

**MEMORANDUM REPORT ON REVIEW OF THE  
RUST COLLEGE  
MICROSOFT CERTIFIED SYSTEMS ENGINEERING PROGRAM  
HOLLY SPRING, MISSISSIPPI**

**MICROSOFT CERTIFIED SYSTEMS ENGINEERING PROGRAM**

**ARC Grant No.: MS-13474**

**October 1, 1999 through January 31, 2001**

**CAUTION:** *Certain information contained herein is subject to disclosure restrictions under the Freedom on 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: 01-51 (H)**

**Date: August 31, 2001**

**MEMORANDUM REPORT ON REVIEW OF THE  
RUST COLLEGE  
MICROSOFT CERTIFIED SYSTEMS ENGINEERING PROGRAM  
HOLLY SPRING, MISSISSIPPI**

**Microsoft Certified Systems Engineering Program**

**ARC Grant No: MS-13474**

**October 1, 1999 through January 31, 2001**

**Prepared By:**

**Tichenor & Associates, LLP  
Certified Public Accountants  
304 Middletown Park Place, Suite C  
Louisville, Kentucky 40243**

**TICHENOR & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS and MANAGEMENT CONSULTANTS

304 MIDDLETOWN PARK PLACE, SUITE C  
LOUISVILLE, KY 40243

PARTNERS

WILLIAM R. TICHENOR  
DEIRDRE M. REED

BUSINESS: (502) 245-0775  
FAX: (502) 245-0725  
E-MAIL: TICHENORKY@AOL.COM

TO: Appalachian Regional Commission (ARC)  
Office of Inspector General (OIG)

FROM: Tichenor & Associates, LLP  
Louisville, Kentucky

REPORT FOR: The Federal Co-Chairman  
ARC Executive Director  
OIG Report No. 01-51 (H)

SUBJECT TO: Memorandum Review Report on the Rust College Microsoft Certified  
Systems Engineering Program, ARC Grant No: MS-13474.

PURPOSE: The purpose of our review was to determine if (a) the total funds claimed for reimbursement by Rust College for its Microsoft Certified Systems Engineering Program 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 had been met.

BACKGROUND: ARC awarded Grant Number MS-13474 to Rust College for the period October 1, 1999 through January 31, 2001. The purpose of the grant was to provide funds to Rust College to implement a one year pilot certification program for students in Microsoft Systems applications.

The ARC grant funding was for \$126,360 or 80% of actual, reasonable and eligible project cost. The Grantee was to provide local matching funds totaling \$31,590 or 20%, in cash, contributed services or in-kind contributions.

The specific tasks were :

To enroll 16 students over a twelve month period in a Microsoft Certified Engineering Program.

The program was intended to graduate students, with not only a college degree in computer science, but also professional certification in information systems. An additional objective was to prepare the students to become a program manager of a large project, the head of an entire division that focuses on Microsoft technology and/or a consultant for a large system integration.

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 agreement and on the application of certain review procedures in accordance with the ARC, OIG Review Program. Specifically, we determined if the tasks listed above had been performed, if the accountability over ARC funds was sufficient as required by the applicable Office of Management and Budget (OMB) Circulars, and if Rust College had complied with the requirements of the grant agreement. In addition, we discussed the program objectives and performance with Rust College's personnel. Our results and recommendations are based on those procedures and were conducted in accordance with applicable Government Auditing Standards.

RESULTS: The following results were based on our review performed at Rust College in Holly Springs, MS on August 8, 2001 and August 9, 2001.

**A. Incurred Costs**

Rust College paid out program costs of \$157,950, of which they claimed direct reimbursable costs from October 1, 1999 through July 31, 2000 of \$126,360 from ARC and in-kind costs of \$31,590. We reviewed the direct and in-kind costs incurred and determined that the funds had been expended as reported.

1. A \$48,263 credit existed at the end of the program.

The grantee, Rust College submitted to ARC an application for funding of the Microsoft Certified Engineering Program for a three-year period. ARC approved the program for a one-year period. ARC did not modify the budget to reflect expenditures for a one-year period. Rust College per the approved budget from ARC paid New Horizons of Memphis for three years worth of student kits. A credit exists with New Horizons of Memphis for two year worth of student kits or \$48,263. This amount was never reported to ARC in the final report.

The grantee stated that they thought ARC was aware of the credit since they approved the budget for three years worth of student kits. The grantee was going to use the credit balance to continue the program with additional funding from ARC. Also at the time they filed a final report they did not know the amount of the credit.

RECOMMENDATION:

We recommend that ARC contact Rust College to advise them of any necessary action with respect to the credit balance of \$48,263.

## **B. Internal Controls**

We did identify one internal control weaknesses that could have affected the accountability of costs or compliance with the terms of the grant agreement.

1. Quarterly Project Progress Reports were not submitted to ARC for the last nine months of the program.

During the period of the grant we noted that the grantee issued quarterly progress reports until a final report was issued on July 18, 2000. This is when all funds for the program had been paid out. However, the program continued to run until April 14, 2001 (the date of the last class) without quarterly progress reports being submitted to ARC.

Grant Agreement Number MS-13474 between ARC and Rust College, Part 3. Reports, states:

“A progress report for every 120-day period of the grant and a final report are required under this agreement.”

OMB A-102, Subpart C, Section 41, para. (b)(3), Frequency, states:

“The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support.”

The grantee stated that they felt once all funds had been drawn quarterly reports were no longer required. They also stated that they were never asked by ACR for any further reports.

### RECOMMENDATION:

We recommend that the ARC require the grantee on any future grants, to submit reports in accordance with grant agreement provisions.

## **C. Program Results**

Our review of the Microsoft Certified Systems Engineering Program Grant indicated that the objectives of the grant had been met.

*Tichenor & Associates, LLP*

TICHENOR & ASSOCIATES, LLP

Louisville, Kentucky

Date: August 31, 2001