

DEPARTMENTAL GRANT APPEALS BOARD

Department of Health and Human Services

SUBJECT: Oglala Sioux Community College
Pine Ridge, South Dakota
Docket No. 78-96
Decision No. 131

DATE: October 31, 1980

DECISION

The Oglala Sioux Community College (Grantee) appealed a decision by the Public Health Service (PHS) Regional Grant Appeals Board, disallowing \$1,111.86 in costs claimed under Grantee's Nursing Special Project Grant. An analysis of Grantee's application for review and the PHS response was set forth in a draft decision, and the parties were provided an opportunity to comment on the draft. The draft tentatively concluded that the PHS Board position was correct. Neither party has submitted any comments.

Accordingly, we have adopted a decision in substantially the same form as the draft transmitted to the parties. We conclude, for the reasons set forth below, that the disallowance should be upheld.

Background

Grantee received a Nursing Special Project Grant for the budget period June 1, 1975 through May 31, 1976, later extended to November 30, 1976. The purpose of the grant was to establish a program to provide an opportunity for persons who were unable to relocate to a higher education facility to take courses leading to an associate of arts degree in nursing.

On February 14, 1978, the PHS Office of Grants Management, Region VIII (Region), disallowed expenditures claimed for training costs (including travel) as follows: a) \$815.86 for a trip to Hawaii; b) \$296 for a trip to Vail, Colorado; and c) \$315.40 for a trip to Albuquerque, New Mexico. The Region based the disallowance on the ground that Grantee had failed to establish acceptable program justification for these trips. A subsequent disallowance letter was issued on March 27, 1978 by PHS.

On April 6, 1978, Grantee appealed to the PHS Board the disallowances for the costs of the trips to Hawaii and Vail. The disallowance concerning the trip to New Mexico was not contested. The PHS Board upheld the disallowances in a letter dated July 18, 1978. Grantee appealed to the Departmental Grant Appeals Board on August 10, 1978.

Trip to Hawaii

One of Grantee's program coordinators attended a conference from February 21 to March 3, 1976 in Hawaii. This program coordinator states in a February 23,

1978 memorandum to Grantee's Project Director that the conference was titled "Advances in Patient Care" and that the curriculum emphasized preparation for nursing in "low socioeconomic, culturally deprived communities." She further states that attendance at the conference helped to improve her expertise in administration and teaching and gave her additional skills and knowledge for counseling in family health. This memorandum, prepared two years after the conference, is the only documentation submitted by Grantee in support of its position that the conference was of benefit to the project.

In a letter dated June 19, 1978, the Regional Health Administrator (RHA), Region VIII, who investigated the matter for PHS, states that the conference was conducted by the Medical Computer Services Association (MCSA) and was attended primarily by physicians. In addition, the RHA states that conversation with MCSA revealed that the title of the conference was "The Changing Health Care Team - Improving Effectiveness in Patient Care."

This conflicting evidence was pointed out to Grantee. Grantee has neither denied the RHA's statements nor submitted any further evidence to dispute them.

Trip to Vail, Colorado

An employee of the Indian Health Service, on detail to the Grantee, attended a conference from July 25 through August 8, 1976, in Vail, Colorado. According to the RHA, the conference was a series of intense seminars sponsored by the Colorado Nurses Association. Each individual seminar was geared to a specific area of interest. The RHA stated her opinion that the content of these seminars was too specialized to be of much value to someone attending the entire conference. Grantee has submitted a copy of an April 14, 1978 letter to the Director, PHS Division of Grants and Contracts, stating that the employee who made the trip had a limited background and that Grantee desired to assist her in developing her skills. Grantee did not, however, provide any explanation concerning how attendance at this conference would, in fact, enhance those skills.

In addition, the RHA pointed out that Grantee paid for eleven days of seminar attendance but only paid per diem for seven days. Grantee has failed to explain this discrepancy.

Discussion

Section 57.1912 of 42 CFR applies certain administrative requirements and cost principles set forth in 45 CFR Part 74 to Nursing Special Project Grants. Part 74, Subpart Q, Appendix D, paragraph C.2 states, "The tests of allowability of costs under these principles are: (a) they must be reasonable...." The test of reasonableness set forth in paragraph C.3 is normally whether "the nature of the goods or services acquired or applied, and the amount involved therefor, reflect the action that a prudent person would have taken under the

circumstances prevailing at the time the decision to incur the cost was made." We have determined that these two trips were not reasonable charges to the grant program.

Grantee has had at least three opportunities to make clear how these conferences were to be of benefit to project goals and otherwise were reasonable. The decision of the PHS Regional Grant Appeals Board points out that no effort was made to relate specific subjects covered at the seminars to the project goals. When appealing to this Board, Grantee again failed to address this issue. Grantee made no effort in its submission to this Board to discuss: 1) the advantages gained from the conferences selected; 2) alternatives available; and 3) benefits to the program. This defect was specifically pointed out to the Grantee in our draft decision, but Grantee made no effort to correct it.

The Board has held that after-the-fact documentation, such as that submitted in this case, will not necessarily be rejected, but must meet a burden of persuasion of specificity and precision. Head Start of New Hanover County, Inc., DGAB Docket No. 78-94, Decision No. 65, September 26, 1979. In this case, the documentation which purportedly relates the purpose of the trips to project goals is vague and incomplete and does not meet the test of specificity. Grantee has relied on unsupported and conclusory statements about "developing skills" and "self-improvement," and this information falls far short of providing support for the reasonableness of the costs.

Although the fact that both conferences were held in recreational areas does not in itself mean that the costs should be disallowed, it does require a stronger showing of reasonableness. In the circumstances here, there has been no showing that the conferences bore any reasonable relationship to the purposes of the federally assisted project.

Conclusion

For the reasons stated above, we uphold PHS's disallowance in the amount of \$1,111.86.

/s/ Clarence M. Coster

/s/ Donald G. Przybylinski

/s/ Norval D. (John) Settle, Panel Chair