

PDWAG 208

MEMORANDUM

TO : S&T/HP, F. Herder
S&T/POP, S. Sinding
~~CONFIDENTIAL~~

FROM : S&T/PO, Francis R. Campbell *Francis R. Campbell*

SUBJECT: Audit Report No. O-000-83-47

Y
April 21, 1983

Attached is a copy of subject report with the American Public Health Association. This audit report covers several contracts and grants, some of which originated in your respective offices.

There were no costs questioned or other findings. However, the auditors did recommend that the Office of Contract Management (M/SER/CM) negotiate final overhead rates for Calendar Years 1980 and 1981.

No reply to the report is necessary.

cc: S&T/PO, HDestler

UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
WASHINGTON

"CONTRACTOR INFORMATION CONTAINED IN THIS
REPORT MAY BE PRIVILEGED. THE RESTRICTIONS
OF 18 USC 1905 SHOULD BE CONSIDERED BEFORE
ANY INFORMATION IS RELEASED TO THE PUBLIC."

CONTRACT/GRANT AUDIT OF
AMERICAN PUBLIC HEALTH ASSOCIATION
AUDIT REPORT NO. 0-000-83-47

MARCH 18 , 1983

Contract/Grant Audit of
AMERICAN PUBLIC HEALTH ASSOCIATION

Contract Numbers

AID/ta-C-1320, AID/DSAN-C-0208
AID/afr/DSPE-C-0053, AID/SOD/PDC-C-0164
AID/Pha-C-1100, AID/ta-BOA-1070 (W.O. Nos. 23 and 24)
and Grant Number AID/DSPE-G-5901

Audit Report No. 0-000-83-47

Introduction

The Office of the Regional Inspector General for Audit/Washington (RIG/A/W) reviewed Report Number 6131-2C160.094 issued by the Defense Contract Audit Agency (DCAA), on an examination of the above contracts and grant with the American Public Health Association.

The DCAA examined the books and records of the contractor/grantee, the American Public Health Association, for Calendar Years 1980 and 1981. The purpose of the examination was to determine the acceptability of claimed direct and indirect costs and to establish final negotiated indirect expense rates based on the submissions of May 26, 1981 and April 26, 1982, for Calendar Years 1980 and 1981.

Contract/Grant Information

A summary of contract/grant data is shown in Exhibit A, the status of contract/grant funds is shown in Exhibit B, and a summary of current audit coverage is shown in Exhibit C.

Direct Costs

There were no exceptions taken by DCAA to claimed direct costs.

Indirect Costs

The DCAA report recommended an overhead rate of 80.93 percent for Calendar Year 1980. For Calendar Year 1981, the audit recommended an overhead rate of 86.0 percent for on-site purposes, and an overhead rate of 61.5 percent for off-site purposes.

Recommendation No. 1

The Office of Contract Management (M/SER/CM) should negotiate final overhead rates for Calendar Years 1980 and 1981.

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Accounting System

DCAA reported that the contractor maintains a job order cost accounting system which segregates costs by cost element and by contract/grant. This is adequate for Government-type contracts/grants.

Commencing in Calendar Year 1982, the contractor proposes to change the overhead allocation base from Direct Labor and Fringe Benefits to Total Costs Input (Total Direct Costs). DCAA recommended this change which is in accordance with Federal Procurement Regulations (FPR) 1-15.203(c) and (d).

AMERICAN PUBLIC HEALTH ASSOCIATION
Summary of Contract/Grant Data

Contract/Grant Number :	AID/ta-C-1320	AID/DSAN-C-0208
Contract/Grant Ceiling:	\$6,968,951	\$558,238
Expiration Date :	9/31/79	9/30/83
Project Number :	931-0971	931-1010.14
Project Title :	Low Cost Health Delivery Systems	Weaning Diet Practices
Audit Period :	1/1/80 - 12/31/81	1/1/80 - 12/31/81
Type of Audit :	Interim	Interim

Contract/Grant Number :	AID/afr/DSPE-C-0053	AID/SOD/PDC-C-0164
Contract/Grant Ceiling:	\$7,497,476	\$247,240
Expiration Date :	9/29/82	4/1/80
Project Number :	936-5900	931-0003
Project Title :	Family Planning Delivery Systems	Tropical Disease Health Sector
Audit Period :	1/1/80 - 12/31/81	1/1/80 - 12/31/81
Type of Audit :	Interim	Interim

Contract/Grant Number :	AID/Pha-C-1100	AID/DSPE-G-5901
Contract/Grant Ceiling:	\$2,205,894	\$49,969
Expiration Date :	5/31/78	8/15/81
Project Number :	932-0877	*
Project Title :	Field Support - Technical Assistance	*
Audit Period :	1/1/80 - 12/31/81	1/1/80 - 12/31/81
Type of Audit :	Final	Interim

* Nothing in O&R files.

