



March 13, 2003

OIG REPORT 03-7

**MEMORANDUM FOR: JON CHALMERS  
DIRECTOR  
PROGRAM FOR RURAL SERVICES AND RESEARCH  
UNIVERSITY OF ALABAMA**

**SUBJECT:** Memorandum Survey Report  
Review of Better Schools Building Better Communities Project  
AL-13496-I

**PURPOSE**

The purposes of our review were to determine; (1) the allowability of the costs claimed under the ARC grant, (2) if the grant objectives were met and (3) the current status of the project.

**SCOPE**

We performed a limited scope of the grant, mainly financial. Our review 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 31, 2000 to August 31, 2001. There is a continuum, Phase II, to continue the program to August 31, 2003.

We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Tuscaloosa, Alabama, on June 24, 2002. 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-21 and A-110, and the ARC Code. Audit work was performed in accordance with Government Auditing Standards.

**BACKGROUND**

ARC Grant AL-13496 was awarded to the University of Alabama to provide funds to support the Better Schools Building Better Communities entrepreneurial education program in portions of Appalachian Alabama. The grantee working through the PACERS Small Schools Cooperative offered a program designed to connect education with sustainable economic development and community life.

The total project costs was estimated at \$536,414 with contributing funds as follows:

ARC	\$197,179	37%
State	214,620	40%
Local	<u>124,615</u>	<u>23%</u>
Total	\$536,414	100%

## **RESULTS**

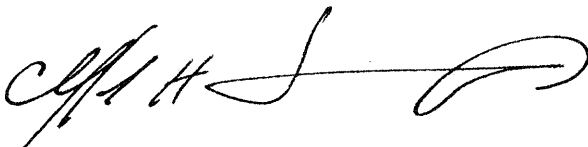
### **Financial Review**

During our visit, we reviewed the grantee's accounting records, including invoices and supporting documentation for the grant costs charged to the project. 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 has met their requirements for matching funds.

The grantee's last reimbursement request, dated December 18, 2001, claimed total costs of \$493,088, which included ARC grant costs of \$191,946 (39%); this leaves a balance of \$5,233 for the Phase I obligated funds. The final report for Phase I was dated January 18, 2002. The first phase of the grant was inadvertently not closed due to a time period misallocation by ARC, the Program Analyst is in the process of correcting and closing this phase of the grant.

### **Program Review**

The grantee's reports state that they have met the goals of the grant. As we did not review program results, we refrain from commenting on this area.



Clifford H. Jennings  
Inspector General