

99-18(H)

TICHENOR & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

303 MIDDLETOWN PARK PLACE, SUITE E
LOUISVILLE, KENTUCKY 40243

PARTNERS

WILLIAM R. TICHENOR
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March 5, 1999

Ms. Deborah Floyd, President
Prestonsburg Community College
One Bert T. Combs Drive
Prestonburg, Kentucky 41653

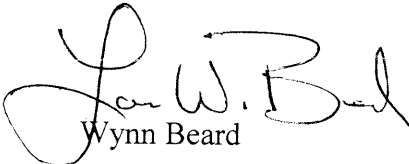
Ms. Floyd:

This letter is to confirm discussions in which we established an entrance conference at 9:00 a.m. on Monday, March 15, 1999. Our review will be limited to the costs incurred and claimed under the Prestonsburg Community College for the Training Tomorrow's Workforce, ARC Grant Number KY 12432-96 and the ARC Student Health Care Clinic Grant.

The Procedures we perform will include and evaluation of the accounting and internal control systems, a comparison of accounting records to financial status reports, compliance with program requirements and the results of the projects.

I have enclosed a listing of information needed to complete the review and an Internal Control Questionnaire. Please have the information available upon our arrival for review. Please call if you have any questions about our review.

Sincerely,


Wynn Beard

Tichenor & Associates

cc: Hubert N. Sparks, Inspector General
Appalachian Regional Commission

MEMORANDUM REPORT ON REVIEW OF
PRESTONSBURG COMMUNITY COLLEGE
PRESTONSBURG, KENTUCKY

Training Tomorrow's Workforce

ARC Grant Number: KY-12432-96-I-211-0430

August 1, 1996 through October 30, 1998

CAUTION: *Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 U.S.C. 522 (b)(4). Distribution of this report should be limited to Appalachian Regional Commission and other pertinent parties.*

Report Number: 99-18 (H)

Date: August 25, 1999

TICHENOR & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

303 MIDDLETOWN PARK PLACE, SUITE E
LOUISVILLE, KENTUCKY 40243

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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 99-18 (H)

SUBJECT TO: Memorandum Review Report on Prestonsburg Community College, Training
Tomorrow's Workforce project, Prestonsburg, Kentucky, ARC Grant Number
KY-12432-96-I-211-0430.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by Prestonsburg Community College for its Training Tomorrow's Workforce project 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 were met.

BACKGROUND: ARC awarded Grant Number KY-12432-96-I-211-0430 to Prestonsburg Community College for the period August 1, 1996 through October 30, 1998. Total grant funding was for an amount not to exceed \$289,975, or approximately 80 percent of actual, reasonable and eligible project cost, whichever was less. ARC required that the grant be matched with \$73,000 or 20% in cash, contributed services, and in-kind contributions as approved by ARC. ARC funding was made available through the United States Department of Education. The project was to provide technology training and support services for dislocated workers and individuals with disabilities. Funding was to be utilized to establish a high tech training center, a mobile training center, and for counseling/support services for participants.

The specific tasks of the grant were to:

- Establish a high tech computer training center equipped with 25 workstations;
- Establishment of a mobile training center to serve the region's employers who prefer to conduct training on-site;
- Adaption of all college classrooms, science labs, computer labs, and learning support facilities to provide access to training and support services to individuals with disabilities;
- Expansion of support services to include paid transition assistants to assist individuals with special needs; and
- Provisional of on-going professional development training for faculty and support services staff to make use of the new technology.

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 project announcement and on the application of certain review procedures in accordance with the ARC, OIG Review Program. Specifically, we determined if the Training Tomorrow's Workforce project had been established, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars, and if the Prestonsburg Community College had complied with the requirements of the grant award. In addition, we discussed the program objectives and performance with Prestonsburg Community College 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 Prestonsburg Community College in Prestonsburg, Kentucky on March 15, 1999, and at the University of Kentucky in Lexington, Kentucky on March 22 through 26, 1999.

