



Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to
Augusta Levy Learning Center (ALLC)
Grant Number PW-20881**

Report Prepared by Regis & Associates, PC

Report Number 25-21

March 7, 2025

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



Office of Inspector General

Appalachian Regional Commission

March 7, 2025

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 25-21 – Augusta Levy Learning Center (ALLC)

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number PW-20881 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. 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.

The auditors made two recommendations in the report. Within the next 30 days, please provide me with your management decisions describing the specific actions that you will take to implement the recommendations.

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-20881-TA-22
for the Period from October 1, 2022, to October 1, 2023*

*Awarded to
Augusta Levy Learning Center*

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

*Auditee: Augusta Levy Learning Center
As of Date: March 5, 2025*


MANAGEMENT CONSULTANTS &
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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-20881-TA-22, awarded by the Appalachian Regional Commission (ARC) to Augusta Levy Learning Center (the Grantee); with a grant performance period of October 1, 2022, to October 1, 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 October 1, 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 planning and fieldwork phases of the audit during the period from October 10, 2024, through January 31, 2025. We determined that, except for the matters identified as Findings 2025-001 and 2025-002 in the accompanying Findings, Recommendations, and Grantee's Response section of this report; Augusta Levy Learning Center's financial management, administrative procedures, and related internal controls, were adequate to manage ARC's grant funds.

We discussed the results of this performance audit with Augusta Levy Learning Center's officials at the conclusion of our fieldwork. Augusta Levy Learning Center's response has been included as Attachment 1 to this report.

Regis & Associates, PC appreciates the cooperation and assistance received from Augusta Levy Learning Center and ARC staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
March 5, 2025

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 9, 2022, the Appalachian Regional Commission awarded Grant Number PW-20881-TA-22, in the amount of \$50,000, to Augusta Levy Learning Center. As a condition of this award, the Grantee was required to contribute a matching amount of \$64,860. The grant's performance period was from October 1, 2022, through October 1, 2023. This performance audit engagement covers the period from October 1, 2022, to October 1, 2023.

The grant was awarded to Augusta Levy Learning Center, to aid in a project titled, "Workforce & Education Development for Applied Behavior Analysis (ABA)". The project's goal was to create a strategic plan to develop a workforce, trained in ABA. The strategic plan's focus was to evaluate the current ABA workforce in West Virginia, with the aim of expanding opportunities and services for children with Autism.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Augusta Levy Learning Center 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 February 25, 2021; engaged Regis & Associates, PC to conduct a performance audit of Grant Number PW-20881-TA-22, titled "Workforce & Education Development for Applied Behavior Analysis (ABA)", which was awarded to the Augusta Levy Learning Center.

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	\$ 28,540	\$ -	\$ 28,540
Travel	1,475	23,970	25,445
Equipment	-	2,850	2,850
Supplies	1,525	-	1,525
Contractual	14,460	38,040	52,500
Other	4,000	-	4,000
Total Direct Charges	\$ 50,000	\$ 64,860	\$ 114,860
Total	\$ 50,000	\$ 64,860	\$ 114,860

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; except for matters described in Findings 2025-001 and 2025-002, in the accompanying Findings, Recommendations, and Grantee’s Response section of this report.
- 2) As of October 1, 2023, the Grantee had expended the total grant budgeted amount of \$114,860. We questioned \$3,321 of these costs, as detailed in Finding 2025-002; in the accompanying Findings, Recommendations, and Grantee’s Response section of this report. This resulted in total audit recommended cost of \$111,539.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of October 1, 2023, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs
As of October 1, 2023**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ -	\$ -	\$ -	\$ (5,594)	\$ -	\$ 5,594	\$ 5,594
Travel	4,820	9,680	-	(10,602)	4,820	20,282	25,102
Equipment	1,000	-	-	(2,282)	1,000	2,282	3,282
Supplies	-	-	-	(348)	-	348	348
Contractual	44,180	55,180	-	22,147	44,180	33,033	77,213
Total Direct Charges	\$ 50,000	\$ 64,860	\$ -	\$ 3,321	\$ 50,000	\$ 61,539	\$ 111,539
Total	\$ 50,000	\$ 64,860	\$ -	\$ 3,321	\$ 50,000	\$ 61,539	\$ 111,539

- 3) Internal guidelines, including program (internal) controls, were not adequate and operating effectively as described in Finding 2025-002. In addition, the Grantee did not have written policies and procedures for applicable grant activities, that we considered to be adequate for administering the grant as described in Finding 2025-001 in the accompanying Findings, Recommendations, and Grantee's Response section of this report.
- 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, except for the matters described in finding 2025-002. We questioned \$3,321 of Non-Federal matching funds, as a result of unsupported accounting transactions.
- 5) We determined that the Grantee contributed \$61,539 of the required matching amount of \$64,860 as of October 1, 2023. We questioned \$3,321 as described in finding 2025-002 in the accompanying Findings, Recommendations, and Grantee's Response section of this report. Except for the questioned costs, 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 (that include a statewide strategic plan for increasing ABA workforce and access to services in West Virginia). 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.

Findings, Recommendations, and Grantee's Response

Finding 2025-001 – Lack of Written Policies and Procedures for Federal Grant Funds

Condition:

During our testing, we observed that the Grantee did not have written policies and procedures for managing federal assistance awards.

