
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

AUDIT OF GRANT AWARD

**A+ Education Partnership
Montgomery, AL**

**Final Report Number: 16-22
Project Numbers: AL-17517-I and 17517-C1
July 2016**

Prepared by:

Leon Snead & Company, P.C.



**LEON SNEAD
& COMPANY, P.C.**

*Certified Public Accountants
& Management Consultants*

416 Hungerford Drive, Suite 400
Rockville, Maryland 20850
301-738-8190
fax: 301-738-8210
leonsnead.companypc@erols.com

July 22, 2016

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

Leon Snead & Company, P.C. completed an audit of grant numbers AL-17517-I and AL-17517-C1 awarded by the Appalachian Regional Commission (ARC) to the A+ Education Partnership (A+EP). The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant activities.

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 the performance goals and objectives of the grant were met.

A+EP had written financial and administrative policies and procedures for areas applicable to the grants which were compliant with the applicable Federal requirements and adequate to administer the grants. The grant expenditures sampled and tested were found to be adequately documented and allowable.

However, some aspects of project reporting need to be improved. The information in the grantee's project progress reports was not summarized in a manner that would allow someone unfamiliar with the project to easily evaluate progress toward project goals. Also, the reports did not contain sufficient discussion of whether or not planned goals would eventually be achieved.

In addition, on the completed grant AL-17517-I, one of the four performance goals was significantly exceeded, but actual results reported for the other three goals were below the level projected by A+EP in the grant application. The results on one of the three, which related to student testing, were significantly below the projected level. Therefore, on an overall basis the goals on that grant were considered to have been mostly, but not fully, met.

These issues and the corresponding recommended corrective actions are discussed in the Findings and Recommendations section of this report. A draft report was provided to A+EP on July 5, 2016 for comments. A+EP provided a response to the report on July 14, 2016. Their comments are included in the report and in Appendix I.

Leon Snead & Company appreciates the cooperation and assistance received from the A+EP and ARC staff during the audit.

Sincerely,


Leon Snead & Company, P.C.

TABLE OF CONTENTS

	<i><u>Page</u></i>
Background	1
Objectives, Scope, and Methodology	1
Summary of Audit Results.....	3
Findings and Recommendations	4
A. Project Reporting	4
B. Performance Measure Results.....	6
Grantee’s Response – Appendix I.....	8

Background

Leon Snead & Company, P.C. completed an audit of grant numbers AL-17517-I and AL-17517-C1 awarded by the Appalachian Regional Commission (ARC) to A+ Education Partnership. The audit was conducted at the request of the ARC Office of the Inspector General to assist the office in its oversight ARC grant funds.

The A+ Education Partnership (A+EP) is a 501(c)(3) nonprofit and nonpartisan organization established in 1991 for the primary purpose of partnering with others to ensure that every child has the opportunity for success in postsecondary education, the workforce and citizenship. It has a Board of Directors and operates out of offices in Montgomery, Alabama with 22 employees and annual revenues of about \$8 million. Its programs are conducted through two organizational divisions and a policy and communications arm that promotes research-based decision-making based on education best practices. The A+ College Ready division, which administered the ARC grants audited, works to ensure that more Alabama students are prepared for college and career through:

- The development of more rigorous academic courses at the middle and high school level
- Increasing the access and success of students taking Advanced Placement courses and exams
- Expanding access to computer science and social studies
- Partnering with the Alabama State Department of Education to expand training and professional development to more rural and poverty challenged schools.

The Alabama Best Practices Center (division) works to help teachers and administrators develop the competence, commitment, and courage to do whatever it takes to improve student learning. It manages five educator networks to strengthen participants' knowledge and capacity to effectively support both adults and students so student learning improves.

The ARC grants were awarded to support A+EP in expanding the Advanced Placement Training and Incentive Program to ARC transitional counties in Alabama. The program's main purpose is to provide high school students access to college-level Advanced Placement (AP) courses in Math, Science, and English.

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 the goals and objectives of the grant were met.

