

Office of Inspector General

*Report Prepared by Regis & Associates, PC
Audit of Grant Award - To Oak Ridge Associated Universities, Inc.*

Grant Number CO-17197-C5



**Appalachian
Regional
Commission**

Office of Inspector General

Audit Report: 22-05

February 28, 2022



Office of Inspector General

February 28, 2022

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

A handwritten signature in blue ink, reading "Philip M. Heneghan", is placed to the right of the "FROM:" line.

SUBJECT: Audit Report 22-05 – The Oak Ridge Associated Universities, Inc.

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number CO-17197-C5, to Oak Ridge Associated Universities, Inc, 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 reasonable, supported, and fairly represented to the Commission.

Regis & Associates, PC, is responsible for the attached audit report and the conclusions expressed in this report. The auditors did not issue any recommendations in the report.

We do not express any opinion on the conclusions presented in Regis & Associate, PC's 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, as necessary;
- Reviewed the draft and final audit reports; 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.

*Report on Performance Audit
of
Appalachian Regional Commission
Grant Number CO-17197-C5-17*

*Awarded to
Oak Ridge Associated Universities, Inc.*

*Prepared for the Appalachian Regional Commission -
Office of the Inspector General*

Auditee: Oak Ridge Associated Universities, Inc.
As of Date: February 24, 2022


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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EXECUTIVE SUMMARY

Office of the Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

We conducted a performance audit of Grant Agreement Number CO-17197-C5-17, awarded by the Appalachian Regional Commission (ARC) to Oak Ridge Associated Universities, Inc. (the Grantee). We conducted the audit at the request of the ARC Office of Inspector General, to assist it in its oversight of ARC grant funds for the grant performance period from December 7, 2016 to September 30, 2017.

The objective of the performance audit was to determine whether: (1) grant 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 guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements); (5) matching requirements were met; and (6) the reported performance measures were fair and reasonable.

We conducted planning and fieldwork during the period from November 8, 2021, through December 16, 2021. We determined that the Grantee's financial management and administrative procedures and related internal controls were adequate to manage the ARC grant funds. There were no findings or recommendations for this engagement.

We discussed the results of this performance audit with the Grantee's officials at the conclusion of our fieldwork. The Grantee's response has been included as Attachment 1 to this report.

Regis & Associates, PC appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

Sincerely,

A handwritten signature in blue ink that reads "Regis & Associates, PC".

Regis & Associates, PC
Washington, DC
February 24, 2022

Background

The Appalachian Regional Commission (ARC) is a regional economic development agency, representing a unique partnership of Federal, state, and local governments. ARC-funded programs are used to support education and job training; health care; water and sewer systems; housing; highway construction; and other essentials of comprehensive economic development. ARC's staff is responsible for program development; policy analysis and review; grant development; technical assistance to states; and management and oversight. ARC grants are made to a wide range of entities; including local development districts, State ARC Offices, state and local governments, educational establishments, nonprofit organizations, and for a variety of economic development projects.

On December 7, 2016, the Appalachian Regional Commission awarded Grant Number CO-17197-C5-17, in the amount of \$73,451, to the Oak Ridge Associated Universities, Inc. The period of performance for the grant was from December 7, 2016, to September 30, 2017. On April 28, 2017; ARC approved an amendment, number CO-17197-C5-R1-17, to increase the award by \$340,634, for total award of \$414,085.

The grant was awarded to Oak Ridge Associated Universities, Inc., to fund the Oak Ridge Middle and High School Summer Math-Science-Technology Institute (MSTI) program. The goal of the program was to provide an opportunity for 26 high school students and 26 high school teachers to participate in a two-week, residential, hands-on learning program, which began on July 8, 2017. This grant was also to enable 26 middle school students to participate in a one-week science academy, which began on July 16, 2017.

