



June 6, 2007

Memorandum for: The Federal Co-Chair  
ARC Executive Director

Subject: OIG Report 07-09  
Memorandum Review Report on Central Alabama Regional  
Planning & Development Commission (CARPDC)  
GIS Data Share for Elmore County,  
ARC Grant Number: AL-15170-05

Attached is the report on the subject grant to CARPDC. The grant period was from November 1, 2005 through October 31, 2006 for an amount not to exceed \$20,000 (or 50 percent of actual, reasonable, and eligible project costs).

The report contains three recommendations. The first recommendation is that ARC disallow \$1,730 of the grant amount. The second recommendation deals with progress reports being submitted timely. The final recommendation deals with the internal control environment and has 6 components.

ARC concurred with all the recommendations. The grantee disagreed with the first finding but has agreed to comply and return \$1,730. This audit will remain open pending receipt of the funds and documentation provided to my office showing the return of the funds.

  
Clifford H. Jennings  
Inspector General

Attachment

cc: Director for Program Operations  
Director for Finance and Administration

MEMORANDUM REPORT ON REVIEW OF  
CENTRAL ALABAMA REGIONAL PLANNING  
& DEVELOPMENT COMMISSION  
(CARPDC)  
MONTGOMERY, ALABAMA

GIS DATA SHARE FOR ELMORE COUNTY

ARC Grant Number: AL-15170-05

Grant Period: November 1, 2005 through October 31, 2006

**CAUTION:** *Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 U.S.C. 522 (b) (4). Distribution of this report should be limited to Appalachian Regional Commission and other pertinent parties.*

Report Number: 07-09

Date: June 4, 2007

**MEMORANDUM REPORT ON REVIEW OF  
CENTRAL ALABAMA REGIONAL PLANNING  
& DEVELOPMENT COMMISSION  
(CARPDC)  
MONTGOMERY, ALABAMA**

**GIS DATA SHARE FOR ELMORE COUNTY**

**ARC Grant Number: AL-15170-05**

**Grant Period: November 1, 2005 through October 31, 2006**

**Prepared By:**

**Tichenor & Associates, LLP  
Certified Public Accountants  
304 Middletown Park Place, Suite C  
Louisville, Kentucky 40243**

**TICHENOR & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

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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: 07-09

SUBJECT: Memorandum Review Report on Central Alabama Regional  
Planning & Development Commission (CARPDC), GIS Data  
Share for Elmore County, ARC Grant Number: AL-15170-05.

PURPOSE: The purpose of our review was to determine if (a) the total funds provided to CARPDC for its GIS Data Share for Elmore County grant 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 AL-15170-05 to CARPDC for the period November 1, 2005 through October 31, 2006. Total grant funding was for an amount not to exceed \$20,000 or 50 percent of actual, reasonable, and eligible project costs. ARC required that the grant be matched with \$20,000 or 50 percent in cash, contributed services, or in-kind contributions, as approved by the ARC. The ARC had not approved CARPDC's only request for reimbursement as of February 2, 2007, the last day of our fieldwork. Thus, the grantee has not received any ARC funds for this grant.

The grant is to provide funds for the purpose of supporting a data-sharing project serving Elmore County in Appalachian Alabama. The project underwrites the purchase of computer hardware and software for the purpose of meeting the county's need for enhanced information about public infrastructure and other geographic attributes found within the county. The computer equipment is to be located in the cities of Millbrook, Tallassee and Wetumpka; as well as one mobile unit.

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 CARPDC was in compliance with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with CARPDC personnel. Our results and recommendations are based upon 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 CARPDC in Montgomery, Alabama, on February 1, 2007 through February 2, 2007.

#### **A. Incurred Costs**

CARPDC's financial records report total program costs of \$41,730 for the grant period. Of these costs, \$20,000 (47.9%) was attributed to ARC expenditures, with the remaining \$21,730 (52.1%) attributed to matching and in-kind expenditures.

During the course of the audit, we reviewed the direct and in-kind costs claimed and noted that CARPDC had included in total program costs \$5,190 of costs which were not included in the grant budget and should, therefore, be disallowed. (See Appendix A for details.)

After adjustment for the disallowed costs, CARPDC's total program costs were \$36,540, of which \$18,270 (50%) was allowable for reimbursement from ARC. (See Appendix A for details.)

#### Recommendation:

We recommend that ARC require that CARPDC revise its Request for Advance or Reimbursement (Standard Form 270) submitted to ARC to show total program costs of \$36,540, equally divided between Federal and Non-Federal shares, and to request reimbursement for \$18,270, instead of \$20,000.

