



## Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to  
Cocke County Partnership, Inc.  
Grant Number TN-19900**

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Report Prepared by Castro & Co, LLC

Report Number 25-30

July 30, 2025

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



# Office of Inspector General

Appalachian Regional Commission

July 30, 2025

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 25-30 – Cocke County Partnership, Inc.

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number TN-19900 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.

Castro & Company, LLC, 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 five recommendations in the report. Within the next 30 days, please provide me with your management decisions describing the specific actions that you will take to implement the recommendations.

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.



**Appalachian Regional Commission  
Performance Audit Report  
of Grant No. TN-19900**

**For the period from July 1, 2020 to June 7, 2024  
Awarded to Cocke County Partnership, Inc.**

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

**July 22, 2025**

**Final Report**

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## Executive Summary

Appalachian Regional Commission  
Office of Inspector General  
1666 Connecticut Avenue, NW; Suite 700  
Washington, DC 20009

Castro & Company, LLC (Castro & Co) conducted a performance audit of Grant Number TN-19900 awarded by the Appalachian Regional Commission (ARC) to Cocke County Partnership, Inc. (Cocke County Partnership or the Grantee) for the period of July 1, 2020 to June 7, 2024. The audit was conducted at the request of the ARC's Office of Inspector General to assist it in its oversight of ARC grant funds.

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 identified issues related to financial management, administrative procedures, and internal controls, as described in **Appendix A – Findings and Recommendations**.

We discussed the results of this performance audit with Cocke County Partnership's management, at the conclusion of our fieldwork. The Grantee's response has been included as **Attachment 1 – Cocke County Partnership, Inc.'s Response** to this report.

Castro & Co appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

*Castro & Company, LLC*

Alexandria, VA  
July 22, 2025

## 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 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. Castro & Company, LLC (Castro & Co) was contracted by the ARC's Office of Inspector General to perform the audit of Grant No. TN-19900 awarded to Cocke County Partnership (Cocke County Partnership or the Grantee) for the period of July 1, 2020 to June 7, 2024.

ARC awarded Grant No. TN-19900 to Cocke County Partnership to provide funding for the development of a master plan to develop 50-75 miles of recreational trail within the Cherokee National Forest and Great Smoky Mountains National Park. The master plan included: market analysis, concept design, community input, and an environmental review. The Grantee also trained locals in the construction and maintenance of this trail.

The original period of performance for Grant No. TN-19900 covered the period from July 1, 2020 to June 30, 2021 but was subsequently extended to June 20, 2025. The grant agreement provided a budget of \$500,000 in ARC funds and required non-ARC matching funds of \$100,000 for total project costs of \$600,000. The allowable percentage breakout of ARC to non-ARC funding for the project was 83% ARC funds to 17% matching funds.

We obtained the ARC Standard Form 270, *Request for Advance or Reimbursement* (SF-270), for the period covering September 13, 2023 to June 7, 2024 that identified total cumulative ARC costs of \$456,942 (86%) and non-ARC matching costs of \$76,167 (14%) for a total project cost of \$533,109.

## Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC's Office of Inspector General to conduct a performance audit of Cocke County Partnership to determine compliance with the requirements of the ARC Grant No. TN-19900 for the grant audit period from July 1, 2020 to June 7, 2024.

The budgeted amounts for the grant are presented in Exhibit A below:

Exhibit A: Schedule of Grant Budget			
Budget Category	Federal	Non-Federal	Total
Concept Planning	\$ 205,980	\$ -	\$ 205,980
Environmental & Cultural Impact Studies	\$ 244,000	\$ 75,000	\$ 319,000
Administrative & Travel	\$ 40,000	\$ -	\$ 40,000
Trail Building Training	\$ 10,020	\$ 25,000	\$ 35,020
<b>Total</b>	<b>\$ 500,000</b>	<b>\$ 100,000</b>	<b>\$ 600,000</b>

The objectives of our audit were to determine whether the Grantee used grant funding from the ARC in accordance with its ARC grant agreement and complied with financial management requirements, specifically to determine whether:

- Program funds were managed in accordance with the ARC and Federal grant requirements;
- Grant funds were expended as provided for in the approved grant budget;
- Internal grant guidelines, including program (internal) controls, were adequate and operating effectively;
- Accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements);
- Matching requirements were met; and
- Reported performance measures were fair and reasonable.

