CONGO LEGACY CENTER, INC.

PERFORMANCE AUDIT
SEPTEMBER 1, 2023 - JULY 31, 2024

State of Delaware
Office of Auditor of Accounts

Lydia E. York
State Auditor

August 7, 2025

Mr. Ernest Congo, Sr.
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The attached report provides the results of our performance audit of Congo Legacy Center, Inc., with respect to the Prescription Opioid Settlement grant program in accordance with the criteria set forth in Delaware Code, the grant application and grant agreement.

We conducted this performance audit in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States. 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.

This report is intended for the information and use of Congo Legacy Center, Inc., the Prescription Opioid Settlement Distribution Commission and the Office of Auditor of Accounts. Under 29 Del. C. §10002(o), this report is a matter of public record, and its distribution is not limited. This report, as required by statute, will be provided to the Office of the Governor, General Assembly, Office of the Controller General, Office of the Attorney General, and Office of the Management and Budget.

This report can be accessed online through the State Auditor's website at https://auditor.delaware.gov.

Lydia E. York
Auditor of Accounts
Dover, Delaware

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Abbreviations:

AOA	Delaware Office of Auditor of Accounts
BHC	Behavioral Health Consortium
DHR	Department of Human Resources
FSF	First State Financials
GAGAS	Generally Accepted Government Auditing Standards
LGC	Local Government Committee
NARR	National Association of Recovery Residences
OUD	Opioid Use Disorder
POSDC	Prescription Opioid Settlement Distribution Commission

RFI	Request for Information
SUD	Substance Use Disorder

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Audit Objectives

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives established for the performance audit of Congo Legacy Center, Inc. (the Organization, "Congo") were to:

1. Determine whether grant expenditures were consistent and in compliance with Phase 1B of the signed grant agreement, (known as the 'Opioid Abatement and Remediation Grant').

2. Determine whether grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.

3. Determine whether grant expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Audit Scope

We were engaged to perform this performance audit and conducted our engagement in accordance with the standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The period covered by the Performance Audit was September 1, 2023, through July 31, 2024**.** We sampled and examined transactions from the populations of expenditures and receipts of grant funds for the period from September 1, 2023, through July 31, 2024. In sampling these transactions, we relied on documentation provided by the Organization, the Delaware Department of Justice, the Prescription Opioid Settlement Distribution Commission (POSDC or "the Commission') and the State of Delaware's financial accounting system (FSF).

Findings

The performance audit conducted for the Organization contained three (3) findings that were identified during the engagement. The first finding reports that Congo did not meet the quarterly grant deliverables due to a lack of documentation demonstrating the progressive results of the program. The second finding reports that the grant expenditures did not have a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement. The third finding reports that transactions occurred among related parties, where no contacts existed to support the financial relationship. Refer to Schedule of Findings and Recommendations for details of the deficiencies identified and related recommendations.

Conclusions

Based on the work performed in connection with this performance audit, we concluded the following:

1. Grant expenditures were not consistent and/or in compliance with Phase 1B of the signed Grant Agreement, (known as the 'Opioid Abatement and Remediation Grant').

2. Grant expenditures lacked adequate documentation to determine a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed Grant Agreement.

3. Expenditures were not in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables were not met.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are referred to as Generally Accepted Government Auditing Standards (GAGAS).

Performance audits are audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Government programs are subject to many provisions of laws, regulations, contracts, and grant agreements. Auditors identify any provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives and assess the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur. Based on that risk assessment, we have designed and performed procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives.

We conducted this performance audit in accordance with the GAGAS applicable to performance audits issued by the Comptroller General of the United States. These standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We are required to be independent of the granting and recipient organizations to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to this performance audit engagement. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority

The Office of the Auditor of Accounts (AOA) is authorized under 29 Del. C, § 2906(a) to conduct audits of all the financial transactions of all state agencies. 16 Del. C. § 5196B authorizes the Behavioral Health Consortium to distribute money in the Prescription Opioid Settlement Fund and the Prescription Opioid Impact Fund based on the recommendations of the POSDC by awarding grants. In addition, in accordance with the signed grant agreement "Any entity that applies for and receives ("Recipient") a grant award or other disbursement of Opioid Funds expressly acknowledges that it is receiving restricted

State funds from the Prescription Opioid Impact Fund (the "Impact Fund") established under 16 Del. C. § 4803B and/or the Prescription Opioid Settlement Fund (the "Settlement Fund," and together with the Impact Fund, the "Opioid Funds") established under 16 Del. C. § 4808B."

