



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Cattraugus-Allegany BOCES Grant Number NY-21215

Report Prepared by Regis & Associates, PC

Report Number 25-13

December 30, 2024

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



Office of Inspector General

Appalachian Regional Commission

December 30, 2024

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 25-13 – Cattraugus-Allegany BOCES

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number NY-21215 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. 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.

The auditors made one recommendation in the report. Within the next 30 days, please provide me with your management decision describing the specific action that you will take to implement the recommendation.

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 NY-21215-23
for the Period from July 1, 2023; to June 30, 2024*

*Awarded to
Cattaraugus-Allegany BOCES*

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

Auditee: *Cattaraugus-Allegany BOCES*
As of Date: December 10, 2024


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
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TABLE OF CONTENTS

Executive Summary	1
Background	3
Objective, Scope, and Methodology	3
Results	4
Findings, Recommendations and Grantee's Response	6
Attachment 1 - Grantee's Response	8

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 NY-21215-23, awarded by the Appalachian Regional Commission (ARC), to Cattaraugus-Allegany BOCES (the Grantee); with a grant performance period of July 1, 2023, to June 30, 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 July 1, 2023, to June 30, 2024.

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 July 3, 2024, through November 30, 2024. We determined that, except for the matter identified as Finding 2024-001 in the accompanying Findings, Recommendations, and Grantee's Response section of this report; Cattaraugus-Allegany BOCES' financial management, administrative procedures, and related internal controls, were adequate to manage ARC's grant funds.

We discussed the results of this performance audit with Cattaraugus-Allegany BOCES' officials at the conclusion of our fieldwork. Cattaraugus-Allegany BOCES' response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Cattaraugus-Allegany BOCES' and ARC's staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
December 10, 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 28, 2023, the Appalachian Regional Commission awarded Grant Number NY-21215-23, in the amount of \$189,000, to Cattaraugus-Allegany BOCES. As a condition of this award, the Grantee was required to contribute a matching amount of \$189,624. The original period of performance of the grant was from July 1, 2023, through June 30, 2024. On August 14, 2024, during the grant's liquidation period, and prior to grant closeout, the Grantee requested; and ARC approved an amendment to extend the grant's period of performance to June 30, 2025. The extension was to provide Cattaraugus-Allegany BOCES with additional time to complete the Commercial Driver's License (CDL) training in order to meet the grant's performance objectives. The performance audit engagement covers the period from July 1, 2023, to June 30, 2024.

The grant was awarded to Cattaraugus-Allegany BOCES, to aid in a project titled, "CDL Class A Training". This project was aimed at providing CDL Class A training to 16 individuals, in order to address the local driver shortage in Allegany and Cattaraugus Counties.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Cattaraugus-Allegany BOCES 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 NY-21215-23, titled "CDL Class A Training", which was awarded to Cattaraugus-Allegany BOCES.

The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget

Object Class Category	Federal	Non-Federal	Total
Personnel	\$ -	\$ 113,293	\$ 113,293
Fringe Benefits	-	31,722	31,722
Equipment	189,000	36,000	225,000
Supplies	-	5,500	5,500
Other	-	3,109	3,109
Total	\$ 189,000	\$ 189,624	\$ 378,624

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, except for the matter described in Finding 2024-001; in the accompanying Findings, Recommendations, and Grantee’s Response section of this report.
- 2) We found that, as of June 30, 2024, the Grantee had expended \$205,830 of the total approved budget amount of \$378,624.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of June 30, 2024, which reflects the results of our audit.

Exhibit – B: Schedule of Claimed and Audit Recommended Costs

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ -	\$ 26,460	\$ -	\$ -	\$ -	\$ 26,460	\$ 26,460
Fringe Benefits	-	2,181	-	-	-	2,181	2,181
Equipment	170,100	3,781	-	-	170,100	3,781	173,881
Supplies	-	3,308	-	-	-	3,308	3,308
Total	\$ 170,100	\$ 35,730	\$ -	\$ -	\$ 170,100	\$ 35,730	\$ 205,830

- 3) Internal guidelines, including program (internal) controls, were adequate and operating effectively, except for the matter described in Finding 2024-001; in the accompanying Findings, Recommendations, and Grantee's Response section of this report.
- 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 June 30, 2024; the Grantee had contributed \$35,730 of the required matching amount of \$189,624. 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 students served, and the number of students improved). 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.

Findings, Recommendations, and Grantee's Responses

Finding 2024-001 – Lack of Compliance with Grant Reporting Requirements

Condition:

As part of our procedures, we reviewed the submission of required reports to ARC and noted the following:

- a. The Grantee did not submit two of the four required SF-270 *Request for Advance or Reimbursement* reports and Performance Progress reports in a timely manner.

Table 1 below presents reporting dates, due dates, submission dates, and the number of days each report was late.

Table – 1

Sequence No.	(A) Report period end date	(B) Due date	(C) Submission date	(D) = (C) - (B) Number of Days late
3	2/28/2024	3/29/2024	4/9/2024	11
4	6/30/2024	7/30/2024	8/20/2024	21

Questioned Costs: None.

Criteria:

Pursuant to 2 CFR 200.329(c), *Monitoring and Reporting Program Performance*: “the non-federal entity must submit performance reports at the interval required by Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity”

The ARC Grant Administration Manual for ARC Non-Construction Grants, dated February 2020, states: “The reporting period begins with the start date of the grant agreement. ARC requires interim progress reports every 120 days or every four months and a final report at the end of your project’s period of performance. Reports are due no later than 30 days after the close of a reporting period”.

According to the ARC Grant Administration Manual, the SF-270 *Request for Advance or Reimbursement* report is to be submitted with the Performance and Progress reports, at the same interval, for both interim and final periods.

Cause:

The SF-270 *Request for Advance or Reimbursement* reports and Performance Progress reports were both submitted late on both occasions, due to medical issues of the assigned personnel; and the absence of back-up personnel to prepare and submit the reports.

Effect:

Grant progress reporting is a tool that is used to monitor a project's financial status and progress towards completion. For reporting to be effective, it needs to be timely and accurate. When reports are not submitted to ARC in a timely manner, it deprives ARC of the ability to provide effective oversight of the project being implemented.

Recommendation:

We recommend that Cattaraugus-Allegany BOCES' management develop and implement grant management policies and procedures to ensure timely preparation and submission of the required reports.

Grantee's Response:

The Grantee concurred with the finding. See the Grantee's full response in Attachment 1.

Auditor's Response:

Since the Grantee concurred with this finding, no additional comments are necessary.

Attachment 1: Grantee's Response



Scott E. Payne
District Superintendent
and Chief Executive Officer

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December 10, 2024

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

Subject: Performance Audit of Grant Agreement Number NY-21215-23

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. In response to the audit recommendation, the management of Cattaraugus-Allegany BOCES will develop grant administration policies that include processes and procedures to ensure timely compliance with all grant regulations. These policies will include, but not be limited to, the following:

- Identification of key personnel to be involved with grant administration
- Assignment of duties to include primary and secondary responsibility
- Scheduling of regular meetings to review grant progress

On behalf of Cattaraugus Allegany-BOCES, 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 blue ink that reads 'Amy M. Windus'. The signature is fluid and cursive, with the first name 'Amy' being prominent.

Amy M. Windus

Executive Director of Finance