Objective, Scope, and Methodology

Objective

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated March 17, 2021; engaged Regis & Associates, PC to conduct a performance audit of Grant Number CO-17197-C5-17, titled Oak Ridge Middle and High School Summer Math-Science Technology Program, which was awarded to the Grantee. The term of the grant was from December 7, 2016, to September 30, 2017. The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget

Object Class Category	Federal	Non-Federal	Total
Personnel	\$ 72,436	\$ -	\$ 72,436
Fringe Benefits	9,472	-	9,472
Travel	188,464	-	188,464
Equipment	19,400	-	19,400
Supplies	4,000	-	4,000
Contractual	77,300	-	77,300
Other	14,477	-	14,477
Total Direct Charges	\$ 385,549	\$ -	\$ 385,549
Indirect Charges	\$ 28,536	\$ -	\$ 28,536
Total	\$ 414,085	\$ -	\$ 414,085

The general objectives of the performance audit were to determine whether the Grantee expended grant funds, in accordance with applicable requirements; and to report any resulting findings and questioned cost, related to internal controls, program performance, and compliance with provisions of the grant agreement and laws and regulations.

Scope and Methodology

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence obtained, provides a reasonable basis for our findings and conclusions, based on our audit objectives.

The performance audit was conducted, using the applicable requirements contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the ARC Code; and the Grant Agreement.

Our audit procedures included:

- Obtaining an understanding of the Grantee's internal controls; assessing control risk; and determining the extent of testing needed, based on the control risk assessment.
- Reviewing written fiscal policies and administrative procedures for applicable grant activities.
- Assessing, on a test basis, evidence supporting the amounts; and the Grantee's data and records.
- Assessing the accounting principles and significant estimates made by the Grantee.
- Evaluating the overall evidence and presentation of the records.
- Assessing whether the program's reported performance measures were fair and reasonable.
- Conducting other test procedures deemed necessary, based on our professional judgment.

Results

Upon conclusion of our performance audit, we determined that:

- 1) The grant funds were managed in accordance with ARC and Federal grant requirements.
- 2) The grant funds were expended, as provided for in the approved grant budget. Below, we have presented a Schedule of Claimed, Questioned, and Audit Recommended Cost; which reflects the results of our audit:

Oak Ridge Associated Universities, Inc.
Performance Audit of ARC Grant Number CO-17197-C5-17

Exhibit – B: Schedule of Claimed and Audit Recommended Costs

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended	
	Federal	Total	Federal	Total	Federal	Total
Personnel	\$ 72,436	\$ 72,436	\$ -	-	\$ 72,436	\$ 72,436
Fringe Benefits	9,472	9,472	-	-	9,472	9,472
Travel	133,370	133,370	-	-	133,370	133,370
Equipment	19,400	19,400	-	-	19,400	19,400
Supplies	4,000	4,000	-	-	4,000	4,000
Contractual	77,300	77,300	-	-	77,300	77,300
Other	14,477	14,477	-	-	14,477	14,477
Total Direct Charges	\$ 330,455	\$ 330,455	\$ -	\$ -	\$ 330,455	\$ 330,455
Indirect Charges	\$ 28,536	\$ 28,536	\$ -	\$ -	\$ 28,536	\$ 28,536
Total	\$ 358,991	\$ 358,991	\$ -	\$ -	\$ 358,991	\$ 358,991

- 3) Internal guidelines, including program (internal) controls, were adequate and operating effectively. The Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant.
- 4) Accounting and reporting requirements were implemented, in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements.
- 5) The grant did not have matching requirements.
- 6) The Grantee's reported performance measures were fair and reasonable.

Attachment 1: Grantee 's Response



February 8, 2022

Mr. Fidel Wambura
Regis and Associates
1420 K St NW
Washington, DC 20005

Dear Mr. Wambura:

The staff at Oak Ridge Associated Universities have reviewed the draft report of the recent performance audit of ARC Grant Agreement Number CO-17197-C5-17 conducted by Regis & Associates, PC.

We concur with the report as submitted for our review.

Thank you for the opportunity to review and respond to the draft report.

Best regards,

Leigha M. Witt

Leigha M. Witt
Group Manager