

Action: PHA/POP for Hendler
Due: 3/17 to AA/PHA sign
In: HH/AF PRS/

DEPARTMENT OF STATE

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

PD-AAK-028-A1

File No. 932-11-100-101
cc 1 3/75

FEB 23 1976

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DEPUTY ADMINISTRATOR

MEMORANDUM FOR AA/PHA, Mr. Hendler, Acting

SUBJECT: Open Audit Recommendations Over Six Months Old as of
December 31, 1975

I appreciate Ms. Crowley's memorandum of January 13, 1976 informing me of the actions taken on Recommendation No. 1 of AAG/W/PHH Audit Report No. 75-115, now in the hands of SER/CH/COD.

Recommendations Nos. 2 and 3 of AAG/W/GDA Audit Report No. 75-285, ** dated June 19, 1975 needing action by your Bureau were open more than six months on December 31, 1975.

Please send me a status report by March 19, 1976 on the actions taken to clear these recommendations.

**GWU -Rapid Diffusion of Pop
Research Findings;Action
was sent to POP direct by AG

BEST AVAILABLE DOCUMENT

FEB 23 12 13 PM '76
AA/PHA

SUBJ: HLS-9

AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

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ACTION: AG/GAO/IGA as
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Info: Parker/Murphy
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Bliss/McGraw/ES
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AUDITOR GENERAL

OFFICE OF AUDIT

AUDIT REPORT

GEORGE WASHINGTON UNIVERSITY
Contract No. AID/csd-3643

RAPID DIFFUSION OF POPULATION RESEARCH FINDINGS

PROJECT NO. 932-11-590-931

PROJECT EXPIRATION DATE: June 30, 1975

AUDIT PERIOD: July 1, 1972 through December 31, 1974

TYPE OF AUDIT: Interim

AUDIT REPORT NO. 75-285

DATE: JUN 19 1975

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RAPID DIFFUSION OF POPULATION RESEARCH FINDINGS

INTRODUCTION

The Office of Audit has made an initial audit of the Rapid Diffusion of Population Research Findings project financed under Contract No. AID/csd-3643 dated June 29, 1972 with George Washington University (GWU) in the amount of \$2,697,696. The project objectives are to establish a Population-Information Program (PIP) that will serve as a scientifically reliable source of information for providing data, reports and reviews to professional, public and governmental users on contraceptive technology, distribution and changes in law and policy.

SUMMARY

George Washington University has developed a viable program, published the required number of population reports in four different languages and distributed the reports to approximately 30,000 institutions and individuals (page 3).

During the period July 1, 1972 through December 31, 1974 the contractor had expended \$1,828,274 of which \$8,314 is questioned (page 1).

AID became too involved in the University's internal operations and its relationship with employees (page 2).

The computerized retrieval system has filled a gap in fertility control information retrieval but there is a definite lack of promotional activities soliciting additional users (page 5).

Contractor's semi-annual reports should provide additional information in order to be more meaningful (page 4).

FINDINGS AND RECOMMENDATIONS

Contract Costs

Costs claimed and reimbursed during the period totaling \$1,828,274 have been audited. Of this amount, \$1,819,960 may be accepted as proper under the terms of the contract. As shown in Exhibit A, the balance of \$8,314 is questioned pending further review by the contracting officer.

Recommendation No. 1

Contract Officer (C/COD) review the questioned costs of \$8,314 shown in Exhibit A and ensure settlement of any amount due AID.

Agency Administration

A. Agency-Contractor Relationship - We noted instances, where in our opinion, AID became too involved in the University's internal operations and its relationship with employees. For example, in 1973 the original PIP project director resigned and a new director was recommended by GWU as a replacement. However, Office of Population intervened with the University and in effect, selected the director. We are not attempting to evaluate the merits of one nominee versus another, but we do believe that AID exercised undue influence in the selection of the project director. In addition to this specific instance, we found letters and memoranda on file which indicate that AID has frequently involved itself in disputes between the University and its employees, always siding with the employees.

Involvement in the internal affairs of the University is a poor business practice on AID's part and we suggest that it be discontinued immediately. Moreover, permitting an outside organization to influence its relationship with employees is contrary to GWU's published "Policies and Procedures for Sponsored Programs" which states in part that:

"Sponsoring agencies should not be permitted to exercise influence on the selection or promotion of faculty members who are engaged in project research or to maintain any continuing control over the nature or direction of research."