AOA has selected for audit certain grant recipients based on various risk factors. These risk factors include, but are not limited to, constituent referrals, materiality-based selection and random selection. This report has been prepared as part of this performance audit project.

Program Overview

Pharmaceutical manufacturers and distributors have reached a settlement agreement with the State of Delaware, along with a broad coalition of States, to resolve legal claims. The agreements provide for approximately $50 billion in payments over 18 years to be disbursed to all participating States. Funding will be distributed to States according to the allocation agreements reached among each State's Attorney's General. The State of Delaware is expected to receive approximately $250 million over 18 years. Distribution within Delaware began during the 3rd quarter of 2023 and is administered by the Delaware Behavioral Health Consortium. The distributions are to be used to support a wide variety of strategies to fight the opioid crisis.

On October 14, 2021, Senate Bill 166 was signed into law and created the POSDC and vested it with the responsibility for:

(a) establishing a coordinated and consensus driven effort to repair the harm done to communities in Delaware by the opioid crisis and

(b) making recommendations to the Behavioral Health Consortium (the "BHC") regarding the distribution of money in the Prescription Opioid Impact Fund (the 'Impact Fund") established under 16 Del. C. § 4803B and the Prescription Opioid Settlement Fund (the "Settlement Fund") established under 16 Del. C. § 4808B.

The POSDC is a subcommittee of the Behavioral Health Consortium (BHC) and is charged with providing funding recommendations to the BHC to abate and remediate the Delaware opioid crisis.

The work of the POSDC is supported by its co-chairs and six standing committees:

1. Behavioral Health Resources Committee
2. Budget and Reporting Committee
3. Equity Committee
4. Governance Committee
5. Local Governments Committee
6. Public Outreach and Community Input Committee

The purpose of the POSDC is to abate and remediate the opioid epidemic throughout the State of Delaware through financial support from the Fund in the form of grant awards for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids.

Pursuant to the above noted legislation and 16 Del. C. § 5196A, the General Assembly created a Local Government Committee (the "LGC"), which has statutory authority to make recommendations to the Commission regarding the distribution of money from the Impact Fund and the Settlement Fund. The Commission, with the recommendation of the LGC, approved grants to 78 non-profit and governmental organizations in 2 phases, totaling $13,006,135 (Phase 1A: $3,656,039 & Phase 1B:$9,350,096).

The Impact Fund and each respective grant award was meant to increase access to treatment, reduce unmet treatment needs and reduce opioid overdose related deaths by providing prevention, treatment, and recovery activities for 'Opioid Use Disorder' (OUD), including prescription opioids and illicit drugs such as heroin.

Grant Agreement – This Performance Audit is prescribed by the 'Mandatory Terms and Conditions for the Prescription Opioid Impact Fee Fund and Prescription Opioid Settlement Fund' grant agreement.

Organization Background

Congo Legacy Center was founded in 2020 as a 501(c)(3) non-profit organization. The Organization submitted plans to fund the Congo Tarir Project which detailed the renovation of a facility located at 501 West 28th Street, Wilmington, Delaware. The facility will be available seven days a week and offer educational and social services based on best practice interventions related to opioid abatement and remediation strategies, as well as other non-opioid related programs. The programs will be available to both youth and adults in the community. Access to the facility and service offerings require membership, which will be made available at no cost, but will mandate periodic participation in anti-opioid education/information sessions to maintain membership. The facility will also serve as a rental space for other organizations to leverage the opportunity to provide services and support.

At this time, the Organization received $475,000 in Grant 1B funds to renovate the facility with a projected program launch date in March 2024.

Audit Methodology and Results

To address the audit objectives of this performance audit, we performed the following procedures:

A. Planning Phase: The audit relied on various sources of information and methods to properly plan the audit and to obtain an understanding of, and assess processes for the Organization, including the following:

   1. We reviewed the applicable sections of the Federal Prescription Opioid Settlement Distribution legislation to gain an understanding of the legal and policy requirements governing the 'Prescription Opioid Settlement Distribution' grants.

   2. We inquired whether there were any previous audits that relate to the objectives of this audit and whether there were findings and recommendations and whether any recommendations have been implemented.