The scope of this audit includes those costs addressed in Cocke County Partnership's system that specifically apply to ARC such as contractual costs. We conducted this performance audit from May 2024 to June 2025 in accordance with generally accepted government auditing standards. 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 Subtitle A Chapter II Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)<sup>1</sup>, the ARC Code, and the Grant Agreement.

To meet the audit objectives, our overall methodology included the following:

- Obtaining an understanding of the Grantee's internal controls and documenting key controls over cash disbursements, cash receipts, procurement, and match costs through reviews of policies and procedures, prior audit reports, organization charts, inquiry of the Grantee's management and other available documentation, assessing control risk, and determining the extent of testing needed based on the control risk assessment;
- Considering fraud risk through a team fraud brainstorming session and inquiries of the Grantee's management about their understanding of the risks of fraud related to grant awards, programs and controls the Grantee has established to mitigate specific fraud risks, and whether management is aware of any allegations of fraud or suspected fraud;
- Selecting a sample of expenditures based on materiality calculated using Government Accountability Office (FAO)/Council of the Inspectors General for Integrity and Efficiency (CIGIE) Financial Audit Manual (FAM) sections 230.01 through 230.13 and auditing, on a test basis, evidence supporting the grant funds were expended during the

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<sup>1</sup> The applicable version of the Uniform Guidance was published January 1, 2024.

grant period, were properly supported and allowable under both Federal and ARC requirements;

- Testing match costs to determine whether match requirements were met, were properly supported and allowable under both Federal and ARC requirements;
- Conducting interviews with the Grantee to evaluate the Grantee's processes for accurately tracking and reporting on the grant performance measures.

## **Grantee's Response to Audit Results**

Our audit results were discussed with Mr. Daryl Brady, President, Ms. Linda Lewanski, Tourism Director, Ms. Nicole Shisler, Project Coordinator, and Mr. Clint Hammonds, Board Member, for Cocke County Partnership during the exit conference on July 8, 2025. Cocke County Partnership concurred with our results. Cocke County Partnership's response has been incorporated into the report and a copy of the response, in its entirety, can be found in **Attachment 1 – Cocke County Partnership, Inc.'s Response**.

## **Summary of Results**

Castro & Co's procedures determined that as described in Findings 02 and 03 related to financial management and Findings 01 and 04 related to administrative procedures as described in **Appendix A**; Cocke County Partnership did not manage the grant funds in accordance with the ARC and Federal grant requirements. Grant funds were expended as provided for in the approved grant budget except as described in Finding 03.

The Grantee's internal guidelines, including program (internal) controls, were not adequate and not operating effectively. We noted Cocke County Partnership did not have written policies and procedures for applicable grant activities, which we considered inadequate for administering the grant as described in Finding 01. 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, except for the matter described in Finding 04. We questioned \$456,942 of ARC funded costs and \$76,167 of non-ARC matching cost share as a result of unsupported expenses incurred.

The Grantee reported a total of \$456,942 in ARC costs and \$76,167 in non-ARC matching costs. However, when questioned costs were excluded from the Grantee's claimed costs, the Grantee did not meet the match requirements as of June 7, 2024 as described in Finding 02. The claimed matching funds were not properly supported under both Federal and ARC requirements resulting in questioned costs totaling \$76,167 described in Findings 02 and 03. Cocke County Partnership was not able to report on performance measures for participants served and improved, plans/reports, and program implementation due to the beginning of construction being on hold while the required permit is obtained.

We determined the Grantee was not subject to the Single Audit requirements under the Uniform Guidance.



Exhibit B below presents costs claimed by Cocke County Partnership and costs recommended as a result of the grant audit.

Exhibit B: Schedule of Claimed and Audit Recommended Costs							
Cost Category	Claimed		Questioned		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel <sup>2</sup>	\$456,942	\$ 76,167	\$(456,942)	\$ (76,167)	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$456,942</b>	<b>\$ 76,167</b>	<b>\$(456,942)</b>	<b>\$ (76,167)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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<sup>2</sup> The Grantee incorrectly reported all costs to ARC under the Personnel budget category instead under the Contractual budget category. See Appendix A - Finding 02 for further detail.

