



November 4, 2010

**TO:** Donald M. Berwick, M.D.  
Administrator  
Centers for Medicare & Medicaid Services

**FROM:** /Joe J. Green/ for  
George M. Reeb  
Acting Deputy Inspector General for Audit Services

**SUBJECT:** Review of Contract Signatures for the Hurricane Katrina Health-Care-Related Professional Workforce Supply Grant for the Greater New Orleans Area (A-06-09-00053)

Attached, for your information, is an advance copy of our final report on the authenticity of contract signatures for the Hurricane Katrina health-care-related professional workforce supply grant for the Greater New Orleans area. We will issue this report to the Louisiana Department of Health and Hospitals within 5 business days.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Robert A. Vito, Acting Assistant Inspector General for the Centers for Medicare & Medicaid Audits, at (410) 786-7104 or through email at [Robert.Vito@oig.hhs.gov](mailto:Robert.Vito@oig.hhs.gov) or Patricia Wheeler, Regional Inspector General for Audit Services, Region VI, at (214) 767-6325 or through email at [Trish.Wheeler@oig.hhs.gov](mailto:Trish.Wheeler@oig.hhs.gov). Please refer to report number A-06-09-00053.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region VI  
1100 Commerce Street, Room 632  
Dallas, TX 75242

November 8, 2010

Report Number: A-06-09-00053

Ms. Gerrelde Davis  
Director  
Bureau of Primary Care and Rural Health  
Louisiana Department of Health and Hospitals  
P.O. Box 3118  
Baton Rouge, LA 70821-3118

Dear Ms. Davis:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Contract Signatures for the Hurricane Katrina Health-Care-Related Professional Workforce Supply Grant for the Greater New Orleans Area*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Michelle Richards, Audit Manager, at (214) 767-9202 or through email at [Michelle.Richards@oig.hhs.gov](mailto:Michelle.Richards@oig.hhs.gov). Please refer to report number A-06-09-00053 in all correspondence.

Sincerely,

/Patricia Wheeler/  
Regional Inspector General  
for Audit Services

Enclosure

**Director Reply to HHS Action Official:**

Mr. Rodney Benson  
Director  
Office of Acquisition and Grants Management  
Centers for Medicare & Medicaid Services  
Mail Stop C2-22-08  
7500 Security Boulevard  
Baltimore, MD 21244

Department of Health & Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF CONTRACT SIGNATURES FOR  
THE HURRICANE KATRINA  
HEALTH-CARE-RELATED PROFESSIONAL  
WORKFORCE SUPPLY GRANT FOR THE  
GREATER NEW ORLEANS AREA**



Daniel R. Levinson  
Inspector General

November 2010  
A-06-09-00053

# *Office of Inspector General*

<http://oig.hhs.gov>

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Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

As authorized by section 6201(a)(4) of the Deficit Reduction Act of 2005, the Centers for Medicare & Medicaid Services (CMS) awarded the Louisiana Department of Health and Hospitals (DHH), Bureau of Primary Care and Rural Health (the Bureau), a Professional Workforce Supply Grant (the grant) to restore access to health care in communities impacted by Hurricane Katrina. The \$50 million grant funds payments to licensed health care professionals for retention and recruitment and covers the period March 1, 2007, through September 30, 2012. (As of September 30, 2009, all of the grant funds had been distributed.)

Pursuant to the terms of the grant, funds were to be distributed in one-time payments to individual practitioners based on the incentive options they chose. The incentives offered were payments for student loans, of malpractice insurance premium expenses, for contract execution (sign-on bonuses), of income guarantees, of health information technology continuing education expenses, and of relocation expenses. Practitioners may have chosen more than one incentive option and received a payment not to have exceeded the limits set forth in the grant for each practitioner type. Interested practitioners were required to submit applications for funding and sign contracts agreeing to, among other things, provide services for 3 years in the Greater New Orleans area and repay grant funds with interest if the contract terms were breached.

