
**REPORT ON REVIEW OF
ALLIANCE FOR THE ARTS, LTD.
WEST VIRGINIA SCIENCE CENTER**

**ALLIANCE FOR THE ARTS, LTD.
WEST VIRGINIA SCIENCE CENTER**
Grant No. WV-11511
ARC Contract No. 94-96
August 1, 1994 through January 31, 1996

OIG Report 96-33(H)
May 15, 1996

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Inspector General
Appalachian Regional Commission
Washington, DC

REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

We have applied the procedures enumerated below to the Appalachian Regional Commission's (ARC) Grant No. WV-11511 with the Alliance for the Arts, Ltd. for the West Virginia Science Center for the period August 1, 1994 through January 31, 1996. These procedures, which were agreed to by the Office of Inspector General of the Appalachian Regional Commission, were performed solely to assist you in evaluating the allowability of costs claimed, whether grant objectives were met, and the current status of the project.

We performed the following procedures:

- Held an entrance conference with the grantee
- Reviewed the grant agreement and any modifications
- Obtained and reviewed payment records and other documents from ARC
- Compared costs reported to ARC by budget category to the general ledger or other records kept by the grantee
- Analyzed cash receipts against current needs, interest earned and remitted, and program income recorded
- Reviewed the allowability of payroll costs, non-personnel costs, and subgrantee costs
- Determined if specific grant objectives were achieved
- Determined if matching/non-federal contribution requirements were met
- Held an exit conference with the grantee

The results of these procedures are discussed in the **RESULTS OF REVIEW** section of this report.

These agreed-upon procedures are substantially less in scope than an examination, the objective of which is the expression of an opinion on payments received and costs claimed under this grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Appalachian Regional Commission and the management of the Alliance for the Arts, Ltd. for the West Virginia Science Center and should not be used for any other purpose. Upon acceptance, however, this report is a matter of public record.

M. D. Oppenheim & Company, P.C.

Fairfax, Virginia

May 15, 1996

**REVIEW OF ALLIANCE FOR THE ARTS,
WEST VIRGINIA SCIENCE CENTER
BLUEFIELD, WEST VIRGINIA**

**Grant No. WV-11511
ARC Contract No. 94-96**

August 1, 1994 through January 31, 1996

April 5, 1996

PURPOSE

The purpose of our review was to determine (1) the allowability of costs claimed under the Appalachian Regional Commission (ARC) Grant No. WV-11511 by the Alliance for the Arts, Ltd. for the West Virginia Science Center, (2) if the grant objectives had been met, and (3) the current status of the project.

SCOPE

We reviewed costs incurred and claimed for reimbursement under Grant #94-96. Under the terms of this grant, for the complete and satisfactory performance of this grant agreement, as determined by ARC, the Grantee shall be paid by ARC a total sum not to exceed \$150,000, or 80% of actual, reasonable and eligible project costs, whichever is less. The Grantee shall pay or cause to be paid the non-federal share of \$37,500 (20%) in cash, contributed services, or in-kind contributions, as approved by ARC.

The period of performance for this grant was August 1, 1994 through January 31, 1996. The grant was obligated for \$150,000. The Grantee received payments totaling \$149,488. The remaining \$512 was deobligated because it was determined by ARC that the \$400 budgeted for an audit was not needed and the remaining \$112 was not spent by the Grantee. (See Exhibit A.)

We reviewed reports prepared by the grantee, examined project records, and held discussions with the Grantee's Project Director, the President of the Science Center and the Operations Coordinator during the period April 4-5, 1996. As a basis for determining allowable costs and compliance requirements, we used the provisions of the grant agreement, Office of Management and Budget (OMB) Circular A-122, OMB Circular A-110, and the Appalachian Regional Commission Code.

BACKGROUND

The primary purpose of the Science Center is to improve the quality of science education in southern West Virginia and southwestern Virginia. The Center offers hands-on exhibit programs and other informal science activities to schools and families. The exhibits are designed to supplement and reinforce the new West Virginia State Science Curriculum. This curriculum mandates that science education consist of 50 percent hands-on activities. Since many of the schools lack the equipment and supplies for hands-on experiments, the exhibits assist teachers in teaching the science curriculum. The exhibits focus on three areas of science: life sciences, physics, and state-of-the-art technologies. The Center plans to rotate the exhibits so that each time students visit the Center new activities can be offered.

