



REPORT OF REVIEW

**RURAL ACTION, INC.
ATHENS, OHIO**

Rural Action Leadership and Civic Development Initiative

**OH-12490-96
August 5, 1996 - March 31, 1998**

**OIG Report 98-50(H)
September 22, 1998**

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 August 5, 1996, through August 4, 1997; however, it was extended twice through March 31, 1998. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Athens, Ohio July 22-23, 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-87 and A-102, and the ARC Code.

C. BACKGROUND

ARC Grant OH-12490-96 was awarded to Rural Action, Inc. to provide funds for a comprehensive leadership development program. The grantee was to provide leadership training for approximately 100 adults through a series of workshops, group discussions, mentoring, and community development projects. Specific tasks to be completed under the grant agreement include:

- 1) Provide a comprehensive leadership training program including a series of workshops, formation of peer discussion groups, and a mentoring program. Workshop topics were to include an overview of rural development, communication skills, conflict resolution, group process, meeting facilitation,

organizational development, strategic planning, working with diverse groups, mentoring, evaluation, steps in the development process, and resources for development;

- 2) Invite leaders in each Ohio LDD to provide guidance on the overall project and act as mentors to participants;
- 3) Provide mentor training;
- 4) Assign a mentor to each participant to provide on-on-one assistance and training;
- 5) Recruit a maximum of 15 participants from each LDD;
- 6) Assist participants in designing and completing pilot community development projects; and
- 7) Evaluate the project using written surveys and interviews with participants, and tracking of outcomes.

The grant was awarded for \$75,000 or approximately 65 percent of actual, reasonable and eligible costs of the project. The grantee was to provide the non-federal share in cash, contributed services, or in-kind contributions, as approved by ARC. At the time of our review, grant funds totaling \$67,500 had been paid to the grantee and a final payment of \$7,415.17 was in process. On July 24, 1998, the \$84.83 remaining in the ARC grant account was deobligated and ARC closed the account.

II. RESULTS

A. CLAIMED COSTS

At the time of our on-site review, we questioned costs charged to the ARC project for compensatory time, costs for which justification and/or documentation was not immediately available, and costs that should have been charged to a different program. We also noted differences between the amount the grantee charged for payroll expenses and the supporting documentation. Subsequent to our visit, the grantee provided additional documentation, including audit guidelines for the GMS accounting system. Questioned costs and issues of concern included the following:

- 1) Compensatory Time--We determined that the ARC grant was overcharged \$2,879 for personnel costs related to compensatory time. As the result of a coding error, the time for one employee was charged to the ARC project at the time it was earned and also when it was taken (\$1,647). In addition, compensatory time earned by three employees was charged to the ARC project at the time it was earned but the employees did not take the time off and were not allowed to be paid for it because of a new policy instituted by

the agency in 1998 regarding the accumulation of excess comp time. As there was no expense to the agency for the time involved, it resulted in an overcharge to the ARC project of \$1,232. At the time of our visit, the grantee agreed to deduct \$2,879 from claimed costs.

- 2) Documentation/Certifications--During our review of grant and matching expenditures charged to the ARC project, we noted several items for which documentation and/or justification was not available at the time of our visit. Subsequent to our visit, the grantee provided acceptable documentation, including copies of written agreements and certifications.
- 3) Personnel Costs--At the time of our review, we were unable to balance the personnel costs claimed to ARC with the available supporting documentation. We discussed the situation with the grantee and their independent public accountant (IPA) and reviewed documentation provided by the grantee subsequent to our visit. We understand that the GMS system automatically adds allocated leave to personnel costs as it is earned and the documentation provided by the grantee is acceptable.
- 4) Matching Costs--The grantee claimed \$30,000 in matching costs associated with their Vista program but supporting documentation indicated their actual expenses in that category were \$32,912.20. We reviewed supporting documentation for a judgementally selected sample of the expenditures and questioned costs totaling \$2,195. We noted that some of the hours for one worker was not documented and travel costs for two others should have been charged to the Vista project instead of to ARC match. However, since the grantee had excess match in this category, they still had sufficient match after deducting the questioned costs.

The grantee also claimed \$4,500 in in-kind contributions, but their records indicated actual costs totaled \$5,830.12. We judgementally selected some of the costs for review and could not find documentation for charges of \$123.60 and \$149. An agency representative indicated she did not believe they were allowable costs for the ARC project. We also noted that \$173.96 was claimed for a network presenter but documentation indicated the expense was \$115.76. Total questioned costs for this category were \$330.80 but the grantee had sufficient match to justify their claim after deducting the questioned costs.

In both instances noted above, the grantee had more match than was specified by their approved budget. However, it should be noted that deductions to the cost share could have resulted in a reduction of the federal share if not for the excess match.

B. PROGRAM REVIEW/STATUS

The grantee completed the work required by the grant agreement. They provided a comprehensive leadership training program as planned, including workshops, discussion groups, a mentoring program, and the development and dissemination of an extensive training manual. They had initially planned to train approximately 100 people and work with three Ohio local development districts (LDDs), however, one LDD dropped out of the project. As a result, 69 people (participants, mentors and resource people) were trained. The grantee found that there was a lack of suitable mentors in the targeted communities so they used existing community leaders as "resource people," but not necessarily as mentors.

The grantee reported that community action teams were formed in six of seven targeted communities and they were guided by Vista workers trained in community organization and team development. Five teams were awarded mini-grants based on their submission of proposals and strategic plans to accomplish a variety of projects, including the restoration and renovation of old buildings for use as a museum and community center, starting a volunteer fire department, developing a bike path, preserving and celebrating community heritage and developing community arts.


The grantee indicated they received favorable comments from participants about the program and we noted that responses on their program evaluation summaries were very positive. The grantee continues to work with communities that participated in this project as well as new ones and indicated that 11 communities were participating at the time of our review.

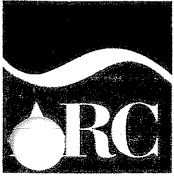
C. GRANTEE COMMENTS

The grantee agrees to deduct \$2,879 from claimed personnel costs and refund that amount to ARC for unallowable charges associated with compensatory time.

D. RECOMMENDATION

We recommend that the grantee ensure that documentation for grant and matching costs is maintained and available for review if they obtain future ARC grants and that they refund the noted unallowable charges to ARC.


Hubert N. Sparks
Inspector General



**APPALACHIAN
REGIONAL
COMMISSION**

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A New Vision*


Office of the Inspector General

October 20, 1998

MEMORANDUM FOR MR. ROBERT DECKER

SUBJECT: Refund for Ineligible Cost—Rural Action, Inc.
Grant OH-12490-96, OIG Report 98-50(H)

Enclosed is a check for \$2,879, received from Rural Action, Inc. in connection with ineligible compensatory time claimed under the grant. Essentially, the overclaim represents a duplicate claim and several instances where compensatory time was claimed but not used and, therefore, no expense to the grantee.


Hubert N. Sparks
Inspector General

Enclosure

RURAL ACTION, INC.

07730

10/06/98 VR001059

2879.00

GRANT #OH-12490-96
REFUND FOR UNALLOWABLE CHARGES FOR
COMPENSATORY TIME

016 Refund 98-50 (K)

10/07/98 VENDOR #

APPALACHIAN REGIONAL COMMISSIO

TOTALS..

2879.00

RURAL ACTION, INC.



