



April 6, 2001

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

SUBJECT: Summary Report—OIG 01-35(H), ARC Grant KY-12838-97,
 Kentucky Civics Education for Elementary School Students

In coordination with ARC staff, we have been attempting, for about one year, to obtain information from the grantee or project manager about the project activities conducted, including a satisfactory final report. To date, we have been unable to obtain sufficient information to permit an effective review of grant activities or results and/or grant closings. Consequently, we are recommending that \$9,000 paid to the project director and the \$1,005 remaining in the grantee's account be recovered. Also, the balance of \$2,500 at ARC should be deobligated. A summary of the pertinent information pertaining to this grant is noted below.

The grant of \$16,000 was approved on October 26, 1997, for the Foundation for the Tri-State Community for the purpose of enhancing the civics education program in 49 Kentucky Appalachian counties. An advance of \$13,500 was made on February 4, 1998.

The grantee subcontracted for project implementation, and expenditures to date of \$12,490 were noted. Expenditures include \$9,000 in stipends to the project director; \$800 in stipends to each of the three teachers who assisted on the project; and miscellaneous expenses, including travel, of \$1,095, leaving a balance at the grantee of \$1,005.

Attempts by ARC staff in 1999 and early 2000 to obtain information necessary to evaluate and/or close the project, including a satisfactory final report, were unsuccessful. On January 21, 2000, we initiated contact with the grantee and requested that information previously requested by ARC be obtained and forwarded to ARC. We also inquired as to the project status and the intended use, if any, of the \$2,500 balance remaining in the account at ARC.

The grantee provided us with a listing of expenditures but noted they had been unable to contact the project director in order to obtain additional information.


On April 4, 2000, we forwarded a request to the project director at her home address for information necessary to resolve open issues such as printing and disseminating a booklet to teachers for use in the social studies curriculum. A final report submitted in October 1999 did not address issues related to project completion and implementation. There was no response to this correspondence.

We contacted the project director by telephone on September 1 and October 17, 2000, at her place of employment and inquired about the additional information needed by ARC. During both calls, the project director was very pleasant and cooperative and noted that, due to family illness, the information had not been forwarded but that it was now available and would be forwarded shortly. No information was forthcoming; and on November 20, 2000, we notified the grantee that, in the absence of necessary information about project completion, we were recommending that ARC initiate recovery of \$9,000—the amount paid the project director.

During our followup on this matter, we discussed project activities with two of the three teachers who assisted on the project, officials with the Kentucky Department of Education, the grantee president, and a grantee board member, and the Kentucky ARC program manager. These discussions reflected that the teachers assisting on the project had done considerable work on their portions of the project and earned their stipends of \$800. The budget noted \$1,000 for each teacher; but they each received \$800.

Discussions also indicated that a major problem was disagreement between the project director and the Kentucky Board of Education with respect to product format. The project director apparently believed the format she chose was more teacher-friendly than the recommended state format and did not wish to change the format. Consequently, it did not appear that a final product for use by the Kentucky teachers had been prepared. The teachers noted that they had turned over their segments in rough draft to the project director; and it was the project director's responsibility to compile a final product to be used in curriculums or as a teacher resource document. Also, the teachers indicated that their draft segments had been turned over to the Kentucky Department of Education for use, if possible, and had an interest in seeing a document published.

As of March 20, 2001, no additional information had been received from the grantee or project director. We notified ARC of this result and, based on the length of time provided for a response, noted that initiation of action to recover \$9,000 was reasonable. Additionally, the \$2,500 remaining in the account should be deobligated; and the \$1,005 in unexpended grantee funds should be recovered.


Hubert N. Sparks
Inspector General



APPALACHIAN
REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

Office of the Inspector General

April 6, 2001

MEMORANDUM FOR MS. JUDY RAE, DIRECTOR, PROGRAM OPERATIONS

SUBJECT: Grant KY-12838-97, Kentucky Civics Education for Elementary School Students

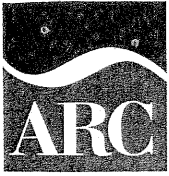
I have attached a summary of our actions with respect to the subject grant.

After reviewing our file, I changed some terminology primarily to reflect that, although a final report had been submitted in October 1999, it did not contain information necessary to evaluate project activities, implementation, or results. Attempts to obtain such information, especially with respect to a key objective of issuing guidance for Kentucky teachers, have been unsuccessful.

In addition to the \$9,000 paid the project director, the remaining balance in the grantee account of \$1,004.96 should be recovered; and the \$2,500 still available in the ARC account should be deobligated.


Hubert N. Sparks
Inspector General

Attachment



Date: May 14, 2001
To: Finance
From: Charles Howard, General Counsel
CC: Hubert Sparks, Inspector General
Re: Return of Unspent Grant Funds (KY-12838)

Attached is a check for \$1,004.96 received today from the Foundation for the Tri-state Community, Inc., grantee in the above-referenced project. Please deposit the check and credit the full amount to the grant account.

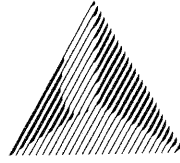
The funds have been returned on the recommendation of the ARC Inspector General. Although it does not appear that additional payments will be required under this grant, please do not deobligate funds from the grant account at this time. Final project close out awaits submission of grantee's final report, which should be received shortly.

ARC is working with Kentucky officials to obtain some resolution of the final report issue.

[Handwritten signature]

5/14/01

Hold open for now [Handwritten signature]



Foundation for the Tri-State Community, Inc.

Serving Kentucky, Ohio and West Virginia

May 9, 2001

Mary Witten Wiseman
President

Trustees:

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Betty H. Barrett
Vice Chairman

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Dianne W. Clement
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Ben R. Cooksey
Secretary/Treasurer

Martha C. Johnson
At-Large

Mr. Charles Howard
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20235-1068

Re: ARC Grant KY-12838-97
Education for Elementary School Students

Dear Mr. Howard:

Thank you for your telephone call regarding the Education for Elementary School Students Grant. As you requested, the Foundation for the Tri-State Community, Inc. ("Foundation") is returning the balance of the grant to the Appalachian Regional Commission ("ARC"). A check for \$1,004.96 is enclosed.

The Foundation appreciates the willingness of the ARC staff to work with us to resolve this situation. We are especially grateful to you and Mr. Sparks for your counsel and understanding.

Sincerely,

Mary Witten Wiseman

cc: Michele P. Craig, Chairman of the Foundation's Board of Trustees
William P. Emrick, Counsel to the Foundation
Hubert N. Sparks, Inspector General of the ARC

Earleen H. Agee
George R. Andrick
Jane P. Boylin
Wilbur E. Chellgren
Patricia L. Clonch
Elaine J. Corbitt
Howard R. Crews, Jr.
Bill W. Dingus
Sue G. Dowdy
John E. Gallaher
Thomas L. Klein
Audy M. Perry
Dr. Charles M. Rhodes
W. Guy Spriggs
Michael D. Stautberg
Erland P. Stevens, Jr.
J. Seaton Taylor
Kathleen L. Timmons
Tom Wolf

G. B. Johnson, Jr.
Trustee Emeritus

**FOUNDATION FOR THE
TRI-STATE COMMUNITY, INC.**

AGENCY ACCOUNT
P.O. BOX 2096
ASHLAND, KY 41105-2096

FIFTH THIRD BANK
ASHLAND, KY 41101
56-773-422

2702

PAY One thousand four dollars and 96/100*****

TO THE
ORDER OF

AppalachianRegional Commission

DATE
May 10, 2001

AMOUNT
\$1,004.96

⑈002702⑈ ⑆042207735⑆

734⑈08829⑈

Mary L. Hester

Mary L. Hester, Treasurer

FOUNDATION FOR THE TRI-STATE COMMUNITY, INC.

AEPDC

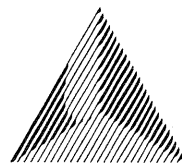
AppalachianRegional Commission

5/10/01

\$1,004.96

2702

Close Account



Foundation for the Tri-State Community, Inc.

Serving Kentucky, Ohio and West Virginia

May 9, 2001

Mary Witten Wiseman
President

Trustees:

Michele P. Craig
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Vice Chairman

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Mr. Charles Howard
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20235-1068

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Sincerely,

Mary Witten Wiseman

cc: Michele P. Craig, Chairman of the Foundation's Board of Trustees
William P. Emrick, Counsel to the Foundation
Hubert N. Sparks, Inspector General of the ARC

Project Payment Record

As of 04/05/2001

Project Number: 12838 Suffix: 0 Phase: I State: KY FY: 1997

Project Title: KY Civics Education for Elementary School Students (In IG Audit)

Grantee: Foundation for the Tri-State

Effective Date: 07/01/1997

Expiration Date: 06/30/1998

Project Coordinator: StocktoE

Retention:

Status: Open

Item #	Date	Transaction	Notes	Amount (\$)	Balance
	10/26/1997	OBLIG		16,000.00	
1	02/04/1998	ADVANCE		-13,500.00	
				Balance:	2,500.00