Grant AL-17517-I covered the period June 1, 2013 to May 30, 2014 and provided \$199,505 in ARC funds and required \$214,575 in non-ARC recipient match funding to expand the program to 9 high schools. The ARC funds were budgeted mostly for program equipment and supplies

purchased by schools and costs for teacher and student training. A+EP estimated that under the grant 94 teachers would be trained to teach AP courses and 558 students would enroll in AP and 139 of them would earn a passing score on the AP exam.

Grant AL-17517-I was amended in May 2014 to add \$199,327 to estimated total costs and extend the grant completion date to September 30, 2015. The total ARC funding to be provided under the amended grant was \$398,832 and the required total non-ARC funding was \$434,557. The additional funding supported continuing the program at previous schools and expanding it to some additional new schools. During the total extended grant period it was projected that 184 teachers would be trained and teach AP courses, and 1,486 students would enroll and 324 of them would get a passing grade on the AP exam. The grant was completed and administratively closed by ARC with a total of \$351,764 in ARC funds reported as expended and reimbursed.

Of the \$351,764 in expenditures charged to grant AL-17517-I and claimed for reimbursement through September 30, 2015, we selected \$184,729 in expenditures to determine if costs were properly supported and allowable. We also reviewed the support for matching costs to determine whether the charges were properly supported and allowable.

Grant AL-17517-C1 covered the period June 1, 2015 to September 30, 2016 and provided \$199,860 in ARC funds and required \$85,870 in non-ARC recipient match funding. It supported expanding the program to include Pre-AP teachers and students, and continuing AP efforts at four schools and adding five new high schools to the program. As with the prior grant, most of the ARC funds were budgeted for reimbursing schools for program equipment and supplies and costs of the teacher and student training. It was expected that 80 teachers would be trained to teach AP or Pre-AP courses, 486 students would enroll in AP and 55 would achieve a passing grade on the AP exam, and 700 students would enroll in Pre-AP courses and 100 would show improvement in readiness for AP-level work. Grant program activities were still in progress at the time of the audit, with a total of \$137,075 in ARC funds reimbursed to A+EP.

Of the \$137,075 in expenditures charged to grant AL-17517-C1 and claimed for reimbursement by the time of the audit, we selected all \$137,075 in expenditures to determine if costs were properly supported and allowable. We also reviewed the support for matching costs to determine whether the charges were properly supported and allowable.

We reviewed documentation provided by A+EP and interviewed personnel to obtain an overall understanding of grant activities, the accounting system, and general operating procedures and controls. We reviewed financial and project progress reports to determine if they were submitted in accordance with requirements. We reviewed applicable written policies and administrative procedures to determine if they were compliant with federal requirements and adequate to administer the grants. We reviewed the most recent Independent Auditor's report available to identify any issues that significantly impacted the grants.

The audit fieldwork was performed during May 23-27, 2016, at the offices of A+EP in Montgomery, Alabama. The preliminary results were discussed with grantee staff at the conclusion of the on-site visit. A+EP was in general agreement with the preliminary results.

The audit was performed in general accordance with the *Government Auditing Standards*.

The primary criteria used in performing the audit were the grant agreements, applicable Office of Management and Budget Circulars, and the ARC Code.

Summary of Audit Results

A+EP had written financial and administrative policies and procedures for areas applicable to the grants which were compliant with the applicable Federal requirements and adequate to administer the grants. The grant expenditures sampled and tested were found to be adequately documented and allowable.

However, some aspects of project reporting need to be improved. The information in the grantee's project progress reports was not summarized in a manner that would allow someone unfamiliar with the project to easily evaluate progress toward project goals. Also, the reports did not contain sufficient discussion of whether or not planned goals would eventually be achieved.

In addition, on the completed grant AL-17517-I, one of the four performance goals was significantly exceeded, but actual results reported for the other three goals were below the level projected by A+EP in the grant application. The results on one of the three, which related to student testing, were significantly below the projected level. Therefore, on an overall basis the goals on that grant were considered to have been mostly, but not fully, met.

The issues identified and the recommended corrective actions are discussed in the Findings and Recommendations section of this report.

