



REGIONAL
COMMISSION

*A Proud Past,
A New Vision*

Office of the Inspector General


July 9, 1999

MEMORANDUM FOR THE FEDERAL CO-CHAIRMAN

SUBJECT: OIG Reports 99-23(H) and 99-28(H), ARC
Grants AL-12447-96 and GA-12788-97

Enclosed are copies of OIG memorandum reports dealing with grants for an interactive telecommunications network in five high schools in Jefferson County, Alabama, and the establishment of an entrepreneurial education program in North Georgia.

Our review did not disclose any significant problems although it was noted that completion of the telecommunications project had been delayed at least until August 1999 but that the project period had not been extended beyond its August 30, 1998 completion date.


Hubert N. Sparks
Inspector General

Enclosures



JULY 1, 1999

OIG REPORT 99-28(H)

MEMORANDUM FOR: DR. JUDY H. HULSEY, PRESIDENT, NORTH GEORGIA
TECHNICAL INSTITUTE, CLARKESVILLE, GA

OBJECT: Memorandum Survey Report--Review of Entrepreneurial
Education Project, GA-12788-97

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 September 1, 1997, through August 31, 1998. It was subsequently extended through January 31, 1999. We reviewed the grantee's reports, examined records, and held discussions with grantee officials in Clarkesville, Georgia June 7-8, 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-21 and A-110, and the ARC Code.

BACKGROUND

ARC Grant GA-12788-97 was awarded to establish an entrepreneurial education program to serve potential and existing entrepreneurs in North Georgia. Work activities were to include researching available education programs, developing three curriculum modules, and exploring alternative delivery methods.

The grant was for the lesser of \$110,000 or 75 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 \$36,700 (25%) in cash, contributed services, or in-kind contribution, as approved by ARC. The grantee claimed total project costs of \$132,719.21, including grant costs of \$96,019.21 (73%) and matching costs of \$36,700 (27%). ARC deobligated \$13,980.79 and closed the grant account May 24, 1999.

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. Documentation for some of the older items on our sample were not readily available but the grantee provided the documentation to us subsequent to our visit. No deficiencies were noted as to the allowability of the expenses or the adequacy of the documentation for the expenditures we reviewed.

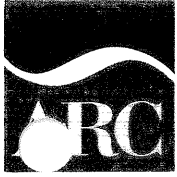
We noted that paid expenditures according to the grantee's accounting records were \$50 less than the amount claimed by the grantee. We determined that a \$50 accrued expense for advertising had never been paid. Subsequent to our visit, the grantee verified that the advertisement had been provided and indicated that they would pay for it as soon as a requested invoice was received from the vendor.

Program Review

The grantee initially developed the curriculum specified by the grant agreement. Subsequently, they examined some of the established curriculum on the market and decided to use a nationally recognized entrepreneurial program, FastTrac. The program allows the user to customize the program as needed. Three modules were developed: Planning for Success, Small Business Fundamentals, and The Legal Environment of Business. A total of 43 students participated in pilot phases of the classes and 17 enrolled in classes for credit. One of the students actually opened a business during the grant period. The grantee also indicated that pilot classes were broadcast to Georgia Technical Institute and other technical institutes via distance learning technology.

The grantee reported that they have increased their efforts to market the program and expect participation to grow as they reach a broader base of individuals. ARC awarded a subsequent grant for phase two and that project is currently underway. The grantee expects 110 students to participate and seven new businesses to open during phase two.


Hubert N. Sparks
Inspector General



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Office of the Inspector General

July 8, 1999

Dr. Judy Hulsey, President
North Georgia Technical Institute
P. O. Box 65
Clarkesville, GA 30523

re: OIG Report 99-28(H), ARC Grant GA-12788-97


Dear Dr. Hulsey:

Enclosed is a copy of our report on a grant dealing with establishment of an entrepreneurial education program. A response to this report is not requested.

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

The courtesies and cooperation provided the auditor were appreciated.

Sincerely,


Hubert N. Sparks
Inspector General

Enclosure

cc: Kimberly M. Roach
ARC Project Director