## Appendix A – Findings and Recommendations

### Finding 01 – Lack of written policies and procedures

#### Condition:

As part of our procedures, Castro & Co requested Cocke County Partnership provide internal guidelines, policies, and procedures that were effective during the grant audit period of July 1, 2020 to June 7, 2024. We noted the Grantee did not have written policies and procedures for financial management as required under the Uniform Guidance including determining the allowability and allocability of costs, record retention, procurement, and internal control.

#### Criteria:

2 CFR 200.302, *Financial management*, states,

(b) The financial management system of each non-Federal entity must provide for the following:

(3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See § 200.303.

(5) Comparison of expenditures with budget amounts for each Federal award.

(6) Written procedures to implement the requirements of §200.305.

(7) Written procedures for determining the allowability of costs in accordance with subpart E of this part [§§ 200.400 – 200.476] and the terms and conditions of the Federal award.

2 CFR 200.303, *Internal controls*, states,

The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR 200.318, *General procurement standards*, states,

(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327.

**Cause:**

The Grantee stated they do not have written policies and procedures pertaining to financial management. However, Cocke County Partnership stated that their policies and procedures outline the requirements for daily tasks throughout the organization and for financial managers based on suggestions from their third-party auditors. Additionally, the Grantee stated they use standard accounting procedures and adhere to the current payroll reporting laws.

**Effect:**

The establishment of written, formal policies and procedures is critical in assuring that a system of internal controls is followed. The lack of monitoring compliance with established procedures can increase the risk that grant funding may not be utilized in accordance with grant terms and the Uniform Guidance. Additionally, the lack of policies and procedures resulted in the following exceptions noted:

- Lack of evidence for procurement or cost reasonableness for two vendors performing administrative and concept planning services (Finding 02);
- Costs were incorrectly reported to ARC as Personnel expenses rather than Contractual expenses, and duplicate costs were included that were not corrected (Finding 03);
- Performance Progress Reports (PPRs) were not consistently submitted within the required timeframes (Finding 04).

**Recommendation:**

We recommend that the Grantee:

1. Establish policies and procedures for administrative and financial management including determining the allowability and allocability of costs, record retention, procurement, internal control, tracking of costs by approved budget categories, reconciliation of costs to financial reports, and timely submission of performance progress and financial reports in accordance with the Uniform Guidance and grant agreement.

**Grantee's Response:**

Cocke County Partnership takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number TN-19900 with a grant performance period of July 1, 2020 to June 7, 2024.

Cocke County Partnership will seek language for procurement to be produced in our Policy and Procedures Manual and will update policy materials to meet non-federal entity guidelines and we will seek to retain documentation.

**Auditor's Response:**

The Grantee concurred with our results; therefore, no further response is needed.

## **Finding 02 – Lack of Evidence for Procurement and Cost Reasonableness**

### **Condition:**

As part of our procedures, Castro & Company, LLC (Castro & Co) reviewed supporting documentation from Cocke County Partnership, Inc. (Cocke County Partnership or the Grantee) for ARC funded and non-ARC matching costs incurred during the grant audit period. Cocke County Partnership reported administrative and concept planning costs for ARC funded and non-ARC matching cost share; however, the supporting procurement documentation, including bids, price quotes, and/or justification for the contract/purchase selection, was not provided for the reasonableness of costs incurred through a competitive procurement process in accordance with the requirements of Title 2 U.S Code of Federal Regulations Subtitle A Chapter II Part 200 (2 CFR 200 or the Uniform Guidance).

We noted that the administrative and concept planning costs for the ARC funded and non-ARC matching cost were incurred using the same two (2) vendors which were both included in our sample testing; however, we determined the lack of evidence for procurement and cost reasonableness was not limited to the transactions included as part of our sample testing and would apply to the total amount of costs incurred. As a result, the following costs incurred were deemed unsupported costs:

- ARC funded Administrative costs which resulted in questioned costs of \$31,500;
- ARC funded Concept Planning costs which resulted in questioned costs of \$425,442; and
- Non-ARC Match Concept Planning costs which resulted in questioned costs of \$75,000.

