

Office of Inspector General

*Report Prepared by Leon Snead & Co., PC
Audit of Grant Award - To Ohio University, Athens, Ohio*

Grant Number PW-19369



**Appalachian
Regional
Commission**

Office of Inspector General

Audit Report: 22-02

October 19, 2021



Office of
Inspector General

October 19, 2021

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General 

SUBJECT: Audit Report 22-02 – Ohio University, Athens, Ohio

This memorandum transmits the Leon Snead & Co. PC, report for the audit of costs charged to Grant Number PW-19369, to Ohio University, Athens, Ohio project per its agreement with the Appalachian Regional Commission. The objective of the audit was to determine if costs claimed were allowable, allocable, reasonable, and in conformity with the Commission's award terms and conditions and Federal financial assistance requirements. In addition, the audit determined whether the performance measures were met, not met, or not likely to be met.

Leon Snead & Co. PC, is responsible for the attached audit report and the conclusions expressed in this report. There is one recommendation in this report.

We do not express any opinion on the conclusions presented in Leon Snead & Co., PC audit report. To fulfill our responsibilities, we:

- Reviewed approach to and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings with Leon Snead & Co., PC as necessary,
- Reviewed the audit report prepared by Leon Snead & Co., PC; and
- Coordinated issuance of the audit report.

We thank your staff for the assistance that was extended to the auditors during this audit. Please contact me at 202-884-7675 if you have any questions regarding the report.



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Potomac, Maryland 20854
301-738-8190
leonsnead.companypc@erols.com

October 14, 2021

Appalachian Regional Commission
Office of the Inspector General
1666 Connecticut Avenue, N.W.
Washington, DC 20009

Leon Snead & Company, P.C. completed audits of grant numbers PW-19369 awarded by the Appalachian Regional Commission (ARC) to Ohio University, Athens, Ohio. 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 established performance measures were met.

The recipient's administrative procedures and related internal controls were adequate to manage its ARC grant funds and the costs tested were supported. The grant reporting was timely but the accomplishments reported for some performance measures were not consistent with the matching costs claimed for the identified projects. About 75% of the matching cost was charged to certain projects but the performance for these projects were reported as zero. Ohio University officials should revise its final performance report to show some level of accomplishment for the performance measures or reduce its claimed matching cost to an equal level.

In response to the draft report, university officials stated that a revised report has been submitted to ARC that updates the accomplishments for its performance measures. A copy of the response is included as an attachment to this report.

Sincerely,

Leon Snead & Company, P.C.
Leon Snead & Company, P.C.

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Background

Leon Snead & Company, P.C. completed an audit of grant number PW-19369 awarded by the Appalachian Regional Commission (ARC) to Ohio University, located in Athens, Ohio. 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 grant was awarded to provide funding assistance for a university project that establishes and coordinates services for justice-involved women with substance use disorders in five Appalachian counties located in Southeastern Ohio. The project is commonly referred to as the Appalachian Recovery Project: An Ohio Opioid Workforce Initiative (OHIO-ARP). OHIO-ARP proposed a network of treatment, recovery and workforce services that included four areas: 1) Residential-style treatment and support for misdemeanor women who are leaving jail and/or enrolled in a certified drug court; 2) Primary care, outpatient addiction treatment and other clinical services for justice-involved women; 3) Community health workers and quick response teams who can engage with women, families, and overdose patients to help navigate available clinical and non-clinical supports; and 4) Workforce development services for participants, providing education, training and job placement services. Ohio University was required to provide project management, communications, and evaluation services.

Grant PW-19369 originally covered the period April 1, 2019 through March 31, 2021, but was subsequently extended through June 30, 2021. It provided a budget of \$1,100,000 in ARC funds and required non-ARC matching funds of \$471,428 for total project costs of \$1,571,428. The allowable percentage breakout of ARC to non-ARC funding for the project was 70% ARC funds and 30% matching funds.

A final ARC reimbursement Request Worksheet for the period through June 30, 2021 identified total ARC costs of \$250,340 (44%) and matching costs of \$321,912 (56%) for a total project cost of \$572,252.

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.

We interviewed the Project Director for the Grant and other Ohio University officials to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed applicable written financial and administrative policies and procedures to determine if they complied with Federal requirements and were adequate to administer the grant. Further, we reviewed the two most recent annual financial statement audit reports to identify any issues that could significantly impact the ARC grant costs and this audit.