A. Incurred Costs

The Prestonsburg Community College incurred total program cost of \$238,644 and claimed reimbursable costs from August 1, 1996 to October 30, 1998 of \$238,644. We reviewed the direct cost incurred and determined that, in general, the funds had been expended as reported by Prestonsburg Community College. However, \$4,732 in personnel costs claimed were incurred after the grant period. In addition, \$47,729 (20% of \$238,644) in matching costs claimed could not be supported by Prestonsburg Community College. These issues are discussed below.

1. Personnel Costs Claimed After the End of the Grant Period

Prestonsburg Community College claimed \$4,732 in personnel costs for cost incurred after the end of the grant period. The grant period was from August 1, 1996 through October 30, 1998. During our review of the grant ledger, costs totaling \$4,732 were charged for the months of November 1998 through January 1999.

OMB Circular A-110, Subpart C, Post Award Requirements, .28 Period of availability of funds states:

"Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency."

2. Matching Costs Could Not Be Supported

ARC required Prestonsburg Community College to match 20% of the grant award in cash, contributed services, and in-kind contributions as approved by ARC. Prestonsburg Community College was not able to provide support for the \$47,729 in required matching contributions.

OMB Circular A-110, Subpart C, Post Award Requirements, .23 Cost sharing or matching states:

" All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

- (1) Are verifiable from the recipient's records;
- (2) Are not included as contributions for any other federally-assisted project or program;
- (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives;
- (4) Are allowable under the applicable cost principles;
- (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this Circular, as applicable."

B. Internal Controls

We did not identify any internal control weaknesses that should have affected the accountability of costs or compliance with the terms of the grant agreement.

C. Program Results

Our review of Prestonsburg Community College, Training Tomorrow's Workforce project, indicated all specific tasks identified in the grant award notification, as summarized above, had been achieved.

DISCUSSION:

We discussed these issues with Prestonsburg Community College management at an exit conference held on April 12, 1999. Management stated that they did not fully understand the findings and couldn't understand how this could have occurred. We faxed additional documentation to support the findings and told management they would be given an opportunity to respond to these findings after issuance of our draft report. In summary, a key issue is the need to identify \$47,729 in matching contributions, or 20 percent of total project costs.

OTHER:

We provided a copy of the draft report to the Prestonsburg Community College management on July 6, 1999. Management responded to our findings and recommendations as follows:

Finding Number 1 - \$4,732 in personnel costs claimed were incurred after the grant period. Per conversations with different employees of Prestonsburg Community College, it appears that eight inter-department invoice-vouchers were submitted on January 20, 1999 to move Training Tomorrow's Workforce grant charges from the college's clearing account to the grant account as follows:

ID No. J378387	Salaries & Benefits	\$1,090.64	7-17-98 payroll
ID No. J378388	Salaries & Benefits	847.48	7-31-98 payroll
ID No. J378371	Salaries & Benefits	847.47	8-14-98 payroll
ID No. J436535	Salaries & Benefits	812.00	8-28-98 payroll
ID No. J436536	Salaries & Benefits	847.49	9-11-98 payroll
ID No. J436537	Salaries & Benefits	847.48	9-25-98 payroll
ID No. J436538	Salaries & Benefits	847.48	10-9-98 payroll
ID No. J436542	Salaries & Benefits	<u>847.46</u>	10-23-98 payroll

Total charged to the clearing account during grant period and to the grant as a correction on 1-20-99 \$6,987.50

According to the auditor's workpaper No. 2351, payroll and fringes as of 10-31-98 totaled \$29,063. After adding these corrected expenses of \$6,987.50, the payroll and fringes total should be \$36,050.50 (rounded to \$36,051). This figure matches the auditor's workpaper No. 2359.10, which also reflects \$36,051 (\$34,108 for salaries & wages and \$1,943 for fringes). Therefore, it appears that grant monies were applied after the grant ended only as a correction measure to move the funds from the clearing account to the grant.

