

**REPORT ON REVIEW OF
WEST VIRGINIA RURAL DEVELOPMENT COUNCIL
EMPOWERMENT ZONES & ENTERPRISE COMMUNITIES PROGRAM**

**WEST VIRGINIA RURAL DEVELOPMENT COUNCIL
EMPOWERMENT ZONES & ENTERPRISE COMMUNITIES PROGRAM**
Grant No. CO - 11469B
ARC Contract No. 94-36
February 1, 1994 through March 31, 1995

OIG Report 96-43
May 15, 1996

Caution: Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 USC 522 9(b)(4). Distribution of this report should be limited to Appalachian Regional Commission and other pertinent parties.

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. CO-11469B with the West Virginia Rural Development Council for the period February 1, 1994 through March 31, 1995. 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 West Virginia Rural Development Council 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 WEST VIRGINIA RURAL DEVELOPMENT COUNCIL
EMPOWERMENT ZONES & ENTERPRISE COMMUNITIES PROGRAM
CHARLESTON, WEST VIRGINIA**

**Grant No. CO - 11469B
ARC Contract No. 94-36
February 1, 1994 through March 31, 1995**

April 19, 1996

PURPOSE

The purpose of our review was to determine (1) the allowability of costs claimed under the Appalachian Regional Commission (ARC) Grant No. CO-11469B by the West Virginia Rural Development Council for the Empowerment Zones & Enterprise Communities Program, (2) if the grant objectives are being met, and (3) the current status of the project.

SCOPE

We reviewed costs incurred and claimed for reimbursement under Grant No. 94-36. Under the terms of this grant, for the complete and satisfactory performance of this grant agreement, and upon receipt of the proper invoices approved by ARC, the Commission shall reimburse the Grantee for the actual, reasonable, and eligible costs of the project, as determined and approved by ARC, provided total cost reimbursement payments shall not exceed \$58,000.

The period of performance for this grant is February 1, 1994 through March 31, 1995. The grant was obligated for \$58,000. As of April 19, 1996, the Grantee has drawn down \$55,100. The available balance is \$2,900.

We reviewed reports prepared by the Grantee, examined project records, and held discussions with the Grantee's Project Director, and the Comptroller handling the financial responsibilities for the West Virginia Rural Development Council during the period April 18 - 19, 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) A-87, and the Appalachian Regional Commission Code.

BACKGROUND

This grant was approved in conjunction with ARC's Empowerment Zones & Enterprise Communities Program. The program focuses on distressed rural communities that demonstrate leadership and innovation in solving difficult economic and social changes. The program calls for the communities to develop a strategic plan that will guide economic and social development and help the community remove barriers to development and become self-sufficient. It encourages partnerships to be formed between diverse social groups and with the Federal and State governments, other local communities, private businesses, and nonprofit organizations, religious groups, and low-income people to focus resources through lasting alliances.

The Grantee was awarded \$58,000 toward the accomplishment of this project. The ARC funds are to be used to:

- * provide additional staff for the West Virginia Rural Development Council;
- * provide assistance in securing meeting rooms, and
- * provide resources to the communities for planning.

RESULTS OF REVIEW

We have reviewed the costs incurred by the West Virginia Rural Development Council for the Empowerment Zone and Enterprise Communities Program under ARC Contract No. 94-36 for the period February 1, 1994 through March 31, 1995. The results of our review are in the **OBSERVATIONS AND RECOMMENDATIONS** section and in Exhibit A. Grant No. 94-36 established an ARC obligation of \$58,000. The grantee requested and received \$55,100 in advance payments. The available balance totals \$2,900.

Our review disclosed one observation - the lack of timely closeout of the grant.

OBSERVATIONS AND RECOMMENDATIONS

Lack of Timely Closeout of Grant

The grant agreement expired on March 31, 1995. As of April 19, 1996, over one year later, neither the final program report nor the final financial report had been issued to ARC.

The grant agreement states:

On or before March 31, 1995, Grantee shall prepare and submit to the ARC Project Coordinator for approval, three copies of a draft final report of all work accomplished under this agreement including recommendations and conclusions based on the experience and results obtained.

Recommendation

We recommend that the West Virginia Rural Development Commission issue their final programmatic and financial reports **immediately**, in order to close out this grant and to receive their final payment of \$2,900.

**WEST VIRGINIA
RURAL DEVELOPMENT COUNCIL**

Grant No. 11469B
ARC Contract No. 94-36
February 1, 1994 to March 31, 1995
(Unaudited)

SCHEDULE OF CASH PAYMENTS

<u>Date</u>	<u>Payment Type</u>	<u>Amount Paid</u>
4/12/94	Advance	\$ 29,000
6/16/94	Advance	23,200
1/17/95	Advance	<u>2,900</u>
Total Paid		<u>55,100</u>
Total Award		<u>58,000</u>
AMOUNT AVAILABLE FOR DRAWDOWN		<u><u>\$ 2,900</u></u>