JULY 29, 1997

OIG REPORT NO. 97-48(H)

MEMORANDUM FOR: FRANK FEOCCO, ASSOCIATE DIRECTOR, OFFICE OF SPONSORED PROGRAMS, CORNELL UNIVERSITY, ITHACA, NEW YORK

SUBJECT: Memorandum Survey Report--Enhancing Microcomputer Capacity for Improved Capital Planning, ARC Grant No. CO-11451-93-I-302-0923 (Contract 94-23)

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 review included procedures to review costs incurred and claimed for reimbursement under the grant as well as costs claimed as the matching share. The period of performance was June 20, 1994 through July 31, 1996. We reviewed the grantee's reports, examined records, and held discussions with grantee officials June 9-10, 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, A-110, and the ARC Code.

BACKGROUND

ARC Grant No. CO-11451-93-I-302-0923 was awarded to Cornell University to continue an earlier effort to produce a software package (Capital Plus) which would assist in the preparation of multi-year capital program budgets for small and medium-sized governments. The software was to be adapted to Ohio and Pennsylvania governmental situations. In addition, impediments to the adoption of the software as a planning tool for local governments were to be identified. The grant was for actual, reasonable and eligible project costs, not to exceed $90,000. The grant was subsequently amended to $104,000 to allow for the preparation of a users manual for the Capital Plus Software. The grantee was to provide $81,314 in cash, contributed services, or in-kind contributions.

Specific tasks to be accomplished were:

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Alabama   Kentucky   Mississippi   North Carolina   Pennsylvania   Tennessee   West Virginia
   Maryland   New York   Ohio   South Carolina   Virginia

1. Phase I (Months 1-5)

Identify Needed Modifications for Ohio and Pennsylvania

    a. A Project Advisory Group (PAG) will be formed in Ohio and Pennsylvania.

    b. The PAGs will review accounting system requirements/materials for Ohio and Pennsylvania, and work with the Cornell team to identify major departures from the structure of the New York model that are needed to make the software useful to smaller local governments in Ohio and Pennsylvania.

    c. The PAGs will also be consulted to help identify major barriers to the adoption of capital planning by local officials and make suggestions regarding key elements of an approach or process that will increase the potential for developing and implementing capital planning among smaller local governments.

    d. The Pennsylvania and Ohio cooperators will work with Cornell staff to estimate the cost of modifications and prioritize needed modifications for Pennsylvania and Ohio to be completed in Phase II.

    e. A strategy for software development to guide Phase II work will be outlined that yields a software product suitable for all three states.

2. Phase II (Months 6-15)

    a. Modify software and users manual for Ohio and Pennsylvania cooperators. Using the software development plan developed in Phase I, make needed software modifications for use in each state. As time and resources permit, the software modification process will maintain strong communication and interaction with the ARC Alternates, PAGs and state cooperators in both Pennsylvania and Ohio.

    b. Develop a companion multi-year "Capital Planning Guide". Using existing experience with the approach and available materials, a brief guide will be developed that focuses on process and organizational issues to effectively develop a local capital plan and planning process.

3. Phase III (Months 16-18)

Field Test the modified product with two jurisdictions in Ohio and Pennsylvania.

    a. This field test will only access the adequacy of modifications and the suitability of the software for use by local government personnel.

b.   Cooperators in Ohio and Pennsylvania will identify remaining software problems and work to gain further insight into keys to assisting and promoting capital planning among smaller governments.

c.   The project cooperators will summarize their experience and insight in providing assistance to small local governments in developing a capital plan and planning process in a brief report.

4.   Role of Steering Committee

The Steering Committee shall have the responsibility to review project activities at the end of each phase. Grantee shall attend the first meeting of the Steering Committee (within approximately one month after execution of the agreement) and shall be available to attend subsequent meetings. In addition, prior to the submission of the final report, Grantee shall make a presentation to the Steering Committee at the end of Phase III covering all phases of the project.

The grantee submitted final progress and financial reports to ARC and the grant account was closed in November 1996. Grant payments from ARC totaled $104,000.

RESULTS

Program Review

The grantee issued subcontracts to Ohio University and Penn State University (cooperators) for their assistance in carrying out work specified by the ARC Grant. Project Advisory Groups were formed in Pennsylvania and Ohio by the state cooperators and barriers to adopting capital planning were determined. The Capital Plus software and users manual were adapted for use by Ohio and Pennsylvania governmental units and a Capital Planning Guide was completed to assist with the development of local capital plans and planning processes. Five local governments (two each in Appalachian Ohio and Pennsylvania and one in New York) participated in limited pilot tests of the software to assess the adequacy of modifications and the suitability of the software for its intended use. The pilot tests resulted in additional modifications and refinement. A total of one hundred copies of the software and users manual were eventually distributed in the three states. The project director indicated they were careful to distribute the software to communities that were likely to use it. There is no charge for the software but users pay for any consulting support that is needed.

Financial Records

The grantee claimed grant costs of $104,000 and matching costs of $83,075.55. We tested the claimed costs and no deficiencies as to the allowability or documentation of the expenses were noted.

3

Project Status

Subsequent to the end of the ARC grant, the grantee obtained other funding for two more pilot tests, related workshops, and materials development. That work was underway at the time of our visit.

Hubert N. Sparks
Inspector General