




May 14, 1999

MEMORANDUM FOR The Federal Co-Chairman
ARC Executive Director
ARC General Counsel

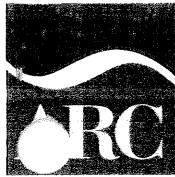
SUBJECT: OIG Reports 99-17(H), 99-20(H), 99-21(H); ARC
Grants CO-12265-95, AL-7805-97, and AL-12305-96

The subject reports deal with grants for the Lake Cumberland, Kentucky, Regional Justice and Victims Advocacy Project, Alabama Consolidated Technical Assistance, and Alabama Strategic Plan for Telecommunications. No significant weaknesses were noted.

With respect to the Regional Justice and Victims Advocacy Project, a balance of \$2,277 should be returned to ARC and matching contributions of \$30,000 should be reviewed by ARC to ensure eligibility. Also, the grantee submitted a final report as part of the response to the draft report; and this is included as an attachment.


Hubert N. Sparks
Inspector General

Enclosures



MAY 5, 1999

OIG REPORT 99-21(H)

MEMORANDUM FOR: DEWAYNE FREEMAN, DIRECTOR, ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS (ADECA), MONTGOMERY, ALABAMA

OBJECT: Memorandum Survey Report--Review of Alabama Strategic Plan for Telecommunications AL-12305-96

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 January 1, 1996, through December 31, 1996. The grant period was amended several times and is currently scheduled to end June 30, 1999. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Montgomery, Alabama, March 29-April 2, 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-87 and A-102, and the ARC Code.

BACKGROUND

They awarded ARC Grant AL-12305-96 to the Alabama Department of Economic and Community Affairs (ADECA) to provide funds for the development of an Alabama Strategic Plan for Telecommunications. Alabama was to develop a comprehensive telecommunications plan to manage access to and distribution of resources. Specific tasks to be completed under the grant agreement were as follows:

- 1) Establish a multidisciplinary steering committee representing education, business and industry, health, economic development, and government to brainstorm and identify issues related to telecommunications needs, barriers, and strategies; the steering committee will be led by Grantee's Division of Science and Technology;
- 2) Conduct a telecommunications needs assessment among the various sectors;
- 3) Conduct public forums to provide an opportunity throughout the ARC Region for local stakeholders to have input to the needs, barriers, and strategies identified by the steering committee;

- 4) Develop and deliver one of the following: a coordinated interactive distance learning experience or up to four seminars and workshops in the ARC Region to demonstrate new technologies and applications through the Alabama Technology Network;
- 5) Develop, publish, and disseminate a written comprehensive telecommunications strategic plan reflecting the needs, barriers, and strategies submitted by the steering committee and the regional stakeholders, the inventory of existing resources, the response to the various needs assessments, and the Governor's committee reports. This plan will include strategies for coordinating and developing infrastructure, funding guidelines for innovative applications and equipment, training, and establishment of partnerships among the sectors; and
- 6) Initiate implementation of the comprehensive plan through minigrants, leveraging funds, partnerships, and collaborative efforts.

The grant was for the lesser of \$359,016 or 80 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 \$89,754 (20%) in cash, contributed services, or in-kind contribution, as approved by ARC. At the time of our review, the grantee had claimed total project expenses of \$470,206.69 and received advance and progress payments from ARC totaling \$323,114. The ARC grant account balance was \$35,902.


RESULTS

Financial Review

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. Total claimed costs (to date) are supported by the grantee's accounting records. We noted that the grantee provided approximately \$40,000 more match for the project than was required by the grant agreement. We also noted a duplicate payment for \$27.50 that occurred because a subcontractor submitting both an original and a facsimile copy of a travel voucher. The grantee agreed to remove the expense prior to grant closing. No other deficiencies were noted regarding the allowability of the expenses or the adequacy of the documentation for the expenditures we reviewed.

Program Review

The grantee had substantially completed the work required by the grant agreement at the time of our visit. They established a steering committee and conducted public forums, a telecommunications needs assessment and training classes. They awarded minigrants for demonstration projects, and completed and distributed a comprehensive telecommunications strategic plan and video. Grantee representatives indicated they would finalize the project on time.


Hubert N. Sparks
Inspector General



May 13, 1999

Mr. Dewayne Freeman, Director
Alabama Department of Economic
and Community Affairs
401 Adams Avenue
Montgomery, AL 35104

re: OIG Reports 99-20(H) and 99-21(H); ARC
Grants AL-7805-97 and AL-12305-96

Dear Mr. Freeman:

Enclosed is another copy of our reports on the subject grants that we have revised to reflect the correct addressee. We apologize for any inconvenience this may have caused. As noted, no recommendations were warranted and no response is requested.

A copy of these reports is being provided to the Federal Co-Chairman and ARC Executive Director.

The courtesies and cooperation afforded the auditor were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosures

cc: Ms. Bonnie F. Durham