Fortunately, AID's interference has not materially affected project progress, but it has given the University a certain amount of leverage which it has used to request a five year renewal of the contract beginning July 1, 1975 along with a 3 year commitment for funding.

In a similar vein, we believe that AID may be subject to criticism for approving the hiring of two wives of staff members in the Office of Population to work on the project. Prior to being hired the General Counsel's office determined that there was no apparent conflict of interest, and from all we could learn the wives have done a good job and the project has not suffered because of the relationship. At the moment, only one of the wives in question is working on the project and no action on the part of AID appears necessary at this time. To avoid possible embarrassment however, we believe that like or similar situations should be prohibited in the future.

B. Agency Program Evaluation - During January 1975 the Agency's Office of Population established an evaluation team to examine all aspects of George Washington University's performance, including programmatic and administrative management. The evaluation team was

composed of a representative from the Rockefeller Foundation, a member of the Ford Foundation, and the AID/W Project Manager. In summary, the evaluation team reported:

1. The Population Information Program deserves its reputation as one of the leading international information services in the population field.
2. The Project Director is administratively and professionally outstanding and has recruited a highly qualified, capable and dedicated staff.
3. Within the Department of Medical and Public Affairs there are multiple administrative problems which warrant further careful examination.
4. A fuller and more comprehensive evaluation is required.

As a result of the first evaluation team's recommendation, a follow-on team was organized consisting of five members completely independent from both AID and the University. The second evaluation team submitted its report to AID on April 3, 1975. This second report essentially parallels what was said in the first evaluation report. It does, however, include a recommendation to the effect that the contract with GWU be terminated unless the Host Institution and the Program Director form an "effective working relationship".

Contract Performance

The original contract dated June 1972 was vague as to how many publications were required to be issued in the first year of operation. As a result, the contract had to be amended to more accurately set out the required number of publications and the estimated dates of issuance. Amendment No. 4 dated May 23, 1974 clarified the situation. As of March 15, 1975, 28 reports have been completed and four more are to be completed by the June 30, 1975 expiration date. The revised schedule for publication of the population reports is being met.

The contract also required the University to publish two annotated prostaglandin bibliographies; one for the period 1930 through 1970 and the other for the period 1971 and 1972. We found that the first bibliography period has been published, and the second one has been compiled, edited, and forwarded to the printer.

Additionally, the contractor is mailing copies of the population reports in four different languages to about 30,000 institutions and individuals, has performed a survey of the recipients to determine acceptability, and has entered into a subcontract for the printing of Abortion Research Notes in a six page newsletter published at least three times a year setting forth the latest developments. Responses received indicated that the Population Reports were well received and that GWU is filling a valid gap in communicating current data in several different technical population fields.

A. Reporting on Contract Progress - The contract, as amended, requires the contractor to submit project progress reports semi-annually. We reviewed the five semi-annual reports for periods ending 12/31/72 through 12/31/74. All were submitted as required. Each report indicated numbers of documents added to the computer retrieval system and the various places where the system had been demonstrated. However, they did not show the number of people or identify the organizations that used the system. As a result, the AID Project Office could not determine if the system was being maximally utilized. Although the contract does not require such data be submitted, we feel the reports could be made more meaningful by showing the users, identified as institutions or individuals, number of people actually utilizing the system, and the time used.

Recommendation No. 2

TIA/TOP should request that the semi-annual reports contain pertinent data as to users showing hours of utilization and names of organizations/individuals utilizing the system.

B. Maintenance of Mailing List - A stratified mailing list was developed which allows selective distribution of information according to scientific discipline, language and occupational role. At the present time the computerized mailing list contains approximately 30,000 names of individuals and/or organizations, with additional ones being added frequently. The Contractor prepared an updated printout of the mailing list twice a year for its internal use. However, the computerized-printouts become mutilated and unworkable after being constantly handled over a six month period. The printout serves as an inhouse tool for those working with the mailing list, and should be printed three or four times a year. The relatively small dollar cost was the only reason it was not printed more frequently. A current working copy also simplifies the purging process in eliminating duplicate names.

C. Computerized Retrieval System - In May 1973 George Washington University entered into a subcontract with Informatics, Inc. The purpose of the subcontract was for Informatics to (i) establish an on-line computer based information retrieval system for use by the Population Information Program and (ii) solicit other users of the data base once developed. The system, commonly referred to as Popinform, is an interactive computerized population information network available for on-line searching from many geographic locations via typewriter-like terminals.