07730

1 MOUND ST.
ATHENS, OH 45701
(740) 593-7490

ATHENS, OHIO
56-103/442

PAY *****\$2879 AND 00/100 DOLLARS

DATE
10/07/98

AMOUNT
\$2879.00

PAY TO THE ORDER OF:
APPALACHIAN REGIONAL COMMISSIO
566 CONNECTICUT AVE NW
WASHINGTON DC 20235

S. E. G. Smith
[Signature]

⑈007730⑈ ⑆044201030⑆ 10 690 5⑈

SECURITY FEATURES: MICRO PRINT TOP & BOTTOM BORDERS · COLORED PATTERN · ANTI-FORGE WATERMARK ON REVERSE SIDE · MISSING FEATURE INDICATES A COPY

RURAL ACTION, INC.

07730

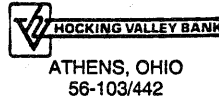
06/98 VR001059 GRANT #OH-12490-96 2879.00
REFUND FOR UNALLOWABLE CHARGES FOR
COMPENSATORY TIME

016 Report 98-50 ()*

10/07/98 VENDOR # APPALACHIAN REGIONAL COMMISSIO TOTALS.. 2879.00

RURAL ACTION, INC.

1 MOUND ST.
ATHENS, OH 45701
(740) 593-7490



07730

Y *****\$2879 AND 00/100 DOLLARS

DATE AMOUNT
10/07/98 \$2879.00

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O THE
ORDER APPALACHIAN REGIONAL COMMISSIO
OF: 566 CONNECTICUT AVE NW
WASHINGTON DC 20235

Elizabeth Holten
[Signature]

⑈007730⑈ ⑆044201030⑆ 10 690 5⑈



**APPALACHIAN
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A New Vision*

Office of the Inspector General

September 23, 1998

Ms. Carol M. Kuhre, Executive Director
Rural Action, Inc.
P. O. Box 157
Trimble, OH 45782

re: OIG Report 98-50(H)
 Grant No. OH-12490-96


Dear Ms. Kuhre:

Enclosed is a copy of our report dealing with a grant for a leadership and civic development initiative. As noted, the unallowable charges should be refunded to ARC and controls implemented to assure necessary documentation is maintained.

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

The courtesies and cooperation provided the auditor were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure



RuralAction

Weaving the fabric of community renewal

September 22, 1998

Jo Ann Brenner
Appalachian Regional Commission
566 Connecticut Ave., NW
Washington, D.C. 20235

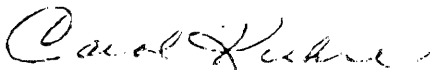
Dear Ms. Brenner,

Thank you for sending the draft report. Rural Action will agree to your recommendations and will early in October deduct \$2,879 from claimed personnel costs and refund that amount to ARC for unallowable charges associated with compensatory time.

The compensatory time errors were innocent ones. We are joyously experiencing growth in our programs, but it does mean that from time to time we suffer from growing pains--such as this one of learning how to deal with program managers who put in lots of extra volunteer time and then sometimes code it as comp time. We need to do a better job of orienting program managers to the time and hour laws.

Thank you for your patience with us.

Sincerely yours,



Carol M. Kuhre
Executive Director

Main offices

Executive and Development Offices

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Trimble, OH 45782
Tel: 614.767.4938
Fax: 614.767.4957
e-mail: aa075@seorf.ohiou.edu

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One Mound St.
Athens, OH 45701
Tel: 614.593.7490
Fax: 614.593.3228
e-mail: aa075@seorf.ohiou.edu

Center for Community Service

033 Baker Center
Athens, OH 45701
Tel: 614.593.4007
Fax: 614.593.0987

Field sites

Washington County

101 Coventry Rd.
Manetta, OH 45750
Tel: 614.376.4837
Fax: 614.374.4763

Pike County

408 E. Walnut St.
Waverly, OH 45690
Tel: 614.947.1577

Muskingum County

10890 Friendship Dr.
New Concord, OH 45762
Tel: 614.796.3383

Vinton County

26328 Locust Grove Road
Creola, OH 45622
Tel: 614.596.3079

Monday Creek Restoration Project

3791 Baker Rd.
Albany, OH 45710
Tel: 614.698.2227