



JULY 12, 1996

REPORT NO. 96-49(H)

MEMORANDUM FOR: JAMES H. KIMSEY, SUPERINTENDENT, TOWNS COUNTY BOARD OF EDUCATION, HIAWASSEE, GEORGIA

SUBJECT: Memorandum Survey Report--Towns County Dropout Prevention Project, ARC Grant No. GA-11517-94 (Contract 94-68)

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.

SCOPE

Our review included procedures to review costs incurred and claimed for reimbursement under the grant as well as costs claimed as matching funds. The period of performance was August 1, 1994 through June 30, 1996. We reviewed the grantee's reports, examined records, and held discussions with grantee officials June 5-6, 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) Circulars A-87, A-102, and the ARC Code.

BACKGROUND

ARC Grant No. GA-11517-94-I-302-0328 was awarded to the Towns County Board of Education to implement Phase III of a Four Phase Technology Plan. Phase III was to provide a second computer laboratory to serve students and teachers. Grant funds were to be used to purchase a minimum of 24 computers and 4 printers and to provide funding for a half-time administrator to coordinate the entire technology program. The grant was for the lesser of \$63,520 or 56 percent of actual, reasonable and eligible project costs. Local funds of \$49,183 were to be provided to cover the salary for a teacher as well as secretarial support, computer software and telephone expenses.

The grant agreement was subsequently amended to provide an additional \$63,512 for Phase IV of the project and to extend the grant period through June 30, 1996. Phase IV of the project included purchasing an additional 32 computers and 6 printers and paying one-half of

the administrator's salary. The grantee was to provide matching funds of \$45,183 for salary costs for the administrator, teacher and secretary, and for the purchase of software.

At the time of our visit, the grantee had claimed grant expenditures of \$113,026.16 and \$14,005.84 remained in the ARC grant account.

RESULTS

The grantee's project director informed us upon arrival that they had several different bookkeepers during the grant period and the current employee had only been in place a couple of weeks. During our visit, a part-time employee who was more familiar with the ARC project assisted us with the review of financial records.

A. Grant Costs

The grantee's financial records indicate that grant expenses totaling \$127,032 were incurred for computer equipment and salary costs for the technology program administrator. We reviewed documentation for these expenses and no deficiencies were noted. We toured the Towns County Comprehensive School and observed grant funded computer equipment in computer labs and classrooms.

B. Matching Costs

- (1) Administrator's Salary---During the first year of the grant, the grantee charged \$16,612 of the project administrator's salary and fringe benefits costs to the grant and the remainder (\$14,707.01) to local match. However, we were told that the administrator worked one-half time on the technology project during that period and taught three math classes the rest of the time. We are questioning the matching costs of \$14,707.01 because the math classes were outside the scope of the project.

The grantee also claimed matching costs for the administrator during the second year of the project, but we understand that 100 percent of his time during that period was devoted to the technology project and we are not questioning those costs.

- (2) Computer Software Expenses---We noted that the grantee claimed \$5,045.91 for software expenses during the first year of the grant, however, supporting documentation for the expenses indicated that \$3,000 was for network maintenance and \$2,045.91 was for computer

furniture. We are questioning the \$5,045.91 since neither of these costs were provided for in the approved budget.

At the time of our visit, the grantee provided documentation for software totaling \$16,828 that was purchased in October 1995 and not claimed under the ARC grant. It also appears that the grantee may have other project related expenditures that were not claimed but that could be allowable as match.

- (3) Allocation of Costs---The grantee claimed telephone costs totaling \$750 and secretarial costs of \$2,597 based on budgeted amounts and not on actual costs. They were not aware that they needed to fully document the costs and did not maintain sufficient records to enable them to allocate specific costs to the grant.

Recommendation: We recommend that the grantee ensure that matching costs are fully documented if they obtain future ARC grants and that they contact ARC project personnel to resolve the questioned matching costs for the administrator's salary and computer software totaling \$19,752.92.

C. Property Inventory Records

The grantee provided a Technology Inventory log for our review, however, we noted that computers and other equipment purchased with grant funds were not annotated that they were purchased with government funds as required by OMB Circular A-102. The grantee's project director indicated that equipment records would be updated to include the required information.


D. Program

The ARC project provided computer labs at the Towns County Comprehensive School (TSSC) that were used by students in grades K-12 as well as by teachers and non-traditional evening classes. The project director indicated that the ARC project has not resulted in improved dropout statistics yet, but that test scores are excellent. Tests of TSSC juniors during the 1995-96 school year indicate that 100 percent of them passed the language arts and writing components of the Georgia Graduation Test. Use of the project equipment is expected to help keep students interested in school and result in a lower dropout rate.

The project director indicated that approximately 225 students used the computer labs during the grant period. Funding to continue the program is expected to come from state and local sources.

SURVEY RESPONSE

We discussed the results noted above with the grantee and they concurred with our recommendations. No response to this report is required from the grantee, however, comments or questions regarding its content may be directed to Jo Ann Brenner or Hubert Sparks at (202) 884-7675.


Hubert N. Sparks
Inspector General