   3. We inquired if there were written board minutes for the Organization.

   4. We identified and reviewed contracts, agreements, and other important documents.

5. We performed risk assessment procedures such as:

    a. Obtained and documented an understanding of the Organization and its environment and identified risks.
    b. Completed engagement team discussions, including discussions about the possibility of error or fraud involving opioid grant funds.
    c. Made inquiries of management and others about risks (including fraud risks, related-party transactions, unusual transactions, and compliance with laws, regulations, contracts, and grant agreements).
    d. Inquired as to the existence of the Organization's internal control system over grant fund receipts and expenditures.

B. Performance Assessment: Based on the information gathered, we developed the following risk-based approach of the grant funds with respect to the audit objectives.

1. To determine the compliance of grant disbursements, we sampled transactions using non-statistical sampling for payroll expenditures charged to the opioid grant. We used judgmental sampling for other grant expenditures charged to the grant. We tested the selected transactions from the population of expenditures from opioid grant funds to determine that the transactions were properly documented, authorized, and properly recorded; that products and services were received; and that the transactions complied with opioid grant requirements. We sampled and tested transactions from a population of grant disbursements to determine whether the disbursements were consistent and in compliance with Phase 1 of the Prescription Opioid Impact Fee Settlement Fund.

2. We sampled and tested transactions from a population of grant disbursements to determine whether the disbursements had a demonstrable direct correlation with the expected performance measures, scope of work, and grant agreement and budget.

3. We compared the grant application and grant agreement to the grant disbursements and reported results to assess whether the grant deliverables had been met with respect to the grant agreement.

Objective 1

Determine whether grant expenditures were consistent and in compliance with Phase 1B of the signed grant agreement, (known as the 'Opioid Abatement and Remediation Grant').

Methodology – To assess the Organization's compliance over opioid grant expenditures, we haphazardly selected payroll expense transactions, other expenses transactions, and compliance related transactions to assess compliance with the grant requirements.

Results – We were unable to verify $73,333 in payroll expenses allocated for the Program Coordinator position identified in the grant budget.

We selected 35 transactions related to other expense transactions totaling $183,089. The testing results show 21 of 35 transactions (60%) were not consistent and/or not in compliance with Phase 1B of the signed grant agreement. Of the total amount tested related to other expenses, $145,480 (79%) of the items were not in compliance.

The total amount of payroll transactions and other expense transactions tested were $256,422. The testing results showed that $218,813 (85%) were not consistent and/or in compliance with Phase 1B of the signed grant agreement.

See *The Schedule of Findings and Recommendations* for details of the findings identified and related recommendations.

Objective 2

Determine whether grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work, and grant budget as noted in the grant application and grant agreement.

Methodology - To determine if each of the expenditures selected for testing had a demonstrable direct correlation with the performance measures and scope of work, we reconciled each transaction to the opioid abatement program and budget and reviewed supporting documentation. We also compared the purpose of the transaction to the performance measures and scope of work included in the grant agreement. We compared the purpose of the expenditure to the budget categories to determine if the expenditure aligned with one of the budget categories.

Results – We found that 13 of the 35 grant expenditures tested were directly correlated to the opioid abatement program as established by the Opioid Abatement and Remediation Grant Agreement. The remaining 22 grant expenditures tested had no correlation, or an indirect correlation, to the grant and did not have a direct correlation with the related performance measures, scope of work, and grant budget as noted in the grant application and signed grant agreement.

See *The Schedule of Findings and Recommendations* for details of the findings identified and related recommendations.

