



SURVEY REPORT

REPORT ON REVIEW OF BICENTENNIAL VOLUNTEERS, INC KNOXVILLE, TENNESSEE

America's Scenic Triangle Tourism Initiative

Grant No. CO-11401-93-I-302-0630
September 15, 1993 - September 14, 1994

OIG Report 96-59(H)
September 30, 1996

I. INTRODUCTION

A. PURPOSE

The purposes of our review were: (1) to determine the allowability of costs claimed under the Appalachian Regional Commission (ARC) grants; (2) to determine if the grant objectives were met; and to determine the current status of the project.

B. SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the subject grant. During our visit on August 8, 1996, we reviewed the grantee's reports, examined records and held discussions with the grantee's project director and with finance personnel in Knoxville, Tennessee. The period of performance for the grant was September 15, 1993 through September 14, 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-110 and A-122, and the ARC Code.

C. BACKGROUND

ARC Grant No. CO-11401-93-I-302-0630 was awarded to Bicentennial Volunteers, Inc. (BVI) to provide funding for first-year research and development activities in connection with the development of a special regional tourism initiative known as "America's Scenic Triangle." The initiative came to be known as Southern Highlands U.S.A. and was to promote tourism visitation to East Tennessee and Western North Carolina. The program was designed to capitalize on the 1996 Olympic Games

and was to begin July 1, 1993 and last four years through June 30, 1997. The ARC grant covered one year and was for actual, reasonable and eligible costs of the project up to \$75,000. It included salary and travel costs for the Scenic Triangle director and a 15 percent administration fee for BVI. Additional funding was also anticipated from the Tennessee Valley Authority (TVA); the cities of Knoxville and Chattanooga, Tennessee and Asheville, North Carolina; and from "Scenic Triangle" counties and private attractions.

According to the grant agreement, the grantee was to perform the following tasks:

- 1) Establish a Scenic Triangle organization (non-profit corporation status);
- 2) Work with the Scenic Triangle Partners to produce the Scenic Triangle work plan;
- 3) Establish a Scenic Triangle Board of Directors;
- 4) Establish a Scenic Triangle organizational structure;
- 5) Establish an organizational fee structure;
- 6) Solicit support among regional/federal partners; and
- 7) Conduct meetings, notify/inform partners of organizational progress.

ARC closed out the grant on November 10, 1994 and final payment was made at that time.


II. RESULTS

- A. Financial Records - During our visit, we reviewed the grantee's accounting records including invoices and supporting documentation. Total project costs were \$81,514.62 including \$6,514.62 provided by the grantee. No deficiencies were noted as to the allowability of the expenses or the adequacy of the documentation.
- B. Program - We determined that some of the work required by the grant agreement was accomplished during the grant period including the formation of America's Scenic Triangle, Inc.; the creation of a board of directors; and the development of a work plan and a marketing plan. However, we understand that the four-year tourism initiative scheduled to continue through June of 1997 was not completed and that work did not continue after the ARC grant ended in 1994.

We were unable to locate the former Scenic Triangle director whose salary was paid from ARC grant funds. A former TVA employee who had some knowledge of the project indicated that the additional funds the grantee had hoped to attract did not

materialize, partly because some of the prospective contributors required matching funds that were not obtained. We understand that some of the cities and organizations that initially supported the project eventually lost interest in it.

Recommendation: In order to better preclude project termination prior to achievement of overall objectives, grant applications should better identify and support the potential for additional funds necessary for full project implementation. Also, future ARC pre-approval reviews should emphasize and evaluate the justification and support of additional funding identified in grant applications as critical for project success and ARC should work with grantees during project implementation to obtain planned funding.


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