



June 21, 2000

OIG REPORT 00-35 (H)

MEMORANDUM FOR: LAWRENCE PAZ, DIRECTOR
BUSINESS AND INDUSTRY SERVICES
APPALACHIAN TECHNICAL INSTITUTE

OBJECT: Memorandum Survey Report
Review of Off Campus Learning Centers
Grant No. GA-13047-302

PURPOSE

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

SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grant, as well as costs claimed as matching funds. There were two phases to the grant. The period of performance for Phase 1 was July 1, 1998 through February 1, 2000 and for Phase 2 the period was July 1, 1999 through June 30, 2000. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Jasper, Georgia on April 17, 2000. 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-87 and A-102, and the ARC Code. Audit work was performed in accordance with Government Auditing Standards.

BACKGROUND

ARC Grant GA-13047 was awarded to the Appalachian Technical Institute to provide funds for instructors and telecommunications equipment to create Distant Learning Centers for basic education and occupational skills training in multiple counties of Appalachian Georgia.

The total project costs for Phase 1 was estimated as \$169,053. The ARC grant was for \$126,789 (75%). The grantee was to pay or cause to be paid the non-federal share of \$42,264 (25%) in cash, contributed services, or in-kind contributions.

Total project costs for Phase 2 was estimated at \$167,614. The ARC grant was for \$83,807 (50%). The grantee was to pay or cause to be paid the non-federal share of \$83,807 (50%) in cash, contributed services, or in-kind contributions.

RESULTS

Financial Review

During our visit, we reviewed the grantee's accounting records, including invoices and supporting documentation for a sample of grant and matching costs charged to the project. Total claimed costs for Phase 1 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 State of Georgia, which maintains the accounting records, changed accounting systems in September 1999 and as of our visit had not successfully completed the transition. This primarily affected Phase 2, for which records were not readily available.

For the first Phase of the grant, expenses of \$169,173 was claimed, as budgeted. The Final Report was received and Phase 1 was closed out March 21, 2000.

The second part of the grant ends June 30, 2000, the grantee has expended funds but as of May 31, 2000 has not drawn down any ARC funds, due to problems with the new accounting system.


Program Review

Phase 1. The grantee made measurable progress towards achieving their training goals. In the Final Report the grantee noted several obstacles including a much larger degree of technical assistance required by participating businesses than originally anticipated.

Noted achievements in the Final Report were:

- Deployed Learning Stations to selected companies to pilot test Off-Campus Learning.
- Continued to adapt technology to enhance the learning process.
- Established client based programs to address the work skills they needed.
- Developed innovative instruction methods and techniques.
- Recognized as a flexible and dependable provider of training solutions.
- Increased computer-based learning library of business and technical skills.
- Trained staff to be developers and deliverers of quality customized instruction.

Phase 2. Progress continues with more emphasis on technical assistance. The grantee had not submitted progress reports, in part because they haven't submitted any reimbursement requests due to the new accounting system. We recommended that the grantee submit quarterly progress reports irregardless of their ability to submit financial reports. The grantee agreed and stated they will submit progress reports.


Hubert N. Sparks
Inspector General