APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

Office of Inspector General

August 3, 2009

Memorandum for: The Federal Co-Chair
ARC Executive Director

Subject: Inspection Report on ARC's Grant Management

This report is the second report to review ARC's grant management processes. The first report was an audit report, and was issued during April of 2008 (Report 08-09) to address weaknesses discovered in ARC's grant management system. This report, an inspection report, addresses grant policies and procedural concerns. There remain a few issues which will be reviewed next fiscal year when arrangement for an attorney for the OIG have been finalized.

The report has seventeen recommendations which concern management supervision of grant staff, planning for grant monitoring activities, administrative requirements, metric data, and file maintenance and security. ARC management has agreed to address 16 of the 17 recommendations in its creation of a new grants management manual, but believes ARC's supervisory oversight process are appropriate for its operations and did not agree with recommended changes. We remain hopeful that the new manual will prescribe supervisory oversight procedures which could address our concerns for this recommendation.

We consider management's responses acceptable, pending verification of implementation by the Commission. Once implemented, we will close all recommendations that are satisfied with the issuance of the manual.

Clifford H. Jennings
Inspector General

Attachment