



April 10, 2000

MEMORANDUM FOR The Federal Co-Chairman ARC Executive Director

SUBJECT: OIG Reports

Enclosed are copies of the following reports for which our records do not indicate transmittal to your office. The reports were previously distributed to the grantees. In most instances, the reports were closed on issuance based on the absence of material findings.

- 00-13(H) Benton County, Mississippi, Head Start Facility
00-14(H) Team Pennsylvania Entrepreneurial Education Program
00-15(H) Team Pennsylvania Entrepreneurial Network Initiative
00-16(H) Northern Tier Pennsylvania RPDC Administrative Grant
00-17(H) New York State Technical Assistance
00-20(H) Kentucky Regional Diabetes Healthcare Delivery in Appalachia
00-21(H) Tennessee Technical Assistance
00-22(H) Clay County, Tennessee, Industrial Project
00-23(H) Southwest Virginia Higher Education Center
00-24(H) Appalachian Rural Systemic Initiative, Kentucky
00-25(H) Dental Care, Cumberland Plateau Health District, Virginia
00-29(H) Carraway Life Saver Program, Alabama
00-31(H) Alabama J-1 Followup Visits

These reviews generally disclosed that grant funds were accounted for, controls were in place, and project tasks were completed.

Report 00-15(H), Team Pennsylvania Entrepreneurial Network Initiative, contains several open issues with respect to a small claim for costs incurred prior to grant start; \$3,185 in unsupported matching costs; and subrecipient monitoring.

Report 00-20(H), Regional Diabetes Healthcare Delivery in Appalachia, questions \$12,247 in personnel costs incurred outside the grant period. Report 00-21(H), Tennessee Technical Assistance recommends improved identification of performance measures and results.

Several reports are awaiting auditee comments with a primary issue noted in these reports being limited grantee oversight or monitoring of subrecipients or subcontractors with the result being difficulty to assess whether the activities performed were commensurate with the costs incurred.

Handwritten signature of Hubert N. Sparks, Inspector General

Enclosures

cc: Ms. Judy Rae

1666 CONNECTICUT AVENUE, NW WASHINGTON, DC 20235 (202) 884-7675 FAX (202) 884-7691

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**MEMORANDUM REPORT ON REVIEW OF
NORTHERN TIER REGIONAL PLANNING AND
DEVELOPMENT COMMISSION
TOWANDA, PENNSYLVANIA**

Administrative Grant

ARC Grant Number: PA-0708C-98-C26-302

January 1, 1998 through December 31, 1998

CAUTION: *Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 U.S.C. 522 (b)(4). Distribution of this report should be limited to Appalachian Regional Commission and other pertinent parties.*

Report Number: 00-16 (H)

Date: December 27, 1999

MEMORANDUM REPORT ON REVIEW OF
NORTHERN TIER REGIONAL PLANNING AND DEVELOPMENT
COMMISSION
TOWANDA, PENNSYLVANIA

Administrative Grant

ARC Grant Number: PA-0708C-98-C26-302

January 1, 1998 through December 31, 1998

Prepared By:

Tichenor & Associates
Certified Public Accountants
304 Middletown Park Place, Suite C
Louisville, Kentucky 40243

TICHENOR & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C
LOUISVILLE, KENTUCKY 40243

PARTNERS

WILLIAM R. TICHENOR
JAMES M. ANDERSON

BUSINESS: (502) 245-0775
FAX: (502) 245-0725
E-MAIL: TICHENORKY@AOL.COM

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

FROM: Tichenor & Associates
Louisville, Kentucky

REPORT FOR: The Federal Co-Chairman
ARC Executive Director
OIG Report Number 00-16 (H)

SUBJECT: Memorandum Review Report on Northern Tier Regional Planning and
Development Commission for its Administrative Grant, Towanda,
Pennsylvania, ARC Grant Number PA-0708C-98-C26-302.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by the Northern Tier Regional Planning and Development Commission for its Local Development District Program 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) the objectives of the grant have been met.

BACKGROUND: The ARC awarded Grant Number PA-0708C-98-C26-302 to Northern Tier Regional Planning and Development Commission for the period January 1, 1998 through December 31, 1998. Total grant funding was for an amount not to exceed \$91,076 or approximately 75% percent of actual, reasonable and eligible project costs, whichever was less. ARC required that the grant be matched with \$30,328 or 25% percent in cash, contributed services, and in-kind contributions, as approved by ARC. ARC made four progress payments totaling \$91,076.

The purpose of the grant was to enable the Northern Tier Regional Planning and Development Commission to continue their efforts in developing and expanding businesses in the area.

