



MARCH 22, 1999

OIG REPORT 99-13(H)

MEMORANDUM FOR: MR. ROBERT M. STROTHER, EXECUTIVE DIRECTOR, SOUTH CAROLINA APPALACHIAN COUNCIL OF GOVERNMENTS, GREENVILLE, SOUTH CAROLINA

SUBJECT: Memorandum Survey Report--Review of Telecommunications- Adding Rural Counties to AppNet, ARC Grant No. SC-12303-96

### PURPOSE

The purposes of our review were (1) to determine the allowability of the costs claimed under the ARC grants, (2) to determine if the grant objectives were met, and (3) to determine the current status of the project.

### SCOPE

Our survey included procedures to review costs incurred and claimed for reimbursement under the grant, as well as costs claimed as matching funds. The initial period of performance for the grant was July 1, 1996, through June 30, 1997, but it was subsequently amended through December 31, 1998. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Greenville, South Carolina January 25-29, 1999. 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 SC-12303-96 was awarded to the South Carolina Appalachian Council of Governments, Greenville, South Carolina, to provide funds to interconnect six small rural county libraries and the South Carolina School for the Deaf and Blind into the existing AppNet telecommunications network. The new sites were to be connected to the Internet, the major universities and colleges in the State, and to numerous databases and other organizations on AppNet. According to the grant agreement, the following specific tasks were to be completed:

- 1) Expand the existing AppNet telecommunications network to six new rural library sites and the South Carolina School for the Deaf and Blind by purchasing and installing computer hardware, software and telecommunication interface equipment;
- 2) Maintain the sites; and

- 3) Hire a consultant to help staff prepare, maintain, and support the Wide Area Networking of upstate libraries.

The initial grant was for the lesser of \$128,282 or 70 percent of the actual, reasonable and eligible costs of the project. The grantee was to pay or cause to be paid the non-federal share of \$54,268 (30%) in cash, contributed services, or in-kind contribution, as approved by ARC. The grant was amended to add \$300,000 to the project, including \$210,000 in ARC funds and \$90,000 in additional match. Prior to our review, the grantee had claimed project expenditures of \$457,055.23, including grant costs of \$319,938.66 (70 percent) and matching costs of \$137,116.57 (30 percent).


## RESULTS

### Financial Review

At the time of our review, the grantee completed their final reimbursement request for this project. It indicated that total expenditures for the project were \$484,808.72, including grant costs of \$338,282 (70 percent) and matching costs of \$146,526.72 (30 percent). We reviewed the grantee's accounting records, including invoices and supporting documentation for a sample of grant and matching costs charged to the project. No deficiencies were noted as to the allowability of the expenses or the adequacy of the documentation for the expenditures we reviewed.

### Program Review

This project added Oconee, Cherokee, and Pickens County libraries, South Carolina School for the Deaf and Blind, and Limestone College to the AppNet telecommunications network. The grantee also developed a new web site, a comprehensive, searchable directory of online information about the South Carolina Upstate. They continue to maintain the network and provide technical support and training to the eleven AppNet members.

  
Hubert N. Sparks  
Inspector General



April 5, 1999

MEMORANDUM FOR The Federal Co-Chairman  
ARC Executive Director


SUBJECT: OIG Reports and Request for Information on Unresolved Reports

Enclosed is a copy of our periodic update on expired grants [OIG Report 99-15(H)]. As noted, positive ARC actions have resulted in a continued reduction of open grants and actions to reallocate available funding. The report notes some grants for which additional action appears appropriate.

Also enclosed are the eight reports identified below. In seven cases, no deficiencies needing attention were noted. Report 99-5(H), Mississippi Consolidated Technical Assistance, contains a repeat recommendation pertaining to the timely closing of grants and deobligation of unused funds.

- 99-1(H)—ARC Grant TN-12829-98, Tri-Cities Appalachian International Trading Network
- 99-2(H)—ARC Grant NC-12320-96, Appalachian International Business Center
- 99-4(H)—ARC Grants MS-12324-96/97, Leadership and Civic Infrastructure Initiative Project
- 99-5(H)—ARC Grants MS-7763-95/96/97, Consolidated Technical Assistance
- 99-11(H), ARC Grant SC-12415-96, Science and Math To Go
- 99-12(H), ARC Grant SC-12417-96, Internet Training Facilities
- 99-13(H), ARC Grant SC-12303-96, Adding Rural Counties to AppNet
- 99-14(H), ARC Grant SC-11834-96, Economic Development Information System

Information is requested on the status of recommendations contained in reports 98-24(H), Georgia Revolving Loan Fund, and 98-36(H), Sawmill Center for the Arts.

  
Hubert N. Sparks  
Inspector General

Enclosures

cc: Ms. Judy Rae



March 24, 1999

Mr. Robert M. Strother, Executive Director  
SC Appalachian Council of Governments  
P. O. Box 6668  
Greenville, SC 29606

re: OIG Reports 99-12(H), 99-13(H), and 99-14(H); Grants  
SC-12417-96, SC-12303-96, and SC-11834-96


Dear Mr. Strother:

Enclosed are copies of our reports dealing with the subject grants. The reviews disclosed no deficiencies; and, thus, responses are not requested.

A copy of each report will be provided to the Federal Co-Chairman, ARC Executive Director, and the South Carolina State Alternate.

The courtesies and cooperation provided the auditor were appreciated.

Sincerely,

  
Hubert N. Sparks  
Inspector General

Enclosures