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**Independent Accountants' Report on  
Applying Agreed Upon Procedures to  
Grant Agreement Expenditures**

**Grant NC-13511  
Caldwell Community College and Technical Institute  
Hudson, North Carolina**

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**Submitted to the  
OFFICE OF INSPECTOR GENERAL  
OF THE  
APPALACHIAN REGIONAL COMMISSION**

**Report No. 01-32 (H)**

**Prepared by**

**Leon Snead & Company, P.C.  
April 19, 2001**

**TABLE OF CONTENTS**

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Background and Objectives .....1

Scope and Methodology .....1

Results.....3

Conclusion .....3

Distribution .....3

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED UPON PROCEDURES TO  
GRANT AGREEMENT EXPENDITURES**

To the Inspector General of the Appalachian Regional Commission:

***BACKGROUND AND OBJECTIVES***

The Appalachian Regional Commission (ARC) is a regional economic development agency representing a unique partnership of Federal, state, and local government. The ARC is composed of the Governors of the 13 Appalachian states and a Federal Co-Chair appointed by the President. The geographical boundaries of the Appalachian Region extend from the southern tier counties in central and western New York to the northern counties in Alabama and Mississippi.

Each year Congress appropriates funds that ARC allocates among its member states in line with an allocation formula which is intended to provide a fair and reasonable distribution of available resources among the 13 Appalachian member states.

The Appalachian Regional Commission (ARC) awarded Grant NC-13511-I-302-99, Caldwell Community College and Institute Career Center, to Caldwell Community College & Technical Institute which is located in Hudson, North Carolina. The \$200,000 in ARC grant funds were to be used to provide funds to equip state-of-the-art career clusters in furniture technology and business/computer technology. The grant objective was to equip and establish facilities which would allow the grantee to provide skills and customized training for adults and high school students who do not plan to undertake a traditional college program.

Grant Agreement NC-13511-I-302-99 was never amended after it was signed in September, 1999. The grant period of performance was from July 1, 1999 through June 30, 2000. Under the Grant Agreement, ARC was to provide 30% of the total funding, and local and private sources were to provide 70% of the funding, or about \$466, 700.

Leon Snead & Company, P.C. is under contract to the Office of Inspector General (OIG) of the ARC to provide audit services. We performed agreed upon procedures on the grant expenditures reported to the ARC for the period July 1, 1999 through June 30, 2000. The objectives of our agreed upon procedures were to determine whether the reported grant expenditures were allowable, allocable, and reasonable and whether the grantee was in compliance with applicable laws and regulations.

***SCOPE AND METHODOLOGY***

We performed the procedures enumerated below, which were agreed to by the Inspector General of the Appalachian Regional Commission solely to assist you in evaluating grant expenditures by the grantee. This agreed upon procedures engagement was performed in

accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The provisions of Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations"; OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Learning, Hospitals, and Other Non-Profit Organizations"; OMB Circular A-21 "Cost Principles for Educational Institutions"; the Federal Drug-Free Workplace Act of 1998 (Public Law 100-690); the Federal Anti-Lobbying Act (Public Law 101-121); the Federal Acquisition Regulations (FAR); other Federal, state, or local procedures designed to insure fair and non-discriminatory procedures were used for the selection of participants; agreed to procedures that emphasize the expenditure of grant funds in line with the provisions of the grant agreement; and the ARC Code were used as the basis for determining allowable costs and compliance requirements. These agreed upon procedures were performed in accordance with generally accepted auditing standards and *Government Auditing Standards*, 1994 version, as amended, issued by the Comptroller General of the United States.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the financial statements of the grantee. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We noted that the grantee reported expending \$197,632 in ARC grant NC-13511-I-302-99 funds on this project. The grantee also reported matching the ARC grant funds with \$480,055 in private industry grant matching expenditures.

We visited the Caldwell Community College and Technical Institute offices in Hudson, North Carolina during the period April 17-19, 2001.

Specifically we performed the following procedures:

- We discussed the grant expenditure process and internal controls with Caldwell Community College and Technical Institute officials.
- We reviewed the detail support for \$196,177 (99.3%) of the reported \$197,632 in expenditures charged to ARC Grant NC-13511-I-302-99 between July 1, 1999 (the grant period of performance starting date) and June 30, 2000 (the authorized grant expenditure ending date) and tied the grant expenditures in with the supporting vendor invoices, payment checks, and other supporting documents.



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May 7, 2001

Mr. Hubert N. Sparks  
Inspector General  
Appalachian Regional Commission  
1666 Connecticut Avenue, NW Suite 215  
Washington, DC 20235

Subject: Final Report No. 01-32 (H)  
Grant NC-13511-I-302-99  
Caldwell Community College & Technical Institute  
Hudson, North Carolina

Dear Mr. Sparks:

Enclosed is the subject Final Report, an original and one copy.

If you have any questions, please call me or Ed Schantin at (301) 738-8190.

Sincerely,

Alexis M. Stowe  
Vice President

Enclosure

- We physically inventoried and verified the documentary support for \$124,497 in computers and peripherals, data network hardware, printers, projectors and furniture (desks, chairs, tables, and file cabinets) that were purchased using ARC grant funds.
- We physically inventoried and verified the documentary support for all \$480,055 in furniture manufacturing technology lab equipment, which was provided by private industry contributions as grant matching expenditures. The matching funds of \$480,055 exceeded the required match of \$466,700 by \$13,355.
- We compared the grant expenditures made with the approved project budget to determine if grant funds were spent only on items which were included in the original project budget, and if ARC approval had been requested and obtained for any items not included in the original project budget or where the expenditure for any budget line item exceeded the ARC approved budgeted amount by more than 10%.

### ***RESULTS***

No exceptions were noted.

### ***CONCLUSION***

Based on the results of our agreed upon procedures, in our opinion all \$197,632 of the grant fund expenditures reported to the ARC as having been incurred between July 1, 1999 and June 30, 2000 which were charged to the ARC for Grant NC-13511 were allowable, allocable and reasonable and should be accepted by the ARC. We also found that private industry contributors provided more of in-kind matching contributions than were required to meet the grant-matching requirement.

### ***DISTRIBUTION***

This report is intended for the information and use of the OIG and management of the ARC and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Leon Snead & Company, P. C.*

LEON SNEAD & COMPANY, P. C.

April 19, 2001