



## Office of Inspector General

Appalachian Regional Commission

# Audit of Grant Award to Forsyth Technical College Grant Number NC-19851

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Report Prepared by Regis & Associates

Report Number 23-04

November 30, 2022

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



# Office of Inspector General

Appalachian Regional Commission

November 30, 2022

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 23-04 – Forsyth Technical College

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number NC-19851, to Forsyth Technical College 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 this report.

We do not express any opinion on the conclusions presented in Regis & Associate, PC's 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 that was 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 NC-19851-20  
for the Period from January 1, 2020, to April 30, 2022*

*Awarded to  
Forsyth Technical Community College*

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

Auditee: Forsyth Technical Community College  
As of Date: October 24, 2022

**REGIS**  
ASSOCIATES, PC  
MANAGEMENT CONSULTANTS &  
CERTIFIED PUBLIC ACCOUNTANTS  
1420 K Street, NW  
Suite 910  
Washington, DC 20005

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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 of Grant Agreement Number NC-19851-20, awarded by the Appalachian Regional Commission (ARC) to Forsyth Technical Community College (the Grantee); with a grant performance period of January 1, 2020, to December 31, 2024. 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 January 1, 2020 to April 30, 2022.

The objectives of the performance audit were to determine whether: (1) grant 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 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; and (6) the reported performance measures were fair and reasonable.

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 during the period from June 14, 2022, through August 26, 2022. We determined that the Forsyth Technical Community College's financial management and administrative procedures and related internal controls were adequate to manage the ARC grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with Forsyth Technical Community College's officials at the conclusion of our fieldwork. Forsyth Technical Community College's response has been included as Attachment 1 to this report.

Regis & Associates, PC appreciates the cooperation and assistance received from Forsyth Technical Community College and ARC staff during this performance audit.

*Regis & Associates, PC*

Regis & Associates, PC  
Washington, DC  
October 24, 2022

## 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; health care; 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 February 9, 2020, the Appalachian Regional Commission awarded Grant Number NC-19851-20 to Forsyth Technical Community College, in the amount of \$1,000,000. As a condition of this award, the Grantee was required to contribute a matching amount of \$1,641,443. The original period of performance of the grant was from January 1, 2020, to December 31, 2022. On February 17, 2022, ARC approved a contract amendment and extended the grant's period of performance until December 31, 2024. This performance audit engagement covers the period from January 1, 2020, to April 30, 2022. 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 award and amendment resulted in a total grant budget of \$2,641,443.

The grant was awarded to Forsyth Technical Community College, to aid in a project titled, "Forsyth Aviation Systems Technologies (FAST) Forward". This project was to implement a program, in consultation with a new Business Industry Leadership Team for Aviation. The objectives of the program are:

- To employ staff, essential to starting a Federal Aviation Administration (FAA) certified aircraft maintenance technician program, in the 53,000-square-foot laboratory/classroom under construction at Smith Reynolds Airport;
- To obtain additional training equipment needed to establish maintenance training, so that the students can earn FAA certification as mechanics, with airframe rating or powerplant rating, starting as early as 2021;
- To develop a military outreach plan that incorporates exam preparation courses for experienced mechanics leaving the armed services, to prepare for their oral and practical tests for FAA certification;
- To review community college programs, nationally, for the purpose of identifying opportunities for replicating non-credit workforce development and/or programs, in unmanned aircraft systems (drones) to enhance economic development in and around the region; and
- To coordinate with the Smith Reynolds Airport Authority, to enhance the ecosystem for aviation in Winston-Salem.

## 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 NC-19851-20, titled "Forsyth Aviation Systems Technologies (FAST) Forward", which was awarded to Forsyth Technical Community College. The term of the grant was from January 1, 2020, to December 31, 2024; which included an extension of the period of performance.

The budgeted amounts for the grant are presented below:

<b>Exhibit – A: Schedule of Grant Budget</b>			
<b>Object Class Category</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
Personnel	\$ 386,393	\$ 289,958	\$ 676,351
Fringe Benefits	135,237	101,485	236,722
Travel	30,000	-	30,000
Equipment	415,000	1,250,000	1,665,000
Supplies	33,370	-	33,370
Total Direct Charges	\$ 1,000,000	\$ 1,641,443	\$ 2,641,443
Indirect Charges	-	-	-
<b>Total</b>	<b>\$ 1,000,000</b>	<b>\$ 1,641,443</b>	<b>\$ 2,641,443</b>

The general objectives of this performance audit were to determine whether Forsyth Technical Community College 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 provisions of the grant agreement and 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 program's reported performance measures were fair and reasonable; and
- Conducting other test procedures deemed necessary, based on our professional judgment.

## Results

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

- 1) The grant funds were managed in accordance with ARC and Federal grant requirements.
- 2) The grant funds were expended, as provided for in the approved grant budget. Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of April 30, 2022, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Cost  
as of April 30, 2022**

Object Class Category	Claimed Cost		Questioned Cost		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ 180,952	\$ 129,479	\$ -	\$ -	\$ 180,952	\$ 129,479	\$ 310,431
Fringe Benefits	72,757	56,300	-	-	72,757	56,300	129,057
Travel	1,630	-	-	-	1,630	-	1,630
Equipment	394,958	1,567,218	-	-	394,958	1,567,218	1,962,176
Supplies	26,358	-	-	-	26,358	-	26,358
Total Direct Charges	\$ 676,655	\$ 1,752,997	\$ -	\$ -	\$ 676,655	\$ 1,752,997	\$ 2,429,652
Indirect Charges	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 676,655</b>	<b>\$ 1,752,997</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 676,655</b>	<b>\$ 1,752,997</b>	<b>\$ 2,429,652</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 generally accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements.
- 5) We determined that as of April 30, 2022, the Grantee had contributed \$1,752,997 in matching contributions. This exceeded the required matching amount of \$1,641,443, by \$111,554. These matching funds were properly supported and allowable under both Federal and ARC requirements. Forsyth Technical Community College contributed the matching amount, as required by the contract agreement, as of the date audited.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e., programs implemented; students trained and improved; and workers trained and improved). Based on our review of the Grantee's procedures, the performance results reported to ARC, were fair and reasonable.



**Attachment 1: Grantee 's Response**



Date: October 28, 2022

To: Fidel Wambura, Senior Manager, Regis & Associates, PC  
Robin Campbell, Regis & Associates, PC  
Megan Robinson, Program Manager, Appalachian Regional Commission

From: Kizzy Lea, Chief Financial Officer, Forsyth Technical Community College  
Laura Vaughan, Director, Foundation & Grants Accounting, Forsyth Technical Community College

Subject: Audit of ARC Grant No. NC-19851-20

Forsyth Technical Community College has reviewed the grant audit draft report for NC-19851-20 prepared and presented to us by Regis & Associates, PC on October 24, 2022. We concur with the report that was submitted for our review. Thank you for the opportunity to review and respond to the draft report.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Kizzy Lea', written over a faint, large watermark of the Forsyth Tech shield logo.

Kizzy Lea, Senior Vice President, Business & Administrative Services & Chief Financial Officer  
Forsyth Technical Community College

A place of promise.