

**MEMORANDUM REPORT ON THE REVIEW OF
SOUTHERN TIER WEST REGIONAL PLANNING AND DEVELOPMENT BOARD
SALAMANCA, NEW YORK**

HOUSING TECHNICAL ASSISTANCE

**ARC GRANT NUMBER
NY-8907A-86-Y2-302-0222**

**ARC CONTRACT NUMBER
94-34**

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Report Number: 97-10 (H)

Date: October 25, 1996

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Woodbridge, Virginia**

**Under Contract Number J-9-G-5-0010 with the
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Office of Audit**

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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. 97-10 (H)

SUBJECT TO: Memorandum Review Report on Southern Tier West Regional Planning
and- Development Board, Salamanca, New York, Housing Technical
Assistance. Grant No. NY-8907A-86-Y2-302-0222; ARC Contract No.
94-34.

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

BACKGROUND: ARC awarded housing technical assistance grant number NY-8907A-86-Y2-302-0222 to the Grantee, with total ARC funding of \$150,000 for the period October 1, 1994 through September 30, 1997. Funds for the grant were derived from deobligating \$150,000 from the Grantee's previous revolving loan fund, ARC Contract 85-33/NY-8907-84-Y1-302-1213. ARC required that the grant be matched with Grantee cash and in-kind of at least \$162,764. ARC made one advance payment of \$150,000 to the Grantee on October 4, 1994.

The primary grant objective was to establish a regional housing data base. The specific tasks of the grant program were to:

- Assemble a working group consisting of representatives from a wide range of public and private sector interests;

- Set up a Geographic Information System;
- Collect and incorporate data from numerous sources;
- Conduct a comprehensive assessment of the service area's housing stock;
- Develop a housing improvement strategy;
- Write a final and comprehensive report on the project; and
- Award several \$5,000 to \$10,000 grants to local housing organizations for proposals that specifically address the implementation of the housing strategy developed under the proposal.

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 met, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars, and if 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 Salamanca, New York on April 29 through May 2, 1996.

A. Incurred Costs

The Grantee claimed total reimbursable costs from October 1, 1994 through September 30, 1995 of \$60,573. We reviewed the costs claimed for reimbursement and determined that the funds had been expended as reported.

B. Matching Requirements

The ARC grant specified matching of \$162,764. Based on the documents available to us at the time of our review, we determined actual matching as follows:

	<u>Per ARC Grant</u>	<u>Verified</u>	<u>Needed to Comply</u>
In-kind	\$ 23,764	\$ 23,040	\$ 724
Local Cash	<u>139,000</u>	<u>0</u>	<u>139,000</u>
TOTAL	<u>\$ 162,764</u>	<u>\$ 23,040</u>	<u>\$ 139,724</u>

The Grantee has until September 30, 1997 to meet the match. As of our review, the Grantee has obtained letters of commitment for \$60,000 of the local cash. However, there had been no funding received as of the date of our review.

C. Program Results


The grant period extends through September 30, 1997. The Grantee is completing the tasks on schedule and does not anticipate any problems in the successful completion of the project.

RECOMMENDATIONS: We recommend ARC monitor the Grantee's matching requirement during the performance period and follow-up on program results after September 30, 1997.

DISCUSSION: The grantee was notified of our conclusions on May 2, 1996.

GRANTEE'S RESPONSE TO DRAFT REPORT:

The Grantee agreed that the internal controls need improvements. They are in the process of implementing all the suggestions outlined, as well as additional controls that were lacking. The Grantee stated that the lack of internal controls is not an excuse for poor documentation but the cause of it.


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