



AUGUST 19, 1998

OIG REPORT NO. 98-51(H)

MEMORANDUM FOR: MS. BARBARA CRAIG-LAMBERT, DIRECTOR, INTERAGENCY EMPLOYEES CORPORATION, 17273 STATE ROUTE 104, CHILLICOTHE, OH 45601

SUBJECT: Memorandum Survey Report--Interagency Day Care Center Project, ARC Grant No. OH-12251-95-I-302-0603

### 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 initial period of performance was October 1, 1995, through December 31, 1996. The grant was subsequently extended through December 31, 1997. We reviewed the grantee's reports, examined records, and held discussions with grantee officials July 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-110 and A-122, and the ARC Code.

### BACKGROUND

ARC Grant No. OH-12251-95-I-302-0603 was awarded to the Interagency Employees Corporation to provide funds for start-up and first-year operations of the Ross County Interagency Child Care Center in Chillicothe, Ohio. The Center was to add 150 child care slots and provide high quality, low cost child care services for Ross County residents. The following tasks were to be performed:

- 1) Equip and furnish the Ross County Interagency Child Care Center;
- 2) Hire and train staff; and
- 3) Provide child care services for children, ages 6 weeks through 12 years, of workers, students and residents of Ross County.

The grant was for the actual, reasonable and eligible project costs, not to exceed \$158,500 (34.3 percent of total project costs). The grantee was to provide \$303,043 (65.7 percent) in cash, contributed services, or in-kind contributions. At the time of our on-site visit, the grantee had returned advanced funds of \$3,295 to ARC and \$43,994 remained in the ARC account. They claimed total project costs of \$428,700 including grant costs of \$114,506 (26.7 percent) and matching costs of \$314,194 (73.3 percent). Subsequent to our visit, ARC deobligated \$43,994 and closed the account.

## RESULTS


### Financial Review

During our on-site visit, we reviewed the grantee's financial reports and accounting records and sampled expenditures charged to the ARC grant and to the matching share. No deficiencies were noted regarding the allowability or documentation of expenditures.

We noted that the grantee deposited their first ARC check to the building fund account and paid grant expenses from that account for several months before transferring the balances to a separate ARC account. We also noted that their independent auditor issued a management letter regarding the grantee's accounting system during their financial statements audit for the period ending December 31, 1997. The auditor recommend that they update their accounting system to a system that would allow for "better identification of certain revenues and expenses, track not only revenues and expenses but assets, liabilities and net assets as well, separate building activities from operational activities, and prepare monthly, quarterly, and annual financial reports quickly." The grantee subsequently installed a new accounting system. During our visit, we also discussed with the grantee the need to compare grant expenditures with budget amounts as required by OMB Circular A-110. They agreed to have that information available if they obtain any ARC grants in the future.

### Program Review/Status

The ARC project was very successful and the grantee completed the work specified by the grant agreement. They purchased equipment and furnishings for the child care facility and hired and trained staff. The 14,000 square foot facility opened for business on January 6, 1997. They average about 100 children per day and have a waiting list for certain age groups. The day care center is now self-supporting.

  
Hubert N. Sparks  
Inspector General



August 19, 1998

MEMORANDUM FOR THE FEDERAL CO-CHAIRMAN


SUBJECT: OIG Reports 98-27(H), 98-37(H), 98-48(H), 98-51(H), and 98-52(H);  
Pikeville College of Osteopathic Medicine, University of Pittsburgh  
Manufacturing Assistance Center, Ohio Consolidated Technical  
Assistance, Ross County Interagency Child Care Center, and Ohio J-1  
Visa Waiver Program

Enclosed are the reports dealing with the subject grants.

The review of the grant to assist with the development of a fully accredited college of osteopathic medicine identified the need to establish internal controls to improve accountability, especially if additional grants are approved for this project.

The review of the grant to support the University of Pittsburgh's Manufacturing Assistance Center identified an overcharge of \$1,300 that should be returned to ARC.

Although the compliance visits in connection with the J-1 Visa Waiver program did not identify any instances of noncompliance, we noted that the notice identifying patient charges was not posted at any of the five locations visited. This is consistent with observations during recent visits to J-1 physician locations in other states. Therefore, we have recommended that active sponsors and participating physicians be reminded of ARC requirements with respect to the posting of information regarding patient charges.

  
Hubert N. Sparks  
Inspector General

Enclosures



August 19, 1998

MEMORANDUM FOR      ARC EXECUTIVE DIRECTOR


SUBJECT:                      OIG Reports 98-27(H), 98-37(H), 98-48(H), 98-51(H), and 98-52(H);  
Pikeville College of Osteopathic Medicine, University of Pittsburgh  
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Hubert N. Sparks  
Inspector General

Enclosures

cc:      Mr. Charles Howard  
         Ms. Judy Rae



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COMMISSION**

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A New Vision*

*Office of the Inspector General*

August 19, 1998

Ms. Barbara Craig-Lambert, Director  
Interagency Employees Corporation  
17273 State Route 104  
Chillicothe, OH 45601

re:      OIG Report 98-51(H),  
          Grant OH-12251-95


Dear Ms. Craig-Lambert:

Enclosed is a copy of our report dealing with the Ross County Interagency Child Care Center. We consider the audit closed, and no additional response is requested.

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



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COMMISSION**

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A New Vision*

*Office of the Inspector General*

August 19, 1998

Mr. Randall C. Hunt, Director  
Governor's Office of Appalachia  
P. O. Box 1001  
Columbus, OH 43266-1001

re:     OIG Reports 98-51(H) and 98-52(H), Ross County Interagency Child  
Care Center and Ohio J-1 Visa Waiver Program

Dear Mr. Hunt:

Enclosed is a copy of our reports dealing with the Ross County Interagency Child Care Center and compliance visits to five locations employing J-1 physicians.

Sincerely,

A handwritten signature in cursive script that reads "Hubert N. Sparks".

Hubert N. Sparks  
Inspector General

Enclosures