### **Criteria:**

2 CFR Part 200.318, *General procurement standards*, states:

- (i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

2 CFR 200.320, *Methods of procurement to be followed*, states:

- (a) *Informal procurement methods*. When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

- (2) *Small purchases* –

- (i) *Small purchase procedures*. The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

(b) *Formal procurement methods.* When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(2) *Proposals.* A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

- (i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- (ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;
- (iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and
- (iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated, and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms that are a potential source to perform the proposed effort.

**Cause:**

Cocke County Partnership did not have written policies and procedures in place to ensure proper procurement procedures were performed and sufficient documentation was retained in accordance with Uniform Guidance requirements. In addition, Cocke County Partnership stated that the prior administration of the entity did not maintain documentation properly and may have already been working with one of the vendors.

**Effect:**

The absence of adequate policies and procedures prevented Cocke County Partnership from identifying unsupported costs to ensure compliance with Federal grant requirements prior to reporting claimed costs to ARC. When questioned costs were excluded from the Cocke County Partnership claimed costs, the Grantee did not meet the match requirements as of June 7, 2024. ARC could require the Grantee to reimburse questioned costs totaling \$456,942 of ARC funded costs and exclude questioned costs totaling \$75,000 of non-ARC matching costs.

**Recommendation:**

We recommend that the Grantee:

2. Work with ARC to resolve the questioned cost totaling \$456,942 for ARC funded costs.

3. Work with ARC to resolve the questioned cost totaling \$75,000 for non-ARC matching cost share.

Additionally, we recommend the Grantee implement Recommendation 1 under Finding 01.

**Grantee's Response:**

Cocke County Partnership takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number TN-19900 with a grant performance period of July 1, 2020 to June 7, 2024.

Of note, procurement for vendors was done, but scoring sheets were unable to be located. In addition, \$75,000 was provided by the Cocke County Partnership as a match to the initial planning grant of \$500,000 and we do not understand why that is classified as a questionable cost.

**Auditor's Response:**

The Grantee concurred with our results; therefore, no further response is needed. However, to clarify, non-ARC Matching cost share expenditures are subject to procurement standards in accordance with 2 CFR 200.306 and the lack of adequate documentation to establish procurement procedures resulted in the non-ARC questioned cost.

## **Finding 03 – Misclassified and Duplicated Costs Reported**

### **Condition:**

As part of our procedures, we compared the total cumulative costs reported on Standard Form (SF) 270, Request for Advance and Reimbursement, and the ARC Reimbursement and Payment Advance Request Worksheet for the period covering September 13, 2023 to June 7, 2024 with Cocke County Partnership's general ledger (GL) detail. We noted Cocke County Partnership misclassified and inaccurately reported ARC funded Contractual costs in the amount of \$456,442 and non-ARC matching Contractual costs in the amount of \$75,000 under the Personnel budget category line on the ARC Reimbursement and Payment Advance Worksheet. Additionally, we noted Cocke County Partnership reported a total of \$76,167 in non-ARC Matching costs, but the GL detail only supported costs of \$75,000. We determined the variance of non-ARC Matching costs was due to an error in reporting that led to duplicate cost being claimed; therefore, we questioned costs of \$1,167 for unsupported non-ARC matching cost share.

### **Criteria:**

The ARC Grant Administration Manual for ARC Non-Construction Grants (February 2020), states:

#### *Required Content for All Reports*

“Payment requests must include the following documents:

3. Standard Form 270–Request for Advance or Reimbursement; and
4. An ARC Reimbursement and Payment Advance Request Worksheet that summarizes actual expenditures by approved budget line items.”

### **Cause:**

Cocke County Partnership did not have procedures in place to ensure costs were reported under the correct budget line item. Additionally, the Grantee stated a total of \$1,167 was reported as non-ARC Matching cost share in error on the SF 270 for the period ending November 30, 2020. Cocke County Partnership attempted to correct the error on the SF 270 for the period ending January 31, 2021 by increasing the amount requested for reimbursement under ARC funded costs; however, the non-ARC Matching cost share was not reduced simultaneously nor in subsequent SF 270s.