The specific tasks of this project were to:

- * purchase and/or fabricate interactive exhibits dealing with the subjects of: science and/or technology and/or mathematics;
- * hire two full-time equivalent staff members who: assist visitors in the exhibit gallery, conduct science demonstrations in the gallery and/or in outreach offerings, and carry out other responsibilities as needed;
- * purchase a van and equip it to transport educational equipment;
- * purchase additional educational equipment, and
- * produce and distribute descriptive brochures and program guides and paid advertising such as magazine ads and billboards to promote the program.

RESULTS OF REVIEW

We have reviewed the costs incurred by the Alliance for the Arts, West Virginia Science Center under ARC Contract No. 94-96 for the period August 1, 1994 through January 31, 1996. The results of our review are discussed in the **OBSERVATIONS AND RECOMMENDATIONS** section. Contract No. 94-96 established an ARC obligation of \$150,000. The grantee requested and received \$132,049 in advance payments and \$17,439 in a final payment. The remaining \$512 was deobligated because \$400 of this money was budgeted for an audit and ARC determined that an audit was not needed and the remaining \$112 was not spent by the grantee.

Our review disclosed the following observations:

- * Observation 1 - Lack of properly documented in-kind costs.
- * Observation 2 - Lack of time sheet signatures and approvals.

It appears that an explanation of eligible costs and grant regulations by ARC to new grantees would be useful.

OBSERVATIONS AND RECOMMENDATIONS

Observation 1 - Lack of Properly Documented In-Kind Costs

We were unable to specifically identify the matching share of costs provided by the Grantee.

OMB Circular A-110 states:

All contributions, both cash and in-kind, shall be accepted as part of the recipient's cost sharing and matching when such contributions meet all of the following criteria:

(1) Are verifiable from the recipient's records

While we recognize, from reviewing the total project costs, that the West Virginia Science Center has more than met their 20% (\$37,500) of the project costs, we had difficulty determining the in-kind match because of the lack of adequate reporting for this portion.

Recommendation

We recommend that the West Virginia Science Center maintain specific documentation of the in-kind costs. This allows for adequate reporting of the ARC portion and the in-kind portion.

Observation 2 - Lack of Time Sheet Signatures and Approvals

The West Virginia Science Center had personnel costs associated with this grant. These employees were paid on an hourly basis. While the Science Center had employee time sheets; they were neither signed by the employee nor approved by a supervisor.

OMB Circular A-122, Attachment B, section L, subparagraph 1 states:

Charges to awards for salaries and wages whether treated as direct costs or indirect costs will be based on documented payrolls approved by a responsible official of the organization.

OMB Circular A-122, Attachment B, section L, subparagraph 2(c) states:

The reports must be signed by the individual employee or by a responsible supervisory official having first hand knowledge of the activities performed by the employee that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

Without signatures and approvals, it is not possible to determine that the hours were actually incurred for the grant.

Recommendation

We recommend that the West Virginia Science Center maintain adequate controls over the time sheet process by ensuring that time sheets are signed by the employee and reviewed and approved by the supervisor in the future.

ALLIANCE FOR THE ARTS LTD.

Grant No. WV-11511

ARC Contract No. 94-96

August 1, 1994 to January 31, 1996

(Unaudited)

SCHEDULE OF CASH PAYMENTS

| <u>DATE</u> | <u>PAYMENT TYPE</u> | <u>AMOUNT PAID</u> |
|--------------------------------------|---------------------|-----------------------|
| 11/17/94 | Advance | \$ 76,240.00 |
| 02/13/95 | Advance | 8,397.84 |
| 05/17/95 | Advance | 47,411.29 |
| 02/28/96 | Final | <u>17,438.49</u> |
| Total Paid | | 149,487.62 |
| Total Award | | <u>150,000.00</u> |
| Total Undrawn Balance | | <u>512.38</u> |
| Less: Deobligation | | <u>512.38</u> |
| AMOUNT AVAILABLE FOR DRAWDOWN | | <u><u>\$ 0.00</u></u> |