



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Buckeye Hills Regional Council Grant Number OH-20656

Report Prepared by Castro & Co, LLC

Report Number 24-28

June 6, 2024

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, Suite 718
Washington, D.C. 20009



Office of Inspector General

Appalachian Regional Commission

June 6, 2024

TO: Brandon McBride, Executive Director

FROM: Rhonda L. Turnbow, Acting Inspector General *Rhonda Turnbow*

SUBJECT: Audit Report 24-28 – Buckeye Hills Regional Council

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number OH-20656 per its agreement with the Appalachian Regional Commission. 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 reasonable, supported, and fairly represented to the Commission.

Castro & Company, LLC, is responsible for the attached audit report and the conclusions expressed in this report. The auditors did not issue any recommendations. We do not express any opinion on the conclusions presented in the audit report. To fulfill our responsibilities, we:

- Reviewed the 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, as necessary;
- Reviewed the draft and final audit reports; and
- Coordinated the issuance of the audit report.

We thank your staff for the assistance extended to the auditors during this audit. Please contact me at 202-884-7675 if you have any questions regarding the report.



**Appalachian Regional Commission
Performance Audit Report
of Grant No. OH-20656**

**For the period from January 1, 2022 to March 17, 2023
Awarded to the Buckeye Hills Regional Council**

**Prepared for the Appalachian Regional Commission
Office of Inspector General**

June 6, 2024

Final Report

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Executive Summary

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

Castro & Company, LLC (Castro & Co) conducted a performance audit of Grant Number OH-20656 awarded by the Appalachian Regional Commission (ARC) to the Buckeye Hills Regional Council (the Grantee) for the period of January 1, 2022 to March 17, 2023. The audit was conducted at the request of the ARC's Office of Inspector General to assist it in its oversight of ARC grant funds.

The objectives of the performance audit were to determine whether: (1) grant 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 guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements); (5) matching requirements were met; and (6) the reported performance measures were fair and reasonable.

We determined that the Grantee's financial management, administrative procedures, and related internal controls were adequate to manage the ARC grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with the Buckeye Hills Regional Council's management at the conclusion of our fieldwork.

Castro & Co appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

Castro & Company, LLC

Alexandria, VA
June 6, 2024

Background

The Appalachian Regional Commission (ARC) is a regional economic development agency, representing a unique partnership of Federal, state, and local governments. ARC-funded programs are used to support education and job training; health care; water and sewer systems; housing; highway construction; and other essentials of comprehensive economic development. ARC grants are made to a wide range of entities including local development districts, state ARC offices, state and local governments, educational establishments, nonprofit organizations, and for a variety of economic development projects. Castro & Company, LLC (Castro & Co) was contracted by the ARC's Office of Inspector General to perform the audit of Grant No. OH-20656 awarded to the Buckeye Hills Regional Council (the Grantee) for the period of January 1, 2022 to March 17, 2023.

ARC awarded Grant No. OH-20656 to Buckeye Hills Regional Council to provide funding for an economic feasibility study and develop a strategic plan to reuse the Ridges complex including the Kirkbride campus (the historic Athens Asylum on the Ridges site) in Athens, Ohio. The economic feasibility study included reuse of existing asylum buildings, preservation of natural areas for the community's use, and development of select land parcels to generate the resources to pay for the preservation of the historic buildings and natural features.

The period of performance for Grant No. OH-20656 covered the period from January 1, 2022 to March 17, 2023. The grant agreement provided a budget of \$150,000 in ARC funds and required non-ARC matching funds of \$37,500 for a total project cost of \$187,500. The allowable percentage breakout of ARC to non-ARC funding for the project was 80% ARC funds to 20% matching funds.

We obtained Standard Form (SF) 270, *Request for Advance or Reimbursement*, for the period covering January 1, 2023 to March 17, 2023 that identified cumulative total ARC costs of \$149,147 (69%) and non-ARC matching costs of \$67,510 (31%) for a total project cost of \$216,657.

Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC's Office of Inspector General to conduct a performance audit of the Buckeye Hills Regional Council to determine compliance with the requirements of the ARC Grant No. OH-20656 for the period of January 1, 2022 to March 17, 2023.