The data base is a collection of bibliographic references with abstracts on fertility regulations, contraceptive technology, family planning programs, and population policy. Sources include journal articles, conference papers, United Nations documents, published and unpublished reports. Each entry includes a full bibliographic citation and an informative abstract.

From May 25, 1973 through June 30, 1974 the on-line system was utilized by the George Washington University Population Information Program writers and for demonstration purposes at various family planning conferences, both domestically and overseas. Although the system can be operated internationally, overseas usage is not practical because of the high cost of telecommunication.

Subsequent to June 30, 1974, Informatics, Inc., solicited six subscribers to Popinform (three pharmaceutical firms and three educational institutions). Use of Popinform by the six subscribers was minor in relation to the high cost of developing the data base. Having concern that the system was not being adequately utilized, we contacted three of the six subscribers and found their responses to be similar; (1) the system is by far superior to other available on-line system, (2) Informatics, Inc., has not been aggressive enough in selling the system and its capabilities, (3) the use charge per machine hour is much higher than other on-line systems.

Overall, everyone interviewed believes the system is good, it fills a gap in fertility control information retrieval, and has a bright future provided adequate sales effort produces increased usage. In this regard, the Informatics, Inc. contract states, "in addition to making this retrieval service available to the Population Information Program, Informatics is permitted to solicit other users of the data base. Therefore, Informatics will actively seek other users through normal promotional activities." Discussions with the subscribers indicate that Informatics has not promoted the system adequately. Economically, it is to Informatics benefit to generate greater usage because the greater the use the faster program development costs are recouped.

We feel that the George Washington University should have taken more initiative to assure that the subcontractor was making every effort to increase the number of users for the system. Also, we feel AID's Office of Population should accept some of the responsibilities for lack of on-line machine usage. AID has continuous contact with practically every domestic and international family planning oriented organization, and should be promoting its own Agency funded information retrieval system.

In our opinion there are three courses of action which can be pursued:

1. Continue the contract with Informatics and, through the combined efforts of Informatics and Office of Population, promote greater usage of the Popinform system.
2. Merge Popinform with another on-line system as a separate data base. A prime example is Medline offered by the National Library of Medicine. We have been advised that Medline is used by every medical school and pharmaceutical company in the United States.
3. Discontinue the entire system.

Recommendation No. 3

The office of Population should take steps to either (a) promote greater usage of the Popinform system in its present form, (b) merge Popinform with another similar system, or (c) discontinue the system in its entirety.

D. Administrative Charges - Within George Washington University the Science Communication Division (SCD) is responsible for administering the AID contract. Under the terms of the contract, a portion of SCD administrative personnel are permitted to charge AID without prior Agency approval. Remaining administrative service costs are allocated to the other active projects assigned to SCD.

Time allocation - All administrative salaries are distributed or allocated to the active projects on an estimated basis which is prepared monthly by SCD's Assistant Director. We confirmed with HEW that distribution of salaries on an estimated percentage is acceptable to the U.S. Government for grants and contracts with education institutions. This method of allocation can, however, result in certain inequities due to cancellation or completion of projects in the Division thus raising the charges to be applied to remaining projects, including those funded by AID.

E. Man-months - The contract through Amendment No. 5 dated June 28, 1974 provides for a total effort of 721 man-months during the 36 month contract period. The distribution of the man-months was established to be as follows:

<u>Description</u>	<u>No. of Man-months</u>
Key Personnel	38
Research Associates	310
Technicians	134
Administrative and Clerical	<u>239</u>
Total	<u><u>721</u></u>

We analyzed the distribution of man-months for the period 7/1/72 through 12/31/74 and found that actual man-months used during the period were as follows:

<u>Period</u>	<u>Full Time</u>	<u>Part Time</u>	<u>Wage Account</u>	<u>Total</u>
7/1/72 - 6/30/73	92.39	1.36	6.76	100.51
7/1/73 - 6/30/74	210.68	24.79	41.93	277.40
7/1/74 - 12/31/74	<u>120.50</u>	<u>15.08</u>	<u>33.50</u>	<u>169.08</u>
	<u>423.57</u>	<u>41.23</u>	<u>82.19</u>	<u>546.99</u>

Based on the preceding six months period of 169.08 man-months utilized, the remaining 174.01 man-months (721 - 546.99) appears sufficient to complete the contract.

