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**APPALACHIAN REGIONAL COMMISSION  
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD**

**Emory and Henry College  
Emory, Virginia**

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**Final Report Number: 19-08  
Grant Number: VA-18557  
January 2019**

**Prepared by:**

**Leon Sned & Company, P.C.**



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Leon Snead & Company, P.C. completed an audit of grant number VA-18557 awarded by the Appalachian Regional Commission (ARC) to Emory and Henry College (EHC). 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) matching requirements, and (6) the established performance measures were met or likely to be met.

Overall, EHC's administrative procedures and internal controls were adequate to effectively manage and account for the funds provided under the ARC grant. The financial and project reports were accurate and submitted timely. The matching funds at the time of the audit were adequately documented. We determined that EHC maintained sufficient data related to the overall goals of the grant.

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

Sincerely,

  
Leon Snead & Company, P.C.

## TABLE OF CONTENTS

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	<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 VA-18557 awarded by the Appalachian Regional Commission (ARC) to Emory and Henry College (EHC). 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 grant is providing funding for furniture and equipment for EHC's School of Health Sciences located at the Smyth County Community Hospital, which EHC assumed ownership of in 2013. The furniture and equipment is designated for four individual classrooms, one lecture hall, a library/student resource room, three student study rooms, seven clinical labs, and two student focused community outreach centers. These rooms will be used for students taking courses in Physical Therapy, Occupational Therapy, and Physician Assistants programs.

## **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); (5) matching requirements, and (6) the established performance measures were met or likely to be met.

The period of performance for grant VA-18557 is June 15, 2016 through June 14, 2019. Total estimated project costs are \$1,138,520, which consists of \$500,000 in ARC funds, \$131,825 of state match (Virginia Tobacco Revitalization Committee), and \$506,695 of local match (Smyth County Community Foundation).

ARC grant funds of \$450,000 had been drawn down and expended as of November 2018. We reviewed cost transactions supporting 100% of the expenditures to determine if they were properly supported and allowable under the ARC grant. We tested \$392,780 of matching funds to determine if they were properly supported and allowable under the ARC grant.

We reviewed documentation EHC 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 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 consolidated financial audit to identify any issues that significantly impacted the ARC grant and the grant audit. We evaluated grant results discussed in the project performance reports to determine if the planned performance goals and objectives were met or on track to be met.

The 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*.

The on-site fieldwork was performed at EHC's School of Health Sciences during the period November 12, 2018 through November 16, 2018.

The audit results were discussed with EHC officials at the conclusion of the on-site visit.

### **Summary of Audit Results**

Overall, EHC's administrative procedures and internal controls were adequate to effectively manage and account for the funds provided under the ARC grant. The financial and project reports were accurate and submitted timely. The matching funds at the time of the audit were adequately documented. We determined that EHC maintained sufficient data related to the overall goals of the grant.

The performance measures in the grant documents called for a cumulative total of 185 highly qualified healthcare professionals to graduate and enter the workforce by 2020. The specific performance outcomes reported as of November 2018 for grant VA-18557 were:

- 28 students had graduated as of May 5, 2018
- 254 students were enrolled across three graduate programs as of September 30, 2018
- 266 students are expected to be enrolled for the 2019 summer program
- 89 students are expected to graduate during the 2018-2019 academic year
- 99 students are expected to graduate during the 2019-2020 academic year