

**APPALACHIAN REGIONAL COMMISSION
WASHINGTON, DC**

**REPORT ON APPLYING AGREED-UPON
PROCEDURES TO
FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
GRANT No. PA-11608-94**

**GRANT PERIOD: OCTOBER 1, 1994 THROUGH JUNE 30, 1998
(INTERIM REPORT THROUGH DECEMBER 31, 1997)**

OIG Report 98-31 (H)
April 8, 1998

Caution: Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 U.S.C. 5222 9(b)(4). Distribution of this report should be limited to the Appalachian Regional Commission and other pertinent parties.

Mr. Hubert Sparks
Inspector General
Appalachian Regional Commission
Washington, DC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures described below, which were agreed-to by the Appalachian Regional Commission's Office of Inspector General, with respect to the Appalachian Regional Commission's (ARC) Grant No. PA-11608-94 to the Fay-Penn Economic Development Council for the period of October 1, 1994 through June 30, 1998, solely to assist you in determining the allowability of costs incurred, whether grant objectives were met, and the current status of the project. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Appalachian Regional Commission's Office of Inspector General. Consequently, we make no representations regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The following procedures were performed to determine the grantee's compliance with OMB Circulars, provisions of the grant agreement, and the ARC code:

- Held an entrance conference with the grantee.
- Reviewed the grant agreement and any modifications.
- Compared total grant costs by budget category, as claimed to ARC, to the general ledger maintained by grantee.
- Analyzed cash receipts against current needs and interest earned and remitted.
- Tested the allowability and supporting documentation of a sample of twelve payroll costs and eight non-personnel costs.
- Determined if specific grant objectives were achieved.
- Determined if matching/non-federal contribution requirements were met.
- Held an exit conference with the grantee.

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The results of the procedures are discussed in the **RESULTS OF APPLYING AGREED-UPON PROCEDURES** section of this report.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on payments received and costs incurred under this grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Appalachian Regional Commission and the management of the Fay-Penn Economic Development Council and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Upon acceptance, however, this report is a matter of public record.

M. D. Oppenheim & Company, P.C.

Fairfax, Virginia
April 8, 1998

**REPORT ON APPLYING AGREED-UPON PROCEDURES TO
FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
UNIONTOWN, PENNSYLVANIA**

GRANT NO. PA-11608-94

**GRANT PERIOD: OCTOBER 1, 1994 THROUGH JUNE 30, 1998
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PURPOSE

The purpose of our application of agreed-upon procedures was to determine (1) the allowability of costs claimed, under the Appalachian Regional Commission's Grant No. PA-11608-94, by the Fay-Penn Economic Development Council, (2) if the grant objectives had been met, (3) the grantee's compliance with OMB Circulars, provisions of the grant agreement, and the ARC code, and (4) the status of the project.

SCOPE

We tested twenty costs incurred and claimed for the reimbursement under ARC Contract No. PA-11608-94. Under the terms of this grant, for the complete and satisfactory performance of this grant agreement, and upon receipt of proper invoices approved by ARC, the Commission shall reimburse the grantee for the actual, reasonable and eligible costs of the project, as determined and approved by ARC, provided total cost reimbursement payments shall not exceed \$195,000.

The grantee represented to ARC that \$120,900 would be contributed by the grantee to the project in cash, contributed services, or in-kind contributions.

The period of performance for this grant was October 1, 1994 through June 30, 1998. The Appalachian Regional Commission obligated \$195,000 for this grant. The grantee has received payments totaling \$167,443 (see **EXHIBIT A**).

We reviewed reports prepared by the grantee, evaluated project records, visited the Small Business Technical Assistance Office, and held a discussion with the Workforce Development Specialist during the period April 6-8, 1998. 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-122 and A-110*), and the Appalachian Regional Commission Code.

BACKGROUND

The primary purpose of this grant was to provide funds to establish a business service demonstration project in Fayette County in Appalachian Pennsylvania.

