

**APPALACHIAN REGIONAL COMMISSION  
WASHINGTON, DC**

**REPORT ON APPLYING AGREED-UPON  
PROCEDURES TO**

**NORTHWEST PENNSYLVANIA REGIONAL PLANNING  
AND DEVELOPMENT COMMISSION**

**GRANT No. PA-12050-95/6**

**GRANT PERIOD: OCTOBER 1, 1995 THROUGH SEPTEMBER 30, 1997**

OIG Report 98-42 (H)  
April 15, 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. VA-12050-95/6 to the Northwest Pennsylvania Regional Planning and Development Commission for the period of October 1, 1995 through September 30, 1997, 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 books of account maintained by grantee.
- Analyzed cash receipts against current needs and interest earned and remitted.
- Tested the allowability and supporting documentation of a sample of four payroll costs and twelve 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.

Appalachian Regional Commission  
Inspector General  
Page 2

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 Northwest Pennsylvania Regional Planning and Development Commission 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 15, 1998

**REPORT ON APPLYING AGREED-UPON PROCEDURES TO  
NORTHWEST PENNSYLVANIA REGIONAL PLANNING  
AND DEVELOPMENT COMMISSION  
FRANKLIN, PENNSYLVANIA**

**GRANT No. PA-12050-95/6**

GRANT PERIOD: OCTOBER 1, 1995 THROUGH SEPTEMBER 30, 1997

**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. VA-12050-95/6, by the Northwest Pennsylvania Regional Planning and Development Commission, (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 16 costs incurred and claimed for the reimbursement under ARC Grant No. VA-12050-95/6. 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 \$190,601.

The grantee represented to ARC that \$200,510 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, 1995 through September 30, 1997. The Appalachian Regional Commission obligated \$190,601 for this grant. The grantee received payments totaling \$171,300 (see EXHIBIT A). ARC deobligated the \$19,301 balance.

We reviewed reports prepared by the grantee, evaluated project records, toured the Business Innovation Center facility, and held discussions with the staff members during the period April 13-15, 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 the initial grant funding in 1995 was to provide startup assistance in development of a business incubator offering telecommunication technology capabilities to its tenants, as well as other businesses in the Oil City area. The additional funding for FY 1996 provided for expansion and operation of the Business Incubator/Telecommunications Center for technical support, to facilitate business expansion and provide for job creation.

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

- Provide a project manager to direct the operations of the facility and to provide for project development;
- Fund a secretary/bookkeeper to provide computer assistance, video-conferencing assistance, word-processing, mailing, equipment training, and network access instruction;
- Continue marketing the office suites to small businesses, with a focus on those businesses dependent on information transfer technologies;
- Continue Internet access within the Center;
- Survey the needs of businesses in the area for business assistance telecommunications technologies;
- Develop strategies to meet the needs of businesses in the area, based on the results of the survey;
- Develop a support network (a team) to provide a coordinated delivery mechanism for assistance to businesses in Venango County;
- Expand the availability of networks within the Center to facilitate tele-training for businesses, through interactive multimedia courseware;
- Develop strategies that will move the Center toward financial self-sufficiency, such as cooperative agreements with the Department of Defense, projects with local education, and shared-usage among other organizations/individuals;
- Expand on the capabilities of the video-conferencing, by adding desk-top conferencing and broaden the applications for its use;

- Assess the need for future equipment purchases, equipment upgrades, and wiring to support the equipment;
- In collaboration with Clarion/Venango Educational Resources Alliance, develop a strong two-way, interactive video distance training component, that will meet the training needs of businesses, and
- Work with local providers to enhance *Project Start*, a training component for entrepreneurial development.

### **RESULTS OF APPLYING AGREED-UPON PROCEDURES**

The Business Innovation Center in Oil City opened in the spring of 1997 and provided space for start-up companies, shared facilities and services, start-up business assistance, and a network of business resources. Program results under this grant include contributing to the transformation of the under-utilized Oil City Industrial Park and providing a facility for access to technology and training for both the public and private industry. In short, the Center with its state-of-the-art computer lab and video conference facility belongs to the community. As of the date of our fieldwork, there were five tenants and 12 jobs created within the facility, which does not include jobs created which resulted from information transfer and support services to non-tenant businesses.

We tested sixteen costs incurred by the Northwest Pennsylvania Regional Planning and Development Commission under ARC Grant No. PA-12050-95/6 for the period October 1, 1995 through September 30, 1997. The results of applying these agreed-upon procedures are discussed in this section and in **EXHIBITS A AND B** of this report. This grant established an ARC obligation of \$190,601. The grantee requested and received \$171,300 in reimbursement. ARC deobligated the \$19,301 balance.

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

The grantee provided \$280,920 of local funding, as the matching share, resulting in total project costs of \$452,220.

**NORTHWEST PENNSYLVANIA REGIONAL PLANNING  
AND DEVELOPMENT COMMISSION**

**FRANKLIN, PENNSYLVANIA**

**GRANT NO. PA-12050-95/6**

**GRANT PERIOD: OCTOBER 1, 1995 THROUGH SEPTEMBER 30, 1997**

**SCHEDULE OF CASH PAYMENTS & PROJECT COSTS**

**(UNAUDITED)**

<u>DATE</u>	<u>PAYMENT</u>	<u>AMOUNT</u>
February 1, 1996	Progress	\$ 6,883.98
May 3, 1996	Progress	11,761.29
August 7, 1996	Progress	8,243.34
November 27, 1996	Final	49,137.45
February 12, 1996	Progress	13,640.38
November 21, 1997	Progress	26,330.57
November 21, 1997	Progress	20,190.42
January 13, 1998	Final	35,113.63
		<hr/>
<b>ARC Funds</b>		171,300.06
<b>Total Matching Share Contributed</b>		<hr/> 280,919.99
<b>Total Grant Funding</b>		<b>\$ <u>452,220.05</u></b>

**NORTHWEST PENNSYLVANIA REGIONAL PLANNING  
AND DEVELOPMENT COMMISSION**

**FRANKLIN, PENNSYLVANIA**

GRANT No. PA-12050-95/6

GRANT PERIOD: OCTOBER 1, 1995 THROUGH SEPTEMBER 30, 1997

**SCHEDULE OF CLAIMED EXPENSES**

(UNAUDITED)

<u>DESCRIPTION</u>	<u>ARC</u>	<u>MATCH</u>	<u>TOTAL</u>
Personnel	\$ 56,305.35	\$ 19,689.25	\$ 75,994.60
Fringe Benefits	16,628.76	3601.02	20,229.78
Travel	3,061.00	572.19	3,633.19
Equipment	28,639.54	160,262.98	188,902.52
Supplies	12,087.13	2,791.86	14,878.99
Contractual	8,920.71	21,150.91	30,071.62
Other	<u>24,289.41</u>	<u>18,463.86</u>	<u>42,753.27</u>
Total Direct Charges	149,931.90	226,532.07	376,463.97
Indirect Charges	21,368.16	8,055.14	29,423.30
In-Kind		46,332.78	46,332.78
	<hr/>		
<b>Totals</b>	\$ <u>171,300.06</u>	\$ <u>280,919.99</u>	\$ <u>452,220.05</u>