December 9, 2010

TO: Federal Co-Chair
ARC Executive Director

FROM: Clifford Jennings
ARC Inspector General

SUBJECT: Compliance Audit of Kentucky Highlands Energy Business Boot Camp
OIG Report Number, 11-01

GRANTEE: Kentucky Highlands Investment Corporation

The OIG engaged Tichenor & Associates, LLP, Certified Public Accountants, to conduct an audit of a grant made to Kentucky Highlands Investment Corporation for the primary purpose of providing intensive entrepreneurial training and mentoring to growing firms.

The grant period covered by the audit was from August 1, 2007 through July 1, 2009. The report had no findings for the grantee to address, but did make a recommendation to ARC to correct inconsistencies in its requirements concerning prior approval of grantee budget changes. ARC agreed and made changes to Part II of its grant Agreement, the general provisions, and the matter was closed by Tichenor.

In connection with the audit of Kentucky Highlands Energy Business Boot Camp, conducted by Tichenor & Associates, LLP, the OIG does not express an opinion on Kentucky Highlands Energy Business Boot Camp's activities, internal controls, or conclusions on compliance with laws and regulations. The OIG had no involvement in the review of Kentucky Highlands Energy Business Boot Camp grant. The OIG's involvement was with Tichenor & Associates, who was contracted to audit and report on grant compliance and other matters as outlined in the reports' scope section. Tichenor & Associates is responsible for the attached auditor's reports and the opinions, conclusions, and recommendations expressed in those reports.

Clifford H. Jennings
Inspector General
Attachment