



## Office of Inspector General

Appalachian Regional Commission

### **Audit of Grant Award to Noble Local School District Grant Number PW-20476**

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Report Prepared by Regis & Associates, PC

Report Number 24-04

November 16, 2023

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



# Office of Inspector General

Appalachian Regional Commission

November 16, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 24-04 – Noble Local School District

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number PW-20476 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 decisions describing the specific actions 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 PW-20476-IM  
for the Period from October 15, 2021 to October 21, 2022*

*Awarded to  
Noble Local School District*

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

*Auditee: Noble Local School District  
As of Date: October 25, 2023*

**REGIS**  
ASSOCIATES, PC  
MANAGEMENT CONSULTANTS &  
CERTIFIED PUBLIC ACCOUNTANTS  
1420 K Street, NW  
Suite 910  
Washington, DC 20005

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## EXECUTIVE SUMMARY

Office of Inspector General  
Appalachian Regional Commission  
1666 Connecticut Avenue, NW; Suite 700  
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We conducted a performance audit (the audit) of grant agreement number PW-20476-IM, awarded by the Appalachian Regional Commission (ARC) to Noble Local School District (the Grantee); with a grant performance period of October 15, 2021 to October 21, 2022. 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 October 15, 2021 to October 21, 2022.

The objectives of this 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 April 3, 2023, through August 15, 2023. We determined that, except for the matters identified as Finding 2022-001, in the accompanying Findings, Recommendations, and Grantee's Response section of this report; Noble Local School District's 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 Noble Local School District's officials at the conclusion of our fieldwork. Noble Local School District's response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Noble Local School District and ARC staff during this performance audit.

*Regis & Associates, PC*

Regis & Associates, PC  
Washington, DC  
October 25, 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; 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 September 17, 2021, the Appalachian Regional Commission awarded Grant Number PW-20476-IM, in the amount of \$404,856, to Noble Local School District. As a condition of this award, the Grantee was required to contribute a matching amount of \$636,652. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions; as approved by ARC. The period of performance of the grant was from October 15, 2021, to October 21, 2022, which is covered by this performance audit engagement.

The grant was awarded to Noble Local School District, to aid in a project titled, “Green Acres: A Regional Workforce Education/Training Ecosystem”. This project was funded to provide dynamic and targeted access to in-demand training/education and upskilling programming. The grant was also used to fund the purchase of specialized equipment to support Agribusiness training on-site.

## **Objective, Scope, and Methodology**

### *Objective*

The general objectives of the performance audit were to determine whether Noble Local School District 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 PW-20476-IM, titled “Green Acres: A Regional Workforce Education/Training Ecosystem”, which was awarded to the Grantee. The term of the grant was from October 15, 2021 to October 21, 2022.

The budgeted amounts for the grant are presented below:

<b>Exhibit – A: Schedule of Grant Budget</b>			
<u>Object Class Category</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
Personnel	\$ -	\$ 152,508	\$ 152,508
Fringe Benefits	-	78,565	78,565
Equipment	404,856	59,000	463,856
Other	-	346,579	346,579
Total Direct Charges	\$ 404,856	\$ 636,652	\$ 1,041,508
<b>Total</b>	<b>\$ 404,856</b>	<b>\$ 636,652</b>	<b>\$ 1,041,508</b>

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 matters described in Finding 2022-001 in the accompanying Findings, Recommendations, and Grantee’s Response section of this report.
- 2) As of October 21, 2022, the Grantee had expended \$1,060,083, which was \$18,575 more than the grant’s budgeted amount of \$1,041,508.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of October 21, 2022, which reflects the results of our audit.



Exhibit – B: Schedule of Claimed and Audit Recommended Costs  
 As of October 21, 2022

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ -	\$ 165,945	\$ -	\$ -	\$ -	\$ 165,945	\$ 165,945
Fringe Benefits	-	83,703	-	-	-	83,703	83,703
Equipment	404,856	59,000	-	-	404,856	59,000	463,856
Other	-	346,579	-	-	-	346,579	346,579
Total Direct Charges	\$ 404,856	\$ 655,227	\$ -	\$ -	\$ 404,856	\$ 655,227	\$ 1,060,083
<b>Total</b>	<b>\$ 404,856</b>	<b>\$ 655,227</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 404,856</b>	<b>\$ 655,227</b>	<b>\$ 1,060,083</b>

