



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to B.C. Corp, DBA Build Carolina Grant Number SC-20707

Report Prepared by Regis & Associates, PC

Report Number 24-22

April 29, 2024

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



Office of Inspector General

Appalachian Regional Commission

April 29, 2024

TO: Brandon McBride, Executive Director

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

SUBJECT: Audit Report 24-22 – B.C. Corp, DBA Build Carolina

This memorandum transmits the Regis & Associates, PC report for the audit of costs charged to grant number SC-20707 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 SC-20707-22
for the Period from July 1, 2022, to June 30, 2023*

*Awarded to
B.C. Corp., DBA Build Carolina*

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

*Auditee: B.C. Corp., DBA Build Carolina
As of Date: April 24, 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 SC-20707-22, awarded by the Appalachian Regional Commission (ARC), to B.C. Corp., DBA Build Carolina (the Grantee); with a grant performance period of July 1, 2022, to June 30, 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 July 1, 2022, to June 30, 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 October 4, 2023, through April 1, 2024. We determined that B.C. Corp., DBA Build Carolina'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 B.C. Corp., DBA Build Carolina's officials at the conclusion of our fieldwork. B.C. Corp., DBA Build Carolina's response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from B.C. Corp., DBA Build Carolina's and ARC's staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
April 24, 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 June 8, 2022, the Appalachian Regional Commission awarded Grant Number SC-20707-22, in the amount of \$137,800, to B.C. Corp., DBA Build Carolina. As a condition of this award, the Grantee was required to contribute a matching amount of \$122,200. The period of performance of the grant was from July 1, 2022, through June 30, 2023. The grant was awarded to B.C. Corp., DBA Build Carolina, to aid in a project titled, “Develop Appalachia Technology Fellowship Program”. This project was to provide a full-time, six-month apprenticeship program and career pathway program, designed to provide entry-level training for software developers.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether the Grantee 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 March 17, 2021; engaged Regis & Associates, PC to conduct a performance audit of Grant Number SC-20707-22, titled “Develop Appalachia Technology Fellowship Program”, which was awarded to the Grantee. The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget

Object Class Category	Federal	Non-Federal	Total
Personnel	\$ 48,500	\$ 86,200	\$ 134,700
Fringe Benefits	11,000	5,000	16,000
Travel	5,000	-	5,000
Supplies	15,000	7,500	22,500
Contractual	58,300	23,500	81,800
Total Direct Charges	\$ 137,800	\$ 122,200	\$ 260,000
Total	\$ 137,800	\$ 122,200	\$ 260,000

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 June 30, 2023, the Grantee had expended the entire budget of \$260,000.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost, as of June 30, 2023, which reflects the results of our audit.

Exhibit – B: Schedule of Claimed and Audit Recommended Costs
As of June 30, 2023

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ 48,500	\$ 86,200	\$ -	\$ -	\$ 48,500	\$ 86,200	\$ 134,700
Fringe Benefits	11,000	5,000	-	-	11,000	5,000	16,000
Travel	5,000	-	-	-	5,000	-	5,000
Supplies	15,000	7,500	-	-	15,000	7,500	22,500
Contractual	58,300	23,500	-	-	58,300	23,500	81,800
Total Direct Charges	\$ 137,800	\$ 122,200	\$ -	\$ -	\$ 137,800	\$ 122,200	\$ 260,000
Total	\$ 137,800	\$ 122,200	\$ -	\$ -	\$ 137,800	\$ 122,200	\$ 260,000

- 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 the required matching amount of \$122,200 as of June 30, 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 (i.e., number of businesses improved; and the number of workers and trainees improved and served). 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



April 24, 2024

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

Subject: Performance Audit of Grant Agreement Number SC-20707-22

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 and concur with the audit result. On behalf of B.C. Corp., DBA Build Carolina, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

Kaitlyn Miller
Kaitlyn Miller, COO