



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.


Hubert N. Sparks
Inspector General

Enclosures

cc: Ms. Judy Rae

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Alabama	Kentucky	Mississippi	North Carolina	Pennsylvania	Tennessee	West Virginia
Georgia	Maryland	New York	Ohio	South Carolina	Virginia	



January 21, 2000

OIG REPORT 00-13

MEMORANDUM FOR: WILLIE RUTH DAUGHERTY, EXECUTIVE DIRECTOR
UNITED COMMUNITY ACTION AGENCY

OBJECT: Memorandum Survey Report
Review of Benton County Head Start Facility Project
MS-13149

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 was October 1, 1998 through September 30, 1999. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Ashland, Mississippi, on December 20 and 21, 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. Audit work was performed in accordance with Government Auditing Standards.

BACKGROUND

ARC Grant MS-13149 was awarded to the United Community Action Agency to provide funds for the construction of a new facility to house the Benton County Head Start program. The relocation will replace a series of modular buildings that have served as the Headstart facility for the past twenty-five years. The new facility will provide state-of-the-art features and will be a safer environment for preschool children.

The total project construction costs was estimated as \$567,000. The ARC grant was for \$150,000 (24%) and used in addition with a HHS grant of \$350,000 (56%). The grantee was initially to pay or cause to be paid matching contribution which was essentially the difference between estimated costs and the grants. Final project cost was \$624,989 and the grantee secured a loan to finance the \$124,989 in costs that were in excess of the \$500,000 in grant funds.

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.

The grantee claimed total project costs of \$624,989, which included ARC grant costs of \$150,000, HHS grant costs of \$350,000 and non-federal costs of \$124,989. HHS waived matching costs and since the ARC funds were also administered by HHS we concluded that ARC matching requirements were also waived.


The grantee borrowed \$191,585 to cover their share of project costs of \$124,989, and for additional work and supplies. The loan will be paid off from the proceeds of the sale of their previous building. In the meantime, the loan payments of \$1,961 per month are being made from funds for operating costs that are received from HHS.

Program Review

The building appeared completed according to plans and well equipped. Health services are located in the building and also full kitchen facilities for breakfast and lunch.

RECOMMENDATION

We recommend that the grantee include the additional expense of loan payments in their budget for operating expenses.


Hubert N. Sparks
Inspector General



**APPALACHIAN
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Office of the Inspector General

January 24, 2000

Ms. Willie Ruth Daugherty
Executive Director
United Community Action Agency
P. O. Box 338
Ashland, MS 38603

re: OIG Report 00-13(H), ARC Grant MS-13149

Dear Ms. Daugherty:

Enclosed is a copy of our report dealing with a grant to provide funds for the construction of a facility for the head start program. We consider the report closed, and a response is not requested.

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

The courtesies and cooperation provided the auditor were appreciated, and best wishes for project successes.

Sincerely,

A handwritten signature in cursive script that reads 'Hubert N. Sparks'.

Hubert N. Sparks
Enclosure