

**MEMORANDUM REPORT ON REVIEW OF THE
SCOTT COUNTY EMERGENCY AND HEALTH SERVICES COMPLEX
HUNTSVILLE, TENNESSEE**

SCOTT COUNTY EMERGENCY AND HEALTH SERVICES COMPLEX GRANT

ARC Grant No.: TN-12513-96-I-214-0625

December 21, 1998 through October 18, 2000

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Report Number: 01-22(H)

Date: February 21, 2001

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

FROM: Tichenor & Associates, LLP
Louisville, Kentucky

REPORT FOR: The Federal Co-Chairman
ARC Executive Director
OIG Report No. 01-22(H)

SUBJECT TO: Memorandum Review Report on the Scott County Emergency and Health
Services Complex Grant, Huntsville, Tennessee. ARC Grant No: TN-
12513-96-I-214-0625.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by Scott County for its Emergency and Health Services Complex were expended in accordance with the ARC approved grant budgets 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 had been met.

BACKGROUND: ARC awarded Grant Number TN-12513-96-I-214-0625 to Scott County for the period December 21, 1998 through October 18, 2000. The purpose of the grant was to provide funds to Scott County at Huntsville, Tennessee, for the purchase of a building site, architectural services, and contracting services for the construction of an emergency and health services complex that would serve residents within the southern and eastern part of Scott County.

The ARC grant funding was for \$840,000, or 64.6% of actual, reasonable and eligible project cost. The Grantee was to provide local matching funds totaling \$460,000, or 35.4%, in cash, contributed services or in-kind contributions.

The specific tasks were to:

- Construct an 8,000 square foot Emergency and Health Services Complex in Huntsville, Tennessee.

SCOPE: We performed a program review of the grants as described in the Purpose, above. Our review was based on the terms of the grant agreement and on 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 Scott County had complied with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with Scott County's personnel. Our results and recommendations are based on those procedures and were conducted in accordance with applicable Government Auditing Standards.

RESULTS: The following results were based on our review performed at Scott County in Huntsville Tennessee on October 17 through 18, 2000.

A. Incurred Costs

Scott County, Tennessee incurred total program costs of \$1,455,034, of which they claimed direct reimbursable costs from December 21, 1998 through October 18, 2000 of \$840,000 from ARC. We reviewed the direct and in-kind costs incurred and determined that the funds had been expended as reported.

B. Internal Controls

We did not identify any internal control weaknesses that could have affected the accountability of costs or compliance with the terms of the grant agreement.

C. Program Results

Our review of the Scott County Emergency and Health Services Complex Grant indicated that the objectives of the grant had been met.

Tichenor & Associates, LLP
TICHENOR & ASSOCIATES, LLP
Louisville, Kentucky
October 18, 2000