



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to County of Crawford Grant Number PW-20088

Report Prepared by Castro & Co, LLC

Report Number 25-43

September 25, 2025

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



Office of Inspector General

Appalachian Regional Commission

September 25, 2025

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 25-43 – County of Crawford

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number PW-20088 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 issued no recommendations in the 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.

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. PW-20088**

For the period of February 1, 2020 to November 13, 2024

Awarded to County of Crawford

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

September 24, 2025

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 PW-20088 awarded by the Appalachian Regional Commission (ARC) to the County of Crawford (the Grantee) for the period of February 1, 2020 to November 13, 2024. 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 County of Crawford'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
September 24, 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; 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 Number (No.) PW-20088 awarded to County of Crawford (the Grantee) for the period of February 1, 2020 to December 31, 2024.

ARC awarded Grant No. PW-20088 to County of Crawford to construct 18.2 miles of uncompleted trail segments as identified in a feasibility study. Completion of the targeted segments boosted the impact of existing trails and served as a catalyst to advance other gaps in the system. The targeted segments were a planned 270-mile network of trails that connected the waterfront to a city park of which approximately 66% of the trail system was complete at the time of the ARC award. The Pennsylvania (PA) Wilds region included a 220-mile network of trails of which approximately 73% was constructed at the time of the ARC award. Grant funds were used for construction of these targeted trail segments across 11 PA counties.

The original period of performance for Grant No. PW-20088 covered the period of October 1, 2020 to October 1, 2022 but was subsequently amended to the period of February 1, 2020 to June 30, 2025. The grant agreement provided a budget of \$1,500,000 in ARC funds and required non-ARC matching funds of \$1,880,350 for total project costs of \$3,380,350. The allowable percentage breakout of ARC to non-ARC funding for the project was 44% ARC funds to 56% matching funds.

We obtained the Automated Standard Application for Payments (ASAP) Drawdown Request dated May 16, 2024 and the Basic Agency Monitoring Report (BAMR) dated November 13, 2024 that identified total cumulative ARC costs of \$1,093,555 (50%) and non-ARC matching costs of \$1,093,556 (50%) for a total project cost of \$2,187,111.

Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC's Office of Inspector General to conduct a performance audit of County of Crawford to determine compliance with the requirements of the ARC Grant No. PW-20088 for the period of February 1, 2020 to November 13, 2024.

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

Exhibit A: Schedule of Grant Budget			
Category	Federal	Non-Federal	Total
Administrative & Legal and Construction	\$ 1,500,000	\$ 1,880,350	\$ 3,380,350
Total	\$ 1,500,000	\$ 1,880,350	\$ 3,380,350

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 includes those costs addressed in the County of Crawford's system that specifically apply to ARC, such as administrative, legal, and construction costs. We conducted this performance audit from November 2024 to September 2025 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 Subtitle A Chapter II Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)¹, 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, procurement, and match costs 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 has established to mitigate specific fraud risks, and whether management is aware of any allegations of fraud or suspected fraud;
- Selecting a sample of expenditures based on materiality calculated using Government Accountability Office (FAO)/Council of the Inspectors General for 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

¹ The applicable version of the Uniform Guidance was published on January 1, 2024.

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. Samantha Travis, Deputy Planning Director, and Mr. Brett Hollern, Vice President of the PA Environmental Council, for the County of Crawford during the exit conference on September 23, 2025. The County of Crawford concurred with our results.

Summary of Results

Castro & Co's procedures determined that the County of Crawford 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.

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 \$1,093,555 in ARC costs and \$1,093,556 in non-ARC matching costs; therefore, we determined the Grantee has not met the match requirements as of November 13, 2024. We also noted that as of November 13, 2024, the grant had not yet been closed. 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 the County of Crawford and noted the Grantee had Single Audits performed for the years ended December 31, 2023, 2022, 2021, and 2020. The Single Audit report for the year ended December 31, 2023, identified a material weakness in internal control over financial reporting related to interest earned and pension revenue. The Single Audit report did not identify deficiencies in internal control over compliance requirements as outlined in the OMB Compliance Supplement; therefore, we determined that the prior year's finding did not impact the Grantee's financial reporting of expended grant funds to ARC.

The Exhibit B below presents costs claimed by the County of Crawford 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
Administrative & Legal	\$ 92,710	\$ -	\$ -	\$ -	\$ 92,710	\$ -	\$ 92,710
Construction	\$1,000,845	\$1,093,556	\$ -	\$ -	\$1,000,845	\$1,093,556	\$2,094,401
Total	\$1,093,555	\$1,093,556	\$ -	\$ -	\$1,093,555	\$1,093,556	\$2,187,111