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**APPALACHIAN REGIONAL COMMISSION  
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD**

**Jefferson State Community College  
Birmingham, Alabama**

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**Final Report Number: 18-25  
Grant Number: AL-18619  
July 2018**

**Prepared by:**

**Leon Snead & Company, P.C.**



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Leon Snead & Company, P.C. completed an audit of grant number AL-18619 awarded by the Appalachian Regional Commission (ARC) to Jefferson State Community College (JSCC). 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); and (5) the matching requirements and the goals and objectives of the grant were met.

Overall, JSCC's financial management and administrative procedures and internal controls were adequate to manage the funds provided under the ARC grant. The costs tested were properly supported. Grants matching funds were fully met. Financial and project progress reports submitted to ARC were accurate and on time. We found that JSCC had an adequate process in place for obtaining and recording data related to the overall goal and objectives of the grant. Performance measures for the grant had been met or were on track to be met. The performance report showed that 263 high school students had enrolled in the Manufacturing and Technology Program and 11 of these students had received associate degrees and entered into manufacturing related employment. The report also showed that 26 students had enrolled in the newly offered Manufacturing Skill Standards Council's Certified Production Technician Certification program.

Leon Snead & Company appreciates the cooperation and assistance received from JSCC and ARC staff during the audit.

Sincerely,

*Leon Snead & Company, P.C.*  
Leon Snead & Company, P.C.

TABLE OF CONTENTS

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	<i><u>Page</u></i>
Background .....	1
Objective, Scope, and Methodology .....	1
Summary of Audit Results .....	2

## **Background**

Leon Snead & Company, P.C. completed an audit of grant number AL-18619 awarded by the Appalachian Regional Commission (ARC) to Jefferson State Community College (JSCC). 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 grant was awarded to JSCC to provide funding for the Jefferson State Automotive Industry Partnership Initiative. The Initiative was designed to provide the residents of St. Clair and Jefferson counties with the training and certifications necessary to obtain skilled jobs with local automotive suppliers. Grant funds were used to purchase equipment to expand the Manufacturing Systems Technology at the Jefferson and St. Clair County campuses of JSCC. The key component of the project was upgrading to newer technology so the college can provide training of Siemens Programmable Logic Controls (PLCs) that is used at local manufacturers.

## **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 the goals and objectives of the grant were met.

The period of performance for grant AL-18619 was June 1, 2016 through February 28, 2018. ARC provided \$510,000 for the project and \$530,963 was required in non-federal matching funds for an estimated project cost of \$1,040,963. Final project outlays totaled \$1,050,963. ARC grant funds of \$510,000 were expended during the project, the majority of which were used for equipment costs. JSCC's final matching contribution totaled \$540,963. We tested \$476,722 of the ARC funds to determine whether the charges were properly supported and allowable. We tested \$460,766 in matching costs to determine whether the charges were properly supported and allowable. The grant had been completed and administratively closed by ARC at the time of the audit.

We reviewed documentation JSCC provided and interviewed 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 requirements. We reviewed the most recent financial statement audit to identify any issues that significantly impacted the ARC grant and the grant audit. We reviewed matching funds documentation to determine if requirements were met. We evaluated grant results discussed in the final project performance report to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at the JSCC campus in Birmingham, Alabama during the period of July 9 through July 13, 2018. The preliminary audit results were discussed with JSCC officials 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 agreements. The audit was performed in accordance with the *Government Auditing Standards*.

### **Summary of Audit Results**

Overall, JSCC's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grant audited. The costs tested for the grant were properly supported and allowable. Grant matching fund requirements were fully met. Financial and project performance reports were submitted to ARC timely and accurately. We determined JSCC had an adequate process in place for obtaining and recording data related to the overall goals of the grant.

Performance measures for the grant had been adequately met or were on track to be met. Based on the February 28, 2018 data from the final project performance report, 263 high school students had enrolled in the Manufacturing and Technology Program. Of these, 11 had received an associate's degree and entered into manufacturing related employment. Twenty six students had enrolled in the newly offered Manufacturing Skill Standards Council's Certified Production Technician Certification program.