

PERFORMANCE AUDIT
OF THE

Garrett College STEM Program

GRANT: MD-17132

OIG REPORT NUMBER: 13-37

GRANT PERIOD: OCTOBER 2011 – MAY 2013

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Appalachian Regional Commission
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Mr. Hubert N. Sparks
Inspector General

Transmitted herewith is a report of Watkins Meegan LLC, a Performance Audit of the Garrett College STEM Program Grant MD-17132. The report is in response to Contract No. BPA 11-01-B.

A handwritten signature in black ink that reads "Watkins Meegan LLC". The signature is written in a cursive, flowing style.

Tysons, Virginia
September 30, 2013

Garrett College STEM Program Grant

MD-17132

Background

The Appalachian Regional Commission (ARC) is a regional economic development agency that represents a partnership of federal, state and local governments. Established by an act of Congress in 1965, ARC is composed of the governors of the 13 Appalachian states and a federal co-chair who is appointed by the President. Local participation is provided through multi-county local development districts (LDDs). Each year, ARC provides funding for several hundred projects in the Appalachian Region, in areas such as business development, education and job training, telecommunications, infrastructure, community development, housing and transportation. These projects help create new jobs; improve local water and sewer systems; increase school readiness; expand access to health care; assist local communities with strategic planning; and provide technical and managerial assistance to emerging businesses.

Garrett College (the College or Grantee) is a two-year college located in western Maryland in Garrett County. The College was founded in 1967 and opened for business in 1971. The College currently has enrollment of about 900 students, two-thirds of those being full-time, who are enrolled in programs working toward graduation or to transfer to another school. The College offers associate degrees and certificate programs as well as continuing education to meet the transfer, career, workforce development and learning needs of students and the local community.

On September 14, 2011, ARC approved the Garrett College STEM (Science, Technology, Engineering and Mathematics) Program Grant (the Grant), number MD-17132, in the amount of \$264,926 to Garrett College for the period October 1, 2011 to September 30, 2012. The Grant required an equal amount of matching funding. The performance period of the Grant was subsequently extended to May 31, 2013 through two approved amendments. The Grant was intended to provide the resources for Garrett College to start a STEM program. The project had three components. The first supported associate degree programs in mathematics, science, electrical engineering, cybersecurity and other computer information technology programs, and elementary and secondary education. The second component was the investment in a rural entrepreneurship academy with a focus on starting STEM-related businesses. The third component was the formation of a regional robotics competition team for college students. ARC funds were requested to purchase Smartboards, computers, a server and other pieces of equipment necessary to implement the STEM program.

Objective

Watkins Meegan LLC was engaged to conduct a performance audit of the Garrett College STEM Program Grant for the period October 1, 2011 to May 31 2013. The purpose of our performance audit was to determine the following:

- Funds expended and claimed for reimbursement from ARC were valid program expenses and in accordance with the ARC Grant requirements;
- Internal controls were in place to ensure compliance with the Grant requirements; and
- Goals and objectives of the Grant had been achieved.

Executive Summary

The funds made available through the ARC STEM Grant were used to enable technology acquisition, instructor training, curriculum development and/or acquisition, the formation of a competitive robotics team and the establishment of a STEM entrepreneurship classroom and resource center.

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ARC reimbursed \$252,057 of expenses for the period October 1, 2011 to May 31, 2013. Reported matching funds provided from state and local sources were \$252,057 for the same period. The total expenditures for the performance period were \$504,114, approximately \$25,738 less than the approved budget. Most of the unspent funds were allocated for salaries for instructors and instructional technology training. Although this training did occur, the estimated budget for these items was greater than the actual costs incurred, resulting in unspent funds.

With the exception of one issue relating to the supporting documentation for personnel costs, it appears that expenses reviewed during the audit were valid and properly supported and also were in direct relation to supporting the Grant and its objectives. In addition, we validated that most of the stated performance objectives of the Grant were met.

Scope

We performed a performance audit of the Garrett College STEM Program Grant MD-17132 at Garrett College in McHenry, Maryland, August 5-7, 2013, as described under this section and under the audit methodology section. Our audit was based on the terms of the Grant agreement and on the application of procedures in the modified ARC Audit Program.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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.

Audit Methodology

Our procedures were based on the Audit Program guidelines provided by the ARC Office of the Inspector General and included suggested procedures over the Grantee's accounting and internal control systems affecting the Grant. We met with the Director of Business and Finance, Interim Dean of Instruction (who also served as the Grant manager) and various other deans and professors of the Grantee to discuss the structure, controls and processes around Grant administration and monitoring. We also discussed and reviewed other financial and operational elements related to the conduct of the program.

Our review of background material included ARC's Grant Agreement and related documentation, information from ARC's Grant management system, other Grant requirements and the Garrett College federal award programs single audit report for the fiscal year ended June 30, 2012.

We reviewed controls in place for recording, accumulating and reporting costs under the Grant and evaluated the process for compliance with applicable Grant requirements and regulations. We made inquiries regarding whether the goals and objectives of the project funded with ARC monies had been met and toured various computer, science and robotics labs to view the equipment purchased with ARC funds and ensure that the equipment was being used in conjunction with STEM classes.

Results

Compliance with Grant Provisions

The funds made available through the ARC STEM Grant were used to enable technology acquisition, instructor training, curriculum development and/or acquisition, the formation of a competitive robotics team and the establishment of a STEM entrepreneurship classroom and resource center.

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We examined supporting documentation for a sample of the personnel and other costs incurred against the Grant. One finding was noted regarding the supporting documentation for personnel costs recorded as matching funds to the ARC Grant. Additional details relating to this finding are noted below. Other than this issue, we determined that, in general, the funds had been expended in compliance with the Grant agreement.

Through inquiry, review and observation we validated the performance results reported by the College in their final report. We reviewed course schedules and enrollment data, reviewed various articles and awards related to the robotics team and also observed the various pieces of equipment purchased with Grant funds, including iPads, desktop computers, and Smartboards in classrooms and resource centers. Through these and other steps, we confirmed that a majority of the performance objectives of the Grant were met. The College did not meet a goal related to total number of students participating in the robotics team and was not able to start an associate degree program in cybersecurity before the expiration of the Grant period. However, Grant funds were used to help develop the program curriculum, which is scheduled to be offered to students starting in the fall of 2014. Additionally, the College had hoped that its support of the rural entrepreneurship academy would result in five new businesses being started in the Garrett County area. The success of this goal was not yet measurable at the time of the audit because the program is newly implemented and is hoped to have a longer-term impact. Consistent with the ARC validation process, this objective should be re-evaluated at a later date when more statistics are available.

At the conclusion of the audit, we noted and discussed the following item with Management, who generally agreed with the finding and recommendations as described below:

Finding – Support for Personnel Expenses

The College paid a number of employees stipends of varying levels to help develop the curriculum of multiple associate degree programs to consult on the equipment needed and set up of the robotics lab and to start and mentor the robotics team at Garrett College. The College was unable to provide signed contracts for two of these employees to support the expense or other documentation to support that the expense was fair and reasonable. The total cost incurred for the two employees was \$15,500 and this was recorded as part of the matching costs for the Grant. In response to the finding, management prepared and provided analysis of the work performed and the estimated number of hours spent on the assigned tasks for each of the employees referenced above.

Recommendation:

Support should be maintained for all expenses charged to the Grant. The College should have all employees sign contracts for tasks assigned outside of the regular requirements of their jobs and ensure that copies of these contracts are retained in support of the costs incurred. We further recommend that the College follow up with their ARC point of contact to validate the analysis of the labor costs and determine the appropriate resolution of the issue.

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