Finding Number 2 - Matching costs of \$47,729 could not be supported. Our supporting documentation is as follows:

Construction of the Workforce Dev. Training Center Technical Assistance - college personnel installed the Training Center

Materials & Supplies (Attachment A)	\$11,822.41
Salaries & Benefits during construction (Attachment B)	<u>14,301.82</u>
Total Matching during room construction	<u>\$26,124.23</u>

Classroom

One room dedicated to the housing of the training center (approx. 1,000 sq. feet @ \$5 per square foot for the utilities and custodial services). Square footage estimate per John Herald \$10,000.00

Supervision

The project was managed by the coordinator of Continuing Education and Community Services (1/4 time). Her salary plus fringes was approx. \$40,000 for two years @ 1/4 time. \$20,000.00

Instructional Support

The college provided workforce training as part of the CE/CS commitment. (Attachment C) \$26,468.00

Other Direct Cost Contributions (per Attachment C) Current Expense and Evaluation	\$ <u>4,000.00</u>
Total Matching Costs Incurred	<u>\$86,592.23</u>

ADDITIONAL COMMENTS AND RECOMMENDATION:

We consider Prestonsburg Community College's response to finding no.'s 1 and 2 as adequate. However, since support for all transactions was not provided with the response related to the ARC grant under review, we recommend that ARC request additional supporting documentation to identify that the expenditures and contributions related to the subject grant.

Tichenor & Associates
TICHENOR & ASSOCIATES
Louisville, Kentucky

April 12, 1999

**Prestonsburg Community College
Matching Costs
Workforce Training Center Materials & Supplies
ARC Grant No. KY-12432-96-I-211-0430**

Vendor
State Electric Supply Company, Inc.
P O Box 5397
Huntington, WV 25703-0397

<u>Item Description</u>	<u>Invoice Date</u>	<u>Invoice #</u>	<u>Amount</u>	<u>Account Charged</u>
Bulbs (25w) & lighting fixtures	9/19/96	962637251	222.00	201115 M&O
Conduit, Wiring & Straps	9/12/96	962555682	35.84	318032 Tech Fee
Bulbs (25w) & lighting fixtures	9/27/96	962711107	75.60	201115 M&O
Computer Cable	10/10/96	962843779	102.00	318032 Tech Fee
Flourescent 40w bulbs	10/11/96	962854031	220.50	201115 M&O
Conduit/Wiring materials	11/6/96	963111553	439.98	206270 Summer Session
Fiber/Armor, Wall Box, Coupler	11/14/96	963195613	825.40	206270 Summer Session
Incd. 200w bulbs	11/14/96	963234052	251.28	206270 Summer Session
Stand-off	12/2/96	963381100	13.52	201115 M&O
Bulbs (6w, 15w, 100w & 300w)	12/2/96	963375803	397.08	201115 M&O
Computer Cable	11/29/96	963346508	102.00	318032 Tech Fee
Flourescent 40w bulbs	12/12/96	963471186	220.50	201115 M&O
Bulbs (Incd. 300w & 15w)	12/9/96	963440239	438.11	201115 M&O
Computer Cable	12/19/96	963542628	102.00	318032 Summer Session
Electrical tracking around wall	2/28/97	970590050	221.92	201115 M&O
Bulbs & Light Fixtures	2/10/97	970414307	559.55	201115 M&O
Electrical Lamp Ballast	1/24/97	970241079	852.70	201115 M&O
Credit Memo	2/4/97	970359370	(672.19)	201115 M&O
Light Fixtures (2x4 lamp)	2/2/97	970373706	80.96	201115 M&O
Breaker In Fuse Box	2/4/97	970353149	30.00	201115 M&O
Bulbs (Incd. 300w and 200w)	11/1/96	963060578	252.00	201115 M&O
Run Electricity from Fuse Box	1/16/97	970167274	69.54	201115 M&O
Electrical - Ballast	1/16/97	970167267	806.63	201115 M&O
Transformer - TV signal	1/16/97	970166318	30.86	201115 M&O
TV & Electrical connections	1/28/97	970281689	13.08	201115 M&O
Total State Electrical Supply, Inc.			5,690.86	