We tested 49% of ARC fund expenditures and all of the matching contributions to determine if they were properly supported and allowable. We also examined supporting information on the total reported matching costs to verify they were properly supported and allowable.

The on-site fieldwork was performed at Ohio University in Athens, Ohio. A site visit was also made to the Ohio Department of Rehabilitation and Correction's closed facility in Nelsonville, Ohio, during our audit fieldwork. The preliminary audit results were discussed with the Program Director and other Ohio University officials during the on-site visit and at the exit conference September 15, 2021.

Criteria used in performing the audit were 2 CFR 200, the ARC Code and the grant agreements. The audit was performed in accordance with Generally Accepted Government Auditing Standards.

Summary of Audit Results

The recipient's financial management and administrative procedures and related internal controls were adequate to account for and control the funds provided under the ARC grants. The ARC and the matching costs tested were supported and reasonable. Overall, the recipient managed program funds in accordance with the ARC and Federal grant requirements. Financial and project reports were submitted on time but we found that the final project report did not fully report to ARC the result of the six performance measures under the grant.

Of the six proposed performance measures, one was met, one was in process, and four were not completed.

The performance measure that was met was to improve at least 50 clients via increased access to music therapy and other forms of art therapy. We found that 137 participants received music therapy or other forms of cooperative art therapy, such as photography and yoga. OHIO-ARP reported that 114 participants received the services of the cooperative art therapy.

The in-process performance measure was to train three groups of students (15 in each) during the grant period, resulting in at least 36 community health worker trainees certified by the Ohio Board of Nursing and 27 of them being employed in permanent, part time or full time positions within two years. The recipient reported that 43 students received CHW training, 33 students had obtained certification, and 9 more were working toward meeting the fieldwork requirement.

The four performance measures not completed were dependent upon the establishment of a residential addiction treatment center in a building to be provided by the State government. The building required renovation, which was not completed, and the building was not provided. However, we concluded that the recipient did not report sufficient performance data to ARC on the four performance measures. The performance data provided by the recipient's partners should have been reported versus stating zero or minimum performance. The partner's participation provided significant support to the Appalachian Recovery Program because the partners' reported costs were a significant portion of the total matching contributions to the projects. The partners' support did not rely exclusively on the availability of the building.

Finding and Recommendation

Performance Reporting

The recipient did not report the results of all performance measures in its final performance report to the ARC.

The grant included six performance measures for accomplishment during the grant period. We found that one performance measure had been completed, one was in process and four were not completed.

The status related to the four not completed indicated zero performance or minimum performance. We concluded that the status of these performance measure should be reported to ARC because a substantial part of the funds included in the recipient's match requirement were associated with these four measures.

The performance measure to improve at least 50 clients via increased access to music therapy and other forms of art therapy was met. We found that 137 participants received music therapy or other forms of therapy, such as photography and yoga. OHIO-ARP reported that 114 participants received the services of this cooperative art therapy.

A second performance measure required the following: At least 36 community health worker trainees certified by the Ohio Board of Nursing, and 27 of them employed in permanent or part-time positions within two years. The recipient reported that 43 people were trained, 9 are currently in training and 24 have received certifications. There was no information on employments and the recipient indicated that it continues to await data on this metric. We concluded that this performance measure was in process because a substantial portion of the measure had been met.

The remaining four performance measures were reported as follows:

Proposed Measure	Methodology	Performance
At least 3 communities (i.e., county governments) improved	Number of counties in which courts, commissioners or others that sign contracts with STAR to have females served at the site in its first 12 months of operation	0 – STAR has been unable to use the site due to delayed capital renovations
At least 200 patients improved via residential addiction treatment	Number of unique patients who complete clinical programming offered by STAR Justice Center at the site in its first 12 months of operation. We estimate that 100 of these patients will also access physical and behavioral health care services of Hopewell during their stay at STAR and/or upon their transition back home. Additionally, we estimate that 150 of these patients will benefit from art therapy at the site. Finally, we estimate that 95 of these patients will enroll in and complete workforce/vocational programming offered by Hocking College and other partner organizations, either during or after their residential treatment.	0 – STAR has been unable to use the site due to delayed capital renovations

