



REPORT OF REVIEW

SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS

Development Support System

SC-11834-95-I-302-0218

Contract 95-33

March 6, 1995 - March 5, 1996

OIG Report No. 97-38

March 19, 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 grant, as well as costs claimed as matching funds. The period of performance for the grant was March 6, 1995 through March 5, 1996. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Greenville, South Carolina February 4-7, 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-87 and A-102, and the ARC Code.

C. BACKGROUND

ARC Grant SC-11834-95-I-302-0218 (contract 95-33) was awarded to the South Carolina Appalachian Council of Governments (SCACOG) to provide funds for the establishment of an on-line development database for the Appalachian Region of South Carolina. The new database was to be used by a variety of county, city, and regional economic development officials to attract and retain business to the region, and address business needs for data at the regional level. The database was to include socio-economic information, infrastructure data, the availability of utilities, etc. The

system was to be used by economic development professionals and businesses to analyze and compare critical business factors by region, county, municipality, and industrial sector. Specific tasks to be completed under the grant agreement were:

- 1) Identify data sets (categories of information) required by participants;
- 2) Identify data sources;
- 3) Identify formats for data display and data input;
- 4) Design information system;
- 5) Input data;
- 6) Design user-friendly interfaces;
- 7) Develop applications necessary to effect the system;
- 8) Determine appropriate hardware/software configuration for central computer and end users;
- 9) Establish test user site(s) in one county;
- 10) Provide computer, data, and training to users;
- 11) Test, debug and fine-tune system;
- 12) Establish updating procedures; and
- 13) Develop plan of action for system operation.

The grant was for the lesser of \$120,000 or 50 percent of the actual, reasonable and eligible costs of the project. The grantee was to provide the non-federal share of \$120,000 in cash, contributed services, or in-kind contributions, as approved by ARC. The grantee's final expenditure report indicated total project costs were \$249,757.06, including grant costs of \$120,000 (48 percent) and matching costs of \$129,757.06 (52 percent). ARC closed out the grant December 13, 1996.

II. SURVEY RESULTS

A. CLAIMED COSTS

The grantee claimed total project costs of \$249,757.06, including ARC grant costs of \$120,000. During our on-site visit, we reviewed their accounting records and other documentation and found that actual project costs were \$377 more than they claimed. The difference was due to year end adjustments that were not posted to accounting records until after final expenditure reports were provided to ARC.

We noted that advance registration fees totaling \$1,170 for two individuals to attend a training course were paid during the grant period but that the training actually occurred several months after the grant period had ended. Although the training did not occur in time to benefit the ARC grant under review, we noted that the grantee received a continuing grant to which the training was also relevant. No other issues were noted regarding required documentation of expenditures or the appropriateness of grant and matching costs claimed to ARC.


Recommendation: We recommend that the grantee advise ARC that grant funds were used to fund training that occurred during a subsequent grant period and, in the future, obtain ARC approval in advance.

B. GRANT OBJECTIVES

The grantee completed the tasks required by the grant agreement. The establishment of the Economic Development Information System (EDIS) enables users to have computerized access to current economic development and GIS information in the form of reports, graphs, and maps. The databases are user friendly and contain timely, accurate information. Information available includes census geography, roads, railroads, airports, existing industry, available industrial sites and buildings, parks, colleges and school districts. The project area is a 2,000 square mile region along Interstate 85 in Appalachian South Carolina.

C. GRANT STATUS

The grantee received a subsequent grant from ARC for \$228,000 to continue the project through June 30, 1997. They also created a public-private EDIS Board of Directors that is responsible for establishing EDIS by-laws, policies, operational objectives, work program, budget, fee structures, and fund-raising strategies for the EDIS project.


Hubert N. Sparks
Inspector General



November 25, 1996

Mr. Robert Strother, Executive Director
South Carolina Appalachian Council of Governments
P. O. Drawer 6668
Greenville, SC 29606

re: ARC Contracts 94-027 and 95-033, Grants
SC-11458-94 and SC-11834-95

Dear Mr. Strother:

This letter provides advance notice of our intention to review the subject grants dealing with a library telecommunications/computer network and Appalachian development support system. I anticipate the work will be performed early in calendar year 1997. However, we will contact you directly to finalize plans.

The review will include testing of the grantee's accounting and internal control systems effecting the grant, a comparison of available accounting records to financial status reports and other reports submitted to ARC, compliance with programmatic requirements of the contract, and results of the project. The auditor will review and utilize other available audit reports to the maximum extent deemed possible in order to avoid duplication of efforts. Essentially, the work will review available information on the status of the grant and the use of grant funds in line with ARC grant requirements.

We have included an internal control questionnaire and request that you have it completed and available for our review. Although it contains numerous questions, some of which may not apply to your organization, it will provide us with needed background information about your controls, policies, and accounting system.

Please call me if you have any questions.

Sincerely,

Handwritten signature of Hubert N. Sparks
Hubert N. Sparks
Inspector General

Handwritten notes: 97-37, 97-38

Enclosure

cc: South Carolina ARC State Alternate