After we completed our fieldwork for a previous audit (*Review of the Hurricane Katrina Health-Care-Related Professional Workforce Supply Grant for the Greater New Orleans Area* (A-06-08-00026)), we discovered that the Bureau had reviewed practitioner contracts to determine whether they were properly signed and had identified 26 contracts totaling \$895,000 that may have contained inauthentic signatures. Bureau officials stated that one or more former Bureau employees may have improperly signed practitioners' names and/or the name of the DHH undersecretary (the undersecretary) on these contracts.

### **OBJECTIVE**

Our objective was to determine whether practitioners receiving grant funds had signed contracts with the State in accordance with the terms of the Federal grant award.

### **SUMMARY OF FINDINGS**

Practitioners receiving grant funds did not always have signed contracts with the State in accordance with the terms of the Federal grant award. Of the 126 practitioner contracts included in our review (100 from a sample we selected and 26 that the Bureau identified), 113 contracts totaling \$5,919,593 had authentic signatures. However, 13 contracts totaling \$575,000 did not have an authentic practitioner and/or undersecretary signature. Of the 13 contracts, 6 were re-signed, leaving 7 contracts (2 from our sample and 5 from the 26 that DHH identified) totaling \$330,000 that did not contain authentic signatures. As a result, these seven contracts were not properly signed; thus, the Bureau paid \$330,000 in grant funds to practitioners who may not have agreed to comply with the grant's terms and conditions.

These errors occurred because the Bureau did not have adequate policies and procedures to ensure that employees processing the contracts were obtaining authentic signatures on the agreements from both parties before payments were made.

## **RECOMMENDATIONS**

We recommend that the Bureau:

- obtain authentic signatures for the seven contracts that were not re-signed or refund the \$330,000 of grant funds to CMS and
- ensure that all of the contracts that were not part of our review contain authentic signatures.

## **BUREAU COMMENTS**

The Bureau said that the seven practitioners who did not re-sign their contracts had signed contracts but that the original contracts “may not be on file.” The Bureau stated that the practitioners were in compliance with the grant’s requirements and that the Bureau would pursue collection efforts if any of the practitioners failed to fulfill the grant’s requirements. Additionally, the Bureau stated that it had reviewed all of its files to determine whether any other contracts had questionable signatures and determined that all of the signatures were legitimate.

The Bureau’s comments are included in their entirety as Appendix D.

## **OFFICE OF INSPECTOR GENERAL RESPONSE**

Because the State’s application provided that the State would use a practitioner’s contract to legally enforce the terms of the grant if the practitioner failed to comply with them, the Bureau should keep contracts with authentic signatures on file. Otherwise, these practitioners may not be obligated to comply with the terms of their contracts through the end of their contract periods. Regarding our recommendation that the Bureau ensure that all of the contracts that were not a part of our review contain authentic signatures, the Bureau did not provide us with any documentation showing that it had reviewed those contracts. Nothing in the Bureau’s comments caused us to revise our recommendations.

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## INTRODUCTION

### BACKGROUND

As authorized by section 6201(a)(4) of the Deficit Reduction Act of 2005, the Centers for Medicare & Medicaid Services (CMS) awarded the Louisiana Department of Health and Hospitals (DHH), Bureau of Primary Care and Rural Health (the Bureau), a Professional Workforce Supply Grant (the grant) to restore access to health care in communities impacted by Hurricane Katrina. The \$50 million grant covers the period March 1, 2007, through September 30, 2012. (As of September 30, 2009, all of the grant funds had been distributed.)

### Grant Requirements

The grant provides for the distribution of funds for (1) retaining physicians and other licensed health care professionals furnishing services in the Greater New Orleans Health Professional Shortage Areas (HPSA)<sup>1</sup> of Orleans Parish, Plaquemines Parish, St. Bernard Parish, and certain parts of Jefferson Parish and (2) recruiting such licensed professionals to provide health care services within those HPSAs.

