



JANUARY 8, 1998

OIG REPORT 99-4(H)

MEMORANDUM FOR: MR. MICHAEL CLAYBORNE, PRESIDENT, CREATE
FOUNDATION, TUPELO, MISSISSIPPI

SUBJECT: Memorandum Survey Report--Review of Leadership and Civic
Infrastructure Initiative Project, MS-12324-96 and 97

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.

SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grant, as well as costs claimed as matching funds. The initial period of performance for the 1996 grant was March 1, 1996, through February 28, 1997. It was extended through May 31, 1997. The initial period of performance on the 1997 grant was March 1, 1997, through December 31, 1998. It was extended through September 30, 1999. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Tupelo, Mississippi October 29-30, 1998. 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.

BACKGROUND

ARC Grant MS-12324-96 was awarded to the CREATE Foundation, Tupelo, Mississippi to develop new leadership and community development projects and to work with other organizations to make improvements in existing leadership programs.

According to the grant agreement, the following specific tasks were to be completed:

- 1) Leadership Development - Refine and conduct a training course on principle centered communities using the Seven Habits of Highly Effective People materials. At least three training sessions will be held that will train approximately 40-50 individuals.

A three-day train-the-trainer session will also be conducted for approximately 30 people.

- 2) Community Analysis and Benchmarking - Develop a detailed community database of population trends, employment, education, health, and other demographic information. This database information will be made available to communities to provide a better understanding of key economic and social priorities which will assist in future community planning. Grantee will also establish a community benchmark indicator model that will provide a system for tracking data in all ARC counties.
- 3) Organizational Support and Development - Provide on-going technical assistance support to leadership development training participants and to local Chambers of Commerce and other economic development groups to enhance their capacity to perform. Technical assistance will be provided in such areas as planning, budget development, board orientations, and staff development. Local directors will attend state and national workshops that cannot be replicated locally.
- 4) Regional Cooperation - Provide assistance to counties in Appalachian Mississippi that have been historically fragmented in their economic development efforts to identify key issues facing each county and to determine possible multi-county solutions.
- 5) Promotion of Civic Involvement - Develop public service announcements and ads for television, radio and newspapers featuring successful Appalachian regional, community and economic development projects to promote civic involvement.

The 1996 grant was for the lesser of \$130,000 or 80 percent of the actual, reasonable and eligible costs of the project. The grantee was to pay or cause to be paid the non-federal share of \$32,500 (20%) in cash, contributed services, or in-kind contributions as approved by ARC. The grantee claimed total project costs of \$162,500, including \$130,000 in grant costs. ARC made the final payment to the grantee and closed the grant account on March 3, 1998.

ARC Grant No. MS-12324-97 was awarded to CREATE Foundation to continue a program of leadership development, community analysis, and organizational support and planning. The Seven Habits of Highly Effective People training was to be offered locally and regionally for approximately 500 people and 20 new facilitators. A national research firm was also to conduct surveys and provide data for community analysis, and local support for strategic planning was to be offered. Key components of the 1997 grant included leadership development, community analysis, and organizational support and development.

The initial 1997 grant was for \$90,000 (60 percent) of actual, reasonable and eligible project costs. The grantee agreed to provide a matching share of \$59,000 (40 percent). Amendment No. 1 added additional ARC funds of \$94,750 and required the same amount in additional match. At the time of our visit, the grantee had claimed and received \$90,000 from ARC based on reported project expenditures of \$149,000 and \$94,750 remained in the ARC account.

RESULTS

Financial Review

During our on-site visit, we reviewed the grantee's accounting records, including invoices and supporting documentation for a sample of grant and matching costs charged to the two ARC projects. The grantee's final reimbursement request for the 1997 grant had been submitted to ARC through their state office but had not been paid by ARC at the time of our visit. The grantee provided substantially more matching costs for the projects than required by the grant agreements and no deficiencies were noted as to the allowability of the expenses or the adequacy of the documentation for expenditures we reviewed.

Program Review

The grantee reported that 441 people were trained under the 1996 grant including 188 who completed 7 Habits of Highly Effective People workshops facilitated by Covey Leadership Center Staff, 226 who completed workshops led by local facilitators, and 26 individuals who were certified as facilitators from the region. In addition, the 1996 grant allowed the grantee to develop a community database and publish the first annual State of the Region report. They also produced a video to promote civic involvement and provided strategic planning assistance to 12 local development districts and other technical assistance as needed.

Although the 1997 grant was ongoing at the time of our visit, the grantee reported that another 733 people had attended workshops under that grant and 13 additional facilitators had been trained. They continue to provide technical assistance and other support to community organizations and others as needed.

The grantee indicated they plan to continue the program with funding from an endowment they are currently developing when ARC funding ends.


Hubert N. Sparks
Inspector General



April 5, 1999

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director


SUBJECT: OIG Reports and Request for Information on Unresolved Reports

Enclosed is a copy of our periodic update on expired grants [OIG Report 99-15(H)]. As noted, positive ARC actions have resulted in a continued reduction of open grants and actions to reallocate available funding. The report notes some grants for which additional action appears appropriate.

Also enclosed are the eight reports identified below. In seven cases, no deficiencies needing attention were noted. Report 99-5(H), Mississippi Consolidated Technical Assistance, contains a repeat recommendation pertaining to the timely closing of grants and deobligation of unused funds.

- 99-1(H)—ARC Grant TN-12829-98, Tri-Cities Appalachian International Trading Network
- 99-2(H)—ARC Grant NC-12320-96, Appalachian International Business Center
- 99-4(H)—ARC Grants MS-12324-96/97, Leadership and Civic Infrastructure Initiative Project
- 99-5(H)—ARC Grants MS-7763-95/96/97, Consolidated Technical Assistance
- 99-11(H), ARC Grant SC-12415-96, Science and Math To Go
- 99-12(H), ARC Grant SC-12417-96, Internet Training Facilities
- 99-13(H), ARC Grant SC-12303-96, Adding Rural Counties to AppNet
- 99-14(H), ARC Grant SC-11834-96, Economic Development Information System

Information is requested on the status of recommendations contained in reports 98-24(H), Georgia Revolving Loan Fund, and 98-36(H), Sawmill Center for the Arts.


Hubert N. Sparks
Inspector General

Enclosures

cc: Ms. Judy Rae



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A New Vision*

Office of the Inspector General

January 12, 1999

Mr. Michael Clayborne
President, CREATE Foundation
P. O. Box 1053
Tupelo, MS 38801

re: OIG Report 99-4(H), Grant MS-12324-96/97


Dear Mr. Clayborne:

Enclosed is our report dealing with grants to develop new leadership and community development projects. We consider the report closed, and no response is requested.

A copy of the report is being provided to the Federal Co-Chairman, ARC Executive Director, and Mississippi State Alternate.

The courtesies and cooperation provided the auditor were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure



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Hubert N. Sparks
Inspector General

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APPALACHIAN REGIONAL COMMISSION
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A New Vision*

Office of the Inspector General

April 5, 1999


Ms. Nancy Knight, Director
Appalachian Regional Commission Office
P. O. Box 1606
Tupelo, MS 38802

re: OIG Memorandum Report 99-4(H),
Grants MS-12324-96/97

Dear Ms. Knight:

Enclosed is a copy of our report dealing with grants for a Leadership and Civic Infrastructure Initiative Project sponsored by the CREATE Foundation.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure