



OCTOBER 10, 1996

OIG REPORT 97-7(H)

MEMORANDUM FOR: MR. HARRY A. MARTIN, SECRETARY/TREASURER, THE NATCHEZ TRACE PARKWAY ASSOCIATION, TUPELO, MISSISSIPPI

SUBJECT: Memorandum Survey Report--Review of Tourism Project, CO-10959-92-I-302-1119 (Contract 92-22)

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 survey included procedures to review costs incurred and claimed for reimbursement under the grant. The initial period of performance was December 9, 1991 through December 8, 1992; however, the grant was amended three times to extend the performance period through April 15, 1995. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Tupelo, Mississippi on September 19, 1996. We also visited a site on the Natchez Trace Parkway where equipment purchased with ARC funds is installed. 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.

BACKGROUND

Initially, ARC Grant CO-10959-92-I-302-1119 (contract 92-22) was awarded to the Natchez Trace Parkway Association to assist with the development of a series of audio tapes concerning the history of the Natchez Trace Parkway. The tapes were to be made available to travelers on the Natchez Trace Trail discussing the history and lore of the area as well as the scenic and recreational opportunities and other tourist attractions in the vicinity of the Trail. The initial grant was for actual, reasonable and eligible costs of the project, not to exceed \$5,000.

The scope of the project was subsequently amended to allow the grantee to develop a pilot project to provide three low frequency audio transmitters on the Natchez Trace Parkway to provide information to travelers including weather reports, travel information and area tourist information

on attractions and events. The grant amount was increased to \$20,000. Specific tasks to be provided by the grantee included:

- (1) Purchase all necessary equipment for and install a minimum of three demonstration Traveler Information Station units on the Natchez Trace Parkway, at suitable locations, in Appalachian Mississippi. Each complete unit will include the following: two approach signs, pole, antenna, security enclosures (box of components), transmitter, voice recorder, ground system, cooling fan and vent, all installation costs of the aforementioned, miscellaneous hook-up hardware, and such other components required to protect against power surges and lightning;
- (2) Accomplish (1) above in compliance with all applicable Federal Communication Commission (FCC) regulations and any and all other applicable Federal and State laws and regulations; and local ordinances if applicable;
- (3) Take all steps necessary to ensure the proper maintenance, continued operation, and reliability of the system; and
- (4) Inspect all elements of each installation twice a year.

The grant amount was also increased to \$20,000. At the time of our review, the grantee had claimed grant costs totaling \$17,062 and \$2,938 remained in the ARC account.

RESULTS

Financial Records--During our on-site visit, we reviewed the grantees accounting records including invoices and supporting documentation for claimed grant costs totaling \$17,062. All of the expenditures were incurred during the grant period and no deficiencies were noted as to the allowability of the items purchased or the documentation. The grantee indicated that the remaining \$2,938 would not be claimed.

Program Status--The grantee submitted a proposal to ARC dated July 2, 1993 that identified thirteen sites along the Natchez Trace Parkway at which the U. S. Department of Interior's National Park Service proposed to install Traveler Information Stations (TIS). Subsequently, the grantee entered into a Memorandum of Agreement with the National Park Service (Natchez Trace Parkway), regarding the purchase, installation and maintenance of three of the TIS units to be installed at Parkway sites in Appalachian Mississippi. The Park Service agreed to repair and maintain the TIS stations for a minimum of three years.

We visited the Natchez Trace Parkway Headquarters located at the Tupelo Visitor's Center and observed one of the TIS units that had been purchased with grant funds. The stations are low-power AM radio transmitters with a range of up to five miles. Although the station was temporarily down

when we tuned into it the day before our visit, we were able to hear the prerecorded message during the course of our on-site review. Officials indicated it was only the second time the system had gone down since it became operational in January 1995.


We determined that the three TIS units and approach signs specified by the grant agreement were purchased by the grantee; however, at the time of our visit, only the Tupelo unit had been installed. The other two units have been received according to the grantee, but a Park Service representative told us that they have not been installed. Since the Park Service plan calls for installation of thirteen units, they wanted to observe the operation of the first unit before installing the others to determine if any modifications were needed. For example, at one time they considered (and subsequently rejected) installing a telephone line to allow personnel to change the recorded message at each station by telephone. The second station is expected to be installed at the Jeff Busby site, about one and one-half hours from Tupelo. The Park Service representative indicated that they hope to have the station operational by mid-October 1996. The third station is expected to be installed at the Tennessee-Tombigbee Waterway by the spring of 1997.

We were also informed that the Park Service funded the purchase of a fourth TIS unit for installation on the Parkway but it had not been delivered at the time of our visit. The Park Service representative told us that the TIS system on the Parkway had previously not been a high priority for the Park Service.

RECOMMENDATION

We recommend that the grantee:

- a) Follow up with the National Park Service to ensure that the two TIS stations are installed as soon as possible.
- b) Inform ARC of the delay in installing the stations and of the date they become operational.
- c) Notify ARC to deobligate the remaining grant funds of \$2,938.
- d) Notify ARC promptly of any problems or delays in completing grant work if future ARC grants are received.


