



MARCH 22, 1999

OIG REPORT 99-14(H)

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

SUBJECT: Memorandum Survey Report--Review of Economic Development Information System (EDIS), SC-11834-96 (Phases 2 and 3)

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 September 30, 1997, but it was amended to add phase 3 and extended through September 30, 1998. It was subsequently extended 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-11834-96 was awarded to the South Carolina Appalachian Council of Governments, Greenville, South Carolina for the continuation of the South Carolina Appalachian Economic Development Information System (EDIS). The project was to promote economic development by attracting businesses that were expanding or looking for new operations sites; provide computer access to high quality reports, graphs, and maps of economic data via a telecommunications network; provide computer access to a Geographic Information System (GIS) and its associated economic data, maps, and interactive applications programs; and foster the development of applications through the Appalachian Region which are interchangeable using compatible software and hardware.

According to the grant agreement, the following specific tasks were to be completed:

- 1) Programming:
 - a. Continue to enhance the EDIS GIS application based on user site comments and advances in software and technology;
 - b. Develop the portable companion to the EDIS GIS application; and
 - c. Develop new Internet homepage that promotes the Appalachian portion of South Carolina for industrial recruitment purposes.

- 2) Database Creation:
 - a. Create GIS databases for all available industrial sites and buildings in Anderson, Cherokee, Oconee and Pickens Counties;
 - b. Update databases for industrial recruitment;
 - c. Increase the accuracy and completeness of all GIS coverages grantee currently maintains;
 - d. Create and incorporate into EDIS the infrastructure specific databases needed to support industrial recruitment;
 - e. Develop cultural, recreational, and quality of life layers needed to support industrial recruitment.

- 3) Distribution and Training:
 - a. Continue strong commitment to provide training and support to test user sites;
 - b. Use the EDIS application and databases to perform services for member counties who do not yet have the EDIS GIS application; and
 - c. Consider expanding the number of test sites.

- 4) Planning and Development:
 - a. Continue to develop the long term financial plan to ensure the future of EDIS;
 - b. Continue to build community, business, and government support;
 - c. Continue to support the EDIS Board in the development of policies, operational objectives, work program, fee structure and fund raising strategies;

- d. Ongoing assessment of the strengths and weaknesses of EDIS to ensure the program meets the needs of the users;
- e. Study other regional opportunities that have been developed as a result of EDIS; and
- f. Develop year three program.

The initial grant was for the lesser of \$228,000 or 50 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 \$228,000 (50%) in cash, contributed services, or in-kind contribution, as approved by ARC. The grant was amended to add \$190,000 for phase 3 and required the same amount of additional match. At the time of our review, the grantee had claimed total project costs of \$773,433.65, including grant costs of \$386,716.82 (50 percent), and \$31,283.18 remained in ARC's grant account.


RESULTS

Financial Review

The grantee completed their final reimbursement request at the time of our review. It indicated that total expenditures for the EDIS project were \$845,909.52, including grant costs of \$418,000 and matching costs of \$427,909.52. During our visit, 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

The grantee completed the tasks required by the grant agreement including the continued enhancement of the EDIS GIS application, the creation and updating of databases, training and support of users, and the continued efforts to build community, business and government support. The grantee's project director indicated that costs to maintain the system will be less than the research and development stages and that they and the EDIS Board of Directors were committed to continuing the program. We understand they will continue their efforts to develop the long term financial plan necessary to ensure the future of EDIS.


Hubert N. Sparks
Inspector General



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Office of the 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

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Office of the Inspector General

March 24, 1999


Mr. Dan Ruff, ARC Program Manager
Office of Community Grant Programs
1122 Lady Street, Suite 700
P. O. Box 927
Columbia, SC 29201

re: OIG Reports 99-11(H), 99-12(H), 99-13(H), and 99-14(H); Grants
SC-12415-96, SC-12417-96, SC-12303-96, and SC-11834-96

Dear Mr. Ruff:

Enclosed are copies of our memorandum reports dealing with the subject grants.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosures