

Office of Inspector General

Report Prepared by Leon Snead & Company, P.C.

Audit of Grant Award – Roy Collier Community Center



Office of Inspector General

APPALACHIAN REGIONAL COMMISSION

Audit Report: 20-09

April 6, 2020



April 6, 2020

TO: Charles Howard, Interim Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit of Grant Award – Roy Collier Community Center
Report Number 20-09

This memorandum transmits the Leon Snead & Company, P.C. report for the audit of costs charged by the Roy Collier Community Center, Kentucky per its sponsored agreement with the Appalachian Regional Commission. The audit reviewed \$182,684 from the Commission and matching funds of \$56,547. The objective of the audit was to determine if costs claimed by the Roy Collier Community Center 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.

OIG Oversight of the Audit

Leon Snead & Company, P.C. is responsible for the attached audit report and the conclusions expressed in this report. We do not express any opinion on the conclusions presented in Leon Snead & Company, P.C.'s audit report. To fulfill our responsibilities, we:

- Reviewed Leon Snead & Company, P.C.'s 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 & Company, P.C., as necessary, to discuss audit progress, findings, and recommendations;
- Reviewed the audit report prepared by Leon Snead & Company, P.C.; and
- Coordinated issuance of the audit report.

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

Attachment



**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

April 6, 2020

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 numbers KY-18315 and KY-18315-C1 awarded by the Appalachian Regional Commission (ARC) to the Roy Collier Community Center (Community Center) located in Inez, Kentucky. 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.

The Center's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The ARC expenditures of \$182,684 and the match of \$56,547 tested were properly supported and allowable. The Center exceeded its required match contributions by over \$8,000. Financial and project performance reports were submitted to ARC timely and accurately. The Center had an adequate process in place for obtaining and recording performance data related to the project. We compared the planned performance measures with the actual performance measures reported by the grantee in its final ARC Performance Progress Reports for both phases of the project. The reported data indicate that the Center exceeded the planned performance outputs and outcomes for the project.

Leon Snead & Company appreciates the cooperation and assistance received from the Center and ARC staffs during the audit.

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 numbers KY-18315 and KY-18315-C1 awarded by the Appalachian Regional Commission (ARC) to the Roy Collier Community Center (Community Center) located in Inez, Kentucky. 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 \$315,000 under grant KY-18315. The grant required matching contributions of \$83,500 and a performance period of October 1, 2015 through February 28, 2017. The grant was administratively closed by ARC on June 19, 2017. ARC awarded \$392,000 under grant KY-18315-C1. The grant required matching contributions of \$98,000 and a period of performance of October 1, 2016 through September 30, 2019. This grant was open at the time of our onsite visit but was administratively closed on March 18, 2020. The total estimated project cost was \$888,500.

The project consisted of two phases. The first phase was to repurpose two areas of the Community Center to create the Dream Discovery Center with state-of-art technology and a hands-on children's science museum. The space on the first floor was designed to provide elementary level education. This area contains a Center for Expression and Interactive Training, an inventor's station, youth makerspaces, Lego robotics stations, and space for rotating exhibits. The space on the second floor was designed for advanced level education. The second floor was retrofitted as a makerspace fabrication station with 3-D printing, and a laboratory for coding and software development.

The second phase of funding was awarded to support teacher training and school partnerships. Also, funds were made available to purchase makerspace, drone, and robotics supplies. The project had been fully completed at the time of our audit.

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 funds of \$667,800 had been expended and the recipient reported \$189,618 of matching contributions. We reviewed \$182,684 of the ARC expenditures and \$56,547 of the match to determine whether they were properly supported and allowable.

We reviewed documentation provided by the Center 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 Center’s office in Inez, Kentucky during the period of March 2 through March 6, 2020. The audit results were discussed with Center 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 agreements. The audit was performed in accordance with Generally Accepted Government Auditing Standards.

Summary of Audit Results

The Center's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The ARC expenditures of \$182,684 and the match of \$56,547 tested were properly supported and allowable. The Center exceeded its required match contributions by over \$8,000. Financial and project performance reports were submitted to ARC timely and accurately. The Center had an adequate process in place for obtaining and recording performance data related to the project.

We compared the planned performance measures with the actual performance measures reported by the grantee in its final ARC Performance Progress Reports for both phases of the project. As shown below, the reported data indicate that the Center exceeded the planned performance outputs and outcomes for the project.

Performance Measure	Planned Outputs	Actual Outputs	Planned Outcomes	Actual Outcomes
<i>Phase I</i>				
Students Improved	600	2,000	0	0
Students Served	0	0	600	2,000
<i>Phase II</i>				
Students Served	1,200	5,121	0	0