



February 22, 1995

Robert E. Lunsford, Director  
Alabama Department of Economic and Community Affairs  
401 Adams Avenue  
Montgomery, AL 36103-5690

Re: ARC Contracts 93-40 and  
94-108; AL-7805-93 & 94;  
Consolidated Technical  
Assistance Program. OIG  
Report No. 95-18.

Dear Mr. Lunsford:

As discussed with Ms. Bonnie Durham during our visit of February 6-7, 1995, we are providing, through this letter, the results of our review of the Alabama Department of Economic and Community Affairs (ADECA) Consolidated Technical Assistance Program.

We reviewed two grants ARC awarded to ADECA to continue a consolidated technical assistance program designed to support planning, monitoring, and development activities to strengthen the Governor's community and economic development programs throughout Appalachian Alabama. Grant No. AL-7805-93 (contract 93-40) was for 50 percent of the total actual and reasonable costs, not to exceed \$105,357. The period of performance was April 1, 1993 through March 31, 1994. It was subsequently increased to \$155,357 and extended through September 30, 1994. Grant No. AL-7805-94 (contract 94-108) was for 50 percent of the total actual and reasonable costs, not to exceed \$105,000 and the period of performance was October 1, 1994 through September 30, 1995.

Both contracts required ADECA personnel to provide:

- (1) Overall ARC program planning and development strategies;
- (2) Technical assistance to local development districts, monitoring and evaluation; and
- (3) Technical assistance with all aspects of the Governor's community and economic development policies for Appalachian Alabama.

Both contracts indicated that ADECA would execute subcontracts with the Alabama Indian Affairs Commission for technical assistance to Native Americans in Appalachian Alabama. Contract 93-40 also included provisions for ADECA to subcontract with the Coosa Valley

Resource Conservation and Development Council for development of aquaculture in Appalachian Alabama and with the Alabama Office of Rural Health (ORH) to administer the J-1 Visa Program. Contract 94-108 indicated that ADECA would issue a subcontract to the North-central Alabama Regional Council of Governments to prepare a comprehensive plan for the Town of Good Hope. According to ADECA's grant applications, matching funds would be provided by the North-central Alabama Regional Council of Governments (\$19,192.80), the Alabama Office of Rural Health (\$7,500) and the Town of Good Hope (\$8,000).

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grants, (2) to determine if the grant objectives were met, and (3) to determine the current status of the projects. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreements, Office of Management and Budget (OMB) Circulars A-87 and A-128, and the ARC Code.

The results of our review are as follows:

- (1) The grantee provided technical assistance, monitoring, evaluation and program planning and development in support of the grant objectives. Subcontracts were executed with the Alabama Indian Affairs Commission and the Coosa Valley Resource Conservation and Development Council. The proposed subcontract with the Alabama Office of Rural Health was not finalized due to problems encountered with the administration of previous ARC grants. At the time of our visit, the subcontract with the North-Central Alabama Regional Council of Governments was in the process of being executed.
- (2) According to grantee's records, project expenditures for contract 93-40 totaled \$255,922.12. Of that amount, \$127,925.55 (50 percent) was charged to ARC and \$127,996.57 (50 percent) was charged to the State. The grantee obtained advance and progress payments from ARC totaling \$139,447.20 and repaid the excess funds (\$11,521.65) in January 1995. At the time of our review, project expenditures for contract 94-108 totaled \$17,764.66 and \$12,760.00 (72 percent) had been charged to ARC. We reviewed a sample of expenditures charged to both contracts and no deficiencies were noted.
- (3) The ARC grant agreements required semi-annual progress reports, however, the last report for the extended period of contract 93-40 was not completed. The ARC Program Manager at ADECA retired during the grant period and the progress report was not completed by other employees temporarily acting in that capacity. The grantee furnished the report to ARC shortly after our review.

No response to this letter is necessary; however, if you have any questions or comments, please call me or Jo Ann Brenner at (202) 884-7675.

The courtesies and cooperation extended during our visit were appreciated.

Sincerely,

Hubert N. Sparks  
Inspector General