



## REPORT OF REVIEW

### COOSA VALLEY TECHNICAL INSTITUTE ROME, GEORGIA

#### Technology for Literacy Program - Phase II

GA-11252-94-C1-302-0328

(Contract 94-79)

July 1, 1994 - September 30, 1995

OIG Report 97-26(H)

May 15, 1997

#### I. INTRODUCTION

##### A. 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.

##### B. SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grants, as well as costs claimed as matching funds. The initial period of performance for the grant was July 1, 1994 through June 30, 1995; however, it was extended to September 30, 1996 due to a delay in the actual starting date of the project. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Rome, Georgia February 12-13, 1997. 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-21 and A-110, and the ARC Code.

##### C. BACKGROUND

ARC Grant GA-11252-94-302-0328 (contract 94-79) was awarded to the Coosa Valley Technical Institute to provide funds to implement an adult literacy program in Floyd, Polk and Gordon Counties in Appalachian Georgia. Specific tasks to be completed under the grant agreement include:

- 1) Develop and simultaneously conduct a massive professionally prepared media campaign supporting adult learning opportunities across the three-county area;

- 2) Work to remove barriers which have traditionally prevented many adults from seeking literacy services or remaining in programs long enough to accomplish significant gains in literacy skills. This will include the provision of child care and/or transportation, and the location of new classes in outlying areas;
- 3) Purchase new instructional programs targeted at improving achievement among the students who read at low levels but need to earn a high school equivalency diploma;
- 4) Conduct teacher training in the area of critical thinking skills and authentic (portfolio) assessment which are new to the field of adult basic education;
- 5) Provide field trips and experiences for learners to stimulate attendance and achievement;
- 6) Provide incentives and recognition for learners who require special interventions to maintain their motivation;
- 7) Add electronic record-keeping capability to the learning centers for more efficient operation; and
- 8) Provide scholarships to cover the cost of GED testing for students who are unemployed and not covered by assistance from another program such as JOBS or JTPA.

The grant was awarded for \$115,100 or 50 percent of actual, reasonable and eligible costs of the project. The grantee was to provide the non-federal share of \$115,100 in cash, contributed services, or in-kind contributions, as approved by ARC. ARC paid the grantee \$99,846.80 (50 percent) based on total project costs of \$199,693 and closed out the grant on April 29, 1996.

## II. RESULTS

### A. CLAIMED COSTS

The grantee uses the State of Georgia Fiscal Accounting and Control System which includes a Project Budget Comparison report that allows year-to-date expenditures by cost category to be compared to the budget for specific projects. The grantee's Project Budget Comparison report for the ARC grant indicates that total grant expenditures were \$99,846.80 which matches the amount claimed by the grantee. The accounting system also allows the grantee to order a detail report for a specific project that includes paid and accrual amounts by cost category, purchase orders numbers, paid date and check numbers. However, the detail reports are permanently deleted from the system shortly after the end of the fiscal year and the grantee must order the report if they want it. At the time of

our visit, the grantee provided us with a detail report for the last quarter of the grant period (July 1 - September 30, 1995) but they were unable to provide a detail report for the first year of the grant (July 1, 1994 through June 30, 1995). Without the detail information for the expenditures incurred during the first year of the grant, we were unable to determine exactly which expenditures comprised the claimed grant costs of \$99,846.80 and the matching costs of the same amount (total \$199,693.60).

The grantee's project director provided documents including purchase orders, copies of invoices, etc. during our on-site visit that she indicated were charged to the ARC project. Subsequent to our visit, she sent us an itemized list all of the documents. It indicated that total project expenditures were \$212,375.35.

During our visit, we selected a sample of expenditures for review from the available detail report for the last quarter of the grant period. We questioned \$2,748 paid for radio advertisements to recruit learners that were broadcast after the grant period ended. The purchase orders were dated in September 1995 but the advertisements did not run until October, November and December 1995 and April and May 1996. The costs were also included on the itemized list provided to us by the project director after our visit.

We also questioned \$540 for advertisements that were paid twice based on duplicate billings from a radio station. The grantee agreed that the same costs were paid twice and indicated they would review their operating procedures to ensure it doesn't happen again. We also questioned \$361 for a Literacy Month Luncheon for 38 people representing local and regional government, schools and business. The luncheon was held in September 1995. We were unable to determine that the luncheon costs were a necessary expense of the grant or related to a specific budget category.

We also selected a sample from the individual purchase orders for which no detail report was available. We reviewed documentation for two vans costing \$32,636.62 that were purchased to transport students to and from training classes and claimed as part of the grantee's matching share. We noted that the ARC project file contained a letter from the grantee requesting permission to buy the vans and a response from the ARC project coordinator advising the grantee that such a request must come from the state ARC office because it represented a change of scope. No other correspondence was available indicating that ARC had actually approved the purchase of the vans, however, the grantee's project director was under the impression that the expenditure had been approved. We discussed the issue with ARC's project coordinator and he could not find any evidence or recall that the state ARC office had ever requested approval of the vans.

At the time of our visit, we were informed that the June 30, 1996 year end audit conducted by the State of Georgia Department of Audits was being finalized and that the grantee had been advised that the report would include a recommendation to return grant funds to ARC. Subsequent to our visit, the grantee provided a copy of the audit report and correspondence indicating that the grantee returned an expired grant balance of \$2,525 to ARC. We understand that the state auditors arrived at that amount after reviewing the grantee's detail expenditure reports for the entire grant period.

**Recommendation:** We recommend that the grantee maintain detailed accounting records if future ARC grants are received to enable grant expenditures to be reviewed for a period of up to three years from the expiration date of the grant. We also recommend that the grantee contact ARC program officials regarding the two vans that were purchased and claimed as part of the grantee's matching share. We also recommend that the grantee resolve the questioned costs totaling \$3,649 with ARC program officials.

## B. GRANT OBJECTIVES

The ARC grant allowed the grantee to increase the numbers of adults participating in literacy programs, improve the retention rate among enrollees and increase the number of GED graduates. The grantee completed the tasks required by the grant agreement except for purchasing electronic record keeping equipment. They indicated they were unable to locate the specific equipment they needed.

## C. GRANT STATUS

The grantee indicated that they have secured other funding sources to continue the work of the ARC grant, including providing GED scholarships, field trips and incentives, staff development and child care.

Hubert N. Sparks  
Inspector General



May 15, 1997

Ms. Susan W. Hackney, Director  
Adult Education/Literacy Services  
Coosa Valley Technical Institute  
112 Hemlock Street  
Rome, GA 30161

re:   OIG Draft Report 97-26(H), ARC  
Contract 94-79, Grant GA-11252-94


Dear Ms. Hackney:

Enclosed is a copy of our draft report dealing with a grant for an adult literacy program. The report questions several expenditures with the primary questioned cost being \$32,636 for the purchase of two vans that were not included in the project scope.

The draft report is provided in order to obtain comments and/or additional information you may wish to have included in the final report.

We would appreciate such information within 30 days.

Sincerely,

  
Hubert N. Sparks  
Inspector General

Enclosure