



## Office of Inspector General

Appalachian Regional Commission

# Audit of Grant Award to Washington County Public School Grant Number MD-20657

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Report Prepared by Regis & Associates, PC

Report Number 24-18

March 19, 2024

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



# Office of Inspector General

Appalachian Regional Commission

March 19, 2024

TO: Brandon McBride, Executive Director

FROM: Rhonda L. Turnbow, Acting Inspector General *Rhonda Turnbow*

SUBJECT: Audit Report 24-18 – Washington County Public School

This memorandum transmits the Regis & Associates, PC report for the audit of costs charged to grant number MD-20657 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 MD-20657-22  
for the Period from April 1, 2022, to April 1, 2023*

*Awarded to  
Washington County Public School*

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

*Auditee: Washington County Public School  
As of Date: March 12, 2024*



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 MD-20657-22, awarded by the Appalachian Regional Commission (ARC), to Washington County Public School (the Grantee); with a grant performance period of April 1, 2022, to April 1, 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 April 1, 2022, to April 1, 2023.

The objectives of this 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 October 11, 2023, through January 30, 2024. We determined that Washington County Public School'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 Washington County Public School's officials at the conclusion of our fieldwork. Washington County Public School's response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Washington County Public School and ARC's staff during this performance audit.

Regis & Associates, PC  
Washington, DC  
March 12, 2024

## **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 May 3, 2022, the Appalachian Regional Commission awarded Grant Number MD-20657-22, in the amount of \$200,000, to Washington County Public School. As a condition of this award, the Grantee was required to contribute a matching amount of \$541,466. According to ARC's guidelines, the Grantee's final match rate is determined by the economic designations of the proposed service area, which may include multiple counties, each with a different economic status. The grant agreement stated that the Grantee's location is classified as a transitional county. As a result of this designation, the required matching contribution is 50%, and the maximum ARC share is 50%. Thus, the Grantee was required to contribute a matching amount of \$200,000. 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 April 1, 2022, through April 1, 2023.

The grant was awarded to Washington County Public School (WCPS), to aid in a project titled, "Diesel Technology Program Implementation". This project was funded to open a high-tech diesel lab that prepares students for in-demand, high-skilled, and high-waged diesel jobs. The Grantee has partnered with local businesses and colleges to address this severe shortage of diesel technicians in Washington County.

## **Objective, Scope, and Methodology**

### ***Objective***

The general objectives of the performance audit were to determine whether Washington County Public School expended grant funds in accordance with applicable requirements; and to report any resulting findings and questioned cost related to internal controls; program performance; and compliance with the provisions of the grant agreement, laws, and regulations.

### ***Scope and Methodology***

The Appalachian Regional Commission, Office of Inspector General, issued Task Order 5, dated July 14, 2023, under Contract Number ARC21P050, dated March 17, 2021; engaged Regis & Associates, PC to conduct a performance audit of Grant Number MD-20657-22, titled "Diesel Technology Program Implementation", which was awarded to the Grantee. The term of the grant was from April 1, 2022, to April 1, 2023.

The budgeted amounts for the grant are presented below:

<b>Exhibit – A: Schedule of Grant Budget</b>			
<u>Object Class Category</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
Personnel	\$ -	\$ 115,384	\$ 115,384
Fringe Benefits	-	48,925	48,925
Equipment	200,000	361,692	561,692
Supplies	-	15,465	15,465
Total Direct Charges	\$ 200,000	\$ 541,466	\$ 741,466
Indirect Charges	-	-	-
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 541,466</b>	<b>\$ 741,466</b>

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 April 1, 2023, the Grantee had expended \$671,625 of the grant’s budgeted amount of \$741,466.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of April 1, 2023, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs  
 As of April 1, 2023**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-	Federal	Non-Federal	
Personnel	\$ -	\$ 65,751	\$ -	\$ -	\$ -	\$ 65,751	\$ 65,751
Fringe Benefits	-	28,717	-	-	-	28,717	28,717
Equipment	200,000	361,692	-	-	200,000	361,692	561,692
Supplies	-	15,465	-	-	-	15,465	15,465
Total Direct Charges	\$ 200,000	\$ 471,625	\$ -	\$ -	\$ 200,000	\$ 471,625	\$ 671,625
Indirect Charges	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 471,625</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ 471,625</b>	<b>\$ 671,625</b>

- 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 accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements.
- 5) We determined that, as of April 1, 2023, the Grantee had contributed a matching amount of \$471,625, which was \$69,841 lower than the matching contribution amount of \$541,466, that was documented in the grant agreement. However, according to ARC’s guidelines, the Grantee’s final match rate is determined by the economic designations of the proposed service area, which may include multiple counties each with a different economic status. The grant agreement documented that the Grantee’s location is classified as a transitional county; and the required matching contribution is \$200,000. Thus, the Grantee contributed \$271,625 in excess of the required matching contribution amount. 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 (i.e., the number of students enrolled and served). Based on our review of the Grantee’s procedures, the performance results reported to ARC were fair and reasonable.
- 7) We reviewed the Single Audit report that was available on the Federal Audit Clearinghouse, for Washington County Board of Education; and noted that the Grantee had a Single Audit performed for the fiscal year ended June 30, 2022. The Single Audit report did not identify deficiencies or material weaknesses in internal control over compliance requirements, as outlined in the OMB Compliance Supplement.

**Attachement 1 : Grantee's Response**



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March 12, 2024  
Peter Regis, CPA  
Regis & Associates, PC  
1420 K Street, NW Suite 910  
Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number MD-20657-22  
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 Washington County Public School, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink that reads "G. Willow". The signature is written in a cursive style.

Dr. Gary Willow  
Associate Superintendent for Curriculum and Instruction