



September 25, 2000

OIG REPORT 00-56(H)

MEMORANDUM FOR: PHILLIP METZGER, PROJECT DIRECTOR
SOUTH CENTRAL NEW YORK RESOURCE
CONSERVATION AND DEVELOPMENT PROJECT

SUBJECT: Memorandum Survey Report
Review of Small Producer Meat Processing Program
Grant No. NY-13207

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. The period of performance for the grant was September 1, 1998 through March 20, 2000. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Norwich, New York on August 16 and 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-21 and A-110, and the ARC Code. Audit work was performed in accordance with Government Auditing Standards.

BACKGROUND

ARC Grant NY-13207 was awarded to South Central NY Resource Conservation and Development Project to provide funds for new technical assistance services to producers of pastured poultry, meadow raised veal, beef, meat goats and sheep in the management and marketing of targeted mainstream and ethnic markets. This was a multi-county project.

The total project costs was estimated at \$327,035. The ARC grant was for \$148,500 (46%), plus other Federal funds of \$53,650 (16%). The grantee was to pay or cause to be paid the non-federal share of \$124,885 (38%) 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 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.

However, it was noted that the grantee does not use a travel voucher system, i.e. a form that states the beginning and ending dates of a trip, all associated costs and explanation for the trip, along with original receipts. The lack of a travel voucher system presents a risk concerning internal controls and the assurance of proper accountability.


On the grantee's final request for reimbursement dated May 5, 2000, the grantee claimed total project costs of \$327,653, which included ARC grant costs of \$148,500 (45%), other Federal funds \$56,050 (17%) and matching costs of \$123,103 (38%). The grantee has submitted their Final Report and the grant was closed out May 19, 2000.

Program Review

The grantee has successfully completed the tasks as required in the grant agreement.

RECOMMENDATION

We recommend that the grantee establish a travel voucher system, whereas all expenses for each trip are included on one form, providing a complete overview of the trip. A stated reason for the trip will ensure that the expense is properly allocated.


Hubert N. Sparks
Inspector General



October 13, 2000

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director
ARC General Counsel

SUBJECT: OIG Reports

The following reports are forwarded:


00-6(H)	NC-7780-76/77	Technical Assistance
00-9(H)	MD-12355	Export Expansion
00-25(H)	VA-12337	Leadership and Civic Development
00-40(H)	WV-12696	Training, Wood Technology Center
00-41(H)	WV-11311	Mountaineer Food Bank
00-43(H)	TN-12461	Telecommunications Initiative
00-44(H)	KY-12872	Training Welfare Recipients
00-55(H)	NY-12870	Meat Processing Services to Small Producers
00-56(H)	NY-13307	Technical Assistance to Producers
0057(H)	NY-13107	Electronic Communications
00-59(H)	TN-12858	Communication and Technology System
00-60(H)	CO-12988	Assist Displaced Employees

In most cases, the reviews disclosed no matters needing further attention. Reports and issues for which followup action is appropriate included:

- 00-6(H) —NC-7780, Technical Assistance. Open issues pertain to conference travel, documentation of charges, budgeting process, timely reporting, and deobligations.
- 00-9(H) —MD-12355, Expand Exports through Creation of an International Trade Assistance Center. Open issues pertain to costs questioned by the grantee's independent auditor (\$59,295) and a duplicate payment.
- 00-40(H) —WV-12696, Expand Training and Services Offered at the Wood Technology Center. Open issues pertain to expenditures after the end of the grant period (\$24,685), use of unexpended funds (\$3,220), exceeding line item approved budget, and changes in scope.

- 00-41(H) —WV-11311, Mountaineer Food Bank. Open issues pertain to purchase of equipment not in budget (\$10,693) and exceeding line item budget approval.

The absence of progress reports by grantees was noted in several reports; and while this was not considered a significant issue in the cases noted, consideration could be given to the general issue of quarterly progress reports and/or the need for followup to obtain required reports.


Hubert N. Sparks
Inspector General

Enclosures

cc: Ms. Judy Rae