AMERICAN PUBLIC HEALTH ASSOCIATION
Summary of Contract/Grant Data

Contract Number :	AID/ta-BOA-1070	AID/tz-BOA-1070
Work Order Number :	23	24
Work Order Ceiling:	\$30,449	\$34,231
Expiration Date :	9/30/79	9/30/80
Project Number :	677-0001	931-0003
Project Title :	Epidemiological and Environmental Assessment	Malaria Immunity and Vaccination Research
Audit Period :	1/1/80 - 12/31/81	1/1/80 - 12/31/81
Type of Audit :	Interim	Interim

AMERICAN PUBLIC HEALTH ASSOCIATION
Status of Contract/Grant Funds

Contract/Grant Number	<u>AID/ta-C-1320</u>		<u>AID/DSAN-C-0208</u>	
Contract/Grant Ceiling		\$6,968,951		\$558,238
Amount Reimbursed-				
Costs Audited:				
Approved Prior Audit	\$6,755,947		\$ -0-	
Approved Current Audit	167,996		226,662	
Unaudited Costs	-0-		-0-	
Fee	-0-		-0-	
Subtotal	\$6,923,943	<u>6,923,943</u>	\$226,662	<u>226,662</u>
Advance	-0-		-0-	
Amount Questioned	-0-		-0-	
Due Contractor/Grantee	\$ -0-		\$ -0-	
Total Reimbursed	<u>\$6,923,943</u>		<u>\$226,662</u>	
Contract/Grant Balance		<u>\$45,008</u>		<u>\$331,576</u>

Contract/Grant Number	<u>AID/afr/DSPE-C-0053</u>		<u>AID/SOD/PDC-C-0164</u>	
Contract/Grant Ceiling		\$7,497,476		\$247,240
Amount Reimbursed-				
Costs Audited:				
Approved Prior Audit	\$ -0-		\$ -0-	
Approved Current Audit	6,064,450		219,035	
Unaudited Costs	-0-		-0-	
Fee	-0-		-0-	
Subtotal	\$6,064,450	<u>6,064,450</u>	\$219,035	<u>219,035</u>
Advance	-0-		-0-	
Amount Questioned	-0-		-0-	
Due Contractor/Grantee	\$ -0-		\$ -0-	
Total Reimbursed	<u>\$6,064,450</u>		<u>\$219,035</u>	*
Contract/Grant Balance		<u>\$1,433,026</u>		<u>\$28,205</u>

* Nothing in M/FM files.

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AMERICAN PUBLIC HEALTH ASSOCIATION
Status of Contract/Grant Funds

Contract/Grant Number	<u>AID/Fha-C-1100</u>		<u>AID/DSPE-G-5901</u>	
Contract/Grant Ceiling		\$2,205,894		\$49,969
Amount Reimbursed-				
Costs Audited:				
Approved Prior Audit	\$2,173,337		\$ 1/	
Approved Current Audit	31,519		36,749	
Unaudited Costs	-0-		-0-	
Fee	-0-		-0-	
Subtotal	\$2,204,856	<u>2,204,856</u>	\$36,749	<u>36,749</u>
Advance	-0-		-0-	
Amount Questioned	-0-		-0-	
Due Contractor/Grantee	\$ -0-		\$ -0-	
Total Reimbursed	<u>\$2,204,856</u>	2/	<u>\$36,749</u>	2/
Contract/Grant Balance		<u>\$1,038</u>	3/	<u>\$13,220</u>

- 1/ Nothing in C&R files.
2/ Nothing in M/FM files.
3/ Deobligated.