Findings and Recommendations

A. Project Reporting

The grant agreement terms for both grants included a requirement for interim project progress reports, including performance metrics and results, to be transmitted to ARC every 120 days. Each report must be received by ARC within 30 days after end of the reporting period. A final project report was also required to be submitted within 30 days after the grant ended. Grant AL-17517-I covering 6/1/13 to 9/30/15 had ended, and a final performance report and financial report was submitted to ARC and the grant was administratively closed by ARC. The current grant, AL-17517-C1 was still open and not due to end until 9/30/16. Two interim project reports had been submitted to ARC at the time of the audit. All of the reports we reviewed had been submitted to ARC in a timely fashion. The format and information included were acceptable and consistent with ARC requirements.

However, we noted two areas regarding the content of the reports that could be improved and made more consistent with the guidance of ARC. First, the information in the reports was not summarized in a manner that would allow someone unfamiliar with the project to easily evaluate progress toward project goals. ARC's Grant Management Handbook, updated February 2015, provides guidance on interim and final project report contents and format. It requires grantees to report on progress in meeting the goals and that the final report to include a summary table of the results and progress.

The interim and final project reports prepared by A+EP were primarily narrative in format, with little if any tabular presentations. The narrative described activities during the period and some statistics on teacher training sessions and number of students enrolled that related to the established performance goals. We considered the narrative informative and generally consistent with ARC guidance. However, in reading the interim and the final reports on the initial grant, we found that there was no table or summary presentation showing the planned versus actual outputs and outcomes to allow easy identification and assessment of progress toward achieving the goals. In addition, the narrative in some of the interim reports did not always provide complete statistics on the established goals.

We noted that the ARC program coordinator raised an issue regarding the lack of progress on some of the measures and requested that A+EP provide additional information for the final project report on AL-17517-I. The additional information provided to ARC included a summary of the planned versus actual outputs and outcomes, and appeared to be very good and representative of what is needed. We noted, however, this type of information and format was not continued in the subsequent interim reports on the current grant, even though it should be.

Second, the reports did not contain sufficient discussion of whether or not planned goals would eventually be achieved. ARC guidance on reporting requires grantees to discuss the likelihood of achieving the planned grant results, and how problems encountered (that might impede achieving goals) were (or could be) resolved. Progress reports prepared by A+EP could be greatly improved by including this type of information in both the interim and final reports.

Recommendations

A+EP should:

1. Revise the format and presentation of all remaining interim reports, and the final report, for grant AL-17517-C1 to more clearly and completely show the planned grant outputs and outcomes, the actual results to date, and discuss problems encountered that hamper full achievement of the planned results and what actions were or can be taken to improve actual results.
2. Prior to obtaining future ARC grants, establish written procedures on grant reporting to ensure all future project reports meet all ARC requirements, including providing a full and clear discussion of grant goals and progress, problems hampering full achievement of the goals, and corrective actions taken.

Grantee's Response

1. We concur with this recommendation and have revised the format and presentation of our reports to ARC. A+EP submitted an interim report for grant AL-17517-C1 on June 16, 2016. Charts and tables were incorporated into this report to more clearly delineate recent project activities and progress towards meeting the planned grant outputs and outcomes. Actual results to date on 3 of the 4 measures were presented in a tabular format. The project exceed projections in both the number of teachers participating in training (teachers served) and becoming prepared to teach the AP and LTF infused curricula (teachers improved) and in the number of students enrolled (students served) in these challenging courses. Data on the final measure (students improved) is not yet available and will be reported in the June to September Project Performance Narrative and in the Final Performance Report. There were no programmatic problems encountered during this reporting period; however we did provide an explanation regarding the issue of the delay in expending matching funds.

We also included a deeper discussion of the factors which contributed to more teachers and students being served than were originally projected. For ease of understanding, the school by school course and student enrollment information was presented in a table.

This same level of detail will be included in the final report for grant Al-17517-C1.

2. We concur with this recommendation and will establish written procedures on grant reporting prior to applying for future ARC grants.

Auditor's Comments

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

B. Performance Measure Results

In reviewing final results in achieving the planned output and outcome goals on grant AL-17517-I, we identified an area that could be improved and needs management attention and action. The actual results on the outcome goal of "students improved," which equates to the number of students that take the AP exam and obtain a qualifying or passing score, was significantly below the estimated level (201 actual versus 324 estimated). Action is needed to address the significant underperformance on the planned outcome of "students improved".

