



REPORT OF REVIEW

PICKENS TECHNICAL INSTITUTE
JASPER, GEORGIA

Technology Learning Center for Workforce Academy

GA-11830-95-I-302-0118

(Contract 95-74)

July 1, 1995 - September 30, 1996

OIG Report 97-27(H)

May 7, 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, 1995 through June 30, 1996; however, it was extended to September 30, 1996 because of delays related to the construction of the Economic Development Center. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Jasper, Georgia February 10-11, 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-11830-95-I-302-0118 (contract 95-74) was awarded to the Pickens Technical Institute to provide funds for the grantee's Workforce Academy Program. The Workforce Academy was established in 1994 with funds from the Job Training Partnership Act (JTPA). The goal of the academy is to prepare economically disadvantaged residents from Pickens, Gilmer, and Fannin counties for entry level manufacturing jobs. ARC funds were to enable the Academy to open its program to individuals who do not fit within the defined JTPA eligibility requirements and to enable the program to expand into Cherokee County. Specific tasks to be completed under the grant agreement include:

- 1) Train 125-175 participants over a one-year period for entry level manufacturing jobs including skills assessment, career counseling, introductory course work, training and practice, and pairing with a mentor company;
- 2) Upgrade and expand its technology and software and integrate these into the curriculum; and
- 3) Evaluate the project.

The grant was awarded for \$139,585 or 80 percent of actual, reasonable and eligible costs of the project. The grantee was to provide the non-federal share of \$35,000 in cash, contributed services, or in-kind contributions, as approved by ARC. At the time of our review, grant funds totaling \$24,817.63 remained in the ARC account.

II. RESULTS

A. CLAIMED COSTS

At the time of our on-site visit, the grantee had reported to ARC that total project costs were \$165,979.70, including grant costs of \$127,519.30 and matching costs of \$38,460.40. We reviewed the grantee's accounting records and supporting documentation and discussed minor questioned costs and documentation requirements with the grantee's project director.

The grantee claimed grant costs for personnel and fringe benefits totaling \$41,021.87, however, they did not have sufficient documentation for some of the costs. Time Management Sheets used to allocate time to various projects were available for July 1995 through January 1996 because they were needed to support a different grant (unrelated to ARC) but they were discontinued when that grant ended. The project director was not aware that time distribution records were needed for the ARC grant also. He indicated that he charged the ARC grant at the rate of 50 to 60 percent of his time for the period February through September 1996; however, he told us he actually devoted 80 to 100 percent of his time to the ARC project during those months. We reviewed a sample of personnel costs incurred during the period for which documentation was available and no discrepancies were noted. We also reviewed a sample of other paid costs and no deficiencies were noted.

We found that \$22,053 of the costs claimed to ARC were unpaid obligations posted to the grantee's Outstanding Obligations report. Some of the equipment included in the report had been received at the time of our visit but the grantee had either not received invoices from the vendor or had not paid available invoices. We noted that one of the obligations was for a fund raising class costing \$695. OMB Circular A-21 indicates that costs associated with fund raising are unallowable and the grantee agreed to deduct it from their claimed grant costs. We also noted that a vendor invoice for one of the obligations billed a piece of equipment at a cost that was \$583 less than the amount for which it was obligated and charged to ARC. The grantee agreed to deduct that amount from their claimed grant costs.

The grantee claimed matching costs of \$38,460.40 and during our visit identified equipment and fiber optic data cable expenditures totaling \$37,156.71. They were unable to identify the remaining matching costs of \$1,304.69, however, we noted that they were only required to provide match of 20 percent which would be \$31,764 based on revised claimed costs of \$127,059.74 (paid costs of \$106,284.74 plus unpaid obligations of \$20,775).

Recommendation: We recommend that the grantee maintain time sheets to support personnel costs allocated to current and future ARC projects and to maintain sufficient records to enable claimed matching costs to be readily identified. We also recommend that the grantee resolve the unpaid obligations.

B. GRANT OBJECTIVES

The grantee purchased computer and related equipment and software for the Technology Learning Center in the new Economic Development Center as planned. They established partnerships with industry, Chambers of Commerce and others and developed and implemented training programs to satisfy the needs and requirements of the business community. According to the grant agreement, 125-175 participants were to be trained during the grant period. The grantee reported that 313 students were actually trained and that their programs were making a positive impact on business and industry in the area. We noted that some contract work begun during the grant period was not completed at the time of our visit due to delays in the delivery of grant equipment. The project director told us that the contractor's work was materially completed and he was preparing to finalize and closeout the contract. We understand that the work was subsequently completed.


Recommendation: We recommend that the grantee notify ARC in the future if grant work is not expected to be completed by the end of the grant performance period.

C. GRANT STATUS

At the time of our visit, the project director was refining his final report to ARC and we understand that it has been approved by ARC. The grantee received a subsequent grant from ARC to continue the Workforce Academy Program and it is currently underway. The project director indicated that they established pricing schedules and have begun charging businesses for training services in an effort to become self-sufficient.

D. GRANTEE COMMENT

The grantee concurred with our recommendations and indicated they have taken the actions noted in II A above.


Hubert N. Sparks
Inspector General

PICKENS TECHNICAL INSTITUTE

100 PICKENS TECH DRIVE
JASPER, GEORGIA 30143

TELEPHONE (706) 692-4500
FAX (706) 692-4510

April 21, 1997

Mr. Hubert N. Sparks, Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue, NW
Washington, DC 20235

Re: Your letter dated April 10, 1997 (OIG Report 97-27(H), Grant GA-11830-95

Dear Mr. Sparks:

Thank you for your letter and the accompanying draft report. We concur with the report's content and recommendations.

We have taken the suggested actions in Item II A to bring us within compliance. We shall adhere to the recommendation noted in item II B.

The review conducted by Ms. JoAnn Brenner was thorough and professional. She was very helpful in providing suggestions which were positive and can only strengthen our program.

Our sincere thanks for this assistance.

Sincerely,



Lawrence W. Paz, Director
WorkForce Academy at Pickens Tech



**APPALACHIAN
REGIONAL
COMMISSION**

*A Proud Past,
A New Vision*

Office of the Inspector General

May 14, 1997

Mr. Lawrence W. Paz, Project Director
Pickens Technical Institute
100 Pickens Tech Drive
Jasper, GA 30143

re: OIG Report 97-27(H); ARC Contract 95-74,
Grant GA-11830-95

Dear Mr. Paz:

Enclosed is a copy of our final report dealing with a grant for the Workforce Academy Program. As noted, \$1,278 in costs were questioned and need to be resolved with ARC program staff. Also, for future grants, personnel costs should be fully supported and the grantor agency notified of project delays.

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

The courtesies and cooperation provided the auditor were appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Hubert N. Sparks".

Hubert N. Sparks
Inspector General

Enclosure