

# TICHENOR & ASSOCIATES

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TO: Appalachian Regional Commission (ARC)  
Office of Inspector General (OIG)

FROM: Tichenor & Associates  
Louisville, Kentucky

REPORT FOR: The Federal Co-Chairman  
ARC Executive Director  
OIG Report Number 99-10

SUBJECT: Memorandum Review Report on The Presbyterian Child Welfare Agency,  
Buckhorn Leadership Initiative, Buckhorn, Kentucky Grant Number KY-  
12288-96.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by The Presbyterian Child Welfare Agency for its Buckhorn Leadership Initiative were expended in accordance with the ARC approved grant budget and did not violate any restrictions imposed by the terms and conditions of the grant; (b) the accounting, reporting and internal control systems provided for disclosure of pertinent financial and operating information; and (c) the objectives of the grant have been met.

BACKGROUND: ARC awarded Grant Number KY-12288-96 to The Presbyterian Child Welfare Agency for the period October 1, 1996 through November 15, 1998. Total grant funding was for an amount not to exceed \$35,080, or approximately 80 percent of actual, reasonable and eligible project cost, whichever was less. ARC required that the grant be matched with \$9,097 or 20 percent in cash, contributed services, and in-kind contributions, as approved by ARC. ARC made one advance and final payment totaling \$32,936.

The purpose of this grant was to provide a program of civic leadership training and computer training to the citizens of Buckhorn in Appalachian Kentucky.

The specific tasks of the grant were to:

- Recruit approximately 20 Buckhorn citizens who will enroll in Brushy Fork's twelve week Leadership Development Program and Kentucky Information Resources Commission (KIRM) computer training program; participants will have classroom leadership training which they will then apply to real-life situations;
- Lease and maintain necessary hardware/software;
- Oversee use of the computer facility to ensure Internet access to all Buckhorn residents; and
- Monitor and evaluate the project.

SCOPE: We performed a program review of the grant as described in the Purpose above. Our review was based on the terms of the grant agreement and on the application of certain review procedures in accordance with the ARC, OIG Review Program. Specifically, we determined if the leadership development program had been performed, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars, and if The Presbyterian Child Welfare Agency had complied with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with The Presbyterian Child Welfare Agency personnel. Our results and recommendations are based on these procedures. These review procedures were performed in accordance with applicable Government Auditing Standards.

RESULTS: The following results were based on our review performed at The Presbyterian Child Welfare Agency's offices located in Buckhorn, Kentucky on February 22 through 26, 1999.

**A. Incurred Costs**

The Presbyterian Child Welfare Agency incurred total program costs of \$42,033, and claimed direct reimbursable costs from October 1, 1996 through November 15, 1998 of \$32,936 and in-kind costs of \$9,097. We reviewed the direct and in-kind costs incurred and determined that, in general, the funds had been expended as reported by The Presbyterian Child Welfare Agency.

**B. Internal Controls**

1. Seven of Nine Quarterly Progress Reports Were Not Submitted to the ARC

The Presbyterian Child Welfare Agency did not prepare and submit quarterly progress reports to the ARC Project Coordinator for 7 out of the 9 quarters the grant was in place.

Grant Agreement Number KY-12288-96 between the ARC and The Presbyterian Child Welfare

Agency paragraph 2-8.1 Progress Reports, states:

“Grantee shall prepare and submit to the ARC Project Coordinator quarterly progress reports indicating the work accomplished under the agreement to date, any problems encountered and ameliorative actions takes, and a forecast of work for the next report period.”

RECOMMENDATION:

We recommend that ARC require The Presbyterian Child Welfare Agency submit all required reports for any future grants received.

**B. Program Results**

Our review of The Presbyterian Child Welfare Agency, for its Buckhorn Leadership Initiative, indicated all specific tasks identified in the grant, and summarized above, had been achieved.

DISCUSSION:

We discussed this issue with The Presbyterian Child Welfare Agency management at an exit conference held on February 26, 1999. Management stated that it realized the nature of the deficiency but thought it was more important to see that the project was completed rather than submit the necessary reports.

OTHER:

We provided a copy of the draft report to the Presbyterian Child Welfare Agency management on March 25, 1999. Management responded to our findings and recommendations by stating that for any future ARC awards, they intend to improve dramatically in the submission of the required reports in a timely manner.

*Tichenor & Associates*

TICHENOR & ASSOCIATES  
Louisville, Kentucky

February 26, 1999



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*Office of the Inspector General*

April 28, 1999

Ms. Robin S. Gabbard, Project Director  
Presbyterian Child Welfare Agency  
One Buckhorn Lane  
Buckhorn, KY 41721-9989

re: OIG Reports 99-8(H), 99-9(H), and 99-10(H); ARC  
Grants KY-12288, KY-12436, and KY-12111

Dear Ms. Gabbard:

Enclosed are the reports on three grants administered by your agency in connection with leadership initiative and preschool relocation/expansion projects. As noted, the primary recommendations deal with submission of required reports and prior approval of budget reprogramming. A response to these reports is not requested.

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

The courtesies and cooperation provided the auditors were appreciated.

Sincerely,

  
Hubert D. Sparks  
Inspector General

Enclosures



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April 28, 1999


Ms. Peggy Satterly, Program Manager  
Department for Local Government  
Division of Development Finance  
1024 Capitol Center Drive  
Frankfort, KY 40601-8024

re: OIG Reports 99-7(H), 99-8(H), 99-9(H),  
and 99-10(H); ARC Grants KY-12828,  
KY-12288, KY-12436, and KY-121211

Dear Ms. Satterly:

Enclosed are copies of our reports dealing with the McCreary County Learning Center and three projects administered by the Presbyterian Child Welfare Agency.

Sincerely,

  
Hubert N. Sparks  
Inspector General

Enclosures