



## Office of Inspector General

Appalachian Regional Commission

# Audit of Grant Award to Isothermal Community College Grant Number NC-19855

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Report Prepared by Regis & Associates, PC

Report Number 23-23

August 17, 2023

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




# Office of Inspector General

Appalachian Regional Commission

August 17, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General 

SUBJECT: Audit Report 23-23 – Isothermal Community College

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number NC-19855 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 the 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.

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 NC-19855  
for the Period from January 1, 2020, through December 31, 2022*

*Awarded to  
Isothermal Community College*

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

Auditee: *Isothermal Community College*  
As of Date: August 8, 2023

  
MANAGEMENT CONSULTANTS &  
CERTIFIED PUBLIC ACCOUNTANTS  
1420 K Street, NW  
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Washington, DC 20005

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## EXECUTIVE SUMMARY

Office of the 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 NC-19855, awarded by the Appalachian Regional Commission (ARC) to Isothermal Community College (the Grantee); with a grant performance period of January 1, 2020 to June 30, 2023. We conducted this 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, through December 31, 2022.

The objective of the audit was 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 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; and (7) if the requirements for the conduct 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 planning and fieldwork phases of the audit during the period from March 16, 2023, through May 17, 2023. We determined that Isothermal Community College’s financial management and administrative procedures and related internal controls were adequate to manage ARC’s grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with Isothermal Community College’s officials at the conclusion of our fieldwork. Isothermal Community College’s response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

Regis & Associates, PC  
Washington, DC  
August 8, 2023

## 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 21, 2020, the Appalachian Regional Commission awarded Grant Number NC-19855 to Isothermal Community College, in the amount of \$600,175. As a condition of this award, the Grantee was required to contribute a matching amount of \$268,000. 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 period of performance of the grant was from January 1, 2020, through December 30, 2022. On October 24, 2022, ARC approved an amendment to extend the grant's period of performance to June 30, 2023. This performance audit engagement covers the period from January 1, 2020, through December 31, 2022. The original award and amendment resulted in a total grant budget of \$868,175.

The grant was awarded to Isothermal Community College, to aid in a project titled "Empowering Our Workforce Through Leadership, Technical Skills and a Global Perspective". This program was funded to provide regional manufacturers, and automotive and aviation industry suppliers, with highly skilled production workers that have a global perspective and experience; and managers with enhanced supervisory, leadership, and coaching skills. This project had three main components.

1. Isothermal Community College collaborated with regional and international partners to create and implement an international internship program focusing on innovative manufacturing. Isothermal Community College formed a collaboration with an international business and an educational institution in Europe to create an industry-identified project in which its students and Europe's students collaborated.
2. Isothermal Community College designed courses to help students acquire the Manufacturing Skills Standards Council Certified Production Technician certificate, an industry-recognized third-party credential.
3. Isothermal Community College trained supervisors at regional manufacturers in management and supervisory leadership skills. This program aimed to improve the leadership qualities of newly promoted first-line supervisors and managers.

## Objective, Scope, and Methodology

### *Objective*

The Appalachian Regional Commission (ARC), 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-19855, titled "Empowering Our Workforce Through Leadership, Technical Skills, and a Global Perspective". The initial term of the grant was from January 1, 2020, through December 31, 2022. However, the grant was extended to June 30, 2023.

The budgeted amounts for the grant are presented below:

<b>Exhibit – A: Schedule of Grant Budget</b>			
Object Class Category	Federal	Non-Federal	Total
Personnel	\$ 175,300	\$ 75,990	\$ 251,290
Fringe Benefits	68,075	22,241	90,316
Travel	88,000	5,000	93,000
Equipment	117,925	150,000	267,925
Supplies	6,950	10,899	17,849
Contractual	80,000	3,870	83,870
Other	31,800	-	31,800
Total Direct Charges	\$ 568,050	\$ 268,000	\$ 836,050
Indirect Charges	32,125	-	32,125
<b>Total</b>	<b>\$ 600,175</b>	<b>\$ 268,000</b>	<b>\$ 868,175</b>

The general objectives of this performance audit were to determine whether Isothermal 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, 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 the 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 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.
- 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.
- 2) As of December 31, 2022, the Grantee has expended \$653,171 of the grant budgeted amount of \$868,175.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of December 31, 2022, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs  
As of December 31, 2022**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ 139,277	\$ 42,631	\$ -	\$ -	\$ 139,277	\$ 42,631	\$ 181,908
Fringe Benefits	54,393	17,036	-	-	54,393	17,036	71,429
Travel	48,746	741	-	-	48,746	741	49,487
Equipment	84,756	145,256	-	-	84,756	145,256	230,012
Supplies	505	10,899	-	-	505	10,899	11,404
Contractual	63,730	3,150	-	-	63,730	3,150	66,880
Other	15,542	-	-	-	15,542	-	15,542
Total Direct Charges	\$ 406,949	\$ 219,713	\$ -	\$ -	\$ 406,949	\$ 219,713	\$ 626,662
Indirect Charges	26,509	-	-	-	26,509	-	26,509
<b>Total</b>	<b>\$ 433,458</b>	<b>\$ 219,713</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 433,458</b>	<b>\$ 219,713</b>	<b>\$ 653,171</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’s requirements.
- 5) We determined that as of December 31, 2022, the Grantee had contributed matching funds in the amount of \$219,713. 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., the number of participants served; number of programs implemented; number of students served; and number of workers/trainees trained). 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 had a single audit performed for the period ended June 30, 2021. The audit report did not have any findings or recommendations related to its management of Federal assistance awards.



Attachment 1: Grantee's Response



August 8, 2023

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

Subject: Performance Audit of Grant Agreement Number NC-19855.

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 results and concur with the results. On behalf of Isothermal Community College, 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 cursive script that reads "Chad M. Hamill". Below the signature, the title "Chief Development Officer" is written in a similar cursive style.

Chief Development Officer

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