



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Gadsden State Community College Grant Number AL-19972-20

Report Prepared by Regis & Associates, PC

Report Number 24-05

November 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

November 17, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General *Philip Heneghan*

SUBJECT: Audit Report 24-05 – Gadsden State Community College

This memorandum transmits the Regis & Associates, PC report for the audit of costs charged to grant number AL-19972-20 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-19972-20
for the Period from February 1, 2020 to January 31, 2023*

*Awarded to
Gadsden State Community College*

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

*Auditee: Gadsden State Community College
As of Date: November 9, 2023*


MANAGEMENT CONSULTANTS &
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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-19972-20, awarded by the Appalachian Regional Commission (ARC) to Gadsden State Community College (the Grantee); with a grant performance period of February 1, 2020, to January 31, 2023. 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 February 1, 2020, to January 31, 2023.

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 the planning and fieldwork phases of the audit during the period from May 15, 2023, through August 31, 2023. We determined that Gadsden 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 Gadsden State Community College’s officials at the conclusion of our fieldwork. Gadsden State Community College’s response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Gadsden State Community College and ARC staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
November 9, 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 15, 2020, the Appalachian Regional Commission awarded Grant Number AL-19972-20, in the amount of \$160,000, to Gadsden State Community College. As a condition of this award, the Grantee was required to contribute a matching amount of \$197,939. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions as approved by ARC. The period of performance of the grant was from February 1, 2020, through January 31, 2023. On January 24, 2023, ARC approved an amendment to extend the grant's period of performance to May 31, 2023. Also, on June 2, 2023, ARC approved a second amendment to extend the grant's period of performance to September 30, 2023. This performance audit engagement covers the period from February 1, 2020, to January 31, 2023.

The grant was awarded to Gadsden State Community College, to aid in a project titled, "Diesel Technology Program". This project was to be used to expand the training program lab space and purchase equipment to increase the training lab capacity, in order to expand the cooperative education program.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Gadsden 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

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-19972-20, titled "Diesel Technology Program", which was awarded to the Grantee. The term of the grant was from February 1, 2020, to January 31, 2023. However, the grant was extended to September 30, 2023. This performance audit engagement covers the period from February 1, 2020, to January 31, 2023.

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>
Personnel	\$ -	\$ 111,911	\$ 111,911
Fringe Benefits	-	34,028	34,028
Travel	731	-	731
Equipment	159,269	52,000	211,269
Total Direct Charges	\$ 160,000	\$ 197,939	\$ 357,939
Total	\$ 160,000	\$ 197,939	\$ 357,939

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 January 31, 2023, the Grantee had expended \$272,776 of the grant’s budgeted amount of \$357,939.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of January 31, 2023, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs
 As of January 31, 2023**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ -	\$ 90,487	\$ -	\$ -	\$ -	\$ 90,487	\$ 90,487
Fringe Benefits	-	29,952	-	-	-	29,952	29,952
Equipment	97,410	54,927	-	-	97,410	54,927	152,337
Total Direct Charges	\$ 97,410	\$ 175,366	\$ -	\$ -	\$ 97,410	\$ 175,366	\$ 272,776
Total	\$ 97,410	\$ 175,366	\$ -	\$ -	\$ 97,410	\$ 175,366	\$ 272,776

- 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) We determined that the Grantee had contributed \$175,366 of the required matching amount of \$197,939, as of January 31, 2023. These matching funds were properly supported and allowable under both Federal and ARC requirements.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (that included the number of students who enrolled and completed the Diesel Technology Program). Based on our review of the Grantee’s procedures, the performance results reported to ARC were fair and reasonable.
- 7) We verified that the Grantee did not meet the requirements for the performance of a Single Audit; and thus, was not subject to the Single Audit requirements, under the Uniform Guidance.

Attachment 1: Grantee's Response



**GADSDEN STATE
COMMUNITY COLLEGE**

*Institutional Effectiveness, Grants and
Special Projects*

1801 Coleman Road . Anniston, Alabama 36207 . www.gadsdenstate.edu

November 9, 2023

Peter Regis, CPA
Regis & Associates, PC
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Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number AL-19972-20

We are providing this letter in connection with the subject audit performed by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).

I have reviewed the audit finding and concur with the audit result. On behalf of Gadsden State Community College, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

Pam Hayes Johnson, Dean of Institutional Effectiveness, Grants and Special
Projects
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