We also recommend that ARC disallow \$1,730 of the grant amount of \$20,000. (See Appendix A for details.)

#### ARC's Response:

ARC concurs with our recommendations and has asked CARPDC to revise its Request for Advance or Reimbursement (Standard Form 270) and return to ARC \$1,730. For its part, CARPDC disagrees with our finding, but has agreed to comply with our recommendations. (See Attachment B – ARC's Response.)

Auditor's Comment:

*ARC has instructed CARPDC to revise its Request for Advance or Reimbursement and return to ARC \$1,730. As a result, this recommendation is considered closed.*

B. Internal Controls

During the course of the audit, we reviewed CARPDC's system of internal controls. Two areas of weakness were identified that could have affected the accountability of costs or compliance with the terms of the grant agreement.

1. Completion of Progress Reports

The grant agreement requires that CARPDC complete an interim progress report for each 120-day period. The grant agreement also requires that a draft final report be submitted for ARC approval within one month of the end of the period of performance. The draft final report is to be reviewed by the ARC. If the ARC requires modifications and resubmission of the draft report, the grantee is required to resubmit the report within fifteen days of being notified.

The CARPDC did not complete a progress report for the first or second 120-day period. CARPDC submitted a final report to the ARC on October 4, 2006. A letter from the ARC notifying CARPDC that resubmission of its final report was required is dated November 28, 2006. The grantee did not resubmit their final report until February 9, 2007, seventy-three days after being notified by the ARC.

RECOMMENDATION:

We recommend that ARC require CARPDC complete interim and final progress reports in a timely manner on any future ARC grants.

ARC's Response:

ARC stated that actions taken or proposed by CARPDC satisfactorily address the questioned procedures identified in our report. (See Attachment B – ARC's Response.)

Auditor's Comment:

*Actions have been taken to ensure the timely completion of interim and final progress reports on any future ARC grants. As a result, this finding is considered closed.*

2. Internal Control Environment

During the course of the audit, the following weaknesses were noted in CARPDC's internal control environment:

- A. CARPDC does not have written accounting procedures.

- B. An employee who handles receipts and prepares checks also prepares bank reconciliations.
- C. Paid invoices are not canceled to prevent resubmission.
- D. Employees in key financial positions are not required to take mandatory vacations.
- E. Individual credit card transactions were not posted to the associated project code, making it difficult to determine the project's total cost.
- F. Budgeted amounts are not always entered into the accounting system prior to the start of a project.

Recommendation:

Prior to awarding CARPDC any future grants, we recommend that ARC ensure the following actions have been taken to correct the weaknesses noted above:

- A. Create a written accounting policy manual that outlines each employee's roles and responsibilities.
- B. Have another employee, who does not handle receipts or prepare checks, complete the bank reconciliations.
- C. Cancel each paid invoice by stamping "paid" and indicating the associated check number, date paid and amount paid.
- D. Employees in key financial positions (e.g. office manager, executive director) should be required to take mandatory vacations annually.
- E. Post individual credit card transactions to the appropriate project codes in a timely manner.
- F. Enter budgeted amounts into the accounting system prior to the start of any new projects.

ARC's Response:


ARC stated that actions taken or proposed by CARPDC satisfactorily address the questioned procedures identified in our report. (See Attachment B – ARC's Response.)

Auditor's Response:

*Actions have been taken to correct the weaknesses noted above on any future ARC grants. As a result, this recommendation is considered closed.*

**C. Program Results**

Our review of the CARPDC GIS Data Share Grant for Elmore County indicated that the specific objectives identified in the grant were achieved.

