
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD
West Virginia Development Office
Charleston, West Virginia**

**Final Report
Final Report Number: 16-07
Project Numbers: WV-7762-C32 & WV-7762-C31
March 2016**

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Leon Snead & Company, P.C. completed an audit of grant numbers WV-7762-C32 and WV-7762-C31 awarded by the Appalachian Regional Commission (ARC) to the West Virginia Development Office (WVDO). The audit was performed to assist the Office of the Inspector General in carrying out its oversight of ARC grant activities.

The primary objectives of the audit 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 and best practices, 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); and (5) the matching requirements and the goals and objectives of the grant were met.

Overall, the WVDO's financial and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grants audited. The costs tested were supported and considered reasonable. We found that the WVDO had an adequate process in place for obtaining and recording data related to the goals and objectives of the grant. In addition, the records and reports indicated that the tasks required by the grant agreement were being accomplished. The overall grant performance measures, with respect to anticipated outputs and outcomes, were adequately met for both grants. The grantee only used \$257,105 of the \$350,000 grant award for WV-7762-C32. This was attributed to the grantee being unable to fill one of its positions.

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

Sincerely,

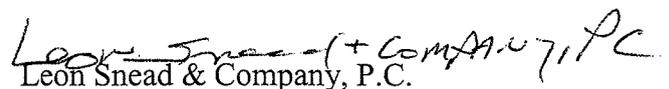

Leon Snead & Company, P.C.

TABLE OF CONTENTS

	<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 numbers WV-7762-C32 and WV-7762-C31 awarded by the Appalachian Regional Commission (ARC) to the West Virginia Development Office (WVDO). 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.

ARC awards a Consolidated Technical Assistance Grant to the WVDO annually to provide funding for technical assistance and outreach to local economic development organizations through the Main Street, ON TRAC, and Growing Healthy Communities programs. The overall grant activities include project development, project administration, monitoring, planning and regional coordination.

Grant WV-7762-32 covered the period July 1, 2014 to June 30, 2015 and provided \$350,000 in ARC funds and required \$350,000 in non-ARC recipient matching funds. The majority of the funds were budgeted for salaries (including fringe benefits) and contractual costs, with smaller amounts for other categories including travel and supplies. These cost breakdowns were consistent for both grant years audited. The grant had been completed and was administratively closed by ARC with a total of \$257,105 in grant funds being expended and reimbursed by ARC.

Grant WV-7762-31 covered the period July 1, 2013 to June 30, 2014 and provided \$275,000 in ARC funds and required \$275,000 in non-ARC recipient matching funds. In addition, the WVDO received WV-7762-C31-R1, which added \$75,000 in ARC funds and required \$75,000 in non-ARC recipient matching funds. Total funding for the year was \$350,000 in ARC funds and \$350,000 in non-ARC recipient matching funds. The grant had been completed and was administratively closed by ARC with a total of \$349,952 in grant funds being expended and reimbursed by ARC.

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.

Of the \$257,105 in expenditures charged to grant WV-7762-C32 and claimed for reimbursement, we selected a sample of \$64,515 in expenditures for testing to determine whether the charges were properly supported and allowable. Also, we tested matching costs in the amount of \$64,515 to determine whether the charges were properly supported and allowable.

Of the \$349,952 in expenditures charged to grant WV-7762-C31 and claimed for reimbursement, we selected a sample of \$216,200 in expenditures for testing to determine whether the charges

were properly supported and allowable. Also, we tested matching costs in the amount of \$216,200 to determine whether the charges were properly supported and allowable.

We reviewed documentation provided by the WVDO and interviewed personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed financial and project progress reports to determine if they were submitted in accordance with requirements. We reviewed the written policies and administrative procedures to determine if they were compliant with federal requirements and adequate to administer the grant. We reviewed the most recent A-133 report to identify any issues that significantly impacted the ARC grant and the grant audit. The on-site fieldwork was performed at the WVDO offices in Charleston, West Virginia during February 17-19, 2016. The preliminary results were discussed with the WVDO staff at the conclusion of the visit.

The primary criteria used in performing the audit were the grant agreements, applicable Office of Management and Budget (OMB) Circulars, and the ARC Code. The audit was performed in accordance with *Government Auditing Standards*.

Summary of Audit Results

The WVDO's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grants audited. The costs tested were supported and considered reasonable. We found that the WVDO had an adequate process in place for obtaining and recording data related to the goals of the grant. The overall grant performance measures, with respect to anticipated outputs and outcomes, were met. We noted no instances where the performance measures were not met. The grantee only used \$257,105 of the \$350,000 grant award for WV-7762-C32. This was attributed to the grantee being unable to fill one of its positions.