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**APPALACHIAN REGIONAL COMMISSION  
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD  
Wallace State Community College  
Hanceville, Alabama**

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**Final Report No. 18-35  
Grant Number: AL-18290  
September 2018**

**Prepared by:**

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September 12, 2018

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Leon Snead & Company, P.C. completed an audit of grant number AL-18290 awarded by the Appalachian Regional Commission (ARC) to Wallace State Community College (WSCC). 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 (6) the established performance measures were met or likely to be met.

WSCC'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 WSCC 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 met or were on track to be met. Based on the April 30, 2018 data from the final project performance report, 252 Winston County residents had participated in WSCC's Winston County Works training programs. Of these individuals, 22 found employment in the automotive manufacturing industry and 100 have used the training to find employment in other industries.

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

Sincerely,

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

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## **Background**

Leon Snead & Company, P.C. completed an audit of grant number AL-18290 awarded by the Appalachian Regional Commission (ARC) to Wallace State Community College (WSCC). 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 provided ARC funding to support a project entitled Wallace State Community College Winston County Works! The project was designed to provide basic skills, workplace skills and technical training to residents in Winston County, Alabama through onsite Ready to Work programs and a mobile training unit. The training and programs were designed to provide technical instruction in high demand areas for automotive manufacturing. The project will also assist participants with job placement. The Director of Advancement and the administrative services staff administered the grant for WSCC at its Hanceville campus.

## **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); (5) the matching requirements; and (6) the established performance measures were met or likely to be met.

Grant AL-18290 originally covered the period September 1, 2015 through May 30, 2017, and was subsequently extended by amendment through April 30, 2018. Overall project costs were \$844,669, which consisted of \$671,652 in ARC funds and \$173,017 in non-federal matching funds. The percentage breakout of ARC to non-federal funding for the overall project was 80% ARC funds and 20% non-ARC recipient matching funds.

The approved grant budget provided \$748,965 in ARC funds and required \$187,346 in non-federal matching funds from WSCC to cover the total estimated project cost of \$936,311. As of the final SF-270, Request for Advance or Reimbursement, for the period ended April 30, 2018, the grantee listed \$671,652 in grant funds expended, and ARC had reimbursed WSCC \$603,573 at this time. WSCC requested the remaining grant funds of \$68,076 on the April 30, 2018, SF-270, dated May 30, 2018. WSCC provided \$173,017 in non-federal recipient matching funds. Of the expenditures charged to the grant and claimed for reimbursement, we selected a sample of \$375,553 for testing to determine whether the charges were properly supported and allowable. We also tested non-federal matching costs in the amount of \$72,529 to determine whether the charges were properly supported and allowable. The grant had ended but had not been administratively closed out by ARC at the time of the audit.

We reviewed documentation provided by WSCC and interviewed WSCC personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls applicable to the grant. We visited the location of the project equipment in order to inspect the tagging and condition of equipment. We reviewed project progress and

financial reports to determine if they were submitted to ARC in accordance with requirements. We reviewed the three most recent annual financial statement audit reports which included the period of grant performance to identify any issues significantly impacting the ARC grant and audit. We reviewed non-federal matching funds documentation to determine if requirements were met. We evaluated grant results discussed in the final project progress report to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at WSCC offices and facilities during August 6-10, 2018. The preliminary results were discussed with WSCC staff and officers during and at the conclusion of the on-site visit and they were in general agreement with the results.

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**

WSCC'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 WSCC 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 April 30, 2018 data from the final project performance report, 252 Winston County residents had participated in WSCC's Winston County Works training programs. Of these individuals, 22 found employment in the automotive manufacturing industry and 100 have used the training to find employment in other industries.