IV. BACKGROUND AND SCOPE

In May of 1972 a Non Capital Project Paper (PROP) was initiated with the goal of assisting less developed and receiving countries in the selection and utilization of suitable fertility control methods, distribution systems and policy and legal options to achieve their population and development objectives.

In order to achieve this goal Contract No. AID/csd-3643 was let in June 1972 between the U. S. Agency for International Development and George Washington University. The contract, as amended, was for 36 months duration, with funding of \$2,697,696 and covered the period July 1, 1972 through June 30, 1975.

The contract provided for the contractor to (a) build a data base for Biomedical Research, (b) publish population reports on a periodic basis, (c) develop a mailing list of 25,000 or more for distribution of the reports, and (d) prepare abstracts of articles published to be fed into the computer data base and be available for future retrieval upon request.

This is our initial audit of the Project administered by the Bureau of Population and Humanitarian Assistance, Office of Population (PHA/IOP). Our examination covered the period July 1, 1972 through December 31, 1974 and included a review of records at the office of the Contractor and contract management of AID. We visited, on a selective basis, the subcontractors and users of the contractors contract output.

The purpose of the audit was to evaluate the effectiveness of program planning, project implementation and the financial status of the contract and subcontracts as well as compliance with AID regulations and procedures.

GEORGE WASHINGTON UNIVERSITY
Contract No. AID/csd-3643
Summary of Costs Reimbursed and Accepted
Period July 1, 1972 through December 31, 1974

	<u>Costs Reimbursed</u>	<u>Audit Adjustment</u>	<u>Costs Accepted</u>
Salaries - Faculty	\$ 33,802	\$ 4,934 ^{1/}	\$ 28,868
Salaries - Non Academic	476,586		476,586
Wages - On Campus	81,384		81,384
Consultants	9,939		9,939
Leave Credits	(29,331)		(29,331)
Communications and Shipping	20,203		20,203
Travel - Consultants	458		458
Travel - Domestic	13,793		13,793
Travel - Foreign	12,740		12,740
Reproduction and Distribution	24,293		24,293
Purchase of Publications	1,131		1,131
Subcontracts	590,838		590,838
Services	130,714		130,714
Supplies	33,043		33,043
Rental: IBM Equipment	6,247		6,247
fringe Benefits	97,662	814 ^{2/}	96,848
Subscriptions	8,604		8,604
Indirect Costs	307,721	2,566 ^{3/}	305,155
Equipment	2,198		2,198
Books	6,269		6,269
	<u>\$1,828,274</u>	<u>\$ 8,314</u>	<u>\$1,819,960</u>

EXPLANATORY NOTES:

1/ Salaries are adjusted as follows:

a. Dr. Elzberry Waters, Associate Director, was authorized to allocate 25 percent of his time to the project as a direct charge. During the period May 1, 1974 through December 31, 1974 Dr. Waters salary allocations ranged from 25 to 45 percent. We questioned the amount allocated in excess of 25 percent. \$ 1,767

b. Mrs. Evelyn Michaelson, Assistant Director, was authorized to allocate 30 percent of her time to the project as a direct charge. During the period May 1, 1974 through December 31, 1974 Mrs. Michaelson's salary allocations ranged from 30 to 60 percent. We questioned the amounts allocated in excess of 30 percent. \$ 1,079

GEORGE WASHINGTON UNIVERSITY
Contract No. AID/csd-3643

Explanatory Notes: (Continued)

<u>1/</u> c. During the period July to December 1974, Dr. Salvatore Fiscina had allocated a portion of his time to the project as Acting Chairman, Department of Medical and Public Affairs. In accordance with the terms of the contract, prior written approval from the Contracting Officer is required before key personnel can be diverted from the project. Dr. Fiscina had replaced Dr. Head as Acting Chairman, Department of Medical and Public Affairs without prior AID approval, therefore, his salary allocations are questioned.	\$ 2,088
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Net Adjustment	\$ 4,934
	<hr/> <hr/>
<u>2/</u> Fringe benefits are adjusted as follows:	
Total direct salaries questioned (Note <u>1/</u>)	\$ 4,934
Predetermined fringe benefit rate	16.5%
Net Adjustment	\$ 814
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<u>3/</u> Overhead is adjusted as follows:	
Total direct salaries questioned (Note <u>1/</u>)	\$ 4,934
Predetermined overhead rate	52%
Net Adjustment	\$ 2,566
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GEORGE WASHINGTON UNIVERSITY
Contract No. AID/csd-3643

DISTRIBUTION OF AUDIT REPORT

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