The budgeted amounts for the grant are presented in Exhibit A below:

Exhibit A: Schedule of Grant Budget			
Category	Federal Amount	Non-Federal Amount	Total
Travel	\$ 5,000	\$ -	\$ 5,000
Contractual	\$ 145,000	\$ -	\$ 145,000
Other	\$ -	\$ 37,500	\$ 37,500
Total	\$ 150,000	\$ 37,500	\$ 187,500

The objectives of our audit were to determine whether the Grantee used grant funding from the ARC in accordance with its ARC grant agreement and complied with financial management requirements, specifically to determine whether:

- Program funds were managed in accordance with the ARC and Federal grant requirements;
- Grant funds were expended as provided for in the approved grant budget;
- Internal grant guidelines, including program (internal) controls, were adequate and operating effectively;
- Accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements);
- Matching requirements were met; and
- Reported performance measures were fair and reasonable.

The scope of this audit included those costs addressed in the Buckeye Hills Regional Council's system that specifically applied to ARC such as travel, contractual, and other costs. We conducted this performance audit from September 2023 to April 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit was conducted using the applicable requirements contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the ARC Code, and the Grant Agreement.

To meet the audit objectives, our overall methodology included the following:

- Obtaining an understanding of the Grantee's internal controls and documenting key controls over cash disbursements, cash receipts, and procurement through reviews of policies and procedures, prior audit reports, organization charts, inquiry of the Grantee's management and other available documentation, assessing control risk, and determining the extent of testing needed based on the control risk assessment;
- Considering fraud risk through a team fraud brainstorming session and inquiries of the Grantee's management about their understanding of the risks of fraud related to grant awards, programs and controls the Grantee had established to mitigate specific fraud risks, and whether management was aware of any allegations of fraud or suspected fraud;
- Selecting a sample of expenditures based on materiality calculated using Government Accountability Office (GAO)/Council of the Inspectors General on Integrity and Efficiency (CIGIE) Financial Audit Manual (FAM) sections 230.01 through 230.13 and auditing, on a test basis, evidence supporting the grant funds were expended during the grant period, were properly supported and allowable under both Federal and ARC requirements;

- Testing match costs to determine whether match requirements were met, were properly supported and allowable under both Federal and ARC requirements;
- Conducting interviews with the Grantee to evaluate the Grantee's processes for accurately tracking and reporting on the grant performance measures.

Grantee's Response to Audit Results

Our audit results were discussed with Ms. Chasity Schmelzenbach, Executive Director for the Buckeye Hills Regional Council during the exit conference on May 23, 2024. The Buckeye Hills Regional Council concurred with our results.

Summary of Results

Castro & Co's procedures determined the Buckeye Hills Regional Council managed the grant funds in accordance with the ARC and Federal grant requirements. Grant funds were expended as provided for in the approved grant budget.

Buckeye Hills Regional Council's financial management, administrative procedures, and internal controls were adequate to account for the funds provided under the ARC grant. The Grantee's internal guidelines, including program (internal) controls, were adequate and operating effectively. We noted the Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant. Accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements.

The Grantee reported a total of \$149,147 in ARC costs and \$67,510 in non-ARC matching costs; therefore, we determined the Grantee met the match requirements. These matching funds were properly supported and allowable under both Federal and ARC requirements. Based on our review of the Grantee's procedures, the performance results reported to ARC were fair and reasonable.

We reviewed Single Audit reports available on the Federal Audit Clearinghouse for Buckeye Hills Regional Council and noted the Grantee had a Single Audit performed for the year ended June 30, 2022. The Single Audit reports did not include any findings or recommendations related to internal control and compliance with the requirements outlined in the OMB Compliance Supplement for the management of federal assistance awards.

Exhibit B below presents costs claimed by the Buckeye Hills Regional Council and costs recommended as a result of the grant audit.

Exhibit B: Schedule of Claimed and Audit Recommended Costs							
	Claimed		Questioned		Audit Recommended		
Category	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Travel	\$ 4,147	\$ -	\$ -	\$ -	\$ 4,147	\$ -	\$ 4,147
Contractual ¹	\$ 145,000	\$ 67,510	\$ -	\$ -	\$ 145,000	\$ 67,510	\$ 212,510
Total	\$ 149,147	\$ 67,510	\$ -	\$ -	\$ 149,147	\$ 67,510	\$ 216,657

¹ The Grantee reported match costs totaling \$67,510 under the Contractual cost category that were originally under the Other (in-kind) cost category on the approved budget. There was no substantial change with the type of costs incurred when compared to the grant application; therefore, costs claimed aligned with ARC and Federal regulations.