The specific objectives of this project, financed by ARC and matching local contributions were to:

- Establish a Small Business Technical Assistance Office which would:
 - increase the amount of time spent assisting businesses in small communities and with individual projects by locating a center in Uniontown, to reduce travel time, make on-site calls and provide hands on training;
 - coordinate efforts with other support agencies to maximize collective effectiveness;
 - increase amount of time spent with local community lending institutions;
 - develop a local business resource library to increase its accessibility to local businesses, and
 - provide support services to local tourism initiatives.
- Provide a Human Resources Development Professional to:
 - identify training and employment opportunities for Fayette County residents, by conducting an outreach program to existing businesses;
 - provide support for companies to conduct training by informing companies of the programs available, provide support in preparing job training grants, and develop a close network of support organizations;
 - develop local capacity to conduct training by providing assessments of private sector needs, increase the use of modern training equipment, currently being under-utilized at Voc-Tech schools, develop a local resource training library, and provide technical assistance to local educational organizations to develop employer-driven job training programs;
 - work to increase the job training dollars going into local education institutions, and
 - develop linkages between private sector and local school districts.

RESULTS OF APPLYING AGREED-UPON PROCEDURES

The grantee accomplished all tasks set forth in the grant agreement. The Small Business Technical Assistance Office focuses on assisting the small entrepreneur (retail), the lifeblood of Fayette County. Assistance involves both personal interviews and bi-monthly seminars. Start-up advice is shared, but equally important, certain individuals are advised to not start a business. The Workforce Development Specialist facilitates matching employers with service providers, capable of upgrading the skills of current and potential employees. Results include 45 employers participating in the Dale Carnegie *Communication and Leadership* course from which there were 45 graduates in 1996 and 60 in 1997. Additionally, the Workforce Development Specialist developed a wage survey for Fayette County, so potential employers can determine if it would be more cost efficient to locate in Fayette County versus the Allegheny County/Pittsburgh area.

We tested twenty costs incurred by the Fay-Penn Economic Development Council under ARC Grant No. PA-11608-94 for the period October 1, 1994 through June 30, 1998. The results of applying agreed-upon procedures are discussed in this section and in **EXHIBITS A** and **B** of this report. This grant established an ARC obligation of \$195,000. The grantee requested and has received \$167,443 in reimbursement.

Our agreed-upon procedures disclosed no observations at this grantee. The grantee concurred with our comments in the draft report.

The grantee has provided \$72,188 of local funding to date, as the matching share, with \$48,712 remaining to be contributed for total project costs of \$315,900.

**FAY-PENN ECONOMIC DEVELOPMENT COUNCIL
UNIONTOWN, PENNSYLVANIA**

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SCHEDULE OF CASH PAYMENTS & PROJECT COSTS

(UNAUDITED)

<u>DATE</u>	<u>PAYMENT</u>	<u>AMOUNT</u>
September 9, 1995	Progress	\$ 15,909
December 20, 1995	Progress	14,809
April 15, 1996	Progress	10,586
May 14, 1996	Progress	14,495
August 16, 1996	Progress	14,255
December 4, 1996	Progress	14,436
April 14, 1997	Progress	15,021
June 26, 1997	Progress	15,925
August 29, 1997	Progress	17,177
November 24, 1997	Progress	16,615
February 24, 1998	Progress	18,215
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ARC Funds Disbursed		167,443
Local Matching Share Contributed		72,188
Total Grant Funding to Date		<hr/> 239,631
ARC Funds Balance Remaining		27,557
Local Matching Share to be Contributed		48,712
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Total Grant Funding		<hr/> \$ 315,900 <hr/>

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SCHEDULE OF CLAIMED EXPENSES

(UNAUDITED)

<u>DESCRIPTION</u>	<u>ARC</u>	<u>MATCH</u>	<u>TOTAL</u>
Personnel	\$127,966		\$127,966
Fringe Benefits	36,636		36,636
Travel	4,842		4,842
Supplies	25,355		25,355
Audit/Training	4,396		4,396
In-Kind Support		72,188	72,188
TOTALS	\$ 199,195	\$ 72,188	\$ 271,383