

Office of Inspector General

Report Prepared by Bonadio & Co., LLP

Audit of Grant Award – Georgia Northwestern Technical College

Grant Number – GA-18660-302-16



Office of Inspector General

APPALACHIAN REGIONAL COMMISSION

Audit Report: 20-18

July 31, 2020



July 31, 2020

TO: Charles Howard, Interim Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit of Grant Award – Georgia Northwestern Technical College,
Report Number 20-18

This memorandum transmits the Bonadio & Co., LLP report for the audit of costs charged by the Georgia Northwestern Technical College per its agreement with the Appalachian Regional Commission for grant number GA-18660-302-16. 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 met, not met, or not likely to be met.

OIG Oversight of the Audit

Bonadio & Co., LLP 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 Bonadio & Co., LLP's audit report. To fulfill our responsibilities, we:

- Reviewed Bonadio & Co., LLP's 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 with Bonadio & Co., LLP, as necessary, to discuss audit progress, findings, and recommendations;
- Reviewed the audit report prepared by Bonadio & Co., LLP; and
- Coordinated issuance of the audit report.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact me at 202-884-7675.

Attachment

June 26, 2020

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, N.W. Suite 700
Washington, D.C. 20009

Bonadio & Co., LLP completed an audit of grant number GA-18660-302-16 awarded by the Appalachian Regional Commission (ARC) to Georgia Northwestern Technical College (GNTC or grantee) for the Die Maintenance Technician Program (DMTP). The audit was performed to assist the Office of Inspector General in carrying out 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 appropriate 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 performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied

Overall, the grantee's financial management and administrative procedures, including related internal controls, were adequate to manage the funds provided under the ARC grant reviewed. The expenditures tested were supported and considered reasonable.

Bonadio & Co., LLP appreciated the cooperation and assistance received from the grantee and the ARC staff during the audit.

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant number GA-18660-302-16 awarded by the Appalachian Regional Commission (ARC) to Georgia Northwestern Technical College (GNTC or grantee) for the Die Maintenance Technician Program (DMTP). The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of the ARC grant funds.

The grant provided a total of \$443,643 including \$310,550 in ARC funds and required a match of \$133,093 in non-ARC funds for the grant period October 1, 2016 to December 31, 2018. The funding provides technical training for the automotive industry with a focus on residents of Chattooga and Murray counties. ARC provided funding for the upgrade of an industrial lab and industry standard equipment necessary to carry out a newly designed curriculum leading to a Die Maintenance Technician technical certificate of credit. GNTC will provide matching funds including in-kind contributions of faculty. The faculty are full-time instructors in the machine tool technology and welding technology programs. The program was developed in collaboration with the automotive industry with the goal of providing jobs for newly-trained die maintenance technicians. ARC funds provided equipment to help students meet the curriculum standards to achieve certification. The majority of the approved total budget was for equipment and faculty.

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 appropriate 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 performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied

We reviewed the documentation provided and interviewed grantee personnel to obtain an overall understanding of the grant activities, the accounting system, and operating procedures. We evaluated internal controls to determine whether they were adequate to administer the grant funds. We examined financial and other required reports to determine if they were supported and submitted in accordance with the grant requirements. We observed a sample of equipment purchased by the grant. We also obtained the most recent Single Audit report to determine whether there were any reported issues that affected the ARC grant.

We tested approximately \$244,940 of grant expenditures to determine whether the charges were properly supported and allowable. We also reviewed the grantee's procedures for allocating administrative costs to the grant.

The criteria used in performing the audit were ARC grant documents, the grant approval, the grant agreement, the ARC code, other ARC requirements, and 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards". The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was completed during the period of December 3, 2019 through December 5, 2019, which included on-site work at the grantee's office in Rome, Georgia. The audit results were discussed with grantee representatives at the conclusion of the on-site visit.

SUMMARY OF AUDIT RESULTS

Overall, the financial management and administrative procedures were adequate to manage the grant funds reviewed. Although the total approved project budget was \$443,643, the grantee only expended \$384,587 including \$249,733 of ARC funds and \$134,854 of non-ARC funds. Based on our testing, we did not question any costs incurred. The expenses tested were supported and considered reasonable. We found that the grantee had an adequate process in place for obtaining and recording data related to the goals of the grant. The grant was closed by ARC on February 13, 2019.

The grant program was designed to meet the needs of local automobile and other advanced manufacturing employers by providing technical training focused on repairing and maintaining die press equipment. At the time of the audit, this was the only public post-secondary program in Georgia focused on training in repairing and maintaining die press equipment. The planned output was to have 10 students enrolled per semester for a total of 50 students. Although the 10 students to be enrolled per semester metric was not met, a total of 117 students participated in the program within the first five semesters, with three of the five semesters meeting the goal.

The anticipated outcome was to have 40 students complete the program and 33 employed in the field. However, as of the end of the 2018 fall semester only two students have completed the program and are now employed in the field of die maintenance.

GNTC has recognized that the low completion numbers have not met the projected output. However, GNTC has continued their marketing efforts and has stated that an additional 15 students have completed two or more of the program courses and are continuing their education since the grant ended.