



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Mountain Association Grant Number PW-20856

Report Prepared by Regis & Associates, PC

Report Number 24-38

August 28, 2024

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



Office of Inspector General

Appalachian Regional Commission

August 28, 2024

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 24-38 – Mountain Association

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number PW-20856 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 PW-20856-TA-22*

for the Period from October 1, 2022, to December 31, 2023

*Awarded to
Mountain Association*

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

Auditee: Mountain Association
As of Date: August 26, 2024


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
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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 PW-20856-TA-22, awarded by the Appalachian Regional Commission (ARC) to Mountain Association (the Grantee); with a grant performance period of October 1, 2022, to December 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 October 1, 2022, to December 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 June 3, 2024, through August 14, 2024. We determined that Mountain Association’s financial management, administrative procedures, and related internal controls, were adequate to manage ARC’s grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with Mountain Association’s officials at the conclusion of our fieldwork. Mountain Association’s response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Mountain Association’s and ARC’s staff during this performance audit.

Regis & Associates, PC
Washington, DC
August 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 September 16, 2022, the Appalachian Regional Commission awarded Grant Number PW-20856-TA-22, in the amount of \$50,000, to Mountain Association. As a condition of this award, the Grantee was required to contribute a matching amount of \$29,807. 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 October 1, 2022, through September 30, 2023. On September 1, 2023, ARC approved an amendment to extend the grant's period of performance to December 31, 2023. This performance audit engagement covers the period from October 1, 2022, to December 31, 2023.

The grant was awarded to Mountain Association, to aid in a project titled, "The EKY Community Accelerator Project". This project's goal was to test, evaluate, and improve new tools that facilitate strategic planning and community engagement, with the aim of helping local communities affected by changes in the coal economy, to identify and implement sustainable development strategies.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Mountain Association 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 the provisions of the grant agreement, laws, and regulations.

Scope and Methodology

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated February 25, 2022; engaged Regis & Associates, PC to conduct a performance audit of Grant Number PW-20856-TA-22, titled "The EKY Community Accelerator Project", which was awarded to the Grantee. The term of the grant was from October 1, 2022, to December 31, 2023.

The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget			
<u>Object Class Category</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
Personnel	\$ -	\$ 24,157	\$ 24,157
Fringe Benefits	-	5,650	5,650
Travel	3,163	-	3,163
Supplies	916	-	916
Contractual	32,453	-	32,453
Other	13,468	-	13,468
Total	\$ 50,000	\$ 29,807	\$ 79,807

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) We found that, as of December 31, 2023, the Grantee had expended \$82,343, which was \$2,536 more than the budgeted amount of \$79,807.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost, 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		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ -	\$ 25,884	\$ -	\$ -	\$ -	\$ 25,884	\$ 25,884
Fringe Benefits	-	6,459	-	-	-	6,459	6,459
Travel	3,163	-	-	-	3,163	-	3,163
Supplies	916	-	-	-	916	-	916
Contractual	32,102	-	-	-	32,102	-	32,102
Other	13,819	-	-	-	13,819	-	13,819
Total	\$ 50,000	\$ 32,343	\$ -	\$ -	\$ 50,000	\$ 32,343	\$ 82,343

- 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 \$32,343, which was \$2,536 more than the required matching contribution amount of \$29,807, as of December 31, 2023.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e., the number of communities improved, the number of communities served, and the future implementation planned for community accelerators to support economic growth). 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 had a Single Audit performed for the period ended December 31, 2023. The audit report did not contain any findings or recommendations related to the Grantee’s management of Federal assistance awards.

Attachment 1: Grantee's Response



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August 26, 2024

Peter Regis, CPA
Regis & Associates, PC
1420 K Street, NW Suite 910
Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number PW-20856-TA-22
We have reviewed the performance audit results, and a 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 Mountain Association, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

A handwritten signature in blue ink that reads "Kacie Zechman". The signature is fluid and cursive.

Kacie Zechman, CPA
CFO