
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT OF GRANT AWARD**

**Eastern Kentucky Concentrated Employment Program, Inc. for
TechHire Eastern Kentucky (TEKY) Initiative**

**Final Report Number: 19-16
Project Number: PW-18600-IM-16
February 27, 2019**

Prepared By:

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Appalachian Regional Commission
Office of Inspector General
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Bonadio & Co., LLP completed an audit of grant number PW-18600-IM-16 awarded by the Appalachian Regional Commission (ARC) to the Eastern Kentucky Concentrated Employment Program, Inc. (grantee) for the TechHire Eastern Kentucky (TEKY) Initiative program. The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant funds.

The primary objectives of the audit were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were appropriate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); (5) the performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied.

Overall, the grantee's financial management and administrative procedures, including related internal controls, were adequate to manage the funds provided under the ARC grant reviewed. The expenditures tested were supported and considered reasonable. The overall grant performance measures were adequately met or were projected to be met by the end of the grant.

Bonadio & Co., LLP appreciated the cooperation and assistance received from the grantee and the ARC staff during the audit.

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant number PW-18600-IM-16 awarded by the Appalachian Regional Commission (ARC) to the Eastern Kentucky Concentrated Employment Program, Inc. (grantee) for the TechHire Eastern Kentucky (TEKY) Initiative program. The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of the ARC grant funds.

The grant was awarded under the Partnership for Opportunity and Workforce and Economic Revitalization (POWER) initiative, which is a multi-agency effort to invest resources into the communities that were negatively impacted by changes in the coal economy. The grant provided \$2,750,000 in ARC funds and required a match of \$1,750,000 in non-ARC covering the period of June 6, 2016 to June 6, 2019. The majority of the approved total budget was for staff contractual expenses for participant training. Major components of the TEKY Initiative include serving residents of the Eastern Kentucky Concentrated Employment Program counties who lack the educational attainment, work experience, and skill level necessary to secure full-time employment in middle-to-high skill technology jobs. TEKY works to give those populations avenues to industry-led accelerated technology training, paid work-based internships, and employment opportunities in IT careers. The program includes a 20-week learning curriculum followed by a 16-week internship. The program anticipates that 160 of the training/internship participants will exit to technology employment over the three years of the grant.

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were appropriate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); (5) the performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied.

We reviewed the documentation provided and interviewed grantee personnel to obtain an overall understanding of the grant activities, the accounting system, and operating procedures. We evaluated grantee administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds. We examined financial and other required reports to determine if they were supported and submitted in accordance with the grant requirements. We also obtained the most recent Single Audit report to determine whether there were any reported issues that affected the ARC grant.

We reviewed expenditures incurred for the period of June 6, 2016 to May 31, 2018. During this period, there were \$1,152,622 of federal expenditures and \$945,507 of non-federal expenditures charged to the grant. We selected a sample of \$883,697 in federal expenditures and \$945,507 of non-federal matching expenditures to determine whether the charges were properly supported and allowable.

The criteria used in performing the audit were 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", the ARC code, and the grant agreement. The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was completed during the period of September 4, 2018 through September 6, 2018, which included on-site work at the grantee's office in Hazard, Kentucky. The audit results were discussed with grantee representatives at the conclusion of the on-site visit. The grantee's representative agreed with the audit results.

SUMMARY OF AUDIT RESULTS

Overall, the grantee's financial management, administrative procedures and related internal controls were adequate to manage the grant funds received. Based on audit procedures performed, we did not question any costs incurred. The expenses tested were supported and considered reasonable. We found that the grantee had an adequate process in place for obtaining and recording data related to the goals of the grant. In addition, the records and reports indicated that the performance outputs/outcomes required by the grant were accomplished or projected to be accomplished before the end of the grant period.

The outputs and outcomes of the grant were tested by reviewing financial information, internal reports, information provided by the businesses obtaining assistance, news articles, participant case files and other supporting documentation. The projected output was 200 workers trained and 160 jobs created. We noted 347 workers were trained through the program by viewing a workshop completed listing, internship applications, participant certificates of completion, and invoices for training registrations. The grantee also reported that 101 jobs have been created and 15 businesses were improved exceeding the projected outcome of 10 business improved. The grantee believes the remaining outcomes and outputs related to businesses and colleges served and jobs obtained by trainees will be met by the end of the grant.