Objective 3

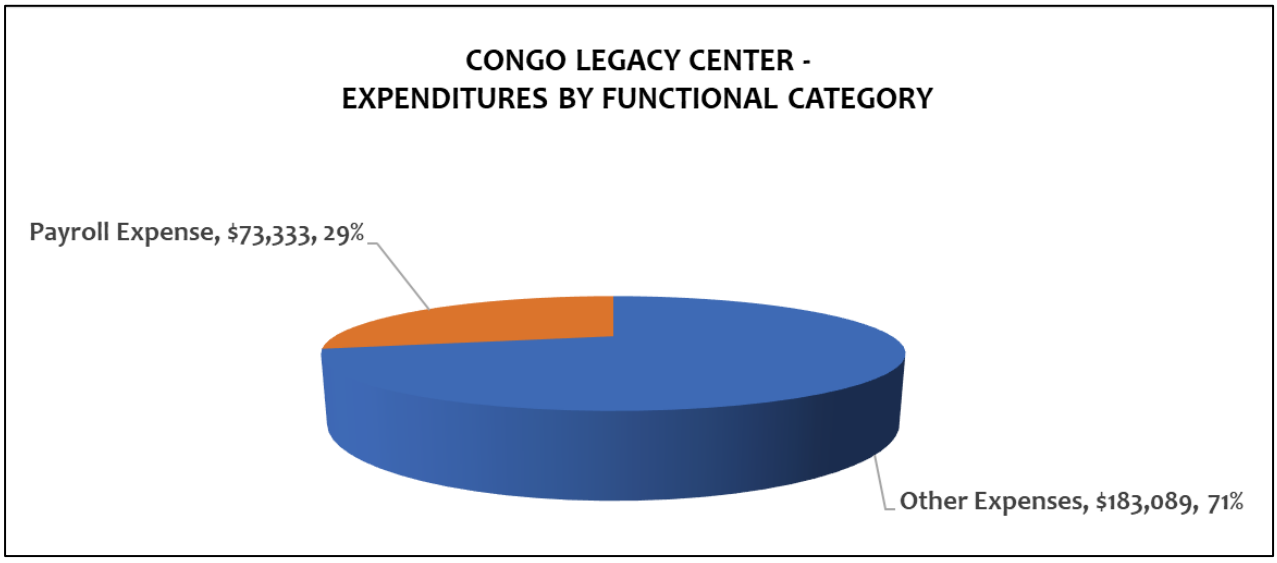
Determine whether grant expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Methodology –

To determine if the tested expenditures were in compliance with allowable costs and permitted uses of the grant and whether reporting deliverables were met, we compared the signed grant agreement, grant application and each of the periodic status update reports to each grant disbursement to determine if each expenditure was relevant and consistent with Opioid Abatement grant legislation and guidance and that each status report appeared reasonable considering the amount and nature of each expenditure.

Results – Based on our audit procedures, one (1) item test was in compliance with the terms and conditions of the grant agreement. The remaining four (4) items were not in compliance with the Organization's grant agreement, or we were unable to determine the accuracy or validity because no supporting written documentation was available for our review.

See *The Schedule of Findings and Recommendations* for details of the findings identified and related recommendations.



Schedule of Findings and Recommendations

There were three (3) findings identified as a result of this performance audit of Congo Legacy Center, Inc.:

Finding #1: Grant expenditures were not consistent and/or in compliance with the signed grant agreement (known as the 'Opioid Abatement and Remediation Grant').

Criteria: State of Delaware; Office of the Lieutenant Governor; Agreement Governing Distributions of Prescription Opioid Impact Fee Funds and Prescription Opioid Settlement Funds, Audit and Inspection Provision 2(a) and 2(b).

Condition: Congo Legacy Center, Inc. did not maintain or provide documentation to support the requirements identified in the grant agreement and was not in compliance with the expenditure of grant funds related to the program's proposed budget for the following:

1. Repair and renovation contract
2. Invoices and/or agreements for grant-specific expenditures

Cause: Insufficient grant management and oversight of grant deliverables and requirements, as well as inadequate recordkeeping**.**

- Sufficient expenditure support was not maintained for items charged to the grant

Effect: The Organization was not in compliance with the general provisions of the grant agreement. We were unable to verify the Organization's execution of the terms and conditions stated in the grant agreement, which resulted in:

- Unverifiable Expenditures: Documentation was not available to perform testing or validate the consistency and compliance with the grant agreement.

- An Inability to Measure Outcomes: Without proper documentation, it is impossible to obtain accurate metrics to evaluate the effectiveness and impact of the program.
- Uncertainty of Program Success: The success and efficacy of the Organization's program cannot be determined, potentially undermining stakeholder confidence.
- Risk of Funding Issues: Non-compliance with grant requirements may jeopardize current and future funding opportunities, affecting the organization's ability to sustain and expand its services.
- Accountability Concerns: The absence of documentation raises concerns about accountability and transparency, which are critical for maintaining trust with funders, partners, and the community.

Recommendation: Congo Legacy Center, Inc. should develop, implement, and enforce administrative policies and procedures, including but not limited to an organizational framework that establishes business and operational best practices to support the Organization's objectives and responsibilities.

Congo should:

- Ensure that program managers are well-informed of the grant requirements, metrics and deliverables, and other requirements defined in the grant agreement and routinely complete and report the program's measures of success.
- Develop and implement administrative policies and procedures to minimize the exposure to risks.
- Develop and follow standardized procedures for documenting and managing records for the Organization's transactions, activities, and deliverables.
- Conduct regular internal reviews of documentation practices to ensure compliance with the terms and conditions of signed agreements, identify areas for improvement, and update organizational procedures as necessary.
- Establish oversight mechanisms, such as periodic management reviews and performance metrics to monitor documentation practices and ensure consistency and compliance.

