
**Independent Accountant's Report on
Applying Agreed Upon Procedures to
Grant Agreement Expenditures**

**Grant NC-13186-I-302
North Carolina Partnership for Children
Raleigh, North Carolina**

**Submitted to the
OFFICE OF INSPECTOR GENERAL
OF THE
APPALACHIAN REGIONAL COMMISSION**

Report No. 01-34(H)

Prepared by

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**DRAFT INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED UPON PROCEDURES TO
GRANT AGREEMENT EXPENDITURES**

To the Inspector General of the Appalachian Regional Commission:

BACKGROUND AND OBJECTIVES

The Appalachian Regional Commission (ARC) is a regional economic development agency representing a unique partnership of Federal, state, and local government. The ARC is composed of the Governors of the 13 Appalachian states and a Federal Co-Chair appointed by the President. The geographical boundaries of the Appalachian Region extend from the southern tier counties in central and western New York to the northern counties in Alabama and Mississippi.

Each year Congress appropriates funds that ARC allocates among its member states in line with an allocation formula which is intended to provide a fair and reasonable distribution of available resources among the 13 Appalachian member states.

The ARC awarded Grant NC-13186-I-302, Dental Health Promotion for Preschool Children, to the North Carolina Partnership for Children to provide funds to underwrite a program to promote proper dental care for children. The grant objective was to provide funding which would be used to develop a program that would help prevent dental cavities in preschool children throughout the entire 29-county Appalachian region of the State of North Carolina. The \$247,119 in ARC grant funds awarded were to be used to underwrite the administrative expenses for the coordination and establishment of the program and the beginning phase of the actual treatment procedure.

Grant Agreement NC-13186 was never formally amended after it was signed in September, 1998. However, the cognizant ARC Project Analyst approved changes of ten percent or more to each of six of the seven budget line items, stating no actual amendment to the contract was needed. Three budget line items were decreased by a total of \$16,158, and three budget line items were increased by the same amount.

Leon Snead & Company, P.C. is under contract to the Office of Inspector General (OIG) of the ARC to provide audit services. We performed agreed upon procedures on the grant expenditures reported to the ARC for the period October 1, 1998 through September 30, 1999. The objectives of our agreed upon procedures were to determine whether the reported grant expenditures were allowable, allocable, and reasonable and whether the grantee was in compliance with applicable laws and regulations.

SCOPE AND METHODOLOGY

We performed the procedures enumerated below, which were agreed to by the Inspector General of the Appalachian Regional Commission solely to assist you in evaluating grant expenditures by the grantee. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The provisions of Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations"; OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Learning, Hospitals, and Other Non-Profit Organizations"; OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments"; the Federal Drug-Free Workplace Act of 1998 (Public Law 100-690); the Federal Anti-Lobbying Act (Public Law 101-121); the Federal Acquisition Regulations (FAR); other Federal, state, or local procedures designed to insure fair and non-discriminatory procedures were used for the selection of participants; agreed to procedures that emphasize the expenditure of grant funds in line with the provisions of the grant agreement; and the ARC Code were used as the basis for determining allowable costs and compliance requirements. These agreed upon procedures were performed in accordance with generally accepted auditing standards and *Government Auditing Standards*, 1994 version, as amended, issued by the Comptroller General of the United States.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the financial statements of the grantee. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We visited the North Carolina Partnership for Children offices in Raleigh, North Carolina during the period March 12-14, 2001.

Specifically we performed the following procedures:

- We discussed the grant expenditure process and internal controls with North Carolina Partnership for Children officials.
- We reviewed the detail support for \$125,933, or 83%, of the \$152,118 in expenditures charged to ARC Grant NC-13186 and traced the grant expenditures to the supporting vendor invoices, payment checks, and other supporting documents. The \$152,118 included \$2,036 in expenditures which were not included in the

grantee's Final Report to the ARC, which showed total grant expenditures of \$150,082.

- We scanned the detail support for \$95,161 in reported grantee and state grant matching expenditures. The \$95,161 included \$56,740 more of in-kind matching contributions than were needed to meet the grant matching requirement of \$38,421.
- We compared the grant expenditures made with the approved project budget to determine if grant funds were spent only on items which were included in the original project budget, and if ARC approval had been requested and obtained for any items not included in the original project budget or where the expenditure for any budget line item exceeded the ARC approved budgeted amount by more than 10%.

RESULTS

No exceptions were noted.

CONCLUSION

Based on the results of our agreed upon procedures, in our opinion all \$150,082 of the grant fund expenditures reported in the grantee's final report to the ARC for Grant NC-13186-I-302 were incurred during the grant period between October 1, 1998 and September 30, 1999 and were allowable, allocable and reasonable and should be accepted by the ARC. We also found the grantee and other local sources provided approximately \$95,161 of in-kind matching contributions, which exceeded the matching requirement.

DISTRIBUTION

This report is intended for the information and use of the OIG and management of the ARC and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

LEON SNEAD & COMPANY, P. C.
March 14, 2001