
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT OF GRANT AWARD**

**Southern Alleghenies Planning & Development Commission
Local Development Districts Administration Grant (LDD)
Altoona, Pennsylvania**

**Final Report Number: 16-20
Project Number: PA-708-F-C43-15
July 5, 2016**

Prepared By:

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Appalachian Regional Commission
Office of Inspector General
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Bonadio & Co., LLP completed an audit of grant number PA-708-F-C43-15 awarded by the Appalachian Regional Commission (ARC) to the Southern Alleghenies Planning & Development Commission. The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant funds.

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 expensed 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); and (5) the matching requirements and objectives of the grant were met.

Overall, the grantee's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grant reviewed. The costs 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 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 performances measures were adequately met.

Bonadio & Co., LLP appreciated the cooperation and assistance received from Southern Alleghenies Planning & Development Commission and the ARC staff during the audit.

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant number PA-708-F-C43-15 awarded by the Appalachian Regional Commission (ARC) to the Southern Alleghenies Planning & Development Commission (grantee). 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 grantee is a regional planning and economic development agency which coordinates federal, state and local resources to encourage development in six counties in Pennsylvania: Bedford, Blair, Cambria, Fulton, Huntingdon and Somerset. The grantee was incorporated on July 28, 1967 as a not-for-profit corporation.

ARC grant number PA-708-F-C43-15 was awarded to cover the period January 1, 2015 to December 31, 2015. It provided \$102,055 in ARC funds and \$102,055 in non-ARC funds. The majority of the approved total budget was for staff salaries, benefits and indirect costs.

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 expensed as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, where appropriate 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 objectives of the grant were met.

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 grantee administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds. We also obtained the most recent Single Audit report to determine whether there were any issues that impacted the ARC grant.

Of the \$200,945 in expenditures charged to grant PA-708-F-C43-15, we selected a sample of \$45,714, in expenditures for testing to determine whether the charges were properly supported and allowable. We also reviewed the grantee's procedures for allocating indirect charges.

The criteria used in performing the audit were ARC grant documents, the grant approval, the ARC code, other ARC requirements, federal 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 May 24-27, 2016, including on-site work at the Southern Alleghenies Planning & Development Commission in Altoona, Pennsylvania. The audit results were discussed with grantee representatives at the conclusion of the on-site visit. The grantee's representative agreed with the audit results.

SUMMARY OF AUDIT RESULTS

Overall, the grantee's administrative procedures were adequate to manage the grant and funds reviewed. Total expenses amounted to \$200,945 and based on test work results, Bonadio & Co., LLP did not question any cost incurred. The expenses tested were supported and considered reasonable. The grantee returned \$1,582 of unspent funds to the ARC after the grant period. We found the grantee had an adequate process in place for obtaining and recording data related to the objectives of the grant. In addition, the records and reports indicated that the tasks required by the grant agreement were accomplished. The overall grant performance measures were adequately met for the grant, which was completed on December 31, 2015.

The grantee does not have an audited indirect cost percentage. They have a cost allocation plan. The grantee's plan methodology appeared reasonable.

Audit Findings

There were no findings noted as a result of our audit procedures.

OTHER OBSERVATIONS – PERFORMANCE MEASURES

- The grantee received and assisted in six pre-applications for ARC grants in 2015. Of the six, five were awarded funds. The Southern Alleghenies Planning & Development Commission was the recipient of two of the grants. One was a PREP grant and the other was for the grantee's GIS/GPS program.
- Technical assistance was provided to 315 applicants, grantees, businesses and others in 2015.