

**MEMORANDUM REPORT ON REVIEW OF THE
UNICOI COUNTY BOARD OF EDUCATION
ERWIN, TENNESSEE**

Unicoi County High School Communication & Technology System

ARC Grant No.: TN-12858-97-302

December 1, 1997 through July 31, 1999

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Report Number: 00-59 (H)

Date: September 25, 2000

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December 1, 1997 through July 31, 1999

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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 No. 00-59 (H)

SUBJECT TO: Memorandum Review Report on the Unicoi County Board of Education,
Unicoi County High School Communication & Technology System,
Erwin, Tennessee. ARC Grant No: TN-12858-97-302.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by the Unicoi County Board of Education for its Unicoi County High School Communication & Technology System were expended in accordance with the ARC approved grant budgets 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) the objectives of the grant had been met.

BACKGROUND: ARC awarded Grant Number TN-12858-97-302 to the Unicoi County Board of Education for the period December 1, 1997 through July 31, 1999. The purpose of the grant was to provide funding to purchase a communications and technology system for the Unicoi County High School. The system would electronically coordinate the telecommunications of the entire school, connect the school library to the libraries of local universities, and allow interactive communication and curriculum sharing with five area high schools.

The total ARC grant was for \$106,116, or 59 percent of actual, reasonable and eligible project cost. Local match fund requirement totaled \$73,743 or 41 percent of total project funding.

The following specific tasks were to be performed:

1. The grantee will purchase a communications and technology system that will include the following:
 - a. Four computer hook-ups in each classroom with the capacity to video a program in each room and broadcast to all parts of the country.
 - b. Fiber-optic interactive television hook-up with five area high schools, allowing courses to be interchanged among the schools.
 - c. Library-media hook-ups to our local universities.
 - d. Classroom and library hook-ups to the internet.
 - e. Televisions in each classroom of the building to allow long-distance learning from Oklahoma.

SCOPE: We performed a 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 procedures in accordance with the ARC, OIG Review Program. Specifically, we determined if the tasks listed above had been performed, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars, and if the Unicoi County Board of Education had complied with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with Unicoi County Board of Education personnel. Our results and recommendations are based on those procedures and were conducted in accordance with applicable Government Auditing Standards.

RESULTS: The following results were based on our review performed at the Unicoi County Board of Education's executive offices in Erwin, Tennessee on August 11, 2000.

A. Incurred Costs

The Unicoi County Board of Education incurred total program costs of \$182,559, of which they claimed and received direct reimbursable costs from December 1, 1997 through July 31, 1999 of \$106,116 from the ARC grant. We reviewed the direct and in-kind costs incurred and determined that the costs claimed by the Unicoi County Board of Education were properly supported, allowable and were expended as reported. However, quarterly progress reports were not submitted to ARC as required by the grant agreement. This issue is discussed below.

B. Internal Controls

We determined that the Grantee had the following internal control weakness that affected the accountability of costs or compliance with the terms of the grant agreement:

1. Quarterly Progress Reports Were Not Submitted to the ARC

- a. During the period of the grant, quarterly progress reports were not prepared and submitted to the ARC as required by the terms and conditions of the grant agreement.

OMB A-110, Subpart C, Section .51, Monitoring and reporting program performance, para. (b), states:

“The Federal awarding agency shall prescribe the frequency with which the performance reports shall be submitted. Except as provided in paragraph .51(f), performance reports shall not be required more frequently than quarterly or, less frequently than annually. Annual reports shall be due 90 calendar days after the grant year; quarterly or semi-annual reports shall be due 30 days after the reporting period. The Federal awarding agency may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.”

Grant Agreement, Part I – Special Provisions, Paragraph 3, Reports, states:

“Quarterly progress reports and a final report are required under this agreement.”

RECOMMENDATION:

We recommend that the Unicoi County Board of Education submit reports in accordance with grant agreement provisions for all future grants.

C. Program Results

Our review of the Unicoi County Board of Education, Unicoi County High School Communication & Technology System, indicated that all specific tasks identified in the grant award notification, and summarized above, had been achieved.

DISCUSSION:

We discussed the issues with the Unicoi County Board of Education’s executive management during an exit conference held on August 11, 2000. Management responded by stating that the previous superintendent had retired. He had coordinated this project, but apparently did not submit progress reports; they were not in the project file.

Tichenor & Associates, LLP

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Louisville, Kentucky

August 11, 2000