Pursuant to the terms of the grant, funds were to be distributed in one-time payments to individual practitioners based on the incentive options they chose. The incentives offered were payments for student loans, of malpractice insurance premium expenses, for contract execution (sign-on bonuses), of income guarantees, of health information technology continuing education expenses, and of relocation expenses. Practitioners may have chosen more than one incentive option and received a payment not to have exceeded the limits set forth in the grant for each practitioner type. The limits ranged from a maximum of \$10,000 for a physical therapy assistant to \$110,000 for a physician.

Interested practitioners were required to submit applications for funding and sign contracts with DHH before receiving grant funds. Each contract stated the amount of grant funds the practitioner was to receive and required, among other things, that the practitioner provide designated health care services for a 3-year period at an eligible site in the Greater New Orleans area and repay the grant funds with interest if the contract terms were breached.

To be allowable under Federal awards, costs must conform to the terms and conditions of the grant award (2 CFR part 225, Appendix A, C.1.d.). In approving the grant, CMS stated that the terms and conditions of the award would incorporate all terms in the State's application, which specifies that every participant will enter into a contract to meet the service requirements of the program for a 3-year commitment period. The application provided that the State would use the contract to obligate the recipient to the terms of the grant. Pursuant to Department of Health & Human Services grant administration regulations (45 CFR § 92.43(a)(2)), if the State fails to comply with the terms of a Federal award, the administering agency may disallow all or part of the cost of the activity that is not in compliance.

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<sup>1</sup> HPSAs have shortages of primary medical, dental, or mental health care providers and may be geographic (county or service area), demographic (low-income population), or institutional (comprehensive health center, federally qualified health center, or other public facility).

## **The Bureau**

The Bureau administers the grant. This includes obtaining the signatures of practitioners and the DHH undersecretary (the undersecretary) on contracts between DHH and the practitioners. The Bureau's mission is to improve the health status of Louisiana residents in rural and underserved areas. The Bureau works to support effective clinical practices and health care organizations and to recruit and retain primary medical health care providers.

## **Inauthentic Contract Signatures**

After we completed our fieldwork for a previous audit,<sup>2</sup> we discovered that the Bureau had identified practitioner contracts that may have contained inauthentic signatures. When we inquired about the matter, Bureau officials stated that one or more former Bureau employees may have signed practitioners' names and/or the name of the undersecretary on some contracts to avoid obtaining the signatures.

The issue of inauthentic signatures arose when DHH officials identified an inauthentic signature for the undersecretary during a review of one practitioner contract. As a result, DHH officials interviewed both of the employees who had access to the contracts during our audit period and subsequently terminated the employees. The Bureau said that it then reviewed all of the contracts signed as of July 7, 2008, the date DHH officials notified the Bureau of the inauthentic signature. During the Bureau's review, DHH officials compared practitioner contract signatures to practitioner application file signatures and visually examined the undersecretary's signature for irregularities but did not verify signatures with the parties to the contracts.

The Bureau's review identified 26 practitioner contracts totaling \$895,000 that may have had inauthentic practitioner and/or undersecretary signatures. Bureau officials stated that contracts with payment still pending were re-signed by both parties. Contracts were not re-signed if payment had already been made to the practitioners.

## **The Bureau's Corrective Action**

After the Bureau reviewed the contracts, it implemented procedures to ensure contract signature authenticity. Under the new procedures, Bureau officials required practitioners to sign contracts in person and provide identification. Additionally, the recruitment and retention program manager reviewed the signatures and approved all applications and contracts before documents were forwarded for processing and payment was made.

## **Review of Practitioner Compliance**

We used the same sample used in this review to conduct a separate review addressing practitioner compliance with the grant terms. We will provide our findings for that review in *Review of Practitioner Compliance With the Requirements of the Hurricane Katrina*

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<sup>2</sup> *Review of the Hurricane Katrina Health-Care-Related Professional Workforce Supply Grant for the Greater New Orleans Area*, A-06-08-00026, was issued on March 31, 2010.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine whether practitioners receiving grant funds had signed contracts with the State in accordance with the terms of the Federal grant award.

