

Office of Inspector General

Report Prepared by Leon Snead & Co., PC
Audit of Grant Award - The Mayland Community College
Grant Number PW-19705



**Appalachian
Regional
Commission**

Office of Inspector General

Audit Report: 21-10

May 27, 2021



Appalachian
Regional
Commission

Office of Inspector General

May 27, 2021

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 21-10 — The Mayland Community College

This memorandum transmits the Leon Snead & Co. PC, report for the audit of costs charged to Grant Number PW-19705, The Mayland Community College 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. The auditors did not issue any recommendations 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 the approach to 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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May 18, 2021

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 PW-19705 awarded by the Appalachian Regional Commission (ARC) to the Mayland Community College, Spruce Pine, North Carolina. 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 audit indicated that the recipient's financial management and administrative procedures and related internal controls were adequate to manage its ARC grant funds. The costs tested were supported and reasonable. Also, the grant recipient met its performance goal to create the Strategic Plan for the development of the Pinebridge Coliseum.

The audit results were discussed with the President and the Vice President for Administrative Services for Mayland Community College at the conclusion of the on-site visit. Also, a copy of the draft report was provided to Mayland for comments but no comments were received.

Sincerely,


Leon Snead & Company, P.C.

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Background

Leon Snead & Company, P.C. completed an audit of grant number PW-19705 awarded by the Appalachian Regional Commission (ARC) to the Mayland Community College (MCC), located in Spruce Pine, North Carolina. 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 the grant to MCC to assist with developing a strategic plan for re-development of the Pinebridge Coliseum into a state-of-the-art center for education for degree seeking and personal enrichment studies, business support, and community development. Additional funding was provided by MCC. MCC recorded and accounted for the funds and expenses associated with ARC Grant PW-19705 in its accounting system.

Grant PW-19705 covered the period October 1, 2019 through March 1, 2020. The grant provided \$50,000 in ARC funds and required non-ARC matching funds of \$22,000 for a total project cost of \$72,000. The allowable percentage breakout of ARC to non-ARC funding for the overall project was 69% ARC funds and 31% MCC funds.

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.

At the time of our audit MCC had completed an ARC Reimbursement Request Worksheet and a Final Project Narrative Report for Grant PW-19705, but had not submitted the two documents to ARC as a claim for costs incurred. The period covered by the documents covered the entire period of the Grant, October 1, 2019 through March 1, 2020.

MCC incurred \$50,000 in ARC Grant reimbursable costs and \$22,000 in non-ARC recipient matching costs through the end of the audit period, March 1, 2020. These costs were incurred by MCC to hire contractors to develop a Strategic Plan for redeveloping the Pinebridge Coliseum into a state-of-the-art educational center. The center will provide degree seeking and personal enrichment studies, business support and community development. We found that two contractors were hired to assist with the Plan by providing cost estimates and floorplan schematics. The estimates and Schematics were delivered to MCC in March 2020. The strategic plan was completed by MCC in April 2020.

We tested all (\$50,000) ARC funds expenditures and 54% of matching contributions to determine if they were properly supported and allowable. Our audit tests did not identify any questioned costs.

We reviewed documentation provided by the MCC President, Vice President for Administrative Services, and administrative staff to obtain an overall understanding of the grant activities, its

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 account for and administer the grant. We reviewed financial and project performance reports to determine if they were submitted in accordance with the grant requirements. We also reviewed the two most recent North Carolina single audit reports for the period from July 1, 2018 through June 30, 2020 to identify any issues that could significantly impact the ARC grant costs and this audit.

The on-site fieldwork was performed at the offices of MCC on March 26, 2021. The preliminary audit results were discussed with the President and the Vice President for Administrative Services for MCC during the on-site visit and 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 Generally Accepted Government Auditing Standards.

Summary of Audit Results

MCC's financial and administrative procedures and related internal controls were adequate to account for and control the funds provided under the ARC grant audited. The recipient expended grant funds as provided for in the approved grant budget; maintained a system of program (internal) controls that were adequate and operating effectively; implemented accounting and reporting requirements in accordance with generally accepted accounting principles and applicable ARC accounting and reporting requirements; and met the matching requirements of this Grant. The ARC and the matched costs tested were supported and reasonable. We did not question any claimed costs or matching costs incurred under the Grant.

Based on a review of available documents at MCC, we concluded that the performance goal was met. MCC officials were satisfied with the deliverables submitted by the contractors.