



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Jefferson State Community College Grant Number AL-19974

Report Prepared by Regis & Associates, PC

Report Number 23-22

August 17, 2023

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, Suite 718
Washington, D.C. 20009



Office of Inspector General

Appalachian Regional Commission

August 17, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General 

SUBJECT: Audit Report 23-22 – Jefferson State Community College

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number AL-19974 per its agreement with the Appalachian Regional Commission. The objective of the audit was to determine if costs claimed were allowable, allocable, reasonable, and in conformity with the Commission's award terms and conditions and Federal financial assistance requirements. In addition, the audit determined whether the performance measures were reasonable, supported, and fairly represented to the Commission.

Regis & Associates, PC, is responsible for the attached audit report and the conclusions expressed in this report. The auditors did not issue any recommendations in the report. We do not express any opinion on the conclusions presented in the audit report. To fulfill our responsibilities, we:

- Reviewed the approach to and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings, as necessary;
- Reviewed the draft and final audit reports; and
- Coordinated the issuance of the audit report.

We thank your staff for the assistance extended to the auditors during this audit. Please contact me at 202-884-7675 if you have any questions regarding the report.

*Report on Performance Audit
of
Appalachian Regional Commission
Grant Number AL-19974
for the Period from January 3, 2020, to November 30, 2022*

*Awarded to
Jefferson State Community College*

*Prepared for the Appalachian Regional Commission -
Office of the Inspector General*

*Auditee: Jefferson State Community College
As of Date: August 2, 2023*


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EXECUTIVE SUMMARY

Office of Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

We conducted a performance audit (the audit) of grant agreement number AL-19974, awarded by the Appalachian Regional Commission (ARC) to Jefferson State Community College (the Grantee); with a grant performance period of March 1, 2020, to November 30, 2022. We conducted this performance audit at the request of the ARC Office of Inspector General, to assist it in its oversight of ARC grant funds. This performance audit engagement covers the period from March 1, 2020, to November 30, 2022.

The objectives of the performance audit were to determine whether: (1) program funds were managed in accordance with ARC and Federal grant requirements; (2) grant funds were expended, as provided for in the approved grant budget; (3) internal guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements); (5) matching requirements were met; (6) the reported performance measures were fair and reasonable; and 7) if the requirements for the performance of a Single Audit were met, the Grantee conducted such an audit and appropriately addressed any noted findings and recommendations related to the management of Federal awards.

We conducted this performance audit in accordance with *Government Auditing Standards*, 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.

We conducted planning and fieldwork phases of the audit during the period from January 16, 2023, through April 18, 2023. We determined that Jefferson State Community College’s financial management, administrative procedures, and related internal controls, were adequate to manage ARC’s grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with Jefferson State Community College’s officials at the conclusion of our fieldwork. The Grantee agreed with the results of this performance audit. Regis & Associates, PC appreciates the cooperation and assistance received from Jefferson State Community College, and ARC staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
August 2, 2023

Background

The Appalachian Regional Commission (ARC) is a regional economic development agency, representing a unique partnership of Federal, state, and local governments. ARC-funded programs are used to support education and job training; healthcare; water and sewer systems; housing; highway construction; and other essentials of comprehensive economic development. ARC's staff is responsible for program development; policy analysis and review; grant development; technical assistance to states; and management and oversight. ARC grants are made to a wide range of entities, including; local development districts, state ARC Offices, state and local governments, educational establishments, nonprofit organizations, and for a variety of economic development projects.

On July 10, 2020, the Appalachian Regional Commission awarded Grant Number AL-19974 in the amount of \$255,542 to Jefferson State Community College. As a condition of this award, the Grantee was originally required to contribute a matching amount of \$263,252. On March 2, 2022, ARC approved an amendment to Grant Number AL-19974, to decrease the match amount to \$255,800. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions; as approved by ARC. The original period of performance of the grant was from March 1, 2020, through September 30, 2022. On September 28, 2022, ARC approved an amendment to Grant Number AL-19974, to extend the grant's period of performance to November 30, 2022. This performance audit engagement covers the period from March 1, 2020, through November 30, 2022. The original award and amendment resulted in a total grant budget of \$511,342.

The grant was awarded to Jefferson State Community College, to aid in a project titled, "The Greater Birmingham Line Worker Workforce Project". This project was funded to establish a Line Worker Training program that enhances workforce skills through accelerated workforce training led by local industry partners. The new training program focused on serving young adults; and unemployed and underemployed citizens in Jefferson County and the Greater Birmingham region, who lack educational success, work experience, and skill level necessary to secure full-time employment in a high demand, well-paying job. The Line Worker Training program provided students with the technical background, manual skills, and certification necessary for careers in the installation and maintenance of electrical power, telephone, and cable television systems. ARC's matching funds were used for program training, equipment, supplies, curriculum materials, contractual/rental fees, and student scholarships.

Objective, Scope, and Methodology

Objective

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated February 25, 2022; engaged Regis & Associates, PC to conduct a performance audit of Grant Number AL-19974 titled "The Greater Birmingham Line Worker Workforce Project", which was awarded to the Grantee. The term of the grant was from March 1, 2020, through September 30, 2022. However, the grant was extended to November 30, 2022.

The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget			
<u>Object Class Category</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
Equipment	\$ -	\$ 125,928	\$ 125,928
Supplies	56,720	111,608	168,328
Contractual	922	9,664	10,586
Other	197,900	8,600	206,500
Total Direct Charges	\$ 255,542	\$ 255,800	\$ 511,342
Total	\$ 255,542	\$ 255,800	\$ 511,342

The general objectives of the performance audit were to determine whether Jefferson State Community College expended grant funds in accordance with applicable requirements; and to report any resulting findings and questioned cost relating to internal controls, program performance, and compliance with provisions of the grant agreement, laws, and regulations.

Scope and Methodology

We conducted this performance audit in accordance with *Government Auditing Standards*, 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.

The audit was conducted, using the applicable requirements contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the ARC Code; and the Grant Agreement.

Our audit procedures included:

- Obtaining an understanding of the Grantee’s internal controls; assessing control risk; and determining the extent of testing needed, based on the control risk assessment.
- Reviewing written fiscal policies and administrative procedures for applicable grant activities.
- Assessing, on a test basis, evidence supporting the amounts; and the Grantee’s data and records.
- Assessing the accounting principles and significant estimates made by the Grantee.
- Evaluating the overall evidence and presentation of the records.
- Assessing whether the grant’s reported performance measures were fair and reasonable.
- Conducting other test procedures deemed necessary, based on our professional judgment.

Results

Based on the results of our testing and analysis on this performance audit, we determined that:

- 1) The grant funds were managed in accordance with ARC and Federal grant requirements.
- 2) As of November 30, 2022, the Grantee has expended \$509,786 of the grant budgeted amount of \$511,342.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of November 30, 2022, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs
 As of November 30, 2022**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Equipment	\$ -	\$ 125,928	\$ -	\$ -	\$ -	\$ 125,928	\$ 125,928
Supplies	35,641	115,781	-	-	35,641	115,781	151,422
Contractual	922	7,127	-	-	922	7,127	8,049
Other	217,423	6,964	-	-	217,423	6,964	224,387
Total Direct Charges	253,986	\$ 255,800	\$ -	\$ -	\$ 253,986	\$ 255,800	\$ 509,786
Total	\$ 253,986	\$ 255,800	\$ -	\$ -	\$ 253,986	\$ 255,800	\$ 509,786

- 3) Internal guidelines, including program (internal) controls, were adequate and operating effectively. The Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant.
- 4) Accounting and reporting requirements were implemented, in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements.
- 5) The Grantee had contributed the full matching amount of \$255,800 as of November 30, 2022. These matching funds were properly supported and allowable under both Federal and ARC requirements.
- 6) The Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e., the number of businesses improved and served, and the number of workers/trainees improved and served). Based on our review of the Grantee’s procedures, the performance results reported to ARC were fair and reasonable.
- 7) The Grantee did not meet the requirements for the performance of a Single Audit and thus, did not conduct such an audit.

Grantee's Response

We presented the results of this performance audit to the Grantee at an exit conference held on August 2, 2023. The Grantee agreed with the results of this performance audit.