



APPALACHIAN
REGIONAL
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Office of the Inspector General

March 27, 2003

MEMORANDUM FOR The Federal Co-Chairman
 ARC Executive Director

SUBJECT: OIG Report 03-10—ARC Grant OH-13158
 Byesville Area Entrepreneur Development Partnership

Attached is a copy of the subject report dealing with the Byesville Area Community Development Corporation,) received recently Byesville, Ohio. OIG Report 03-05, issued March 17, 2003, covers the same project for the period September 1, 2000, through December 31, 2001; this report covers the period September 1, 1998, through February 1, 2000. There are no outstanding recommendations; however, maintenance of time and attendance records should be required in future grants with this grantee.

Please contact me if you have any questions on this issue.

Clifford H. Jennings
Inspector General

Attachment

cc: Director, Program Operations

TICHENOR & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

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March 28, 2003

Mr. Clifford H. Jennings, Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue NW, Suite 215
Washington, DC 20009-1068

RE: Final Report on Reviews of the following:

1. Byesville Area Entrepreneurial Development Partnership – Grant No. OH-13158

Dear Mr. Jennings:

Enclosed please find five copies (two bound and three unbound) of our revised final report on the above listed Grantee. Sorry for the error. If we can be of further assistance, please call (502) 245-0775.

Sincerely,



William R. Tichenor
Tichenor & Associates, LLP

Enclosures

WRT/ska

**MEMORANDUM REPORT ON REVIEW OF
BYESVILLE AREA COMMUNITY DEVELOPMENT CORPORATION
BYESVILLE, OHIO**

BYESVILLE AREA ENTREPRENEURIAL DEVELOPMENT PARTNERSHIP

ARC Grant Number: OH-13158

September 1, 1998 through February 1, 2000

Prepared By:

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TO: Appalachian Regional Commission (ARC)
Office of Inspector General (OIG)

FROM: Tichenor & Associates, LLP
Louisville, Kentucky

REPORT FOR: The Federal Co-Chairman
ARC Executive Director
OIG Report Number: 03-10

SUBJECT: Memorandum Review Report on Byesville Area Community
Development Corporation, ARC Grant Number: OH-13158.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by the Byesville Area Community Development Corporation for its Byesville Area Entrepreneurial Development Partnership initiative were expended in accordance with the ARC approved grant budget and did not violate any restrictions imposed by the terms and conditions of the grant; (b) the accounting, reporting and internal control systems provided for disclosure of pertinent financial and operating information; and (c) that the objectives of the grant are being met.

BACKGROUND: ARC awarded Grant Number OH-13158 to Byesville Area Community Development Corporation for the period September 1, 1998 through August 31, 1999. The ARC Coordinator approved Amendment Number 1 on January 21, 1999 extending the period of performance through February 1, 2000. Total grant funding was for an amount not to exceed \$48,940 of actual, reasonable and eligible project costs. ARC required that the grant be matched with \$12,235 in cash, contributed services, or in-kind contributions, as approved by ARC. ARC made three advance payments and a final payment to Byesville Area Community Development Corporation in November 1998, January 1999, June 1999 and May 2000 totaling \$48,940.

The purpose of the grant is to address the high rate of unemployment in Byesville and Guernsey County by creating partnerships that link local businesses, community leaders, educational institutions, and students. The program objectives is to recruit and train a 12 member, Byesville Area Entrepreneurial Development Partnership, to award 12 subordinate loans of \$1,000 to \$2,000 each to small businesses, to recruit and assess the needs of 40 small business Entrepreneurs, to conduct 12 small business workshops, to

mail and distribute 200 newsletters per month, to conduct 1 business & services expo, to award 3 scholarships to Rolling Hills Local School District students, develop and distribute a business and services directory, award \$500 to each of 10 school projects or activities which are developed by teachers in the Rolling Hills Local School District, to purchase a booth in the "Swing Into Spring" Home Show in Guernsey County as a collaborative effort to include all businesses and students who were a part of the grant project, to conduct a survey of a total of 200 students, teachers, businesses, and community leaders, and to establish, set up, and furnish The Byesville Area Small Business Resource & Education Center.

SCOPE: We performed a program review of the grant as described in the Purpose above. Our review was based on the terms of the grant agreement and on the application of certain agreed-upon procedures previously discussed with the ARC, OIG. Specifically, we determined if the tasks described above were being performed, if the accountability over ARC funds is sufficient as required by applicable Office of Management and Budget (OMB) Circulars, and if the Byesville Area Community Development Corporation was in compliance with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with the Byesville Area Community Development Corporation personnel. Our results and recommendations are based on those procedures. These review procedures were performed in accordance with applicable Government Auditing Standards.

RESULTS: The following results are based on our review performed at the Byesville Area Community Development Corporation office in Byesville, Ohio on March 4 through March 7, 2003.

A. Internal Controls

Time and attendance records were not maintained

Byesville Area Community Development Corporation did not maintain time and attendance records for the Byesville Area Entrepreneurial Development Partnership grant (OH-13158).

Circular No. A-122, Attachment B, 7(m)(1)(2) Support of salaries and wages:

"(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.

"(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in

order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:

- (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
- (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
- (c) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
- (d) The reports must be prepared at least monthly and must coincide with one or more pay periods."

The Byesville Area Community Development Corporation Project Director stated that he was not aware of the need to maintain time and attendance records since he was a salaried employee.

RECOMMENDATION


We recommend that Byesville Area Community Development Corporation maintain time and attendance records in accordance with A-122 on any future ARC grants.

B. Program Results

Our review of the Byesville Area Community Development Corporation, Byesville Area Entrepreneurial Development Partnership project indicated that the objectives of the grant were met.

C. Grantee Response

The Byesville Area Community Development Corporation Project Director stated that he would maintain time and attendance records on any future ARC grants.


Tichenor & Associates, LLP
Louisville, Kentucky
March 7, 2003