

Office of Inspector General

Report Prepared by Bonadio & Co., LLP

Audit of Grant Award – Southern Tier Central Regional Planning and Development Board

Grant Number – NY-2337-C-46, C-47, and C-48



Office of Inspector General

APPALACHIAN REGIONAL COMMISSION

Audit Report: 20-16

July 6, 2020



July 6, 2020

TO: Charles Howard, Interim Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit of Grant Award – Southern Tier Central Regional Planning and Development Board, Report Number 20-16

This memorandum transmits the Bonadio & Co., LLP report for the audit of costs charged by the Southern Tier Central Regional Planning and Development Board per its agreement with the Appalachian Regional Commission for grant numbers NY-2337-C-46, C-47 and C-48. 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

Report 20-16

June 6, 2020

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

Bonadio & Co., LLP completed an audit of grant number NY-2337-C-46, C-47 and C-48 awarded by the Appalachian Regional Commission (ARC) to the Southern Tier Central Regional Planning and Development Board (grantee) for the Local Development Districts Administrative Grant. 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. The overall grant performance measures were adequately met.

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

Bonadio & Co., LLP

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant numbers NY-2337-C-46, C-47 and C-48 awarded by the Appalachian Regional Commission (ARC) to the Southern Tier Central Regional Planning and Development Board for the Local Development Districts Administrative Grant (STC). 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 Southern Tier Central Regional Planning and Development Board is a regional planning and economic development agency serving three counties in the region. Much of the approved total budget was for staff salaries and benefits.

Grant C-46 initially provided \$144,450 in ARC funds and required the same amount of match to cover the period January 1, 2017 to June 30, 2017. The grant was subsequently amended to provide an additional \$144,450 of ARC funds and another \$144,450 in match and extended the grant to December 31, 2017 for a total of \$577,800.

Grant C-47 initially provided \$144,500 in ARC funds and required the same amount of match to cover the period January 1, 2018 to June 30, 2018. The grant was subsequently amended to provide an additional \$144,500 of ARC funds and another \$144,500 in match and extended the grant to December 31, 2018 for a total of \$578,000.

At the time of fieldwork, the performance period for grant C-48 had not ended. Grant C-48 provided \$314,000 of ARC funds requiring a match of \$314,000 in non-ARC funds for the period of January 1, 2019 to December 31, 2019.

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 grantee administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds.

We selected an initial sample of expenditures totaling \$223,093 from the grants, to determine whether the charges were properly supported and allowable. We also reviewed additional expenditures each year to gain an understanding of the grantee's procedures for allocating administrative costs.

The criteria used in performing the audit were ARC 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 September 30, 2019 through October 3, 2019, which included on-site work at the grantee's office. The audit results were discussed with grantee representatives at the conclusion of the on-site visit.

SUMMARY OF AUDIT RESULTS

Overall, the grantee's administrative procedures were adequate to manage the ARC grant funds. Total program expenses of the 3 grants amounted to \$1,783,800 through December 31, 2019. Based on test work results, we did not question any costs incurred. The expenses tested were supported and considered reasonable. We found the grantee had an acceptable process in place for obtaining and recording data related to the objectives of the grant. We reviewed the grantee's 2017 and 2018 Single Audit reports observing that there were no findings related to ARC funding. In addition, the records and reports indicated that the tasks required by the grant agreement were accomplished.

The performance measures established in the applications is to submit 6-9 grant applications annually, complete 9 reports, studies or plans, and assist municipalities. The grantee prepared and submitted 5 projects in 2017, 11 projects in 2018 and 7 projects in 2019 meeting the planned outputs. The grantee completed 27 reports, studies or grants over the course of the 3 years of the audit period. In addition, extensive direct technical assistance has been provided to municipalities covering various topics.

The STC holds numerous training and technical assistance sessions each year. The STC sponsored its 23rd Annual Leadership Conference in 2019. The Conference had representation from 59 of STC's 77 municipalities and the 3 county governments. Conference attendance exceeded 350 and attendees could select from 30 training sessions scheduled during the one-day conference. Conference participants were from planning, zoning, and municipal boards, justices, clerks, highway departments, and code enforcement officers, and other local officials and community leaders. For the three-year audit period there were 1,090 total attendees, an average of over 363 conference attendees per year. Also, there was an average of 61 municipalities represented each year.

In addition to the one-day Leadership Conference, STC also offers a "Planning School" training program that is held monthly. Topics include budgeting, planning and zoning and solar energy. The grantee provides additional training throughout the year as needed.