  
Tichenor & Associates, LLP  
Louisville, Kentucky  
February 2, 2007

**APPENDIX A**  
**SCHEDULE OF COSTS CLAIMED**



### Schedule of Costs Claimed

	<u>Claimed</u>		<u>Allowable</u>		<u>Disallowed</u>
Staff	\$ 3,297.52				\$ 3,297.52
Travel					
10/2/2006 Travel and Training	\$ 146.06	Credit Card			\$ 146.06
10/2/2006 Travel and Training	146.06	Credit Card			146.06
9/15/2006 Travel and Training	<u>1,600.00</u>	Check # 2116			<u>1,600.00</u>
Total Travel	<u>\$ 1,892.12</u>				<u>\$ 1,892.12</u>
Equipment					
1/027/06 Computer Equipment	\$ 81.99	Credit Card	\$ 81.99		
2/9/2006 Dell Computer	5,636.26	Credit Card	5,636.26		
2/10/2006 Software	18.00	Credit Card	18.00		
3/16/2006 Software	43.99	Credit Card	43.99		
8/15/2006 Software	400.00	Check #2003	400.00		
5/1/2006 Dell Computer	1,760.48	Credit Card	1,760.48		
5/18/2006 Dell Computer	602.61	Credit Card	602.61		
5/19/2006 Training	575.00	Credit Card	575.00		
6/28/2006 Tablet PC - Gateway	142.69	Credit Card	142.69		
7/3/2006 Software	39.90	Credit Card	39.90		
7/21/2006 Tablet PC - Gateway	16.78	Credit Card	16.78		
7/24/2006 Tablet PC - Gateway	2,131.53	Credit Card	2,131.53		
8/21/2006 Software	855.00	Credit Card	855.00		
8/25/2006 Computer Equipment	150.99	Credit Card	150.99		
9/5/2006 Dell Computer	26.95	Credit Card	26.95		
9/5/2006 Dell Computer	1,739.32	Credit Card	1,739.32		
9/7/2006 Dell Computer	450.85	Credit Card	450.85		
9/11/2006 Software	5,640.00	Credit Card	5,640.00		
9/8/2006 Tablet - PC	69.99	Credit Card	69.99		
9/20/2006 Dell Computer	235.79	Credit Card	235.79		
10/3/2006 Dell Computer	8,253.52	Credit Card	8,253.52		
10/4/2006 Dell Computer	135.80	Credit Card	135.80		
10/4/2006 Dell Computer	263.80	Credit Card	263.80		
10/17/2003 Software	4,076.03	Credit Card	4,076.03		
10/18/2006 Software	<u>2,714.18</u>	Credit Card	<u>2,714.18</u>		
Total Equipment	<u>\$36,061.45</u>		<u>\$ 36,061.45</u>		
Supplies					
1/21/2006 Supplies	\$ 5.80	Check # 1600	\$ 5.80		
2/15/2006 Supplies	5.00	Check # 1637	5.00		
3/15/2006 Supplies	229.15	Check #1714	229.15		
3/31/2006 Supplies	24.50	Check #1737	24.50		
7/031/06 Supplies	109.43	Check #1953	109.43		
9/15/2006 Supplies	<u>104.56</u>	Check #2024	<u>104.56</u>		
Total Supplies	<u>\$ 478.44</u>		<u>\$ 478.44</u>		
Grand Total	<u>\$41,729.53</u>		\$ 36,539.89		<u>\$ 5,189.64</u>
			x 50%		
		Allowable reimbursement	\$ 18,269.95		
		Less ARC grant amount	(20,000.00)		
		Amount disallowed	<u>\$ (1,730.05)</u>		

**APPENDIX B**  
**ARC'S RESPONSE**



**APPALACHIAN  
REGIONAL  
COMMISSION**

*A Proud Past,  
A New Vision*

June 1, 2007

William Tichenor  
Tichenor & Associates, LLP  
Certified Public Accountants  
304 Middletown Park Place, Suite C  
Louisville, Kentucky 40243

RE: Draft Audit on AL-15170 – 05; GIS Data Share for Elmore County

Dear Mr. Tichenor:

The Appalachian Regional Commission (ARC) is in receipt of your draft audit of the above referenced project, performed by Jack Somerville of your staff. The ARC coordinator for the project, David Hughes, has discussed your findings with the grantee, Central Alabama Regional Planning and Development Commission (CARPDC). The grantee has provided a response (see attached) to the recommendations made in the audit, and Mr. Hughes has subsequently discussed the response to the audit recommendations with CARPDC.

ARC's position on the recommendations found in the draft audit are as follows: 1) with regard to Incurred Costs, we concur with both recommendations of the auditor, and we will ask CARPDC to revise its SF270, and also return \$1,730; and 2) with regard to Internal Controls, we find the actions taken or proposed by CARPDC to satisfactorily address the questioned procedures identified in the draft audit. No further action will be taken by ARC.

CARPDC is aware of ARC's positions and has agreed to the proposed resolution.

Sincerely,

Henry B. King PhD  
Director, Program Operations Division

CC: D. Hughes  
C. Jennings

# CARPDC

CENTRAL ALABAMA REGIONAL PLANNING  
AND DEVELOPMENT COMMISSION

AUTAUGA, ELMORE & MONTGOMERY COUNTIES

Rev. Jiles Williams, Jr.  
Chairman

Bill J. Tucker  
Executive Director

TO: Appalachian Regional Commission

FROM: Central Alabama Regional Planning and Development Commission

SUBJECT: Response to Audit Review – GIS Data Share For Elmore County  
ARC Grant (AL-15170-05)

The following is the response to the above mentioned audit. The follow are sections from Tichenor & Associates, LLP Memorandum Review Report with CARPDC's responses following each section recommendation.

