
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD
Itawamba Community College
Fulton, Mississippi**

**Final Report Number: 19-26
Grant Number: MS-18518**

May 2019

Prepared by:

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May 24, 2019

Appalachian Regional Commission
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Leon Snead & Company, P.C. completed an audit of grant number MS-18518 awarded by the Appalachian Regional Commission (ARC) to Itawamba Community College (ICC). The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of ARC grant funds.

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 adequate 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 matching requirements and (6) the goals and objectives of the grant were met.

We determined that ICC's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The costs tested for the grant were properly supported and allowable. Financial and project performance reports were submitted to ARC timely and accurately. Also, the building renovation was fully completed and the renovated areas were being used as planned.

ICC had made significant progress toward meeting the planned performance outcomes. However, we recommend that ICC continue to track the outputs and outcomes designated by the grant and continue to report them to ARC for three years after the end of the period of performance. This period for performance reporting would continue through October 14, 2021.

A draft report was provided to ICC on April 23, 2019, for comments. ICC provided a response to the report on May 22, 2019. These comments are included in their entirety as an Appendix.

Leon Snead & Company appreciates the cooperation and assistance received from ICC officials during the audit.

Sincerely,



Leon Snead & Company, P.C.

TABLE OF CONTENTS

	<i><u>Page</u></i>
Background	1
Objective, Scope, and Methodology	1
Summary of Audit Results	2
Finding and Recommendation	3
A. Performance Measures	3
Appendix - Grantee's Response.....	5

Background

Leon Snead & Company, P.C. completed an audit of grant number MS-18518 awarded by the Appalachian Regional Commission (ARC) to Itawamba Community College (ICC). The audit was conducted at the request of the ARC Office of Inspector General to assist the office in its oversight of ARC grant funds.

ARC awarded \$1,200,000 to ICC for Grant MS-18518 and required \$800,000 in match from the grantee. Through an amendment to the award, the grantee increased the match to \$1,143,484 for a total estimated project cost of \$2,343,484. The final project costs were \$2,426,904. The period of performance for the grant was October 1, 2016 through October 15, 2018. The final percentage funding break-out for the overall project was 49% ARC and 51% local. The project had been completed but the grant was not been administratively closed by ARC at the time of our audit.

The purpose of the grant was to renovate unused space at ICC's Belden Center in order to house its Robotics & Precision Manufacturing Technology programs. ICC renovated and furnished a 21,200 square foot area at the Belden Center. The renovation allowed the current programs to be moved from the ICC Tupelo campus, consolidated with several related programs at one facility and make additional classes available. The renovated facility added an office suite, a tool and die training lab and a robotics lab. The consolidated programs will allow the ICC to better meet the workforce needs of the advanced automotive manufacturing industry.

The Mississippi Development Authority (MDA) was responsible for administrating and monitoring the ARC grant funds provided for the project. MDA's responsibilities were specified in a Memorandum of Understanding (MOU) between MDA and ARC. This MOU was incorporated into the ARC grant agreement.

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 adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); and (5) the matching requirements and (6) the established performance measures were met.

ARC funding of \$1,200,000 had been expended under grant MS-18518. We reviewed \$934,610 of these charges to determine whether they were properly supported and allowable. The total matching contributions charged to the project were \$1,226,904. We reviewed \$902,271 of these charges to determine whether they were properly supported and allowable.

We reviewed documentation provided by ICC and interviewed personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed written policies and administrative procedures to determine if they complied with federal requirements and were adequate to administer the grant. We reviewed financial and project performance reports to determine if they were submitted in accordance with

requirements. We evaluated grant results discussed in the project performance reports to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at the ICC campus in Fulton, Mississippi during the period of April 1 through April 5, 2019. The audit results were discussed with ICC officials at the conclusion of the on-site visit.

The primary criteria used in performing the audit were 2 CFR 200, the ARC Code, the grant agreement, and the MOU between ARC and MDA. The audit was performed in accordance with the Government Auditing Standards.

Summary of Audit Results

ICC's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The costs tested for the grant were properly supported and allowable. ICC's matching contribution exceeded the required match. Financial and project performance reports were submitted to ARC timely and accurately.

We determined ICC had an adequate process in place for obtaining and recording data related to the overall goals of the grant. The performance measures reported by the grantee as of April 2019 for both outputs and outcomes showed 40 students served and 40 students improved out of a projected 200. Of these 40 students, 31 were enrolled in the Precision Manufacturing and Robotics program, and nine had graduated from the program.

The output for businesses served and the outcome for businesses improved were both zero out of the projected nine as of April 2019. The grantee stated they will not meet these performance measures until the program participants complete the program and are placed in jobs. The businesses that hire these participants will be the ones that are counted towards the businesses served and businesses improved metrics.

ARC funds of \$1,200,000 had been expended for the building renovation at ICC's Belden campus. We determined that the building renovation was fully completed and the renovated areas were being used as planned.

Finding and Recommendation

A. Performance Measures

The performance measures for the project had not been met as the time of the audit in April 2019. The period of performance for the grant had ended on October 15, 2018. The renovations at the ICC Belden campus were complete and the Robotics & Precision Manufacturing Technology programs had been moved from the Tupelo campus to the ICC Belden campus as planned. It was expected that the consolidation of the Robotics & Precision Manufacturing Technology programs on one campus would result in 200 students and nine businesses being served and improved.

The performance measures reported by the grantee as of April 2019 for both outputs and outcomes showing 40 students served and 40 students improved out of the projected 200. Of these 40 students reported as served and improved, 31 were currently enrolled in the Precision Manufacturing and Robotics program, and nine had graduated from the program.

The output for businesses served and the outcome for businesses improved were both reported as zero out of the projected nine as of April 2019. The grantee stated they will not have these performance measures until the program participants complete the program and are placed in jobs. The businesses that hire these participants will be the ones that are counted towards the businesses served and businesses improved metrics.

The Guide to ARC Performance Measures states the following:

For the output of students served, "The number of students served by an ARC education project, measured during the project period, when possible. For projects that are not fully operational during the project period, the measurement time period may be extended up to three years after the project end date. Projects that expand existing programs count only the additional number of students served."

For the outcome of students improved, "The number of students who obtain a job in the field for which they were specifically trained; the number that receive a diploma, certificate or other career credential; or the number of students who successfully complete a course or unit of study and/or graduate to the next grade or level necessary to continue their education. When outcomes occur after the project period, the number of students improved may be counted up to three years beyond the project end date. For programs where final outcomes are achieved after three or more years, the number of students improved may be counted by an alternative benchmark, such as the number of students completing a skill, grade, or level, or continued enrollment for the project period. For each project, this number is always a subset of, or the same as, the "students served" output measure."

Recommendation

ICC should continue to track the outputs and outcomes designated by the grant and continue to report them to ARC for three years after the end of the period of performance. This period for performance reporting would continue through October 14, 2021.

Grantee's Response

The grantee indicated that they concur with the audit finding and will continue to report toward performance measures.

Auditor's Comments

ARC will determine whether the information provided in the grantee's response is adequate to resolve the finding and close the recommendation.

Leon Snead Company

From: Jenny Savely [JSavely@trpdd.com]
Sent: Wednesday, May 22, 2019 9:46 AM
To: Leon Snead & Company
Cc: jwharris@iccms.edu; sssouth@iccms.edu; mbeaton@iccms.edu; ne1947@comcast.net
Subject: RE: Audit of ARC Grant No. MS-18518

Mr. Snead,

On behalf of Itawamba Community College, we concur with audit findings and will continue to report toward performance measures. Thank you for your efforts and availability in answering our questions.

Sincerely,

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