### **Scope**

The Bureau provided us with two documents listing payments for 717 practitioner contracts. The listing showed that the Bureau had paid \$25,669,298 in grant funds during the period March 1, 2007, through January 31, 2009. After removing the 26 practitioner contracts totaling \$895,000 that the Bureau previously identified as possibly having inauthentic signatures, we selected a stratified random sample of 100 paid practitioner contracts that totaled \$5,599,593. For all of our sample items and the 26 items removed from our sampling frame, we attempted to verify the practitioners' and the undersecretary's signatures. We considered signatures to be authentic if the purported signers, after visually examining their signatures on the contracts, verified the signatures as their own. We did not verify the dates signed. (See Appendix A for the sample description.)

We did not review the Bureau's overall internal control structure. We limited our review to obtaining an understanding of the policies and procedures the Bureau used to contract with practitioners. We did not review the adequacy of the signature review procedures the Bureau implemented after determining that some practitioner contracts may have contained inauthentic signatures.

We conducted our fieldwork at the Bureau's office in Baton Rouge, Louisiana, and at practitioner work sites in the Greater New Orleans area from April through November, 2009.

### **Methodology**

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- reviewed the Bureau's policies and procedures related to contracting with practitioners for the grant;
- interviewed Bureau management officials to obtain an understanding of the contracting process and of the inauthentic signatures and changes the Bureau implemented to ensure that future contracts are properly signed;

- obtained documents listing paid practitioner contracts for the period March 1, 2007, through January 31, 2009;
- selected a stratified random sample of 100 of these paid contracts (Appendix A);
- reviewed the Bureau's files, which included the practitioner contracts, for each sampled contract and each of the 26 contracts the Bureau previously identified as possibly having an inauthentic signature;
- verified contract signatures directly with the undersecretary and each of the practitioners for the 126 paid contracts; and
- interviewed Bureau management officials to determine whether additional contracts had been re-signed since the start of our review.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

## **FINDING AND RECOMMENDATIONS**

Practitioners receiving grant funds did not always have signed contracts with the State in accordance with the terms of the Federal grant award. Of the 126 practitioner contracts included in our review (100 from our sample and 26 that the Bureau identified), 113 contracts totaling \$5,919,593 had authentic signatures. However, 13 contracts totaling \$575,000 did not have an authentic practitioner and/or undersecretary signature as required by the terms of the grant. Of the 13 contracts, 6 were re-signed, leaving 7 contracts totaling \$330,000 that did not contain authentic signatures. As a result, these seven contracts were not properly signed; thus, the Bureau paid grant funds to practitioners who may not have agreed to comply with the grant's terms and conditions.

These errors occurred because the Bureau did not have adequate policies and procedures to ensure that employees processing the contracts were obtaining authentic signatures on the agreements from both parties before payments were made.

### **CONTRACT SIGNATURES NOT AUTHENTIC**

The grant terms required that practitioners enter into contracts with DHH before receiving grant funds.

Of the 126 practitioner contracts included in our review, 13 contracts totaling \$575,000 did not have an authentic practitioner and/or undersecretary signature. Of these 13 contracts, 2 were included in our sample of 100 and 11 were included in the 26 contracts the Bureau identified during its contract signature review (Appendix B). The Bureau asked the practitioners and

undersecretary to re-sign the six contracts for which payment was pending at the time of the review but did not ask the parties to re-sign any of the five contracts for which payment had already been made. Thus, seven contracts, five of which the Bureau had identified during its contract review, did not have authentic signatures.

Of the seven contracts:

- three did not have an authentic undersecretary signature,
- three did not have an authentic signature by either party, and
- one did not have an authentic practitioner signature.

See Appendix C for the details of these errors.

The seven contracts were not properly signed; thus, the Bureau paid \$330,000 in grant funds to practitioners who may not have agreed to comply with the grant's terms and conditions.

These errors occurred because the Bureau did not have adequate policies and procedures to ensure that employees processing the contracts were obtaining authentic signatures on the agreements from both parties before payments were made. Good internal control practices would include adequate supervision and approval practices to ensure that contracts are legally enforceable and that payments are authorized only after both parties agreed to fulfill their obligations under the contract.

## **RECOMMENDATIONS**

We recommend that the Bureau:

- obtain authentic signatures for the seven contracts that were not re-signed or refund the \$330,000 in grant funds to CMS and
- ensure that all of the contracts that were not part of our review contain authentic signatures.

## **BUREAU COMMENTS**

The Bureau said that the seven practitioners who did not re-sign their contracts had signed contracts but that the original contracts “may not be on file.” The Bureau stated that the practitioners were in compliance with the grant's requirements and that the Bureau would pursue collection efforts if any of the practitioners failed to fulfill the grant's requirements. Additionally, the Bureau stated that it had reviewed all of its files to determine whether any other contracts had questionable signatures and determined that all of the signatures were legitimate.

The Bureau's comments are included in their entirety as Appendix D.

## **OFFICE OF INSPECTOR GENERAL RESPONSE**

Because the State's application provided that the State would use a practitioner's contract to legally enforce the terms of the grant if the practitioner failed to comply with them, the Bureau should keep contracts with authentic signatures on file. Otherwise, these practitioners may not be obligated to comply with the terms of their contracts through the end of their contract periods. Regarding our recommendation that the Bureau ensure that all of the contracts that were not a part of our review contain authentic signatures, the Bureau did not provide us with any documentation showing that it had reviewed those contracts. Nothing in the Bureau's comments caused us to revise our recommendations.

# **APPENDIXES**

## **APPENDIX A: SAMPLE DESCRIPTION<sup>1</sup>**

### **POPULATION**

The sampling population was practitioner contracts for grants that were paid from March 1, 2007, through January 31, 2009, for services that have been or will be furnished in the Greater New Orleans Health Professional Shortage Area.

### **SAMPLING FRAME**

We obtained from the Louisiana Department of Health and Hospitals, Bureau of Primary Care and Rural Health (the Bureau), two documents listing all encumbrances and expenditures for fiscal years 2008 and 2009. We confirmed that no contracts were paid in fiscal year 2007. The two documents identified payments for 717 practitioner contracts. The Bureau identified 26 of the paid contracts, totaling \$895,000, as possibly having inauthentic signatures; we removed these contracts from the sampling frame. Thus, 691 practitioner contracts with payments totaling \$24,774,298 remained.

### **SAMPLE UNIT**

The sample unit was a paid practitioner contract.

### **SAMPLE DESIGN**

We used stratified random sampling, defining each stratum by paid amount.

Stratum One: \$70,000 and more—104 paid contracts

Stratum Two: \$20,000 to \$69,999—171 paid contracts

Stratum Three: Less than \$20,000—416 paid contracts

### **SAMPLE SIZE**

We selected 100 practitioner contracts that were paid as of January 31, 2009. We randomly selected 33 from stratum two and stratum three and 34 from stratum one.

### **SOURCE OF RANDOM NUMBERS**

We used the Office of Inspector General, Office of Audit Services, statistical software.

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<sup>1</sup> We used the sample that was used in the *Review of Practitioner Compliance With the Requirements of the Hurricane Katrina Health-Care-Related Professional Workforce Supply Grant for the Greater New Orleans Area* (A-06-09-00051), which will be issued at a later date. Although the sample selection was the same for both reviews, the objectives and characteristics to be measured were different.

## **METHOD OF SELECTING SAMPLE ITEMS**

We consecutively numbered the sample units in the sampling frame from 1 to 691. We generated 34 random numbers ranging from 1 to 104 for stratum one, 33 random numbers ranging from 105 to 275 for stratum two, and 33 random numbers ranging from 276 to 691 for stratum three. After generating the 100 random numbers, we selected the corresponding frame items.

## **ESTIMATION METHODOLOGY**

Our sampling and estimation policy requires at least six errors for the sample results to be projected. Because there were only two errors in our sample, we did not estimate the total number of practitioner contracts that were paid during our audit period and that did not contain authentic signatures, and we did not estimate the total grant amount that was incorrectly paid for these contracts.

## APPENDIX B: SAMPLE RESULTS

### Number of Paid Practitioner Contracts Without Authentic Signatures

From stratum 1	2
From the 26 the Bureau identified	11
<b>Total</b>	<b>13</b>

### Amount of Paid Practitioner Contracts Without Authentic Signatures

From Stratum 1	\$220,000
From the 26 the Bureau identified	355,000
<b>Total</b>	<b>\$575,000</b>

**APPENDIX C: CONTRACTS WITHOUT AUTHENTIC SIGNATURES**

<b>Item<sup>1</sup></b>	<b>Appropriate Practitioner Signature</b>	<b>Appropriate Department of Health and Hospitals Undersecretary Signature</b>	<b>Contract Re-signed Before Payment of Grant Funds</b>
1	No	No	No
2		No	No
3	No	No	Yes
4	No	No	No
5	No		Yes
6	No		Yes
7	No		Yes
8		No	Yes
9		No	No
10	No		No
11	No	No	No
12		No	No
13	No		Yes
<b>Total</b>	<b>9</b>	<b>8</b>	<b>6</b>

<sup>1</sup> Items 1 and 2 represent practitioner contracts included in our random sample of 100. Items 3 through 13 are included in the 26 practitioner contracts the Bureau identified as possibly having inauthentic signatures.

APPENDIX D: BUREAU COMMENTS

**Bobby Jindal**  
GOVERNOR



**Bruce D. Greenstein**  
SECRETARY

**State of Louisiana**  
Department of Health and Hospitals  
Office of Public Health

September 20, 2010

Ms. Patricia Wheeler  
Regional Inspector General for Audit Services  
Office of the Inspector General  
Office of Audit Services  
1100 Commerce, Room 632  
Dallas, TX 75242

Dear Ms. Wheeler:

In response to your request concerning findings related to the August 2010 Department of Health and Human Services, Office of Inspector General (OIG) draft report number A-06-09-00053 entitled *Review of Contract Signatures for the Hurricane Katrina Health-Care-Related Professional Workforce Supply Grant for the Greater New Orleans Area*, the Louisiana Department of Health and Hospitals has reviewed its findings and recommendations and has prepared a response.

For each recommendation noted in the report, our response is as follows:

**Recommendation:**

*Obtain authentic signatures for the seven contracts that were not re-signed or refund the \$330,000 in grant funds to CMS.*

**Response:**

After reviewing the contracts with questionable signatures and consulting with our legal staff, we evaluated our options. We determined that it is absolutely clear that each of these individuals did indeed sign a contract binding himself to provide the required services for the grant funds received, however the contract with the original signature may not be on file. We decided to monitor each of these recipients to guarantee that the services provided are consistent with the program policy and requirements of the grant. At this time, all continue to perform in full compliance with the grant guidelines and contract terms. If any of the recipients in question fails to fulfill the requirements of the grant, we intend to pursue collection efforts to recover amounts due for any deficiencies. It is our opinion that the intent of the grant is being fulfilled and these recipients are in the process of meeting their obligation of providing the necessary services.

**Recommendation:**

*Ensure that all of the contracts that were not part of our review contain authentic signatures.*

**Response:**

We have reviewed all files to determine if there are any other questionable signatures. Based upon our review, we have determined to the best of our knowledge, that all signatures are legitimate.

If you have any additional questions and/or concerns, please feel free to call me at (225) 342-9361 or through email at [donald.parker@la.gov](mailto:donald.parker@la.gov).

Sincerely,

/DParker/

Donald Parker, Program Manager  
Bureau of Primary Care and Rural Health  
Office of Public Health  
Louisiana Department of Health and Hospitals