

---

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

**Mississippi Department of Education  
Jackson, Mississippi**

---

**Final Report Number: 19-32  
Grant Number: MS-19011**

**June 2019**

**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

June 21, 2019

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

Leon Snead & Company, P.C. completed an audit of grant number MS-19011 awarded by the Appalachian Regional Commission (ARC) to Mississippi Department of Education (MDE). 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); and (5) the matching requirements and (6) the established performance measures were met.

MDE's administrative 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. Grant matching cost requirements were met. MDE obtained and recorded data related to the overall goals of the grant. MDE had made significant progress toward meeting the planned performance measures.

All grant funds of \$753,000 were expended for equipment purchases. We determined that the items purchased were in place and being used in accordance with the grant agreement. The school districts made all necessary equipment purchases in accordance federal and state purchasing policies and procedures. The equipment is on the State of Mississippi inventory, which increases the level of controls governing the equipment. The equipment is located at, maintained by, and used by ten different schools from nine school districts within the State of Mississippi.

Leon Snead & Company appreciates the cooperation and assistance received from the MDE and ARC staffs 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

## **Background**

Leon Snead & Company, P.C. completed an audit of grant number MS-19011 awarded by the Appalachian Regional Commission (ARC) to Mississippi Department of Education (MDE). 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 \$540,000 to MDE for Grant MS-19011 and required \$213,000 in match from the grantee. The final project costs were \$753,000. The period of performance was August 1, 2017 through September 30, 2018. The percentage funding break-out for the overall project was 72% ARC, 19% State of Mississippi, and 9% local.

MDE provides policy and direction for public education in the State of Mississippi. It also provides resources and technical support to Mississippi's public school system.

Grant MS-19011 was awarded to acquire tools and equipment for training in advanced manufacturing, automotive manufacturing, robotics, and construction technology programs. MDE worked with numerous school districts to determine and prioritize their needs for the tools and equipment necessary to obtain relevant industry certifications, such as the National Center for Construction Education and the National Automotive Technicians Education Foundation.

## **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 \$540,000 had been expended under grant MS-19011. We reviewed \$299,309 of these charges to determine whether they were properly supported and allowable. The total matching contributions charged to the project was \$213,000. We reviewed \$173,092 of these charges to determine whether they were properly supported and allowable.

We reviewed documentation MDE provided 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, including the grantee's purchasing 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 reviewed the most recent financial statement audit to identify any issues that significantly impacted the ARC grant and the grant audit. We evaluated grant results discussed in the final project performance report to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at MDE's office in Jackson, Mississippi during the period of May 6 through May 10, 2019. The preliminary audit results were discussed with MDE officials at the conclusion of the on-site visit.

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

### **Summary of Audit Results**

MDE's administrative 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. Grant matching cost requirements were met. MDE obtained and recorded data related to the overall goals of the grant.

MDE made significant progress toward meeting the planned performance measures. The planned performance measures were:

- The equipment acquired under the ARC grant will be used by an average of 500 students per year (output - students served).
- 100 students will obtain employment annually and an additional 325 students will continue their education at the high school or postsecondary level (outcomes - students improved).

The actual performance measures reported as of May 2019 were:

- 514 students had been served (output - students served).
- 13 Career & Technical Education programs had reached certification level (output).
- 47 students had obtained employment after high school and 159 students had continued their education (outcomes - students improved).

MDE officials explained that the participating school districts only report performance outcomes on an annual basis. These performance outcomes are reported on a graduate cohort basis as the cohort graduates from the participating school district. The participating school districts allow students to enter career and technical education courses in the ninth grade and they have an opportunity to complete the programs as tenth graders. ARC grant MS-19011 encompassed two school years. Consequently, three graduating cohorts classes impacted by the ARC grant have not yet been reported to MDE. MDE will not receive information on the final performance outcomes from the various school districts until the end of school year 2021/2022.

All grant funds of \$753,000 were expended for equipment purchases. We determined that the items purchased were in place and being used in accordance with the grant agreement. The school districts made all necessary equipment purchases in accordance federal and state purchasing policies and procedures. The equipment is on the State of Mississippi inventory, which increases the level of controls governing the equipment. The equipment is located at, maintained by, and used by ten different schools from nine school districts within the State of Mississippi.