F S VanHoose & Company, Inc. P O Box 1618 Paintsville, KY 41240 (606) 789-4075 1-800-722-4075	Plywood, studs, nails, & screws (bidg. Supplies for TV stand) Electrical Wire (copper) Stain for TV stand Sheathing, Studs	2/10/97 1/3/97 12/30/96 12/27/96	2073762 2071425 2071229 2071120	166.33 58.80 17.88 70.06 <u>313.07</u> ^F	201115 M&O 201115 M&O 201115 M&O 201115 M&O
Total FS VanHoose & Company, Inc.					
Drywall & Bldg. Supply Co. Inc. 164 Trade Street Lexington, KY 40510	Ceiling tiles and Frame Work Clips, D45 Powder tool w/kit Ceiling Replacement (beams, cross te 65 344 usg 5/8 2x2 Omn Lj	11/2/96 10/23/96 10/14/96 11/1/96	221425 219451 219261 220283	1,975.78 431.38 1,549.32 1,287.74 <u>5,244.22</u> ^F	201115 M&O 201115 M&O 201115 M&O 201115 M&O
Total Drywall & Bldg. Supply Co. Inc.					
Brock McVey Company 1100 Brock McVey Drive Box 55487 Lexington, KY 40555-5487	Wire Nuts Electrical Supp (cable, nuts)	12/22/96 2/4/97	439350 464208	6.89 30.84 <u>37.73</u> ^F	201115 M&O 201115 M&O
Total Brock McVey Company					
Hyden's Paint & Wallpaper 905 South Lake Drive Prestonsburg, KY 41653	Paint for Training Center Paint for Training Center Paint for Training Center	12/20/96 12/16/96 12/9/96	N/A N/A N/A	386.97 120.76 28.80 <u>536.53</u> ^F	201115 M&O 201115 M&O 201115 M&O
Total Hyden's Paint & Wallpaper					
Total Materials and Supplies purchased for Workforce Training Center by Prestonsburg Comm. College				\$ 11,822.41 ^F	

Attachment B

Prestonsburg Community College
 Matching Costs - Salaries & Benefits
 Workforce Training Center
 ARC Grant No. KY-123432-96-I-211-0430

<u>Employee Name</u>	<u>SS#</u>	<u>Estimate of Time Allocated to Center*</u>	<u>Wages for period of time allocated</u>	<u>Fringe Benefits for period of time allocated</u>	<u>Total</u>
Reconstruction of Workforce Development Room					
William Bays	407-54-6362	1 month	2,154.00	506.86	2,660.86
Gary Franklin	404-66-7568	3 weeks	864.00	260.22	1,124.22
Shannon Howard	405-11-5823	3 weeks	1,015.88	286.54	1,302.42
Randall LeMaster	407-11-5970	3 weeks	770.63	245.66	1,016.29
Donald Montgomery	407-74-3330	3 weeks	1,131.75	306.29	1,438.04
Total allocation of salaries and benefits to reconstruction of Workforce Center			5,936.26	1,605.57	7,541.83
Installation of all electrical, TV and computer wiring and construction of TV stand in Workforce Development Room					
Jimmy Wright	402-04-1586	1 month	1,336.50	251.00	1,587.50
Timothy Cooley	400-94-2708	1 month	2,714.33	610.15	3,324.48
Total allocation of salaries and benefits to Electrical installation & construction			4,050.83	861.15	4,911.98
Supervision of Construction of Workforce Training room					
John Herald	405-60-9480	20% of 1 month	1,033.28	212.14	1,245.42
Total allocation of salaries and benefits for supervision of room			1,033.28	212.14	1,245.42
Coordination of Workforce Development Training Room					
Joan Lucas	233-70-1345	10% of 1 month	511.87	90.72	602.59
Total allocation of salaries and benefits for coordination of room			511.87	90.72	602.59
*estimates verified by John Herald and Christina Conley			\$ 11,532.24	\$ 2,769.58	\$ 14,301.82
Total					

Attachment C

Cost Sharing Certification Report

Account Number 460628	Department 5T000	Period To Be Certified 10-01-96 10-30-98	
Grant Number V102B70004-97	Grant Period Start Date 10-01-96	End Date 10-30-98	Sponsor 0300 Appalachian Regional Commission
Grant Title Training Tomorrow WK		Proposed Cost	

