



September 19, 2001

OIG REPORT 01-50 (H)

**MEMORANDUM FOR: GRACE FRICKS, PRESIDENT
APPALACHIAN COMMUNITY
ENTERPRISES, INC.**

SUBJECT: Memorandum Survey Report
Review of MountainWork Partnership Load Fund Project
GA-13553

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 October 1, 1999 to November 30, 2001. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Cleveland, Georgia, on August 2, 2001. 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-122 and A-133, and the ARC Code. Audit work was performed in accordance with Government Auditing Standards.

BACKGROUND

ARC Grant GA-13553 was awarded to the Appalachian Community Enterprises, Inc. to provide funds to provide access to credit and other business services to marginalized people and others who have no access to conventional loans.

The total project cost for the grant was estimated as \$259,721. The ARC grant was for \$198,901 (77%). The grantee was to pay or cause to be paid matching contribution which was \$60,820 (23%).

RESULTS


Financial Review

During our visit, we reviewed the grantee's accounting records, including invoices and supporting documentation for the grant 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. The grantee appears to be meeting their requirements for matching funds.

The grantee's reimbursement request dated March 13, 2001, claimed total costs of \$130,424 of which \$102,104 was ARC costs. On March 25, 2001, the grant was extended to November 30, 2001 with an additional \$100,440 in ARC funds obligated, for a total of \$198,901 in ARC funds.

Program Review

The grantee had a late start on the project due to the need for planning and increasing community awareness. The grantee appears to be making progress on the project as required by the grant agreement and is also submitting their progress reports. Technical assistance was provided.


Hubert N. Sparks
Inspector General