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**APPALACHIAN REGIONAL COMMISSION  
OFFICE OF INSPECTOR GENERAL  
AUDIT OF GRANT AWARD**

**Washington Greene County Job Training Agency, Inc.  
Washington, Pennsylvania**

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**Final Report Number: 19-38  
Project Number: PW-18773  
September 9, 2019**

**Prepared By:**

**Bonadio & Co., LLP**  
Certified Public Accountants

September 9, 2019

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

Bonadio & Co., LLP completed an audit of grant number PW-18773 awarded by the Appalachian Regional Commission (ARC) to the Washington Greene County Job Training Agency, Inc. (grantee) for the 'Transitioning from Black to Blue: Training Former Coal Workers for Natural Gas Utility and Pipeline Careers in Appalachia' program. Washington Greene County Job Training Agency, Inc. is responsible for the fiscal management of the grant. The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant funds.

The primary objectives of the audit were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were appropriate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); (5) the performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied.

Overall, the grantee's financial management and administrative procedures, including related internal controls, were adequate to manage the funds provided under the ARC grant reviewed. The expenditures tested were supported and considered reasonable.

Bonadio & Co., LLP appreciated the cooperation and assistance received from the grantee and the ARC staff during the audit.

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## **BACKGROUND**

Bonadio & Co., LLP completed an audit of grant PW-18773 awarded by the Appalachian Regional Commission (ARC) to Washington Greene County Job Training (grantee) for the 'Transitioning from Black to Blue: Training Former Coal Workers for Natural Gas Utility and Pipeline Careers in Appalachia' program. The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of the ARC grant funds.

The grant was awarded under the Partnership for Opportunity and Workforce and Economic Revitalization (POWER) initiative, which is a multi-agency effort to invest resources into the communities that were negatively impacted by changes in the coal economy. The grant awarded \$653,400 in ARC funds and a required a match of \$435,600 in non-ARC funds to cover the period January 1, 2017 to June 30, 2018 and was amended twice to extend the period of performance to December 31, 2018. A third amendment dated April 23, 2019 reduced the required matching amount from 40% of total program expenditures to 32%. The major benefit of this program is to train displaced coal workers by developing their natural gas pipeline field operation's knowledge and skills to enable participants to pursue sustained local employment in the natural gas utility and pipeline industry, an attractive career path that leverages many of their skills learned in the coal industry. Grant funds were provided to develop the program, sponsor students and cover the costs of planning and equipment.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The audit objectives were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were appropriate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); (5) the performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied.

We reviewed the documentation provided and interviewed grantee personnel to obtain an overall understanding of the grant activities, the accounting system, and operating procedures. We evaluated grantee administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds. We examined financial and other required reports to determine if they were supported and submitted in accordance with the grant requirements.

We reviewed grant expenditures for the period January 1, 2017 to December 31, 2018. During this period, there were \$526,492 of federal expenditures and \$246,063 of non-federal expenditures charged to the grant. We selected a sample of \$449,810 in federal expenditures and \$211,675 of non-federal matching expenditures to determine whether the charges were properly supported and allowable.

The criteria used in performing the audit were ARC grant agreement, the ARC code, other ARC requirements, and 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards". The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was completed during the period of April 23, 2019 through April 25, 2019, which included on-site work at the grantee's office in Washington, Pennsylvania. The audit results were discussed with grantee representatives at the conclusion of the on-site visit. The grantee's representative agreed with the audit results.

## **SUMMARY OF AUDIT RESULTS**

Overall, the grantee's financial management, administrative procedures and related internal controls were adequate to manage the grant funds received. Based on audit procedures performed, we did not question any costs incurred. The original budget of \$1,089,000 projected ARC federal funds of \$653,400 (60%) and matching non-federal funds of \$435,600 (40%). The actual funds expended was only \$772,555 which included ARC funds \$526,492 (68%) and actual matching funds of \$246,063 (32%). The expenses tested were supported and considered reasonable. We found that the grantee had an adequate process in place for obtaining and recording data related to the goals of the grant. In addition, the records and reports indicated that the tasks required by the grant agreement were generally accomplished. The grant ended December 31, 2108 and the grant closeout summary was processed May 13, 2019.

The outputs and outcomes of the grant were tested by reviewing financial information, internal reports, and other supporting documentation. The projected output of 100 students enrolled and trained in the program was not met. We determined that the actual results only had 75 students enrolled in the program due to difficulties in recruiting the targeted population of coal miners. With the permission of ARC, the grantee opened up their recruiting scope to include impacted communities other than coal workers. The projected outcome of 85 students successfully completing the program was not met. The actual results only had 74 students successfully completing the program. Thirty-six graduates of the program were subsequently placed in the job market. The grantee believes that over time the job placement percentage will increase from 50% to 60% or more.