
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD
East Mississippi Community College
Mayhew, Mississippi**

**Final Report Number: 19-33
Grant Number: MS-18222**

June 2019

Prepared by:

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Leon Snead & Company, P.C. completed an audit of grant number MS-18222 awarded by the Appalachian Regional Commission (ARC) to East Mississippi Community College (EMCC). 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.

EMCC's administrative policies, 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. EMCC's matching contribution was on track to meet the required amount. Financial and project performance reports were submitted to ARC timely and accurately.

EMCC had an adequate process in place for obtaining and recording data related to the construction of the planned facility. The performance measures reported by the grantee as of April 2019 showed 136,613 square feet of the planned building construction had been completed and the overall construction project was 98% complete. ARC funds of \$8,959,452 had been expended for the building construction at EMCC's Golden Triangle campus. The construction of the building was essentially complete, and enrollments are in process for educational classes that will start in the facility in August of 2019.

Leon Snead & Company appreciates the cooperation and assistance received from the EMCC 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 number MS-18222 awarded by the Appalachian Regional Commission (ARC) to East Mississippi Community College (EMCC). 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 a total of \$10,769,271 to EMCC for grant MS-18222 and requires a matching contribution of \$31,830,729. The total estimated project cost is \$42,600,000. The period of performance for the grant is October 1, 2015 through October 1, 2019. The final percentage funding break-out for the overall project is 25% ARC and 75% state and local. The project had not yet been fully completed at the time of our audit.

The purpose of the grant is to construct a 135,000 square foot Center for Manufacturing Technology and Engineering at EMCC's Golden Triangle Campus. This instructional facility will be used to train residents of distressed counties and areas of Appalachian Mississippi in order to meet the workforce needs of regional automotive and manufacturing industries.

The Mississippi Development Authority (MDA) is the fiscal agent and is responsible for administrating and monitoring the ARC grant funds. MDA's responsibilities were specified in a Memorandum of Understanding (MOU) between MDA and ARC. This MOU was incorporated into the ARC grant agreement. In addition, the Golden Triangle Planning and Development District (GTPDD) worked in conjunction with MDA and EMCC, helping with grant administration and providing technical assistance for the project.

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 \$8,959,452 had been expended under grant MS-18222. We reviewed \$3,989,325 of these charges to determine whether they were properly supported and allowable. To date, the total matching contribution charged to the project was \$26,878,046. We reviewed \$10,294,483 of these charges to determine whether they were properly supported and allowable.

We reviewed documentation provided by EMCC 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 GTPDD office in Starkville, Mississippi, during the period of June 3 through June 7, 2019. The audit results were discussed with EMCC officials at the conclusion of the on-site visit.

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

Summary of Audit Results

EMCC's administrative policies, 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. EMCC's matching contribution was on track to meet the required amount. Financial and project performance reports were submitted to ARC timely and accurately.

Performance measures for the project include outputs for 135,000 square feet of instructional space constructed, 15 businesses served, and 1,550 students served. The outcomes include 15 companies improved, as measured by retention, expansion, or wage increases of training participants; and 1,100 students improved.

We determined EMCC had an adequate process in place for obtaining and recording data related to the construction of the planned facility. The performance measures reported by the grantee as of April 2019 showed 136,613 square feet of the planned building construction had been completed and the overall construction project was 98% complete. Since the building was not fully completed and operational at the time of the audit, no students or businesses had been improved or served.

The grantee stated that due to the nature of the project the only performance measure that could be monitored at this time was the number of square feet of the building that had been completed. Students and businesses will be served and improved once the facility is operational and educational classes are conducted.

ARC funds of \$8,959,452 had been expended for the building construction at EMCC's Golden Triangle campus. We determined that the construction of the building was essentially complete, and the grantee will begin conducting educational classes in the facility during August of 2019.