The information provided to ARC attributed this underperformance primarily to many enrollees not taking the test, which could have been due to either the exam cost or lack of confidence (of passing the exam) by either the student or teacher. It was apparent in discussing this matter with staff that the reasons provided in the report were based more on anecdotal comments from some program participants than on discussions or feedback from all the enrolled students who did not take the exam, and their teachers. More comprehensive and accurate information is essential, and needs to be obtained, to identify any actions that can be taken to help ensure all or most of the enrolled students take the exam, not only for the schools covered by ARC grants, but for all schools in the AP program.

A+EP plans to continue supporting the schools covered by the grant for another two years and future results data may reflect additional progress on that goal and the others. It is important that ARC is provided the results data in the coming years at these schools so it can update its records to accurately document the full impact of the grant project and use of federal funds.

In addition, the data needed to evaluate progress on the outcome of "students improved," were not available until after much of the grant period had passed and funds had been expended. This data is normally unavailable until July because of the times when the exams are offered and score results are available. On the current grant AL-17517-C1, 12 of the 16 months on the grant had passed and almost 70% of the ARC funds expended, and there had been no reporting on progress toward the goal or data presented in the interim reports to credibly predict the level of results that might be achieved. This is an area that should be discussed with ARC staff in applying for any future grants and before establishing the grant goals.

Recommendations

A+EP should:

1. Obtain reliable data to identify the reasons why enrolled students did not take the exams, particularly for schools included in the grant AL-17517-I, and if the same situation occurs in AL-17517-C1, determine what actions, if any, can be taken to improve this area.
2. Have discussions with the ARC coordinator to determine the best method to provide continued results on the performance goals in the initial grant AL-17517-I so ARC management's information can be updated to accurately reflect the project success and impact of ARC funding.
3. In applying for future ARC grants that will have a performance outcome of "students improved" (through achieving a passing score on the AP exam), initiate discussions with

ARC staff to identify possible methods to obtain data needed to report progress during the grant period and predict likelihood of achieving the goal.

Grantee's Response

1. For grant AL-17517-I, we do not consider it practical to gather additional data concerning why certain enrolled students did not take the AP exams. Most of the students involved in this grant have since graduated from high school and an attempt to gather reliable data would place an undue burden on both the A+EP and the staff of the involved schools. In addition because of the elapsed time students are unlikely to provide complete and accurate information regarding the circumstances and motivation for not taking the exam. For grant AL-17517-C1 if we do not meet the *students improved* outcome, we will compare the rate of test taking for these schools with the rate of test taking for all A+ College Ready program schools to determine if there is a difference and make recommendations for corrective action if that is the case. We will also initiate discussions with the schools involved in the grant to determine any other possible factors that may have contributed to not meeting the performance goals and determine appropriate corrective action.
2. We continue to track AP exam result data for all A+ College Ready schools including those involved in the ARC grant AL-17517-I. We will discuss the best method to provide this data to the ARC coordinator as it relates to the *students improved* performance goal.
3. We concur with this recommendation and prior to applying for future ARC grants we will initiate discussions with ARC staff concerning the establishment of performance outcome goals.

Auditor's Comments

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

July 14, 2016

Mr. Leon Snead, President
LEON SNEAD & COMPANY, P.C.
416 Hungerford Drive, Suite 400
Rockville, Maryland 20850

RE: Draft Audit Report – A+ Education Partnership ARC grants AL-17517 and AL-17517-C1

Dear Mr. Snead,

We have reviewed the draft ARC audit report provided by your company and I am attaching our comments. Please see the sections highlighted in yellow that respond to the recommendations in your report.

We greatly appreciate the professional and expeditious manner in which the audit was conducted and the details provided in the report. We generally concur with the recommendations and for each recommendation we have provided details concerning the actions that we have taken and the actions that we will take for subsequent reports and prior to applying for any additional ARC grants.

Thank you for your help and if you have any questions, please let me know.

Sincerely,



Michelle M. Condon
Chief Financial Officer

Cc: Caroline Novak
Mary Boehm
Carol Crawford

Enclosure