



## SURVEY REPORT

### REVIEW OF HINDMAN SETTLEMENT SCHOOL HINDMAN, KENTUCKY

Eastern Kentucky Teachers Network  
Technical Assistance

Contract 92-193  
Grant Nos. KY-10174-93-C4-302-0625  
and KY-10174-94-C5-302-0628  
November 1, 1992 - September 30, 1994

OIG Report No. 95-34(H)  
May 8, 1995

#### I. INTRODUCTION

##### A. PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grants, (2) to determine if the grant objectives were met, and (3) to determine the current status of the project.

##### B. SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grants, as well as costs claimed as matching funds. The initial period of performance was November 1, 1992 through October 31, 1993 but it was extended to September 30, 1994.

We reviewed the grantee's reports, examined accounting and other records, and held discussions with the grantee's project director and project coordinator in Hindman, Kentucky from March 27-29, 1995. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreement, Office of Management and Budget (OMB) Circulars A-110 and A-122, and the ARC Code.

##### C. BACKGROUND

We reviewed two ARC grants awarded to the Eastern Kentucky Teachers Network (EKTN) in Hindman, Kentucky that were to provide funding to continue and expand activities to improve the quality of instruction in Appalachian Kentucky schools. The two grants represent the fifth

and sixth years ARC provided funding for the EKTN Education Reform Project. ARC grant number KY-10174-92-C4-302-0625 (contract 92-193) was for the lesser of \$50,000 or 80 percent of actual, reasonable and eligible project costs. The grantee was to provide a non-federal share of \$12,500 or 20 percent in cash, contributed services, or in-kind contributions, as approved by ARC. ARC grant number KY-10174-93-C5-302-0628 was awarded to continue contract 92-193 for another year and to add \$35,000 to the project. EKTN was required to provide additional match of \$8,750.

Subsequent to the award of the last grant, the Commonwealth of Kentucky requested that the grantee for the project be changed from EKTN to the Hindman Settlement School, Hindman, Kentucky. The reason for the change was to provide stability and to continue promotion of the Foxfire concept to educators in Eastern Kentucky. The EKTN coordinator was to continue in that position but the fiscal management of the project was changed from the Foxfire Fund, Inc. of Mountain City, Georgia, to the Hindman Settlement School. The Executive Director of the Hindman Settlement School became the new project director.

A Novation Agreement effective December 3, 1993 was entered into by ARC, EKTN and the Hindman Settlement School to officially transfer the contract to the Hindman Settlement School. It noted that a grant fund balance of \$43,608.43 was available for approved project expenses. A final financial statement of expenditures through December 2, 1993 indicated that expenditures through that date totaled \$41,391.57.

According to the grant agreements, the following tasks were to be completed:

- 1) Work with entire schools in Appalachian Kentucky which vote to implement the Foxfire approach on a school wide basis. Grantee will provide each school staff with the necessary Foxfire training, including follow-up in the form of a mentor program. Veteran Foxfire teachers will mentor the novice Foxfire teachers for (at least) one year.
- 2) Work with EKTN teachers to deepen their understanding of the Foxfire approach, its underlying philosophy, its compatibility with other educational approaches, its relationship to educational reform movements in general and particularly the Kentucky Educational Reform Act. Grantee will provide an opportunity for teachers to meet face-to-face under a format in which Foxfire teachers who have advanced knowledge of the aforementioned topics will assist those desiring more understanding. Grantee will also provide mini workshops for teachers on compatible approaches such as cooperative learning, whole language, alternative assessment, math manipulative, and telecommunications.
- 3) Work with network members to increase direct teacher-to-teacher support. Grantee will arrange to have a resource coordinator who will serve as the link between the area group contacts and Grantee's organization as a

whole. This coordinator will visit in classrooms upon request; maintain communication links; serve as a liaison between network members, the Kentucky Department of Education, and regional professional development centers; attend area group meetings; and handle logistical arrangements for network gatherings. The resource coordinator will also be the official liaison with the Foxfire Teacher Outreach division.

In addition to the resource coordinator, the grantee was to hire eight area contact leaders who were to be directly responsible for coordinating the support efforts in their area.

## II. RESULTS OF REVIEW

### A. GRANT EXPENSES

At the time of our review, the grantee had claimed and been paid \$80,350.04 for grant expenditures incurred under contract 92-193 and ARC had deobligated the grant balance of \$4,649.96. We reviewed accounting records and supporting documentation for the claimed grant expenditures and noted the following expenses charged to the project that resulted in over/under payments to the grantee:

- 1) Math errors resulted in one employee being overpaid \$66 for mileage and another being overpaid \$6.50 in hourly wages.
- 2) A parking fee of \$19.50 was paid to a vendor and also reimbursed to an employee.
- 3) An employee failed to claim \$8.70 in documented road tolls on a travel voucher.
- 4) Five of seven \$100 payments to area group leaders for telephone and postage expenses needed additional documentation.
- 5) \$25.73 for wine for a meeting is not allowed under Federal guidelines.
- 6) Numerous charges for local or travel meals were either not allowed under Federal guidelines or needed better documentation.

We also noted in one instance that expenses posted as travel costs included reimbursement to an employee for routine purchases of office supplies and postage.

The EKTN project coordinator indicated that she was not aware the grant was to be administered in accordance with Federal Travel Regulations and OMB Circulars. We provided copies of the applicable OMB Circulars during our on-site review.

The costs noted above do not exceed the excess matching contribution provided by the grantee (see Item B below) and we do not consider them significant.

**Recommendation:** We recommend that the grantee provide adequate documentation for grant expenditures if they obtain future ARC grants and that they ensure that the expenses are allowable and claimed under the proper cost categories.

#### B. MATCHING COST SHARE

Based on reported grant costs of \$80,350.04, the grantee was required to provide matching costs of \$20,087.50 (20 percent). The grantee reported matching costs of \$21,810.27, however, we found that some of the costs contributed by the Hindman Settlement School were not verifiable from the grantee's records as required by OMB Circular A-110. Although the grantee had itemized computer listings of expenses such as \$50 per month for the use of a van and \$100 a month for rent, we found that they were estimated amounts and not supported by additional documentation. The project coordinator indicated she was not aware the costs required more detailed documentation. Because these costs appear to be reasonable and otherwise allowable, we will not recommend that the grantee do additional work to justify the amounts claimed.


**Recommendation:** We recommend that the grantee fully justify and document matching costs if they obtain future ARC grants

#### C. PROJECT STATUS

We found that the grantee completed the tasks required by the grant agreements. Although the EKTN is no longer an independent entity, its function will continue as a program of the Hindman Settlement School.

#### D. GRANTEE COMMENTS

The grantee agreed to implement the noted recommendations.

  
HUBERT N. SPARKS  
INSPECTOR GENERAL