Criteria:

The provisions of 2 CFR 200, Subparts D (*Post Federal Award Requirements*) and E (*Cost Principles*); require that non-Federal entities have certain written policies, procedures, and standards of conduct surrounding the management of Federal awards.

Questioned Costs:

None

Cause:

The Grantee did not have formal written policies and procedures for managing federal assistance awards, because they believed that their procurement policy and their written general guidelines were adequate for providing guidance on managing federal assistance awards.

Effect:

The lack of written policies and procedures for managing federal awards is not compliant with federal regulations. This condition may increase the risk of improper cost allocation, unallowable expenses being charged to the grant, or other non-compliance with applicable federal guidelines and terms and conditions of grant the agreement.

Recommendation:

Recommendation 1: We recommend that the Grantee develop and implement written policies and procedures surrounding the management of federal awards, in accordance with the Uniform Guidance.

Grantee's Response:

The Grantee concurred with the finding. See the Grantee's full response in Attachment 1.

Auditor's Response:

Since the Grantee concurred with this finding, no additional comments are necessary.

Finding 2025-002 – Deficiency in Internal Controls for Managing Federal Grant Funds

Condition:

As part of our procedures, we reviewed the SF-270 *Request for Advance or Reimbursement* reports for completeness and accuracy. During this process, we observed that for all three reports reviewed, there were reconciliation discrepancies between the SF-270 *Request for Advance or Reimbursement* reports and the Grantee's general ledger (GL) for matching expenses reported. The table below presents the matching amounts reported on the SF-270 *Request for Advance or Reimbursement* reports and the matching amounts reported on the Grantee's GL.

Table 1 - Reconciliation of the SF-270 *Request for Advance or Reimbursement* report matching amounts reported to the GL

Sequence No.	Report Period End date	Amount per SF-270 Report	Amount per GL	Difference
1	1/30/2023	\$ 9,680	\$ 5,684	\$ 3,996
2	5/31/2023	30,693	31,227	(534)
3	10/1/2023	24,487	24,628	(141)
Total		\$ 64,860	\$ 61,539	\$ 3,321

We also reconciled the total actual expenses (ARC and matching) incurred by object class category reported on the SF-270 *Request for Advance or Reimbursement* report, to the Grantee's general ledger, for the grant's performance period of October 1, 2022, to October 1, 2023. During this process, we identified the following discrepancies reported by the Grantee, across multiple object class categories, as presented in Table 2 below:

Table 2 - Comparison of Reported and Actual Expenses by Object Class Category

Object Class Category	ARC (Federal Share)			Matching (Non-Federal) Funds		
	Amount per SF 270	Amount per GL	Difference	Amount per SF 270	Amount per GL	Difference
Personnel	\$ -	\$ 9,104	\$ (9,104)	\$ -	\$ 5,594	\$ (5,594)
Travel	4,820	1,027	3,793	9,680	20,282	(10,602)
Equipment	1,000	64	936	-	2,282	(2,282)
Supplies	-	179	(179)	-	348	(348)
Contractual	44,180	35,626	8,554	55,180	33,033	22,147
Other	-	4,000	(4,000)	-	-	-
Total	\$ 50,000	\$ 50,000	\$ -	\$ 64,860	\$ 61,539	\$ 3,321

Criteria:

Per 2 CFR section 200.303(a), “a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)”.

Questioned Costs:

We questioned the difference of \$3,321, in the reported matching amount.

Cause:

The Grantee did not have controls in place to ensure completeness and accurate tracking and reporting of expenditures incurred during the grant period.

Effect:

Failure to ensure the completeness and accuracy of grant funds expended may result in inaccurate financial reporting to ARC.

Recommendation:

Recommendation 2: We recommend that the Grantee work with ARC to resolve the \$3,321 in questioned, matching costs.

Furthermore, the Grantee should also implement Recommendation 1 related to Finding 2025-001 above.

Grantee’s Response:

The Grantee concurred with the finding. See the Grantee’s full response in Attachment 1.

Auditor’s Response:

Since the Grantee concurred with this finding, no additional comments are necessary.

Attachment 1: Grantee's Response



March 5, 2025

Fidel Wambura, CPA
Senior Manager
Regis & Associates, PC
1420 K Street, NW Suite 910
Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number PW-20881-TA-22

We are providing this letter in connection with the subject audit performed by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).

I have reviewed and concur with the audit result. On behalf of Augusta Levy Learning Center (ALLC), it was a pleasure working with you and your team and we look forward to working with you in the future. Please see below the response for each recommendation.

We acknowledge the finding regarding the reported \$3,321 matching amount discrepancy. To address this issue, we will review our financial records and work closely with ARC to resolve the questioned costs.

Additionally, we are committed to strengthening our internal controls to ensure accurate tracking and reporting of expenditures. In response to this finding, we will implement the following corrective actions:

1. Enhanced Financial Controls: We will establish and enforce additional review procedures to verify the completeness and accuracy of reported expenditures before submission.
2. Training and Compliance: Staff responsible for financial reporting will receive training on federal grant compliance, including requirements outlined in 2 CFR section 200.303(a).
3. Regular Reconciliation: We will conduct periodic reconciliations to prevent discrepancies in matching costs and ensure compliance with grant terms.

We appreciate the recommendations and will implement Recommendation 1 related to Finding 2025-001 as suggested.

Please let us know if any further information or documentation is required.

Sincerely,


Executive Director