At least 32 new jobs created (i.e., 31 full time and 1 part time positions that would not exist without this initiative)	Assumes: 8 jobs created by Hopewell at the site (2 therapists, 1 case manager, 1 RN, 2 LPNs, 1 medical provider and 1 front office); and 24 positions created to operate STAR Justice Center's services at the site (1 managing director, 1 program manager, 3 program specialists, 1 treatment specialist, 1 intake specialist, 1 operations manager, 4 operations supervisors, 6 operations specialists, 1 PT operations specialist, 3 kitchen specialists, 1 facility specialist, and 1 administrative specialist)	0 – STAR and Hopewell have been unable to use the site due to delayed capital renovations
At least 100 patients improved via increased access to ongoing physical and behavioral health care in the community	Number of unique patients who do <u>NOT</u> use STAR Justice Center's residential treatment but who are justice involved and served via Hopewell in the community	The recovery campus was not operational during the grant and resources were not used by Hopewell, either on campus or in the community

The report to ARC indicated zero performance for the first three measures and minimum performance for the fourth measure. The report indicated that the primary obstacle to performance was the lack of a building that was promised by the State but did not materialize.

We believe that some level of performance should be reported for the measures because a substantial portion of the recipient's matching receipts were associated with these four measures. Of the \$312,912 reported as match costs, \$243,191 (76%) were received from the recipient's partners on these projects:

- The 317 Board - Alcohol, Drug addiction, and Mental Health service Board for Athens, Hocking and Vinton Counties - \$100,346.21
- Hocking County Municipal Court - \$42,207.52
- Perry County Municipal Court - \$100,637.56

The support submitted with the contributions indicated that certain activities were accomplished for these projects. If this was not the case, we believe that the matching costs are in question. We believe some level of performance should be reported to justify the claims for these costs.

Recommendation

The recipient should revise the final Performance Report for this grant to include the performance measures and outcomes of the partners that provided \$243,191 as matching funds for this Ohio Appalachian Recovery Project grant.

Recipient's Response

Ohio University officials indicated concurrence with the recommendation and stated that a revised performance report has been submitted to ARC.

Auditor's Comments

ARC will determine whether the actions taken by the recipient are adequate to resolve the finding and close the recommendation.

From: [Perry, Cindy](#)
To: [Leon Snead & Company](#)
Cc: [Plouck, Tracy](#); [Valentine, Mo](#)
Subject: RE: Draft Report - Audit of ARC Grant PW-19369
Date: Thursday, October 7, 2021 11:05:21 AM
Attachments: [image001.png](#)

Good morning Mr. Snead, Ohio University concurs with the recommendation in the report and provided the revised final Performance Report to Lauren Wood, Appalachian Regional Commission and Joe Ansnick, Leon Snead & Company on September 30, 2021. Ms. Wood confirmed receipt of the updated final Performance Report on October 1, 2021. The updated report included the 317 Board, Hocking County Municipal Court and Perry County Municipal Court with letters from each organization documenting their support. Please advise if this resolves the recommendation.

Sincerely,
Cindy Perry
Director, Grants Accounting
Ohio University
(Working Remotely)
740-593-1871

From: Valentine, Mo <valentip@ohio.edu>
Sent: Thursday, October 7, 2021 9:35 AM
To: Leon Snead & Company <leonsnead.companypc@erols.com>
Cc: Perry, Cindy <perryrc@ohio.edu>; Plouck, Tracy <plouck@ohio.edu>
Subject: RE: Draft Report - Audit of ARC Grant PW-19369

Dear Mr. Snead,

I confirm receipt of the draft report – Audit of ARC Grant PW-19369 report.

Best regards

Mo

P. Maureen Valentine, MPA
Assistant Vice President for Research
1 Ohio University
RTEC 105
Athens, OH 45701

 [Chat with me on Teams](#)

From: Leon Snead & Company <leonsnead.companypc@erols.com>

Sent: Thursday, October 7, 2021 9:13 AM

To: Valentine, Mo <valentip@ohio.edu>

Cc: Perry, Cindy <perryyc@ohio.edu>; Plouck, Tracy <plouck@ohio.edu>

Subject: Draft Report - Audit of ARC Grant PW-19369

NOTICE: This message was sent from outside Ohio University. Please use caution when clicking links or opening attachments in this message.

Good Morning Ms. Valentine,

Attached is a copy of the draft report on the above referenced audit for your review and comments. Please provide your comments by October 22, 2021. Please indicate whether you concur or nonconcur with the recommendation in the report and state what actions have been taken or are contemplated to implement the recommendation. If you have any questions, please call or e-mail me.

Please confirm your receipt of the attached report and request for comments. Thanks very much for your assistance.

Leon Snead
Leon Snead & Company, P.C.
(301) 738-8190