



December 13, 1995

OIG Report No. 96-15(H)

MEMORANDUM FOR SECRETARY OF STATE, NEW YORK STATE DEPARTMENT OF STATE

SUBJECT: Memorandum Survey Report--Review of New York State Department of State, Consolidated Technical Assistance Program, ARC Grants No. NY-7776-93 and 94, Contracts 93-138 and 94-88

PURPOSE

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.

SCOPE

Our review included procedures to review costs incurred and claimed for reimbursement under the grants, as well as costs claimed as matching funds. The period of performance was October 1, 1993 through September 30, 1995. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Albany, New York, November 14-16, 1995. We also reviewed the State of New York Single Audit Report for the period ending March 31, 1994. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreement, Office of Management and Budget Circulars A-87, A-102, and the ARC Code.

BACKGROUND

ARC Grant No. NY-7776-93-C14-302-0624 was awarded to the New York State Department of State to continue a consolidated technical assistance program for planning, evaluation and program and project development in Appalachian New York by the New York State Department of State, the Department of Social Services, and the Southern Tier Regional Education Center for Economic Development. The grant was for 50 percent of the total actual and reasonable costs of work accomplished under the grant agreement, as determined by ARC, not to exceed \$174,000. The period of performance was October 1, 1993 through September 30, 1994.

ARC Grant No. NY-7776-94-C15-302-0636 was awarded to continue the program from October 1, 1994 through September 30, 1995 with the participation of the New York State Departments of State and Education and the Regional Educational Planning and Development Agency. The 1994-95

grant was for a maximum of \$180,000 and continued the requirement for 50 percent matching costs.

According to the grant agreements, the following tasks were to be completed:

1. Project Development and Evaluation

- a) Provide information to the public and to potential project sponsors and develop a grant application package which will stimulate the production of project proposals consistent with ARC program goals and funding targets;
- b) Provide technical assistance to project sponsors on: (I) development of preapplications and full applications, as appropriate; (ii) operating funded projects; and (iii) progressing toward self-sufficiency following ARC funding;
- c) Provide monitoring of ARC-funded human resources projects to promote effective program implementation;
- d) Review project applications and make recommendations concerning approval;
- e) Develop recommendations for project funding priorities based on review of the pre-applications and the Priority Point Rating System developed jointly by the Department of State, the cooperating State agencies, and the three local development districts; and
- f) Monitor LDD technical assistance, planning, and program development activities supported by the augmented LDD administrative grants.

2. Program Development and Planning

- a) Ensure coordination in planning and program development by convening the New York State Interagency Task Force, which reviews program priorities and procedures;
- b) 1993-94 Grant: Review and update the New York State Appalachian Regional Development Plan for 1991-1994 and prepare other planning materials, as appropriate;

1994-95 Grant: Prepare the New York State Appalachian Regional Development Plan for 1995-1998, and other planning materials, as appropriate;
- c) Provide information to the public and seek reactions from the public, concerning ARC regulations and program priorities; and

- d) Improve communications between agencies and organizations involved in the Appalachian program.

In addition to the above tasks, the 1993-94 grant required the grantee to contract with the Southern Tier Regional Education Center for Economic Development (RECED) for technical assistance in developing and implementing education excellence, job training, and basic skills development and other education projects. The 1994-95 grant required the grantee to contract with the Regional Educational Planning and Development Agency (REPD) to assist with project development and technical assistance activities. The Schuyler-Chemung-Tioga Board of Cooperative Educational Services was the fiscal agent for both subcontracts.

RESULTS

Grant and Matching Costs

The grantee reported total project expenditures of \$347,586 for the 1993-94 grant. Final expenditure reports for the 1994-95 grant had not been completed at the time of our visit but reported project costs as of June 30, 1995 were \$184,548. We tested expenditures including personnel costs for both grants and found that grant and matching costs were properly supported and allowable except for two minor charges associated with the 1993-94 grant:

- 1) Computer software costing \$100 was erroneously charged to the ARC grant instead of another program.
- 2) Travel expenses charged to the ARC grant during the grant period were credited to the ARC account after the grant period had ended and after total grant costs had been reported to ARC. Grantee's accounting records indicate that \$522.84 remains in the grant account.


Grantee officials agreed to return \$622.84 to ARC. Although the grantee had unreported excess match available to replace the questioned costs noted above, officials indicated they preferred to return the money to ARC as they were unable to use prior year funds for current year expenses.

Grant Objectives

The grantee completed the tasks required by the grant agreements including providing technical assistance and information to the public and project sponsors, reviewing applications, making recommendations and monitoring projects. In addition, they monitored LDD activities and prepared/updated the New York State Appalachian Regional Development Plans for 1991-1994 and 1995-1998

Project Status

At the time of our review, the grantee had completed all work and submitted all reports associated with the 1993-94 grant. They had also completed all work and submitted the required progress reports for the 1994-95 grant. Grant officials indicated they expected the final expenditure report to be submitted timely.


Hubert N. Sparks
Inspector General