



September 30, 2002

MEMORANDUM FOR The Federal Co-Chairman  
ARC Executive Director

SUBJECT: OIG Report 02-36—ARC Grant MS-14020-0-I  
Governor's Initiative for Classroom Technology

Attached is a copy of the subject report dealing with the Mississippi Department of Education Governor's Initiative for Classroom Technology. There are no issues requiring action or followup. We consider the report closed.

A handwritten signature in black ink, appearing to read 'Cliff H. Jennings', is written over a horizontal line.

Clifford H. Jennings  
Inspector General

Attachment

cc: Ms. Judy Rae

**MEMORANDUM REPORT ON REVIEW OF  
MISSISSIPPI DEPARTMENT OF EDUCATION  
JACKSON, MISSISSIPPI**

**GOVERNOR'S INITIATIVE FOR CLASSROOM TECHNOLOGY**

**ARC Grant Number: MS-14020-0-I**

**June 1, 2001 through April 30, 2002**

**CAUTION:** *Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 U.S.C. 522 (b)(4). Distribution of this report should be limited to Appalachian Regional Commission and other pertinent parties.*

**Report Number: 02-36**

**Date: September 27, 2002**

**MEMORANDUM REPORT ON REVIEW OF  
MISSISSIPPI DEPARTMENT OF EDUCATION  
JACKSON, MISSISSIPPI**

**GOVERNOR'S INITIATIVE FOR CLASSROOM TECHNOLOGY**

**ARC Grant Number: MS-14020-0-I**

**June 1, 2001 through April 30, 2002**

**Prepared By:**

**Tichenor & Associates, LLP  
Certified Public Accountants  
304 Middletown Park Place, Suite C  
Louisville, Kentucky 40243**

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CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

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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 Number: 02-35

SUBJECT: Memorandum Review Report on Mississippi Department of  
Education, Governor's Initiative for Classroom Technology, ARC  
Grant Number: MS-14020-0-I.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for advance by the Mississippi Department of Education for its Governor's Initiative for Classroom Technology were expended in accordance with the ARC approved grant budget 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) that the objectives of the grant were met.

BACKGROUND: ARC awarded Grant Number MS-14020-0-I to the Mississippi Department of Education for the period June 1, 2001 through September 30, 2001. The ARC Project Coordinator approved Amendment Number 1 to the Grant Agreement on December 12, 2001 extending the period of performance through April 30, 2002. Total grant funding was for an amount not to exceed \$174,000 or 44 percent of actual, reasonable and eligible project costs. ARC required that the grant be matched with \$226,000 or 56 percent in cash, contributed services, or in-kind contributions, as approved by ARC. ARC made one advance payment to the Mississippi Department of Education in June 2001 totaling \$174,000.

The purpose of grant was to enhance the educational experience for Appalachian students and help bridge the digital divide for all Mississippians. The major goal of this project is to provide Mississippi's Appalachian students with the necessary skills and knowledge for competing in the world-economy.

The ARC funds were to be used to purchase 174 computers for public classrooms in the Mississippi Appalachian Region.

SCOPE: We performed a program 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 agreed-upon procedures previously discussed with the ARC, OIG. Specifically, we determined if the tasks described above were being performed, if the accountability over ARC funds is sufficient as required by applicable Office of Management and Budget (OMB) Circulars, and if the Mississippi Department of Education was in compliance with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with the Mississippi Department of Education personnel. Our results and recommendations are based on those procedures. These review procedures were performed in accordance with applicable Government Auditing Standards.

RESULTS: The following results are based on our review performed at the Mississippi Department of Education in Jackson, Mississippi from July 31 through August 1, 2002.

**A. Incurred Costs**

The Mississippi Department of Education claimed total program costs of \$400,000 for the period June 1, 2001 through April 30, 2002 of which they claimed direct reimbursable cost of \$174,000 and matching costs of \$226,000. We reviewed the direct and matching costs claimed and determined that, in general the funds were expended as reported and were used to purchase classroom computers throughout the Appalachian Region of Mississippi.

**B. Internal Controls**

1. Progress Reports Not Prepared Every 45 Days

The Mississippi Department of Education did not prepare 45-day progress reports for the Governor's Initiative for Classroom Technology (MS-14020-0-I)

Grant Agreement Number MS-14020-0-I between the Appalachian Regional Commission and the Mississippi Department of Education, Part I- Special Provisions, Paragraph 3 states:

“Reports. A progress report for each 45-day period and a final report are required under this agreement (see Part II, Article 4).”

The Mississippi Department of Education Project Director stated that they were aware of the requirement to submit 45-day progress reports. However, the Project Director further advised that an ARC official informed her, that completing 45-day progress reports would not be necessary due to the short term of the grant.

## RECOMMENDATION

We recommend that the Mississippi Department of Education prepare progress reports in accordance with the Grant Agreement should future awards be made.

## GRANTEE'S RESPONSE

The Grantee responded by stating that their reason for not complying with the grant agreement's 45-day progress report requirement was that they had requested and received a waiver from the ARC exempting them from the requirement. They attributed this to the short duration of the grant.

### 2. Grantee Did Not Maintain A Separate General Ledger System For The Grant

During our review, we determined that the Grantee did not maintain a separate general ledger for the ARC grant award. Funds awarded by the ARC were commingled with other state funds to be used in achieving the goals of the Governor's Initiative for Classroom Technology. The Grantee was advised that federal awards should be accounted for separately according to OMB Circular A-110 Subpart C-Post Award Requirements, Financial and Program Management, .21 standards for financial management systems, which states:

“(b) Recipients financial management systems shall provide for the following.

- (1) Accurate, current and complete disclosure of the financial results of each federally sponsored project or program in accordance with the reporting requirements set forth in Section .52.
- (2) Records that identify adequately the source and application of funds for federally sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.”

The Mississippi Department of Education Director of Accounting stated that they normally account for Federal funds separately, but this award, “for what ever reason” was not. She went on to say that the Mississippi Department of Education had already received another award from ARC for the same purpose as MS-14020. The Director of Accounting Stated that the new award was being accounted for separately as required by applicable OMB Circulars.

## RECOMMENDATION

We have no recommendation for this finding since the Grantee has already made the necessary adjustment to be in compliance with OMB Circular A-110.

## GRANTEE'S RESPONSE

The Grantee responded by stating that a separate general ledger was not kept due to all funds being expended at one time in order to purchase the 192 computers for the ARC Region. They went on to state, " Details of the spending were recorded and issued to the ARC in a final report."

### **C. Program Results**

The ARC grant funds were used to purchase 192 computers for classrooms in Mississippi's Appalachian Region.



Tichenor & Associates, LLP  
Louisville, Kentucky  
August 1, 2002



**APPALACHIAN  
REGIONAL  
COMMISSION**     *A Proud Past,  
A New Vision*

*Office of the Inspector General*

September 30, 2002

Ms. Betty Lou Pigg  
MS Department of Education  
359 North West Street  
Jackson, MS 39205-0771

re:   OIG Report 02-36, ARC Grant MS-14020-0-I—  
Governor's Initiative for Classroom Technology

Dear Ms. Pigg:

Attached is a copy of our report on the subject grant. A copy of the report is being provided to the Federal Co-Chairman, ARC Executive Director, and the Mississippi State Alternate.

The courtesies and cooperation afforded the auditor were appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "C/H Jennings", written in a cursive style.

Clifford H. Jennings  
Inspector General

Enclosure





**APPALACHIAN  
REGIONAL  
COMMISSION**

*A Proud Past,  
A New Vision*

*Office of the Inspector General*

September 30, 2002

Mr. Bill Renick, Chief of Staff  
Office of the Governor  
P. O. Box 139  
Jackson, MS 39205

re: OIG Reports 02-35, ARC Grant MS-14007—Hickory Flat Clinic Health Care Project; 02-36, ARC Grant MS 14020-0-I—Governor's Initiative for Classroom Technology; 02-37, ARC Grant MS-13561—Virtual Entrepreneurship Education and Training; and 02-38, ARC Grant MS-13869-0-I—Tupelo Middle School SELECT

Dear Mr. Renick:

Enclosed is a copy of each of the subject reports.

Sincerely,

A handwritten signature in black ink, appearing to read "Cliff H. Jennings", with a large, stylized flourish at the end.

Clifford H. Jennings  
Inspector General

Enclosures

cc: Dr. Mabel Murphree, Director  
Appalachian Regional Commission Office



Appalachian Regional Commission  
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|------|--------------------|------------------|-----------------|---------|------------|
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Welcome Ingrid+ Rickard, today is Monday, September 30, 2002

### Project - General: MS-14020-0 -I ✓

| Project   | Grantee | Location | Funding | Payment | Notes           | Performance   | Closeout |
|-----------|---------|----------|---------|---------|-----------------|---------------|----------|
| ID: 25784 |         |          |         |         | ◀ New Grantee ▶ | ◀ Select Gran |          |

Grantee's Name \* MS Department of Education

Contact Person: Betty Lou Pigg

Type of Grantee:\* State Government =

Employer ID Number (EIN):

Phone: 601-354-6282

Fax:

Email:

#### Grantee Address

Address 359 North West Street

City Jackson

State Mississippi

Zip Code 39205-0771

Proj Title: MS Governor's  
Initiative for  
Classroom Technology