- 3) Internal guidelines, including program (internal) controls, were not adequate and operating effectively. The Grantee did not have adequate policies and procedures over the financial management of Federal grants; as described in Finding 2022-001 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 the Grantee had contributed a matching amount of \$655,227, which was \$18,575 more than the required matching contribution amount of \$636,652, as of October 21, 2022. 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 improved and served; number of students improved and served). Based on our review of the Grantee’s procedures, the performance results reported to ARC were fair and reasonable
- 7) We reviewed Single Audit reports available on the Federal Audit Clearinghouse for Nobel Local School District and noted the Grantee had Single Audits performed for the years ended June 30, 2021, and 2022 The Single Audit reports did not identify deficiencies or material weaknesses in internal control over compliance requirements as outlined in the OMB Compliance Supplement and over reporting.

## Findings, Recommendations, and Grantee's Response

### 2022-001 – Non-compliance with the reporting requirements

#### Condition:

The Grantee did not submit two SF-270 quarterly reports in a timely manner. These reports were due on February 27, 2022, and November 20, 2022. However, the Grantee submitted the reports on May 2, 2022; and December 21, 2022, respectively.

**Questioned Costs:** None noted.

#### 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..... Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the report period”.

The Appalachian Regional Commission (ARC) grant agreement and manual require the Grantee to submit the quarterly financial and narrative reports, including SF-270, within 30 days of the end of the reporting period.

#### Cause:

The Grantee submitted the SF-270 quarterly reports late because of the Grantee's personnel were not familiar with the ARC.Net system, which is a portal via which the Grantee submits the quarterly reports. The late submission was also due to having a new key management personnel, who was unaware of this reporting requirement.

#### Effect:

Quarterly reporting is a tool to monitor a projects financial status and progress toward completion. For reporting to be successful it needs to be timely and accurate. When reports are not prepared in a timely manner, the Grantee does not have the necessary information to adjust their activities or resources if a situation requires. When reports are not submitted to ARC in a timely fashion, it deprives ARC the ability to provide effective oversight to the project being implemented and may also hinder the Grantees ability to obtain additional funding from ARC.

#### Recommendations:

We recommend that the Grantee's management ensure that the SF-270 quarterly reports are submitted to ARC in a timely manner.

#### Grantee's Response:

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

#### Auditor's Response:

Since the Grantee concurred with our audit result, no additional comment is necessary.

**Attachment 1: Grantee's Response**

**Executive Staff**  
Justin Denius, Superintendent  
Trenda Heddleson, Treasurer/CFO  
Shay Young, Education Services/Grant Coordinator  
Danielle Davis, Executive Secretary  
Gunny Dudley, Assistant Treasurer  
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**Noble Local School District**

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**Board of Education**  
Edward McKee, Board President  
Kevin Stottsberry, Vice President  
Constance Archer, Board Member  
Guy Carpenter, Board Member  
Lori McElroy, Board Member

October 25, 2023

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

Subject: Performance Audit of Grant Agreement Number PW-20476-IM

We are providing this letter in connection with the subject audit performed by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).


We have reviewed the audit finding and concur with the audit result. We are providing the following written grantee response:


Noble Local School District appreciates the ARC funding that assisted our District in building an excellent learning facility for our students. The funding was used to purchase farm equipment essential for true, hands-on STEM/STEAM learning to occur and the project goals were achieved. Since this was the District's first opportunity to work with ARC funding and the ARC.Net system, there was somewhat of a learning curve for the District personnel that impacted the timing of the first quarterly report due in February 2022. Additionally, there were changes in key management positions assigned to prepare and electronically approve reports within the ARC.Net system and this impacted the timely submission of the November 2022 quarterly report. The District worked with ARC officials regarding how to remedy these situations upon becoming aware they existed. Despite these two matters of timeliness, the reports were submitted and they were submitted accurately once the systematic challenges were addressed. The District acknowledges the fact that these reports should have been submitted within 30 days of the end of the reporting period and has systems in place to ensure accurate and timely reporting continues when future funding is awarded.

On behalf of Noble Local School District, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

  
Shay Young  
Education Services/Grant Coordinator  
Noble Local School District

  
Trenda Heddleson  
Treasurer/CFO  
Noble Local School District

  
Justin Denius  
Superintendent  
Noble Local School District