## A. Incurred Costs

CARPDC's financial records report total program costs of \$41,730 for the grant period. Of these costs, \$20,000 (47.9%) was attributed to ARC expenditures, with the remaining \$21,730 (52.1%) attributed to matching and in-kind expenditures.

During the course of the audit, we reviewed the direct and in-kind costs claimed and noted that CARPDC had included in total program costs \$5,190 of costs which were not included in the grant budget and should, therefore, be disallowed. (See Appendix A for details.)

After adjustment for the disallowed costs, CARPDC's total program costs were \$36,540, of which \$18,270 (50%) was allowable for reimbursement from ARC. (See Appendix A for details.)

### RECOMMENDATION:

We recommend that ARC require that CARPDC revise its Request for Advance or Reimbursement (Standard Form 270) submitted to ARC to show total program costs of \$36,540, equally divided between Federal and Non-Federal shares, and to request reimbursement for \$18,270, instead of \$20,000.

We also recommend that ARC disallow \$1,730 of the grant amount of \$20,000. (See Appendix A for details.)

**CARPDC'S RESPONSE: We have modified the schedule of cost claimed as requested. (See attachment). We disagree with the finding. We believe the cost should have been allowed and were in keeping with the project's description. In addition the costs were important investments to make the project functional.**

## B. Internal Controls

During the course of the audit, we reviewed CARPDC's system of internal controls. Two areas of weakness were identified that could have affected the accountability of costs or compliance with the terms of the grant agreement.

### 1. Completion of Progress Reports

The grant agreement requires that CARPDC complete an interim progress report for each 120-day period. The grant agreement also requires that a draft final report be submitted for ARC approval within one month of the end of the period of performance. The draft final report is to be reviewed by the ARC. If the ARC requires modifications and resubmission of the draft report, the grantee is required to resubmit the report within fifteen days of being notified.

The CARPDC did not complete a progress report for the first or second 120-day period. CARPDC submitted a final report to the ARC on October 4, 2006. A letter from the ARC notifying CARPDC that resubmission of its final report was required is dated November 28, 2006. The grantee did not resubmit their final report until February 9, 2007, seventy-three days after being notified by the ARC.

#### RECOMMENDATION:

We recommend that ARC require CARPDC complete interim and final progress reports in a timely manner on any future ARC grants.

**CARPDC'S RESPONSE: We understand and will follow the reporting requirements of all future grants.**

### 2. Internal Control Environment

During the course of the audit, the following weaknesses were noted in CARPDC's internal control environment:

- A. CARPDC does not have written accounting procedures.
- B. An employee who handles receipts and prepares checks also prepares bank reconciliations.
- C. Paid invoices are not canceled to prevent resubmission.
- D. Employees in key financial positions are not required to take mandatory vacations.
- E. Individual credit card transactions were not posted to the associated project code, making it difficult to determine the project's total cost.
- F. Budgeted amounts are not always entered into the accounting system prior to the start of a project.

RECOMMENDATION:

Prior to awarding CARPDC any future grants, we recommend that ARC ensure the following actions have been taken to correct the weaknesses noted above:

- A. Create a written accounting policy manual that outlines each employee's roles and responsibilities.
- B. Have another employee, who does not handle receipts or prepare checks, complete the bank reconciliations.
- C. Cancel each paid invoice by stamping "paid" and indicating the associated check number, date paid and amount paid.
- D. Employees in key financial positions (e.g. office manager, executive director) should be required to take mandatory vacations annually.
- E. Post individual credit card transactions to the appropriate project codes in a timely manner.
- F. Enter budgeted amounts into the accounting system prior to the start of any new projects.

