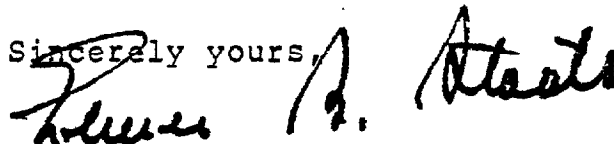
We recommend that the Secretary of HEW direct that the draft policies and procedures regarding the solicitation, evaluation, and awarding of grants be expeditiously adopted and that emphasis be placed on uniformly implementing them throughout the agency.

- - - - -

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