



September 30, 2002

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director

SUBJECT: OIG Report 02-37—ARC Grant MS-13561
Virtual Entrepreneurship Education and Training

Attached is a copy of the subject report dealing with Mississippi State University Virtual Entrepreneurship Education and Training initiative. There are no issues requiring action or followup. We consider the report closed.

A handwritten signature in black ink, appearing to read "C/H Jennings", is written over the typed name.

Clifford H. Jennings
Inspector General

Attachment

cc: Ms. Judy Rae

**MEMORANDUM REPORT ON REVIEW OF
MISSISSIPPI STATE UNIVERSITY
MISSISSIPPI STATE, MISSISSIPPI**

VIRTUAL ENTREPRENEURSHIP EDUCATION AND TRAINING

ARC Grant Number: MS-13561

March 1, 2000 through September 30, 2001

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: 02-37

Date: September 27, 2002

**MEMORANDUM REPORT ON REVIEW OF
MISSISSIPPI STATE UNIVERSITY
MISSISSIPPI STATE, MISSISSIPPI**

VIRTUAL ENTREPRENEURSHIP EDUCATION AND TRAINING

ARC Grant Number: MS-13561

March 1, 2000 through September 30, 2001

Prepared By:

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

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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: 02-37

SUBJECT: Memorandum Review Report on Mississippi State University, Virtual
Entrepreneurship Education and Training, ARC Grant Number: MS-
13561.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by Mississippi State University for its Virtual Entrepreneurship Education and Training initiative 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: The ARC awarded Grant Number MS-13561 to Mississippi State University for the period March 1, 2000 through February 28, 2001. The ARC Project Coordinator approved Amendment Number 1 to the Grant Agreement in December 2000 extending the period of performance through September 30, 2001. Total grant funding was for an amount not to exceed \$86,350 or 80 percent of actual, reasonable and eligible project costs. ARC required that the grant be matched with \$21,588 or 20 percent in cash, contributed services, or in-kind contributions, as approved by ARC. The ARC made four progress payments and a final payment to Mississippi State University totaling \$80,845. The ARC reduced the original grant award to \$80,845 on November 23, 2001.

The Mississippi State University Virtual Entrepreneurial Incubator project will create a virtual business incubator and provide youth apprenticeship training to adults and youths in a seven county target area. The youth component of the program will involve training

and selection of a youth e-corps (ages 14 to 18) to mentor and train younger youth (ages 11 to 13). Training will involve the use of existing local curriculum, and the REAL Enterprise curriculum. Laptops will be employed to ensure rural high school students have access to this training and curriculum.

The goals deliver entrepreneurial training using computers and other electronic technology in order to expand basic business skills and to provide “youth serving organizations” with the knowledge to develop professionally and training in youth entrepreneurship.

The purpose will be to serve as a technology-based business incubator that is expected to develop increased knowledge of computer applications, as they relate to technology-based business skills, and integrate those applications into the day-to-day operations of a home-based or micro business. The overall goal of the Virtual Entrepreneurship Initiative is to strengthen existing businesses, which will encourage and promote enterprise development in Appalachian Mississippi.

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 Mississippi State University was in compliance with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with Mississippi State University 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 Mississippi State University on September 16 and September 17, 2002.

A. Incurred Costs

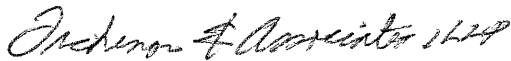
Mississippi State University claimed total program costs of \$102,057 for the period March 1, 2000 through September 30, 2001 of which they claimed direct reimbursable cost of \$80,845 and matching costs of \$21,212. We reviewed the direct and in-kind costs claimed and determined that in general the funds had been expended as reported.

B. Internal Controls

We did not identify any internal control weaknesses that would affect the accountability of costs or compliance with the terms of the grant agreement.

C. Program Results

Our review of the Mississippi State University Virtual Entrepreneurship Education and Training project indicated that all specific objectives identified in the grant had been achieved through a series of workshops, conferences, training courses and a case study. For example, Entrepreneurship 101 was a series of workshops targeting both new and existing business owners. The workshops covered topics related to basic business start-up, marketing, accounting, and writing business plans. Sixty-one business owners attended the workshops. Another example was the E-Tail Case Study. E-Tail was an intense one-on-one training course for owners of small businesses. The focus of the session was to expand the customer base of the business by developing a web site. An owner of a small accessory manufacturing business attended five "all-day" sessions concerning e-commerce. On August 19, 2001, the business owner's web store, www.cjsbows.com, went operational.



Tichenor & Associates, LLP
Louisville, Kentucky
September 17, 2002



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Welcome Ingrid+ Rickard, today is Monday, September 30, 2002

Project - General: MS-13561-0 -I ✓

Project	Grantee	Location	Funding	Payment	Notes	Performance	Closeout
ID: 24566					◀ New Grantee ▶	◀ Select Gran	

Grantee's Name *

Contact Person:

Type of Grantee:*

Employer ID Number (EIN):

Phone:

Fax:

Email:

Grantee Address

Address

City

State

Zip Code

Proj Title:
 MS State Univ Virtual
 Entrepreneurial Incubator



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 stylized flourish at the end.

Clifford H. Jennings
Inspector General

Enclosures

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



**APPALACHIAN
REGIONAL
COMMISSION**

*A Proud Past,
A New Vision*

Office of the Inspector General

September 30, 2002

Ms. Beth Duncan
Mississippi State University
P. O. Box 6156
Mississippi State, MS 39762-6156

re: OIG Report 02-37, ARC Grant MS-13561—
Virtual Entrepreneurship Education and
Training

Dear Ms. Duncan:

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 "Clifford H. Jennings", written in a cursive style.

Clifford H. Jennings
Inspector General

Enclosure