The following specific tasks were to be performed:

- Coordinate with the activities of the Enterprise Development Program to foster employment opportunities, growth of existing businesses and development of new business enterprises in the Northern Tier Region.
- Continue to coordinate with the Loan Programs of the Commission to provide supplemental low interest rate loans to businesses and industries developing or expanding within the region.
- Coordinate the Export Program of the Commission to involve more local companies in the international market.
- Coordinate with the Procurement Program in assisting businesses in contracting opportunities with the government.
- Coordinate with the Transportation Planning Program in the development of a Regional Intermodal Transportation Plan.
- Coordinate with the Job Training Program to provide employment, training, and placement.
- Coordinate with the Economic Development Program to maximize public awareness and utilization of the programs available to them through the NTRPDC.
- Coordinate with Team PA business calling/retention program for a more proactive approach to economic development.
- Coordinate with the Heritage Park feasibility study for the Region.
- Coordinate with the Manufacturing Network (M-NET) Program in linking regional companies with each other.
- Coordination of the 1998-99 Appalachian Regional Commission Annual Program Plan in developing economic development related projects and continued integration of all programs.
- Prepare ARC project grant applications for the Northern Tier area as the Local Development District is identified in the ARC Investment Plan.
- Direct assistance (technical and non-technical), to the public and private sectors. Assistance will vary, depending on the capabilities and needs of the various project sponsors. Business and industry loans will be packaged and grant applications prepared by the NTRPDC staff. Public infrastructure grant/loan applications will be packaged in support of economic and community development projects.
- Regional workshop on economic development to inform the local industrial groups, businesses

and industries and area bankers of the various state and federal loan/grant programs. Community development workshops will be held for municipalities as well.

- Continue to cooperate with, and increase coordination with, economic development activities of the industrial development corporations, authorities and organizations in the Northern Tier through the Northern Tier Development Team Effort.
- Maintain contact with grant and loan recipients to assist in the management of their programs.
- Coordinate with the Small Business Development Center (SBDC) of the University of Scranton to provide technical assistance development for small business and provide the SBDC with office space for visits.
- Update the NTRPDC Affirmative Action Plan.
- Maintain contact with the Northeastern Pennsylvania Industrial Resource Center (NEPIRC) and promote industrial technology for businesses throughout the region.
- Assist in the implementation of the EDA technical grant awarded to the NTRPDC in conjunction with the ARC Local Development Districts grant.
- Prepare EDA Public Work Grant Applications for the Northern Tier area as needed.
- Continue to serve as an Affiliate State Data Center with the Pennsylvania State Data Center and maintain a publicly accessible census library.
- Maintain contact with the Ben Franklin Technology Centers to promote business technology development in the Region.
- Continue to serve on the Economic Development and Planning Council of Pennsylvania.
- Attend and participate in the Local Development District's Annual Conference and other training programs offered through the Development District Association of Appalachia.

SCOPE: We performed a review of the grant as described in the Purpose above. Our review was based on the terms of the grant agreement and the application of certain review procedures in accordance with the ARC, OIG Review Program. Specifically, we determined if the tasks listed above had been performed, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars, and if Northern Tier Regional Planning and Development Commission had complied with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with Northern Tier Regional Planning and Development Commission personnel. Our results and recommendations are based on those procedures and were conducted in accordance with applicable Governmental Auditing

Standards.

RESULTS: The following results were based on our review performed at the Northern Tier Regional Planning and Development Commission office located in Towanda, Pennsylvania on August 30 and 31st, 1999.

A. Incurred Costs

The Northern Tier Regional Planning and Development Commission claimed total program costs of \$140,243 of which they claimed direct reimbursable costs of \$87,877. The Northern Tier Regional Planning and Development Commission returned \$3,199 of the \$91,076 drawn down on October 14, 1999. We reviewed the direct and in-kind costs incurred and determined that, in general, the funds had been expended as reported. However, the certified financial status report and progress report were not submitted to ARC. This issue is discussed below.

B. Internal Control

Certified Financial Status Report and Progress Report Were Not Submitted To ARC

The Northern Tier Regional Planning and Development Commission did not submit a certified financial status report or a progress report to ARC as required by the grant agreement.

ARC Grant Number PA-0708C098-C26-302, Section 6, Progress Reports and Section 7, Financial Reporting states:

“The progress report must be received by ARC within 30 days after completion of the grant.” and “A certified final financial status report must be received at the Commission no later than 30 days after completion of the grant. The grantee will use Standard Form 269 as modified by ARC for filing the financial status report.”

C. Program Results

Our review of the Northern Tier Administrative Grant indicated all specific tasks identified in the grant award, and summarized above, was achieved.

DISCUSSION:

We discussed these issues with Northern Tier officials at an exit conference held on August 31, 1999. They stated that the final reports were submitted to ARC but they could not locate them

during our review.

OTHER:

We provided a copy of the draft report to Northern Tier Regional Planning & Development Commission management on November 5, 1999. Management responded by stating that they were unable to supply the final ARC/LDD report for the year ended December 31, 1998. Also, they stated that it was completed and filed in a timely manner and they had no indication from ARC otherwise.

Tichenor & Associates

TICHENOR & ASSOCIATES

Louisville, Kentucky

August 31, 1999



**APPALACHIAN
REGIONAL
COMMISSION**

*A Proud Past,
A New Vision*

Office of the Inspector General

January 5, 2000

Mr. Kevin D. Abrams, Executive Director
Northern Tier Regional Planning and
Development Commission
507 Main Street
Towanda, PA 18848

re: OIG Report 00-16(H), ARC Grant PA-0708C

Dear Mr. Abrams:

Enclosed is a copy of the final report dealing with the administrative grant. The work was performed by auditors with Tichenor and Associates, C.P.A. under contract to my office. Based on the noted results, we consider the report closed.

A copy of the report will be provided to the Federal Co-Chairman, the ARC Executive Director, and the Pennsylvania State Alternate.

The courtesies and cooperation afforded the auditors were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure

1666 CONNECTICUT AVENUE, NW WASHINGTON, DC 20235 (202) 884-7675 FAX (202) 884-7691

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