Hubert N. Sparks
Inspector General



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A New Vision*

Office of the Inspector General

October 10, 1996

Mr. Harry A. Martin, Secretary/Treasurer
Natchez Trace Parkway Association
P. O. Drawer A
Tupelo, MS 38802

re: OIG Report 97-7(H), ARC Grant CO-10959-92

Dear Mr. Martin:

Enclosed is a copy of our report dealing with the Natchez Trace Parkway Traveler's Information Stations. A response to my office is not necessary; but the recommendations should be resolved with ARC program staff.

A copy of this report is being provided to the Federal Co-Chairman, ARC Executive Director, and Mississippi State Alternate.

The courtesies and cooperation provided the auditor were appreciated.

Sincerely,

A handwritten signature in cursive script that reads "John Brewer".

for Hubert N. Sparks
Inspector General

Enclosure



**APPALACHIAN
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A New Vision*


Office of the Inspector General

October 21, 1996

MEMORANDUM FOR THE FEDERAL CO-CHAIRMAN

SUBJECT: OIG Report 97-7(H), Natchez Trace, Mississippi, Parkway Association

Enclosed is a copy of our report on a grant to assist with the development of a series of audio tapes concerning the history of the Natchez Trace Parkway and to provide three low frequency audio transmitters on the parkway to provide information to travelers. As noted, the grant can be closed and \$2,938 deobligated; and ARC should followup to ensure that the travel information station units are installed.


Hubert N. Sparks
Inspector General

Enclosure




July 2, 1997

MEMORANDUM FOR MS. JUDY RAE, PROGRAM DIRECTOR

SUBJECT: Audit Followup

A review of our files indicates additional information from the grantee and/or ARC is necessary to close our files. I have summarized the needed information on the attached sheets; and in some cases, I have attached recent correspondence or the report cover letter that indicates the open items.

As possible, a summary of the status of actions in each case is appreciated and, where necessary, contact should be made with the grantee to obtain information.


Hubert N. Sparks
Inspector General

Attachments

SUMMARY OF REPORTS AND OPEN ITEMS

- Report 96-8(H)** **Grants PA-7752F-93, PA-8285-94, and PA-10774-91, Northwest Pennsylvania Regional Planning and Development Commission**
- The OIG report and correspondence recommends return of interest earned on advances and questions the determination made by grantee. Also, we have no indication that interest was refunded. A copy of our July 2, 1997 letter to grantee is attached.
- Report 96-30(H)** **Grants PA-7784-93/94, Pennsylvania Consolidated Technical Assistance**
- Information is needed to resolve the issues pertaining to allowable costs and matching contribution with respect to one project. A copy of our July 2, 1997 letter to grantee is provided.
- Report 96-31(H)** **Grants PA-0708C-95 and PA-8305-94, Northern Tier RP&DC**
- Information is necessary to settle the matching issue as respects funds provided by the Pennsylvania Department of Transportation---e.g., were the funds provided?
- Report 96-44(H)** **Grant NC-11446-93, North Carolina Smart Start Program**
- Information is needed with respect to the reconciliation and final report accounting for the \$8,000 error in request for payment and \$16,704 subcontract fee that was not part of the ARC project.
- Report 97-1(H)** **Grants CO-11465-94 and KY-11347-93, Forward in the Fifth**
- Information dealing with documentation for the cash match, approval of a consulting contract and correction of final report to account for reported error of \$4,490.

Report 97-3(H) **Grants OH-11566-94 and OH-12038-95, Governor's Office of Appalachia**

Final information on matching contribution and approval of subcontract costs is requested.

Report 97-5(H) **Grant CO-11481-94, Ohio Valley Regional Development Commission**

Approval of use of program income requested.

Report 97-6(H) **Grant AL-11527-94, Alabama Department of Health**

ARC position on noted use of employee requested.

Report 97-7(H) **Grant CO-10959-92, Natchez Trace Parkway Association**

Information is requested with respect to completion of the project and deobligation of funds

Report 97-8(H) **Grant CO-11895-95, Concord College**

Information is requested about adequacy of final report information, including support for \$1,422 student assistance hours that were questioned.

Report 97-12(H) **Grant NY-11336-94, Southern Tier West Regional Planning and Development Board**

The issue of eligible match remains open pending ARC concurrence with grantee response on this issue.

Report 97-17(H) **Grant SC-11800-94, South Carolina Department of Parks, Recreation and Tourism**

Determinations with respect to use of funds prior to the grant period and unused funds are requested.

Report 97-19(H)

Grant TN-11804-94, Tennessee Tomorrow

Confirmation of ARC approval of the additional consultants is requested.

Report 97-23(H)

Grants SC-11569-94 and SC-12097-95, Greenville Hospital System

Information is needed with respect to the grantee refund of interest earned on advances and documentation of costs charged to the Nurse Practitioner grant. A copy of our letter to grantee dated July 2, 1997, is provided.

Report 97-24(H)


Grant KY-12032-95, Kentucky Highlands Investment Corporation

Several issues remain open. Of primary importance is the apparent nonspending of \$90,647, as of the audit, and apparent reporting to ARC that these funds were expended. We believe this is a significant issue and appropriate action could include recovery of \$65,000 of this amount. Other open issues pertain to equipment purchases, interest earned on advance, program income, and completion of grant objectives.

Report 97-34(H)

Grant CO-10720-91, Maryland Department of Business and Economic Development

Information is requested with respect to the need for certification/documentation of employee/consultants services to grantee.


Hubert N. Sparks
Inspector General

Attachments