Management Response to Finding #1:
Non-compliance with Grant Agreement

- **Response**: Disagree and offer to provide further documentation or adjust internal tracking as needed.
- **We contend that**:
    - All expenditures (renovations and staffing) aligned with the grant's scope and budget.
    - Ongoing oversight included monthly walk-throughs and real-time financial documentation.
    - Funds were disbursed incrementally based on progress and compliance.
    - Programming was proactively launched in a nearby facility during renovations.

Auditor of Accounts Response

Finding #1:

We acknowledge management's scope of the audit explanation that expenditures were intended to align with the scope of the grant agreement and that oversight mechanisms, including monthly inspections and incremental disbursements, were in place. However, during our fieldwork phase, the support was not available for 21 of the items sampled, as we could not determine that the expenditures met the compliance requirements of the grant. We encourage management to strengthen documentation practices to demonstrate compliance with all grant conditions, particularly concerning fully executed contracts and records management.

Finding #2: Grant expenditures did not have a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement section 2(a) and 2(b).

Criteria: State of Delaware; Office of the Lieutenant Governor; Agreement Governing Distributions of Prescription Opioid Impact Fee Funds and Prescription Opioid Settlement Funds, Audit and Inspection Provision.

Condition: Congo Legacy Center, Inc.'s financial records include the following expenditures charged to the grant:

- Related party reimbursements
- Payments to related party service providers
- Credit card transactions

However, the Organization did not maintain sufficient documentation to support and validate compliance with the general provisions of the grant agreement, which required that grant funds be expended in accordance with the program's proposed budget. This lack of documentation prevented the auditor's determination of whether these specific expenditures had a demonstrable direct correlation with the grant budget, terms and conditions.

Cause: Congo Legacy Center, Inc. lacked internal control structures and standardized review practices, which resulted in the inability to produce supporting documentation, such as invoices and contracts, necessary to validate grant expenditures against the grant terms, conditions, and budget. The actual expenditures charged against the grant indicate that the Organization did not incorporate oversight or maintain the necessary records to monitor the expenditures and the deliverables in the grant agreement.

Effect: Several expenditures were unsupported or lacked substantive documentation, such as payroll reports, invoices, and/or contracts.

Recommendation: Congo Legacy Center, Inc. should implement standard financial and business practices, including but not limited to conducting periodic reviews of program expenditures to ensure compliance with the grant agreement and approved budget.

Management Response to Finding #2:
Lack of Correlation Between Spending & Performance Measures

- **Response**: Disagree but will implement enhanced tracking to better link spending to deliverables.
- **We contend that**:
    - Expenditures directly supported renovation and programming deliverables as outlined in the agreement.
    - Regular reporting, site visits, and financial tracking were conducted.
    - Incremental disbursement process ensured funds were tied to verified progress.
    - Any budget reallocation was approved by the grant monitor.

Auditor of Accounts Response

Finding #2:

We recognize management's affirmation that all expenditures were aligned with spending and performance measure as this was demonstrated by ongoing monitoring by the grant monitor at the State. However, during our testing there were 22 expenditures tested that were not found to have a direct correlation with the grant and any documentation provided to support questionable transactions were outside of the period of expenditure. We recommend that management implement the proposed enhanced tracking protocols to support and augment transparency, audit-ready financial and programmatic reporting in future grant cycles

Finding #3: Related-Party transactions were not disclosed or contractually established.

Criteria: State of Delaware; Office of the Lieutenant Governor; Agreement Governing Distributions of Prescription Opioid Impact Fee Funds and Prescription Opioid Settlement Funds, Audit and Inspection Provision 2(a) and 2(b).

Condition: Financial transactions show pre-existing business relationship(s) exist.

- Funds were disbursed to related party entities without supporting documentation or signed contracts to support the expenditures.

Cause: Documentation was not available and/or provided to show the business and/or financial relationship between the related party organizations.

- Funds were disbursed to organizations without supporting documentation.
- The business relationship(s) were not disclosed.
- The terms and conditions, areas of responsibilities, and scope of work are not documented.

Effect: Transactions may not be conducted on terms equivalent to those prevailing in an arms-length transaction.

