

Office of Inspector General

Report Prepared by Leon Snead & Company, P.C.

Audit of Grant Award – Washington Greene County Job Training Agency, Inc.

Grant Number - PW-18926



**Appalachian
Regional
Commission**

Office of Inspector General

Audit Report: 21-04

November 4, 2020



Appalachian
Regional
Commission

Office of Inspector General

November 4, 2020

TO: Charles Howard, Interim Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit of Grant Award – Washington Greene County Job Training Agency, Inc.
Report Number 21-04

This memorandum transmits the Leon Snead & Company, P.C. report for the audit of costs charged by Washington Greene County Job Training Agency, Inc. per its agreement with the Appalachian Regional Commission for Grant Number PW-18926. 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 met, not met, or not likely to be met.

OIG Oversight of the Audit

Leon Snead & Company, P.C. 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 Leon Snead & Company, P.C.'s audit report. To fulfill our responsibilities, we:

- Reviewed Leon Snead & Company, P.C. 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 with Leon Snead & Company, P.C., as necessary, to discuss audit progress, findings, and recommendations;
- Reviewed the audit report prepared by Leon Snead & Company, P.C.; and
- Coordinated issuance of the audit report.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact me at 202-884-7675.

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October 29, 2020

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

Leon Snead & Company, P.C. completed an audit of grant number PW-18926 awarded by the Appalachian Regional Commission (ARC) to the Washington Greene County Job Training Agency, Inc. (WGCJTA)), located in Washington, Pennsylvania. The audit was conducted at the request of the ARC Office of Inspector General to assist the office in its oversight of ARC grant funds.

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 adequate 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 matching requirements; and (6) the established performance measures were met.

The audit indicated that the recipient's financial management and administrative procedures and related internal controls were adequate to manage its ARC grant funds. The costs tested were supported and reasonable. Also, the grant recipient met its performance goals with regard to enrollment of students, but it did not meet its performance goals regarding the graduation and job placement of students with information technology training. There were only 34 graduates and 52 job placements against goals of 71 and 64, respectively.

Leon Snead & Company appreciates the cooperation and assistance received from the WGCJTA and ARC staffs during the audit.

Sincerely,


Leon Snead & Company, P.C.

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Background

Leon Snead & Company, P.C. completed an audit of grant number PW-18926 awarded by the Appalachian Regional Commission (ARC) to the Washington Greene County Job Training Agency, Inc. (WGCJTA), located in Washington, Pennsylvania. The audit was conducted at the request of the ARC Office of Inspector General to assist the office in its oversight of ARC grant funds.

ARC awarded the grant to WGCJTA to provide information technology (IT) training to students in Southwestern Pennsylvania and Southwestern West Virginia. WGCJTA administered and monitored the work of three Sub-recipients: Mined Minds, CentralApp, and The EdVenture Group, in order to carry out the provisions of the Grant. WGCJTA recorded and accounted for the funds and expenses associated with ARC Grant PW-18926 in its accounting system.

Grant PW-18926 originally covered the period June 1, 2017 through May 31, 2019, but was subsequently extended by amendment through May 31, 2020. The grant provided \$1,489,945 in ARC funds and required non-ARC matching funds of \$1,135,440 for a total project cost of \$2,625,385. The allowable percentage breakout of ARC to non-ARC funding for the overall project was 57% ARC funds and 43% non-ARC recipient matching funds.

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 adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); and (5) the matching requirements; and (6) the established performance measures were met.

On June 29, 2020, WGCJTA filed and claimed the remaining available ARC grant funds through May 31, 2020, totaling \$1,421,007, of which ARC reimbursed the full amount claimed.

WGCJTA reported \$1,231,840 in non-ARC recipient matching funds through the end of the Grant, May 31, 2020. These costs were identified as contractual costs, incurred primarily for the instructors of the IT programs, as well as costs for rental of classroom space, computers, parking permits, stipends for students, fees for test taking, and for donated space to hold town hall/recruitment events.

We tested about 90% (\$1,273,927) of ARC funds expenditures and 100% of matching contributions to determine if they were properly supported and allowable. Our audit tests did not identify any questioned costs.

We reviewed documentation provided by WGCJTA and interviewed its personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed written policies and administrative procedures to determine if they complied with federal requirements and were adequate to administer the grant. We reviewed financial and project performance reports to determine if they were submitted in accordance with

the grant requirements. We evaluated the grant results to determine if the planned performance goals and objectives were met. We also reviewed the two most recent annual financial statement audit reports and the approved indirect cost allocation plans for the period from June 1, 2017 through May 31, 2020 to identify any issues that could significantly impact the ARC grant costs and this audit.

The on-site fieldwork was performed at the WGCJTA office in Washington, PA during the week of September 27 through October 3, 2020. The preliminary audit results were discussed with the President and the Fiscal Specialist for the WGCJTA during the on-site visit and at the conclusion of the on-site visit.

The primary criteria used in performing the audit were 2 CFR 200, the ARC Code and the grant agreement. The audit was performed in accordance with Generally Accepted Government Auditing Standards.

Summary of Audit Results

Overall, WGCJTA managed program funds in accordance with the ARC and Federal grant requirements; expended grant funds as provided for in the approved grant budget; maintained a system of program (internal) controls and internal grant guidelines that were adequate and operating effectively; implemented accounting and reporting requirements in accordance with generally accepted accounting principles and applicable ARC accounting and reporting requirements; and met the matching requirements of this Grant. We did not question any claimed costs or matching costs incurred for the performance of the Grant.

WGCJTA and the sub-recipients of grant funds proposed four performance measures for the two IT programs: 1) holding at least 10 town hall/recruitment sessions; 2) enrolling at least 95 students; 3) producing at least 71 graduates and 4) having at least 64 of those graduates finding employment. WGCJTA exceeded its performance goals by holding 38 town hall/recruitment sessions and enrolling 172 students. It did not meet the performance measures 3) and 4) because only 34 students graduated and only 52 students obtained IT-related employment. The reason that more students obtained IT-related jobs than those that graduated was that many students dropped out of the programs and obtained jobs where the IT skills they had learned during their participation in the programs assisted them in their new jobs. We concluded that significant progress was made with the IT programs offered, even though the goals of 71 students graduating and 64 obtaining a job were not fully met.

WGCJTA's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grant audited. The ARC and matched costs tested were supported and reasonable. When WGCJTA discovered that it was not able to upload the financial and progress reports into ARC.net as required, it began submitting them in hardcopy.