**CARPDC'S RESPONSE: The responses to the above recommendations are attached. See attachment – ARC Audit Review**

## GIS DATASHARE

### Equipment

1/027/06	Computer Equipment	\$81.99	Credit Card
2/9/2006	Dell Computer	\$5,636.26	Credit Card
2/10/2006	Software	\$18.00	Credit Card
3/16/2006	Software	\$43.99	Credit Card
8/15/2006	Software	\$400.00	Check #2003
5/1/2006	Dell Computer	\$1,760.48	Credit Card
5/18/2006	Dell Computer	\$602.61	Credit Card
5/19/2006	Training	\$575.00	Credit Card
6/28/2006	Tablet PC - Gateway	\$142.69	Credit Card
7/3/2006	Software	\$39.90	Credit Card
7/21/2006	Tablet PC - Gateway	\$16.78	Credit Card
7/24/2006	Tablet PC - Gateway	\$2,131.53	Credit Card
8/21/2006	Software	\$855.00	Credit Card
8/25/2006	Computer Equipment	\$150.99	Credit Card
9/5/2006	Dell Computer	\$26.95	Credit Card
9/5/2006	Dell Computer	\$1,739.32	Credit Card
9/7/2006	Dell Computer	\$450.85	Credit Card
9/11/2006	Software	\$5,640.00	Credit Card
9/8/2006	Tablet - PC	\$69.99	Credit Card
9/20/2006	Dell Computer	\$235.79	Credit Card
10/3/2006	Dell Computer	\$8,253.52	Credit Card
10/4/2006	Dell Computer	\$135.80	Credit Card
10/4/2006	Dell Computer	\$263.80	Credit Card
10/17/2003	Software	\$4,076.03	Credit Card
10/18/2006	Software	\$2,714.18	Credit Card

Total Equipment \$36,061.45

### Supplies

1/21/2006	Supplies	\$5.80	Check # 1600
2/15/2006	Supplies	\$5.00	Check # 1637
3/15/2006	Supplies	\$229.15	Check #1714
3/31/2006	Supplies	\$24.50	Check #1737
7/031/06	Supplies	\$109.43	Check #1953
9/15/2006	Supplies	\$104.56	Check #2024

Total Supplies \$478.44

Grand Total \$36,539.89

x50%

Allowable reimburstment \$18,269.95

CENTRAL ALABAMA REGIONAL PLANNING  
AND DEVELOPMENT COMMISSION

AUTAUGA, ELMORE & MONTGOMERY COUNTIES

Jiles Williams, Jr.  
Chairman

Bill J. Tucker  
Executive Director

May 30, 2007

Tichenor & Associates, LLP  
Louisville, Kentucky

RE: ARC Audit Review  
GIS Data Share Project  
Elmore County, Alabama

Gentlemen:

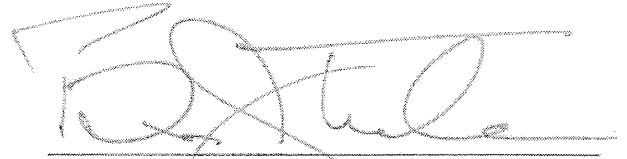
In early 2007 Tichenor & Associates, LLP performed a monitor of an ARC project administered by the Central Alabama Regional Planning and Development Commission. While the specific objectives of the grant were achieved, certain recommendations were made to ensure sound financial management practices. In response to such recommendations, the following actions have been taken.

- A.) CARPDC is developing a written accounting policy outlining each employee's roles and responsibilities. Such employee's include the Executive Director, Associate Director, Office Manager and any individual assisting accounting through the provision of separation of duties. Said accounting policy will be in place by June 15, 2007.
- B.) To ensure greater separation of duties another employee, who does not handle receipts or prepare checks, will perform bank reconciliations. The designated employee will be the Associate Director. Reconciliations will be performed within three days of receipt.
- C.) All paid invoices will be stamped "paid" with a customized stamp providing the associated check number, date paid and amount paid.
- D.) All employees in key financial positions such as the Executive Director and Office Manager are now required to take mandatory annual vacations. Such requirement will be part of the new office accounting policy and validated by the CARPDC Board of Directors.
- E.) CARPDC utilizes a VISA credit card for a variety of purchases. The Office Manager is now required to post individual credit card transactions to the appropriate project codes upon receipt of the monthly statement. Such posting will then be reviewed by the




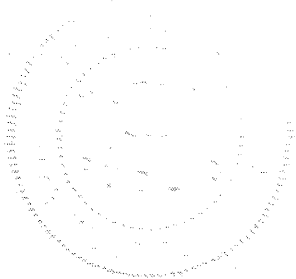
F.) Project budget amounts will be entered into CARPDC accounting system as new projects are initiated. Such entries will allow for better budget management at all levels of office operations and assist the CPA and auditors in accounting review.

As the Executive Director of CARPDC, I Bill J. Tucker, certify that the above actions either have been or will be completed by June 15, 2007.



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Bill J. Tucker  
Executive Director



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Ashley Bowdoin  
Notary Public  
My Commission Expires: 02/25/2009