

MEMORANDUM REPORT ON REVIEW OF THE
NEW RIVER VALLEY PLANNING DISTRICT COMMISSION
RADFORD, VIRGINIA

Local Development District
and the
Multi-County Shared and Distributed GIS System

ARC Grant No: VA-0711D-95-C24-302-0630
and VA-11571-94-I-302-0429

October 1, 1994 through September 30, 1995

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Report Number: 96-61 (H)

Date: August 30, 1996

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Prepared by:

Tichenor & Associates
Certified Public Accountants
Woodbridge, Virginia

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TICHENOR & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

WASHINGTON OFFICE

12531 CLIPPER DRIVE SUITE 202
WOODBIDGE VA 22192

PARTNERS

WILLIAM R. TICHENOR
JONATHAN D. CROWDER
JAMES M. ANDERSON
ROBERT W. BEULEY
DEIRDRE MCKENNA REED

BUSINESS: (703) 490-1004
METRO: (703) 352-1417
FAX: (703) 491-9426
E-MAIL: TICHASSOC@AOL.COM

TO: Appalachian Regional Commission (ARC)
Office of Inspector General (OIG)

FROM: Tichenor & Associates
Woodbridge, Virginia

REPORT FOR: The Federal Co-Chairman
ARC Executive Director
OIG Report No. 96-61(H)

SUBJECT TO: Memorandum Review Report on New River Valley Planning District
Commission, Local Development District and the Multi-County Shared
and Distributed GIS System, Radford, Virginia. Grant Nos: VA-0711D-
95-C24-302-0630 and VA-11571-94-I-302-0429.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by the New River Valley Planning District Commission (the Grantee) were expended in accordance with the ARC approved grant budget and did not violate any restrictions imposed by the terms and conditions of the grant; (b) the accounting, reporting and internal control systems provided for disclosure of pertinent financial and operating information; and (c) the objectives of the grant had been met.

BACKGROUND: ARC awarded Grant Number VA-0711D-95-C24-302-0630, for Administrative Expenses, with ARC funding of \$49,000, to the Grantee for the period October 1, 1994 through September 30, 1995. ARC required that the grant be matched with \$93,260 of funds from other Federal sources and Grantee cash. ARC made four advance payments to the Grantee totalling \$49,000, with the final payment being made on July 1, 1995.

ARC also awarded Grant Number VA-11571-94-I-302-0429, the Multi-County Shared and Distributed GIS System, with ARC funding of \$121,600, to the Grantee for the period October 1, 1994 through September 30, 1996. ARC required that the grant be matched with \$121,600 or 50 percent of Grantee cash and in-kind. As of the date of our review, ARC had made one advance payment of \$79,000 on December 22, 1995.

The funds for the administrative grant were to provide financial assistance for the continuation of Grantee's Local Development District (LDD) program in the four county region surrounding Radford, Virginia. The continuation grant was to provide a Multi-County Shared and Distributed GIS System. The specific tasks of the GIS grant program were:

- To formulate a steering committee to guide the project's implementation, procuring equipment, establishing operations protocols, and involving area localities in the system development;
- To procure hardware and software, as necessary to implement the system;
- To construct the system, the actual placement, testing, and debugging of system hardware, as well as, integrating access to the hardware with existing and acquired software;
- To establish operations protocols so that access to equipment is prioritized and managed; insuring that technical and operational constraints to system access are minimized for planning districts (PDC's) and participating localities;
- To provide for operations, when the system is working and PDC's and participating localities learn how to utilize the equipment, access protocols, and integrate the system components into their work programs; and
- To evaluate the performance of the system through a regular process to identify system shortcomings and develop ways to utilize the system's capabilities and increase system efficiency.

SCOPE: We performed a financial and compliance review of the grant as described in the Purpose, section of this report. Our review was based on the terms of the grant agreement and on the application of certain agreed-upon procedures previously discussed with the ARC OIG. We determined if the specific tasks of the grant had been achieved, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars and the Grantee had complied with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with the Grantee's personnel. Our results and recommendations are based on those procedures.

RESULTS: The following results were based on our review performed at the Grantee's offices in Radford, Virginia from June 5, 1996 to June 6, 1996:

A. Incurred Costs

The Grantee claimed total reimbursable costs from October 1, 1994 through September 30, 1995 of \$65,160 for the local development district administrative grants. We reviewed the costs claimed for reimbursement under this grant and determined that the funds had generally been expended as reported. However, we noted one condition discussed under the Internal Control section of this report which could affect the allowability of some of the claimed costs.

With respect to the grant for the GIS system, we found that of the \$79,000 advanced to the Grantee, per the request of the ARC Program Coordinator, only \$15,434 had been expended as of the date of our fieldwork. We reviewed these costs and determined that the funds had generally been expended in accordance to the grant agreement. A timeline of costs incurred and the advance received is discussed below:

May 1995	Copier purchased by the Central Shenandoa PDC	\$(10,770)
December 1995	Advance received from ARC	79,000
March 1996	Consulting fees	(1,555)
May 1996	Consulting fees	<u>(3,109)</u>
	BALANCE	<u>\$63,566</u>

The Grantee stated more equipment had been received but not yet invoiced. ARC should closely monitor Grantees receiving advances to ensure funds are being used in a timely manner. The Grantee expressed confidence the funds would be expended by the end of the grant, September 30, 1996.

We recommend that the Grantee submit cost information to ARC as soon as expenditures are incurred.

B. Internal Controls

The Grantee was not consistent in its identification and charging of costs as direct. We noted these inconsistencies in the Grantee's charges to ARC for travel and labor costs. For example, we noted that travel costs were charged directly to the LDD's administrative grant, however, based on the traveller's timesheet, the related time was not charged to ARC.

We recommend that the Grantee more accurately identify and classify its direct and indirect costs in accordance with OMB Circular A-122 Attachment A, Paragraph 4.

C. Program Results


The Multi-County Shared and Distributed GIS System grant's specific tasks outlined 6 areas of concentration. Task one required the formulation of a Steering Committee. This task has been achieved. The other five tasks are on-going. There is no indication of any problem that the Grantee will have difficulty in achieving the remaining tasks within the grant period, expiring on September 30, 1996.

DISCUSSION:

The results were discussed with the Grantee on June 6, 1996. The Grantee concurred with our results.

RECOMMENDATIONS:

We recommend that ARC issue advances only when draw downs will occur timely. We also recommend the Grantee implement internal control procedures ensuring matching of travel and labor costs between funding sources and cost categories.


TICHENOR & ASSOCIATES
Woodbridge, Virginia