Recommendation: Congo Legacy Center, Inc. should:

- Disclose related-party organizations, officers, relationships, and roles and responsibilities.
- Establish formal contracts and/or agreements to document the business relationships and the terms and conditions of the business and financial scope.
- Maintain formal documentation to include, but not limited to, all facets of business contacts, accountability and responsibility, transactions, and changes in scope.
- Develop and implement standardized procedures for documenting business activities and other transactional activities.

Management Response to Finding #3:
Undisclosed Related-Party Transactions

- **Response**: Disagree but open to clarifying contractor requirements in future agreements and improving disclosure protocols.
- **We contend that**:
    - All transactions were documented with bank records and limited to a dedicated grant account.
    - Used a trusted in-house renovation team to reduce costs; this was not restricted by the agreement.
    - Renovation costs exceeded grant funding, with additional costs covered by the organization.
    - No funds were misused.

Auditor of Accounts Response

Finding #3:

We acknowledge management's commitment to transparency and cost efficiency in utilizing related-party resources, as well as the dedicated bank account to ensure financial segregation. When entering into a financial arrangement utilizing grant funding, an entity would need to demonstrate that the arrangement is an arm's length arrangement by using a memorandum of understanding or other contracting document so that the arrangement would be clear. However, this was unavailable for the activity relating to construction. We urge management to formalize policies that require explicit disclosure and contractual documentation of related-party transactions, aligning with best practices and grantor expectations. This would also protect the entity from any non-performance and ensure that the State funds are protected.

Appendix A: Sampling Methodology

Expenditure Sampling: Payroll Expenditures

Payroll Population:

- Overall population: Total payroll expenditures charged to the opioid grant award during the audit period could not be identified. The total amount of grant funds disbursed to date is $475,000. The total payroll amount of expenditures identified for testing was $73,333.
- Sampling frame for salaries and wages: All payroll reports and related documentation for employees charged the grant during the audit period (September 1, 2023, to July 31, 2024).

Sampling Method:

- Initial Selection: Judgmental sampling was used to identify key areas of expenditure based on the budget to actual expenditure report. The budget categories with the highest dollar totals were chosen, with salaries and benefits having the largest amount. This approach focuses on areas of highest risk or potential impact.
- Salaries and Wages Testing: Non-statistical (targeted review) sampling was employed for the salaries and wages component. This method focuses on specific transactions based on the auditor's judgment and experience rather than mathematical probability.

Sample Selection/Sample Size:

- Initial Selection: Based on the budget to actual expenditure report, salaries and benefits were identified as a key area representing a significant percent of the grant expenditures.
- Salaries and Wages Selection/Sample Size:
    - Employees: One (1) employee was selected for testing based on the information documented in the Opioid grant budget.
    - Pay Periods: Pay periods were selected haphazardly (i.e., without a predetermined pattern or bias) from an 11-month period within the audit scope period.
    - Payroll Transactions Sample Size: No payroll transactions were selected because payroll transactions for the Program Coordinator could not be identified in the financial documentation provided.
    - Total Payroll Dollar Amount Tested: The total payroll expenditures tested were $0 out of a total of $73,333 of payroll expenditures.
    - Rationale: Since the salaries paid were consistent throughout all of the pay periods, this selection aimed to confirm that transactions were processed consistently over time.

Expenditure Sampling: Other Expenditures

Other Expenditure Testing Population:

- Overall population: Total expenditures charged to the $183,089 opioid grant award during the audit period. Total grant funds disbursed to date are $475,000.
- Sampling frame for other expenditures: All expenditures other than payroll charged to the opioid grant during the audit period (September 1, 2023, to July 31, 2024).

Sampling Method:

- Initial Selection: Judgmental sampling was used to identify key areas of expenditure based on the budget-to-actual expenditure report. The budget categories with the highest dollar totals were chosen. This approach focuses on areas of highest risk or potential impact.
- Non-Payroll-Other Expenditures: Non-statistical (targeted review) sampling was employed for the non-payroll other expenditures component. This method focuses on specific transactions based on the auditor's judgment and experience rather than mathematical probability.

Sample Selection/Sample Size:

- Initial Selection: Based on the budget-to-actual expenditure report, building renovations were identified as the key area representing a significant percentage of the other grant expenditures.
- Other Expenditures Selection:
    - 35 other expense transactions related to the building renovations in the amount of $183,089 were selected.
    - The sample size consisted of invoices, receipts, and other expenditure documentation that represented the total dollar amount charged to the grant budget category.
- Rationale: We selected the transactions based on materiality and the grant terms and conditions.