



## Office of Inspector General

Appalachian Regional Commission

# Audit of Grant Award to Calhoun Community College Grant Number CO-20215

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Report Prepared by Regis & Associates

Report Number 23-15

April 26, 2023

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



# Office of Inspector General

Appalachian Regional Commission

April 26, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 23-15 – Calhoun Community College

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number CO-20215, to Calhoun Community College 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 make any recommendations in the report.

We do not express any opinion on the conclusions presented in Regis & Associate, PC's 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 that was 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 CO-20215-1  
for the Period from March 1, 2021, to October 31, 2022*

*Awarded to  
Calhoun Community College*

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

Auditee: Calhoun Community College.  
As of Date: April 19, 2023



MANAGEMENT CONSULTANTS &  
CERTIFIED PUBLIC ACCOUNTANTS  
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Washington, DC 20005

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**EXECUTIVE SUMMARY**

Office of 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 CO 20215-1, awarded by the Appalachian Regional Commission (ARC) to Calhoun Community College (the Grantee); with a grant performance period from March 1, 2021, to October 31, 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 March 1, 2021, to October 31, 2022.

The objectives of the 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 February 24, 2022, through March 17, 2023. We determined that Calhoun Community College’s financial management, 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 Calhoun Community College’s officials at the conclusion of our fieldwork. Calhoun Community College’s response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Calhoun Community College and ARC staff during this performance audit.

*Regis & Associates, PC*

Regis & Associates, PC  
Washington, DC  
April 19, 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 25, 2021, the Appalachian Regional Commission awarded Grant Number CO-20215-1, titled "Advanced Workforce Welding Initiative (AWWI)" to Calhoun Community College, in the amount of \$198,000. As a condition of this award, the Grantee was required to contribute a matching amount of \$208,240. The original period of performance of the grant was from March 1, 2021, to April 30, 2022. On March 3, 2022, ARC approved a contract amendment, which extended the grant's period of performance to October 31, 2022. This performance audit engagement covers the period from March 1, 2021, to October 31, 2022.

The grant awarded to Calhoun Community College was to address economic and workforce-related matters in the areas of advanced welding for fossil-based power generation and advanced manufacturing applications. Project funds were used to purchase training equipment to strengthen the welding program at Calhoun Community College. The addition of robotic welding equipment and subsequent course offerings provides an opportunity for existing and future students to receive training to enter the workforce. Under this program, incumbent workers were also able to obtain a certificate in robotic welding, to position themselves for advancement in their current jobs. The robotic welding equipment was to support a broader range of courses than are currently offered in both the welding technologies and the aerospace welding programs, with the potential to create a new short-term certificate.

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

### ***Objective***

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 CO-20215-I, titled "Advanced Workforce Welding Initiative", which was awarded to Calhoun Community College. The term of the grant was from March 1, 2021, to October 31, 2022, which included an extension of the period of performance.

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	\$ -	\$ 116,860	\$ 116,860
Fringe Benefits	-	51,380	51,380
Equipment	198,000	40,000	238,000
Total Direct Charges	\$ 198,000	\$ 208,240	\$ 406,240
<b>Total</b>	<b>\$ 198,000</b>	<b>\$ 208,240</b>	<b>\$ 406,240</b>

The general objectives of this performance audit were to determine whether Calhoun 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 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 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 October 31, 2022, the grants funds were expended, as provided for in the approved grant budget.

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

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

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ -	\$ 237,028	\$ -	\$ -	\$ -	\$ 237,028	\$ 237,028
Fringe Benefits	-	70,902	-	-	-	70,902	70,902
Equipment	197,803	40,000	-	-	197,803	40,000	237,803
Total Direct Charges	\$ 197,803	\$ 347,930	\$ -	\$ -	\$ 197,803	\$ 347,930	\$ 545,733
<b>Total</b>	<b>\$ 197,803</b>	<b>\$ 347,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 197,803</b>	<b>\$ 347,930</b>	<b>\$ 545,733</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 requirements.
- 5) We determined that the Grantee met the required matching amount of \$208,240 as of October 31, 2022. The Grantee and its partners contributed matching funds in the amount of \$347,930, which was \$139,690 more than the required matching amount. 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 students improved, and the number of students served). Based on our review of the Grantee’s procedures, the performance results reported to ARC were fair and reasonable.
- 7) The Grantee had a Single Audit performed for the period ended September 30, 2021. The audit report did not contain any findings or recommendations related to the management of Federal assistance awards.



**Attachment 1: Grantee 's Response**



CALHOUN COMMUNITY COLLEGE

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April 19, 2023

David Polite  
Regis & Associates, PC  
1420 K St NW Ste 910  
Washington, DC 20005

Dear Mr. Polite,

Calhoun Community College has reviewed the Draft Audit Report of ARC Grant CO 20215-21. The college agrees with the auditor's conclusions.

Sincerely,

A handwritten signature in cursive script that reads "Shawn Birdwell". The signature is written in black ink and is positioned above the printed name.

Shawn Birdwell