



APPALACHIAN
REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

Office of the Inspector General

00-83

November 9, 1999

MEMORANDUM FOR: FEDERAL CO-CHAIRMAN AND
ARC EXECUTIVE DIRECTOR

FROM: HUBERT N. SPARKS
INSPECTOR GENERAL, ARC

SUBJECT: OIG Reports 00-01 through 00-05
Grant Nos. NY-12709, 13106, 11474 and 12073
and a NY J-1 Visa Waiver Program compliance report

The subject reports deal with grants for rail preservation, day care services, and a welding training program and compliance visits to J-1 physicians in western New York state.

The grant reviews did not disclose any significant weaknesses. With respect to the J-1 program we noted that one employer had inserted a restrictive covenant in a contract and ARC notified the employer that such a clause was not permitted.

Enclosures

cc: Judy Rae



October 27, 1999

OIG REPORT 00-03

MEMORANDUM FOR: DONALD R. RYCHNOWSKI, EXECUTIVE DIRECTOR
SOUTHERN TIER WEST REGIONAL PLANNING &
DEVELOPMENT BOARD

OBJECT: Memorandum Survey Report
Review of Rail Line Preservation Project
NY-11474

PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grant, (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 period of performance for the grant is February 22, 1994 through December 31, 1995. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Salamanca, New York, on September 28 and 29, 1999. 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-87 and A-102, and the ARC Code.

BACKGROUND

ARC Grant NY-11474 was awarded to the Southern Tier West Regional Planning and Development Board to provide funds in implementing its program to preserve rail service along the Southern Tier Railroad Line.

The grant was for \$50,000 (50%) of actual, reasonable and eligible costs of the project. The grantee was to pay or cause to be paid the non-ARC share of \$50,500 in cash, contributed services, or in-kind contributions.

RESULTS

Financial Review

During our visit, we reviewed the grantee's accounting records, including invoices and supporting documentation for a sample of grant and matching costs charged to the project. Total claimed costs were supported by the grantee's accounting records and no deficiencies were noted as to the allowability of the expenses or the adequacy of the documentation for the expenditures we reviewed.


On the last submitted quarterly report dated May 31, 1995, the grantee claimed total project costs of \$95,479 which included grant costs of \$45,000 (47%) and matching costs of \$50,479 (53%). There is a balance of \$5,000 ARC funds available pending submission of the Final Report.

Program Review

The Grantee has had unforeseen problems with the negotiations. The grant has been completed but the Final Report has not been completed.

RECOMMENDATION

We recommended that the grantee submit their Final Report in order for ARC to close the grant.


Hubert N. Sparks
Inspector General



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Office of the Inspector General

November 8, 1999


Mr. Keith W. Stack
Assistant Secretary of State
Department of State
41 State Street
Albany, New York 12231

Re: OIG Reports 00-01, 00-02, 00-03, 00-04 and 00-05
Grant Nos. NY-12709, NY-13106, NY 11474 and NY-12073

Dear Mr. Stack:

Enclosed are four reports dealing with projects performed with the assistance of ARC grants and a summary report dealing with J-1 Visa Waiver Program compliance visits.

Sincerely yours,


Hubert N. Sparks
Inspector General

Enclosures



October 27, 1999

Mr. Donald Rynchnowski
Executive Director
Southern Tier West
Regional Planning and Development
465 Broad Street
Salamanca, New York 14779

Re: OIG Report 00-03 - Grant NY-11474
OIG Report 00-04 - Grant NY-12073


Dear Mr. Rynchnowski:

Enclosed are copies of our report on the subject grant. Please respond when the Final Reports have been submitted as agreed upon and the recommendations will be closed.

Copies of the reports are being provided to the Federal Co-Chairman and ARC Executive Director.

The courtesies and cooperation afforded the auditor were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosures



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Office of the Inspector General

September 1, 1999

Mr. Donald Rychnowski, Executive Director
Southern Tier West Regional
Planning and Development Board
465 Broad Street
Salamanca, NY 14779


re: ARC Grants NY-11474-94 and NY-12073-95

Dear Mr. Rychnowski:

As discussed, these are two small and old grants for rail line development and preservation that remain in an open status with small balances. Since we plan to be in southern New York reviewing other grants and compliance with the J-1 Visa Waiver program for foreign physicians in late September, we will take this opportunity to do a quick review of the expenditures pertaining to these grants.

In the interim, we will followup with ARC regarding the open status of these grants. The auditor, Dorothy Cupp, of my office will contact you directly for a specific date.

Sincerely,


Hubert N. Sparks
Inspector General

cc: New York ARC State Alternate

Project Payment Record**As of 06/29/2000****Project Number: 11474 Suffix: 0 Phase: I State: NY FY: 1994****Project Title: Southern Tier Rail Line Preservation Project****Grantee: Southern Tier West Regional Planning Development Board****Effective Date: 01/01/1994****Expiration Date: 12/31/1995****Project Coordinator: KingH****Retention:****Status: Closed**

Item #	Date	Transaction	Notes	Amount (\$)	Balance
	04/20/1994	OBLIG		40,000.00	
1	07/12/1994	ADV/PROG		-15,000.00	
2	11/22/1994	ADV/PROG		-17,561.32	
	01/25/1995	OBLIG	AMEND. #1	10,000.00	
3	02/22/1995	PROGRESS		-12,438.68	
4	06/28/2000	FINAL		-5,000.00	
				Balance:	\$0.00