AMERICAN PUBLIC HEALTH ASSOCIATION
Status of Contract/Grant Funds

Contract/Grant Number	AID/ta-BOA-1070		AID/ta-BOA-1070	
Work Order Number	23		24	
Work Order Ceiling	\$30,449		\$34,231	
Amount Reimbursed- Costs Audited:				
Approved Prior Audit	\$22,208		\$ 1/	
Approved Current Audit	400		15,761	
Unaudited Costs	-0-		-0-	
Fee	-0-		-0-	
Subtotal	\$22,608	<u>22,608</u>	\$15,761	<u>15,761</u>
Advance	-0-		-0-	
Amount Questioned	-0-		-0-	
Due Contractor/Grantee	\$ -0-		\$ -0-	
Total Reimbursed	<u>\$22,608</u>	<u>2/</u>	<u>\$15,761</u>	<u>2/</u>
Contract/Grant Balance		<u>\$7,841</u>		<u>\$18,470</u>

1/ Nothing in Q&R files.

2/ Nothing in M/FM files.

EXHIBIT C

AMERICAN PUBLIC HEALTH ASSOCIATION
Summary of Current Audit Coverage

<u>Contract/Grant Number</u>	<u>Covered This Review</u>
AID/ta-C-1320	\$ 167,996
AID/DSAN-C-0208	226,662
AID/afr/DSPE-C-0053	6,064,450
AID/SOD/PDC-C-0164	219,035
AID/Pha-C-1100	31,519
AID/DSPE-G-5901	36,749
AID/ta-BOA-1070:	.
W.O. #23	400
W.O. #24	<u>15,761</u>
Total	<u>\$6,762,572</u>

**REPORT ON AUDIT OF INCURRED COSTS
FOR CALENDAR YEARS 1980 and 1981
AMERICAN PUBLIC HEALTH ASSOCIATION
WASHINGTON, DC 20005**

The Defense Contract Audit Agency has no objection to the release of this report, at the discretion of the Contracting Officer, to the duly authorized representatives of the American Public Health Association.

Under the provisions of Title 32, Code of Federal Regulations, Part 290.26(b)(2) (as amended August 10, 1977), all Freedom of Information Act requests for audit reports received by DCAA will be referred to the cognizant Contracting Officer who will determine releasability and respond to the requestor.

Contractor information contained in this audit report may be confidential. The restrictions of 18 USC 1905 should be considered before this information is released to the public.

This report may not be released to any Federal agency outside the Department of Defense without the approval of Headquarters, DCAA, except to an agency requesting the report for negotiating or administering its contract.

**DEFENSE CONTRACT AUDIT AGENCY
PHILADELPHIA REGION
CAPITAL BRANCH OFFICE
ARLINGTON, VIRGINIA**

AUDIT REPORT NO. 6131-2C160.094

DATE OF REPORT: July 21, 1982

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Per GC Memo
of 11/21/87
Initial-**



DEFENSE CONTRACT AUDIT AGENCY

PHILADELPHIA REGION
CAPITAL BRANCH OFFICE
COMMONWEALTH BUILDING - 10TH FLOOR
1300 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22209

IN REPLY
REFER TO 6131-C

July 21, 1982

SUBJECT: Report on Audit of Incurred Costs
For Calendar Years 1980 and 1981
American Public Health Association
Washington, DC 20005
Audit Report No. 6131-2C160.094

TO: Department of State
Agency for International Development
Office of the Inspector General
Washington, DC 20523

I. PURPOSE AND SCOPE OF AUDIT.

We have examined the books and records of American Public Health Association for calendar years 1980 and 1981 to determine the acceptability of claimed direct and indirect cost and for the establishment of final negotiated indirect expense rates based on the submissions of May 26, 1981 and April 26, 1982 for CY 1980 and 1981. The proposed indirect expense rates are for application to the cost reimbursable type contracts listed in Exhibit A which require negotiated indirect expense rates.

Our evaluation was performed in accordance with generally accepted auditing standards and included such tests of the contractor's data and records and such other auditing procedures as were considered necessary in the circumstances. The terms of the individual contracts and cost principles contained in the applicable government procurement regulations were used as criteria in the determination of acceptable cost.

II. CONCLUSIONS.

The conclusions and recommendations resulting from our audit are as follows:

A. Direct Costs. There were no exceptions to claimed direct costs.

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6131-2C160.094

B. Indirect Costs.

<u>Calendar Year 1980</u>	<u>Base</u>	<u>Expense</u>	<u>Rate</u>
Overhead: Proposed & Recommended	<u>\$1,515,856</u>	<u>\$1,226,810</u>	<u>80.93%</u>
<u>Calendar Year 1981</u>			
Overhead Onsite: Proposed & Recommended	<u>\$1,559,809</u>	<u>\$1,341,435</u>	<u>86.0</u>
Overhead Offsite: Proposed & Recommended	<u>\$ 20,956</u>	<u>\$ 12,888</u>	<u>61.5%</u>

The Overhead bases consist of Direct Labor and Fringe Benefits.

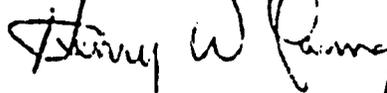
We discussed the findings of this report with Mr. Eric Bellamy, Director of Budget & Accounting, who has concurred with our recommended rates.

We will be pleased to furnish accounting counsel and any additional audit service which you may require.

If you have any questions, please contact Mr. Albert McBride, Jr., Supervisory Auditor. Our telephone number is (202) 694-8543.

The information contained in this report should not be used for purposes other than that intended without prior consultation with the auditor regarding its applicability.

DEFENSE CONTRACT AUDIT AGENCY



HENRY W. YOUNG, Branch Manager

6131-2C160.094

Copy To:

Health & Human Services
Food & Drug Administration
Division of Contracts & Grants Management
Negotiated Contracts Branch, NFA-511
5600 Fishers Lane, Room 12A-05
Rockville, MD. 20857
ATTN: Mr. David R. Ramos
Contracting Officer

Regional Audit Manager
Department of Health and Human Services
Region III
P.O. Box 13716
Philadelphia, PA 19101

Health & Human Services
Health Resources Administration
Contracts Operation Branch
3700 East West Highway, Room 9-22
Hyattsville, MD 20782
ATTN: Mr. Vincent Falcinelli
Contracting Officer

Audit Division Director
Environmental Protection Agency
Mid-Atlantic Audit Division
Crystal Mall #2, Room 716
Washington, DC 20460

Philadelphia Region, DCAA-RAMA

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Audit Report No. 6131-2C160.094

AMERICAN PUBLIC HEALTH ASSOCIATION
WASHINGTON, DC

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AMERICAN PUBLIC HEALTH ASSOCIATION
WASHINGTON, DC

Schedule of Cost Reimbursement Contracts and Grants

Agency for International Development

TA-BOA-1070 #23
TA-BOA-1070 #24
TA-C-1320
DSAN-C-0208
DSPE-C-0053
SOD/PDC-C-0164
PHA-C-1100
DPE-5901-G-00-1004-00

Department of Health & Human Services

223-78-2114
232-81-0056

Environmental Protection Agency

68-01-3859
T900-768-01
T900-929-01
T900-967-01

American Public Health Association
Washington, DC

Contractor's Accounting System

The contractor maintains a job order cost accounting system which segregates costs by cost element by contract/grant which is adequate for government type contracts/grants.

Commencing CY 1982, the contractor proposes to change the overhead allocation base from Direct Labor & Fringe Benefits to Total Costs Input (Total Direct Costs).

We recommend this change. The contractor's base for calendar year 1981 is labor and fringes which comprised 29 percent of the total incurred cost. However, other elements of direct cost such as consultants, subcontracts, travel and printing costs represent 48 percent of incurred cost. Therefore, it is our opinion that direct labor and fringes is not representative of the total activity of the company and that total incurred cost is.

Since overhead expense is a function of the base, using a base like incurred cost which comprises almost the total activity of the company is appropriate. The change proposed is in accordance with FPR1-15.203(c) and (d).

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List of Report Recipients

Associate Assistant to the Administrator For Management Services, M/AAA/SER	1
Audit Liaison Office, M/AAA/SER/SA	1
Senior Assistant Administrator, Bureau for Science and Technology, SAA/S&T	3
Directorate for Health and Population, Bureau for Science and Technology, S&T/HP	1
Audit Liaison Office, S&T/PO	1
Assistant Administrator, Bureau for Africa, AA/AFR	4
Audit Liaison Office, AFR/PMR/EMS	1
Office of Financial Management, M/FM/ASD	2
Director, Office of Contract Management, M/SER/CM	1
Office of Contract Management, M/SER/CM/PE	1
Office of Contract Management, M/SER/CM/ROD/AFR	1
Office of Contract Management, M/SER/CM/SD/SUP	1
Office of the Inspector General, IG	1
DCAA, Capital Branch Office	1
IG/II	1
IG/PPP	1
IG/EMS/C&R	16