### **Effect:**

Failure to ensure expended grant costs are classified and reported correctly on reimbursement requests by approved budget category resulted in inaccurate reporting of costs to ARC which can prevent ARC from adequately monitoring costs expended per budget category.

### **Recommendation:**

We recommend that the Grantee:

4. Revise and resubmit the SF-270 and the related reimbursement table to reflect the accurate budget category of Contractual cost instead of Personnel.
5. Work with ARC to resolve the questioned cost totaling \$1,167 for non-ARC Matching cost share.

Additionally, we recommend the Grantee implement Recommendation 1 under Finding 01.

**Grantee's Response:**

Cocke County Partnership takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number TN-19900 with a grant performance period of July 1, 2020 to June 7, 2024.

**Auditor's Response:**

The Grantee concurred with our results; therefore, no further response is needed.



## Finding 04 – Untimely Quarterly Compliance Reporting

### Condition:

As part of our procedures, we reviewed interim Performance Progress Reports (PPR) submitted by Cocke County Partnership during the period of July 1, 2020 to June 7, 2024. Based on our review, we noted quarterly reporting exceptions on the following PPRs:

- For six (6) PPRs, the progress reporting coverage periods exceeded 120 days or four months as required in the grant agreement:

PPR Coverage Period	# of Days Covered on PPR
July 1, 2020 to November 30, 2020	152
June 17, 2021 to November 30, 2021	166
December 1, 2021 to May 10, 2022	160
June 1, 2022 to January 3, 2023	216
January 4, 2023 to September 13, 2023	252
September 13, 2023 to June 7, 2024	268

- For two (2) PPRs, the reports were not submitted within 30 days from the close of the reporting period, as required by ARC:
  - PPR for the period ending January 31, 2021 was submitted two (2) days after due date.
  - PPR for the period ending June 7, 2024 was submitted 26 days after due date.

### Criteria:

The ARC *Grant Administration Manual for ARC Non-Construction Grants*, dated February 2020, states,

#### Reports

##### Reporting Intervals

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.

2 CFR 200.329, *Monitoring and reporting program performance*, states,

(b) Reporting program performance. The Federal agency must use OMB-approved common information collections (for example, Research Performance Progress Reports) when requesting performance reporting information.

(c) (1) The recipient or subrecipient must submit performance reports as required by the Federal award. Intervals must be no less frequent than annually nor more frequent than quarterly except if specific conditions are applied...

### Cause:

The Grantee did not have adequate policies and procedures in place to ensure quarterly PPRs were prepared every 120 days or every four (4) months and submitted to ARC within 30 days from the close of the reporting period.

**Effect:**

Without adequate policies and procedures to ensure timely quarterly reporting, inaccurate financial and performance information may be reported to ARC.

**Recommendation:**

We recommend that the Grantee implement Recommendation 1 under Finding 01.

**Grantee's Response:**

Cocke County Partnership takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number TN-19900 with a grant performance period of July 1, 2020 to June 7, 2024.

In addition, since arriving at the Partnership, timely reports have been submitted to the ARC system and should be up to date and we will commit ourselves to being on time and accurate.

**Auditor's Response:**

The Grantee concurred with our results; therefore, no further response is needed.

## Attachment 1 – Cocke County Partnership, Inc.'s Response



July 8, 2025

Castro & Company, LLC  
1635 King Street  
Alexandria, VA 22314  
(703) 229-4440

Subject Cocke County Partnership, Inc. (Cocke County Partnership) Response to Castro & Company, LLC's Performance Audit of Grant Number TN-19900.

Cocke County Partnership takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number TN-19900 with a grant performance period of July 1, 2020 to June 7, 2024.

Of note, procurement for vendors was done, but scoring sheets were unable to be located. In addition, \$75,000 was provided by the Cocke County Partnership as a match to the initial planning grant of \$500,000 and we do not understand why that is classified as a questionable cost.

Cocke County Partnership will seek language for procurement to be produced in our Policy and Procedures Manual and will update policy materials to meet non-federal entity guidelines and we will seek to retain documentation.

In addition, since arriving at the Partnership, timely reports have been submitted to the ARC system and should be up to date and we will commit ourselves to being on time and accurate.

Sincerely,

*Daryl L. Brady*

Daryl Brady  
President  
Cocke County Partnership

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