



SURVEY REPORT

REVIEW OF HINDMAN SETTLEMENT SCHOOL HINDMAN, KENTUCKY

Full-Time School/Summer Tutorial
Program for Dyslexic Students

Grant No. KY-11206-93-C1-302-0301

Contract 93-62

June 21, 1993 - July 23, 1994

OIG Report No. 95-35(H)

June 30, 1995

I. INTRODUCTION

A. 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.

B. SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grants as well as matching funds. The period of performance was June 21, 1993 through July 23, 1994. We reviewed the grantee's reports; examined accounting and other records; and held discussions with the grantee's project director and other staff in Hindman, Kentucky, from March 27-29, 1995. 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-110 and A-122, and the ARC Code.

C. BACKGROUND

ARC awarded grant KY-11206-93 (contract 93-62) to the Hindman Settlement School to provide funds for scholarship aid to students enrolled in their summer tutorial program for children with dyslexic characteristics and for the continuation of the grantee's full-time program for children with dyslexic characteristics for the 1993-94 academic year. The total grant was for a sum not to exceed \$75,000 and required the grantee to provide a non-Federal share of \$168,729 in cash, contributed services, or in-kind contributions as approved by ARC. One-third of the grant funds (\$25,000) was to be used for the summer tutorial component; and a non-Federal share of \$68,927 was to be provided by the grantee. Two-thirds of the ARC funds were to be used for the full-time program for the 1993-94 academic year. The grantee's share was expected to be \$99,802 (66.6 percent of project costs).

The grant agreement was subsequently increased to \$87,081.43 to provide \$12,081.43 for a 1994 Summer Seminar. The specific tasks to be completed by the grantee under the grant agreement, as amended, include:

- (1) Conduct an intensive 6-week Summer Tutorial Program at the Hindman Settlement School for approximately twenty to twenty-five needy Appalachian youths with dyslexic characteristics; the tutorial program curriculum will concentrate on reading and math and will also include other areas of study, such as computer lab, social values, and auditory drills.
- (2) Conduct a one-year, full-time program at the Hindman Settlement School for ten Appalachian youths with dyslexic characteristics; the program curriculum will concentrate on reading and math and will also include other areas of study, such as computer lab social, values, and auditory drills.
- (3) Evaluate and report on each student's progress in the academic and non-academic areas of concentration.
- (4) Conduct a summer seminar designed to introduce classroom teachers to a set of instructional strategies that can be used in any classroom or content area, with any age or ability level.

II. RESULTS OF REVIEW

A. FINANCIAL SYSTEM

During the period of the grant agreement, the grantee did not have a separate grant account or an accounting system that allowed for actual costs to be compared to budget amounts as required by OMB Circular A-110. Subsequently, a new accounting system was implemented; and we understand that it permits the grant data to be collected and maintained in accordance with grant requirements.

In the absence of a separate grant account, the grantee prepared worksheets indicating which expenses were applicable to the ARC grant and used them to prepare their reimbursement requests to ARC. At the time of our visit, the worksheets were no longer available so the grantee recreated the worksheets from their official accounting records and documents. The worksheets indicated that sufficient expenses were incurred to support claims to ARC; and our review of a sample of documents indicated that the types of expenditures appeared to be appropriate.

However, we noted that some of the claimed costs were estimated or needed additional documentation. For example, the grantee estimated some costs including a portion of the gas and electricity expenses and personnel costs for Settlement House employees. The claimed costs appear to be reasonable and necessary for the successful completion of the grant. We also noted that expenditures for a workshop and some employee travel costs on credit card bills were not documented as to the reason the expenses were incurred and how they related to the ARC grant.

Recommendation: We recommend the grantee ensure that expenses related to future ARC grants are properly documented and that their accounting system provides for a separate grant account and for actual expenses to be compared to the budget amounts.

B. STATUS OF GRANT OBJECTIVES

1) Summer Tutorial

The 6-week summer tutorial program was held from June 21 through July 23, 1993. Twenty-five students from the Appalachian region received scholarships totaling \$25,000 and ranging from \$100 to \$1,500.

2) Full-time Program

A total of twenty students from the counties of Knott, Perry, Floyd and Breathitt participated in the full-time school program. Six of the students were placed by public schools, and fourteen were parent placements. The ARC funds were used to help pay staff salaries, space, materials, and food costs for the fourteen privately placed students. One of the two teachers used in this program was provided by the Knott County school system to offset the costs for the children attending from their schools.

3) Student Progress

The grantee reported that, during the grant period, the ARC program students increased their scores in reading, math, and social sciences and developed confidence in their ability to be successful in school.

4) Summer Seminar

The grantee was unable to interest enough participants in the summer seminar and it was not held. The \$12,801.43 was deobligated by ARC at grant closeout.


Hubert N. Sparks
Inspector General