



March 20, 2003

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director

SUBJECT: OIG Report 03-05—ARC Grant OH-13158-C1,
Byesville Community Development Partnership

Attached is a copy of the subject report dealing with the Byesville Community Development Partnership in Byesville, Ohio. There are no outstanding recommendations; however, maintenance of time and attendance records should be required in future grants with this grantee.

Please contact me if you have any questions.

Clifford H. Jennings
Inspector General

Attachment

cc: Director, Program Operations

**MEMORANDUM REPORT ON REVIEW OF
BYESVILLE AREA COMMUNITY DEVELOPMENT CORPORATION
BYESVILLE, OHIO**

BYESVILLE AREA ENTREPRENEUR DEVELOPMENT PARTNERSHIP

ARC Grant Number: OH-13158-C1

September 1, 2000 through December 31, 2001

Prepared By:

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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 Number: 03-05

SUBJECT: Memorandum Review Report on Byesville Area Community
Development Corporation, ARC Grant Number: OH-13158-C1.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by the Byesville Area Community Development Corporation for its Byesville Area Entrepreneur Development Partnership initiative were expended in accordance with the ARC approved grant budget 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) that the objectives of the grant are being met.

BACKGROUND: ARC awarded Grant Number OH-13158-C1 to Byesville Area Community Development Corporation for the period September 1, 2000 through August 31, 2001. The ARC Coordinator approved Amendment Number 1 on October 19, 2001 extending the period of performance through December 31, 2001. Total grant funding was for an amount not to exceed \$20,000 of actual, reasonable and eligible project costs. ARC required that the grant be matched with \$20,000 in cash, contributed services, or in-kind contributions, as approved by ARC. ARC made one advance payment and a final payment to Byesville Area Community Development Corporation in February 2001 and July 2002 totaling \$9,635 and \$10,363, respectively, based on their requests dated March 31, 2001 and December 31, 2001.

The purpose of the grant is to address the high rate of unemployment in Byesville and Guernsey County by creating partnerships that link area businesses, manufacturers, community leaders and educational institutions. Emphasis is to provide a conduit to the people of the area, recognizing their talents and building bridges via work force

development programs. Byesville Area Entrepreneur Development Partnership takes a multi program approach to helping area entrepreneurs start, maintain or expand their business. This program allows students and adults the opportunity to participate and learn ways to improve their business skills.

SCOPE: We performed a program review of the grant as described in the Purpose above. Our review was based on the terms of the grant agreement and on the application of certain agreed-upon procedures previously discussed with the ARC, OIG. Specifically, we determined if the tasks described above were being performed, if the accountability over ARC funds is sufficient as required by applicable Office of Management and Budget (OMB) Circulars, and if the Byesville Area Community Development Corporation was in compliance with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with the Byesville Area Community Development Corporation personnel. Our results and recommendations are based on those procedures. These review procedures were performed in accordance with applicable Government Auditing Standards.

RESULTS: The following results are based on our review performed at the Byesville Area Community Development Corporation office in Byesville, Ohio on March 4 through March 7, 2003.

A. Internal Controls

Time and attendance records were not maintained

Byesville Area Community Development Corporation did not maintain time and attendance records for the Byesville Area Entrepreneur Development Partnership grant (OH-13158-C1).

Circular No. A-122, Attachment B, 7(m)(1)(2) Support of salaries and wages:

“(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.

“(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization’s indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a

direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:

- (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
- (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
- (c) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
- (d) The reports must be prepared at least monthly and must coincide with one or more pay periods.”

The Byesville Area Community Development Corporation Project Director stated that he was not aware of the need to maintain time and attendance records since he was a salaried employee.

RECOMMENDATION

We recommend that Byesville Area Community Development Corporation maintain time and attendance records in accordance with A-122 on any future ARC grants.

B. Program Results

Our review of the Byesville Area Community Development Corporation, Byesville Area Entrepreneur Development Partnership project indicated that the objectives of the grant are being met.

C. Grantee Response

The Byesville Area Community Development Corporation Project Director stated that he would maintain time and attendance records on any future ARC grants.



Tichenor & Associates, LLP
Louisville, Kentucky
March 7, 2003