



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Christian Appalachian Project, Inc. Grant Number KY-20681

Report Prepared by Regis & Associates, PC

Report Number 24-34

July 10, 2024

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



Office of Inspector General

Appalachian Regional Commission

July 10, 2024

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 24-34 – Christian Appalachian Project, Inc.

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number KY-20681 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.

Regis & Associates, PC, 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.

*Report on Performance Audit
of
Appalachian Regional Commission
Grant Number KY-20681*

for the Period from August 1, 2022, to August 31, 2023

*Awarded to
Christian Appalachian Project, Inc.*

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

Auditee: Christian Appalachian Project, Inc.
As of Date: June 26, 2024


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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EXECUTIVE SUMMARY

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

We conducted a performance audit (the audit) of grant agreement number KY-20681, awarded by the Appalachian Regional Commission (ARC) to Christian Appalachian Project, Inc. (the Grantee); with a grant performance period of August 1, 2022, to August 31, 2023. We conducted this performance audit at the request of the ARC Office of Inspector General, to assist it in its oversight of ARC grant funds. This performance audit engagement covers the period from August 1, 2022, to August 31, 2023.

The objectives of the performance audit were to determine whether: (1) program funds were managed in accordance with 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; (6) the reported performance measures were fair and reasonable; and 7) if the requirements for the performance of a Single Audit were met, the Grantee conducted such an audit and appropriately addressed any noted findings and recommendations related to the management of Federal awards.

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

We conducted the planning and fieldwork phases of the audit during the period from November 20, 2023, through February 12, 2024. We determined that Christian Appalachian Project Inc.'s financial management, administrative procedures, and related internal controls, were adequate to manage ARC's grant funds. There were no findings or recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with Christian Appalachian Project, Inc.'s officials at the conclusion of our fieldwork. Christian Appalachian Project, Inc.'s response has been included as

Christian Appalachian Project Inc
Performance Audit of ARC Grant Number KY-20681

Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Christian Appalachian Project, Inc.'s and ARC's staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
June 26, 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, healthcare, water and sewer systems, housing, highway construction, and other essentials of comprehensive economic development. ARC's staff is responsible for program development, policy analysis and review, grant development, technical assistance to states, and management and oversight. 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.

On August 1, 2022, the Appalachian Regional Commission awarded Grant Number KY-20681, in the amount of \$104,000, to Christian Appalachian Project, Inc. As a condition of this award, the Grantee was required to contribute a matching amount of \$30,000. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions as approved by ARC. The original period of performance of the grant was from August 1, 2022, through July 31, 2023. On July 1, 2023, ARC approved an amendment to extend the grant's period of performance to August 31, 2023. This performance audit engagement covers the period from August 1, 2022, to August 31, 2023.

The grant was awarded to Christian Appalachian Project, Inc. to aid in a project titled, "Expansion of Youth Empowerment Services and Operation Sharing Program". This project's goal was to provide youth educational services and expand food and goods sharing programs in the Appalachian Eastern Kentucky counties.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Christian Appalachian Project, Inc. expended grant funds in accordance with applicable requirements; and to report any resulting findings and questioned cost relating to internal controls, program performance, and compliance with provisions of the grant agreement, laws, and regulations.

Scope and Methodology

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated March 17, 2021; engaged Regis & Associates, PC to conduct a performance audit of Grant Number KY-20681, titled "Expansion of Youth Empowerment Services and Operation Sharing Program", which was awarded to the Grantee. The term of the grant was from August 1, 2022, to August 31, 2023. The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget

Object Class Category	Federal	Non-Federal	Total
Equipment	\$ 70,000	\$ 10,000	\$ 80,000
Salary	34,000	20,000	54,000
Total Direct Charges	\$ 104,000	\$ 30,000	\$ 134,000
Total	\$ 104,000	\$ 30,000	\$ 134,000

We conducted this performance audit, in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Our audit procedures included:

- Obtaining an understanding of the Grantee’s internal controls; assessing control risk; and determining the extent of testing needed, based on the control risk assessment.
- Reviewing written fiscal policies and administrative procedures for applicable grant activities.
- Assessing, on a test basis, evidence supporting the amounts; and the Grantee’s data and records.
- Assessing the accounting principles and significant estimates made by the Grantee.
- Evaluating the overall evidence and presentation of the records.
- Assessing whether the grant’s reported performance measures were fair and reasonable.
- Conducting other test procedures deemed necessary, based on our professional judgment.

Results

Based on the results of our testing and analysis on this performance audit, we determined that:

- 1) The grant funds were managed in accordance with ARC and Federal grant requirements.
- 2) As of August 31, 2023, the Grantee had expended \$145,560, which was \$11,560 more than the budgeted amount of \$134,000.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of August 31, 2023, which reflects the results of our audit.

Exhibit – B: Schedule of Claimed and Audit Recommended Costs

Object Class Category	Claimed Costs			Questioned Costs			Audit Recommended		
	Federal	Non-Federal	Total	Federal	Non-Federal	Total	Federal	Non-Federal	Total
Equipment	\$ 70,000	\$ 21,560	\$ 91,560	\$ -	\$ -	\$ -	\$ 70,000	\$ 21,560	\$ 91,560
Salary	34,000	20,000	54,000	-	-	-	34,000	20,000	54,000
Total	\$ 104,000	\$ 41,560	\$ 145,560	\$ -	\$ -	\$ -	\$ 104,000	\$ 41,560	\$ 145,560

- 3) Internal guidelines, including program (internal) controls, were 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), including ARC requirements.
- 5) We determined that the Grantee had contributed a matching amount of \$41,560, which was \$11,560 more than the required matching contribution amount of \$30,000, as of August 31, 2023. These matching funds were properly supported and allowable under both Federal and ARC requirements.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e., number of students enrolled and trained, and number of communities impacted by the project). Based on our review of the Grantee's procedures, the performance results reported to ARC were fair and reasonable.
- 7) We verified that the Grantee did not meet the requirements for the performance of a Single Audit; and thus, was not subject to the Single Audit requirements, under the Uniform Guidance.

Attachment 1 - Grantee's Response



Date: June 26, 2024
To: Fidel Wambura, CPA, Senior Manager, Regis & Associates, PC
From: Brian Stiefel, CFO
Subject: Performance Audit of Grant Agreement Number KY-20681

We have reviewed the performance audit results and report prepared by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).

We concur with the audit results and report that was submitted to us for review. On behalf of Christian Appalachian Project, it was a pleasure working with you and your team and we look forward to working with you in the future.

Thank you for the opportunity to review and respond to the draft report.

Sincerely,

Name: Brian Stiefel

Signature:

A handwritten signature in black ink, appearing to read "Brian Stiefel", written over a horizontal line.

Title: Chief Financial Officer

Date: June 26, 2024