A. Salaries and Wages Contributed (Non-Faculty)

Employee Name	Account Number Charged	Annual Salary or Hourly Wage	Amount Paid or Number Hours	Total Amount Contributed
Chris Conley	2-05475	\$42,700	\$10,000	\$10,000
Karen Houston	3-15704	\$10.65/hour	5,500	5,500
Toufic Saad	2-00043	\$	2,440	2,440
Brit Potter	2-00043	\$	2,500	2,500
			Total (A)	5,383
Nancy Bormes	3-15704	\$15/hour	\$ 162	162
Charlotte Keathley	3-15704	\$15/hour	483	483
Tommy Horn	3-15704	\$15/hour		
				26,468

B. Other Direct Cost Contributions

Description (List Each Item)	Account Number Charged	Voucher Number (DAV#, PO #, etc.)	\$ Amount
Current Expense	3-15704		\$ 1,000
Evaluation	3-15704		3,000
Total (B)			4,000
Total Direct			4,000
Cost Contribution (A+B)			30,468

Other direct Expenses: Classroom - \$ 10,000 (construction)
 Tech. Support - \$ 25,000 (installation, maintenance)

I certify that the above represents the actual contribution
 Made from the University fund in support of this project


 Project Investigators Signature

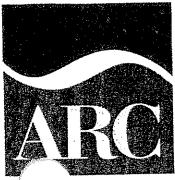

 Department Chairman's Signature

E-mail address: ccconley@pop.uky.edu Phone # 606-886-3863
 X228

E-mail address: nbjohn00@pop.uky.edu Phone # 606-886-3863
 X273

NOTE: Indirect Cost Contribution will be computed by Sponsored Projects Accounting Office

09/09/98 SPA CC-PF



January 4, 2000


Ms. Michelle Meek, Budget Manager
Office of Business Affairs
Prestonsburg Community College
One Bert T. Combs Drive
Prestonsburg, KY 41653

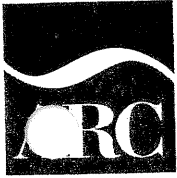
re: OIG Reports 99-18(H) and 99-19(H), Training Tomorrow's Work Force and Rural Health and Wellness Program

Dear Ms. Meek:

My apologies for not responding sooner with respect to the additional information provided to support the match for the subject grants. I have asked the auditors who conducted the work to review the information. The detail provided should enable resolution of the open issues, and I will get back to you shortly.

Sincerely,


Hubert N. Sparks
Inspector General



APPALACHIAN
REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

Office of the Inspector General

September 30, 1999

Ms. Deborah Floyd, President
Prestonsburg Community College
One Bert T. Combs Drive
Prestonsburg, KY 41653

re: OIG Report 99-18(H), Grant KY-12432-96

Dear Ms. Floyd:

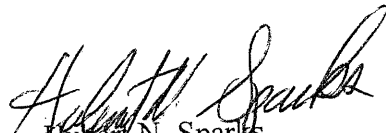
Enclosed is a copy of our final report dealing with a grant for the project titled Training Tomorrow's Work Force. The work was performed by auditors with Tichenor and Associates, C.P.A., under contract to my office.

As noted, the auditors accepted the grantee response dealing with the issues of charges within the grant period and matching contributions but recommended confirmation that the information provided to the auditors in response to the draft report related to the ARC grant. Thus, to close this report, we would appreciate confirmation that the matching costs noted under Finding 2 supplemental information were applicable to the ARC project. A response within 60 days is appreciated.

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

The courtesies and cooperation afforded the auditors were appreciated.

Sincerely,


Hubert N. Sparks
Inspector general

Enclosure



November 9, 1999


Ms. Peggy Satterly
Program Manager
Department of Local Government
Division of Development Finance
1024 Capital Center Drive
Frankfurt, Kentucky 40601-8024

Re: OIG Reports 99-18(H), 99-19(H) and 99-29(H)

Dear Ms. Satterly:

Enclosed are copies of our reports dealing with the Training Tomorrow's Workforce and Rural Health and Wellness Program projects conducted by Prestonburg Community College and the Rockcastle County Economic Development Initiative.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosures