



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Delaware County Electric Cooperative Grant Number CO-21540

Report Prepared by Regis & Associates, PC

Report Number 26-18

February 9, 2026

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



Office of Inspector General

Appalachian Regional Commission

February 9, 2026

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 26-18 – Delaware County Electric Cooperative

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number CO-21540 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 therein. 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.

*Report on Performance Audit
of
Appalachian Regional Commission
Grant Number CO-21540-I
for the Period from October 1, 2023, to May 31, 2025*

*Awarded to
Delaware County Electric Cooperative*

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

Auditee: Delaware County Electric Cooperative
As of Date: February 3, 2026


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 CO-21540-I, awarded by the Appalachian Regional Commission (ARC), to Delaware County Electric Cooperative (the Grantee); with a grant performance period of October 1, 2023, to September 30, 2025. 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, 2023, to May 31, 2025.

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 August 28, 2025, through December 24, 2025. We determined that Delaware County Electric Cooperative'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 Delaware County Electric Cooperative's officials at the conclusion of our fieldwork. Their response has been included as Attachment 1 to this report.

Regis & Associates, PC appreciates the cooperation and assistance received from Delaware County Electric Cooperative's and ARC's staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
February 3, 2026

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 November 3, 2023, the Appalachian Regional Commission awarded Grant Number CO-21540-I, in the amount of \$400,000, to Delaware County Electric Cooperative. As a condition of this award, the Grantee was required to contribute a matching amount of \$444,840 from Non-federal sources. The period of performance of the grant was from October 1, 2023, through September 30, 2025. This performance audit engagement covers the period from October 1, 2023, to May 31, 2025.

The grant was awarded to Delaware County Electric Cooperative, to aid in a project titled "Line-Worker Training Program Development Project". The project was to fund the development and implementation of a new Line-Worker Training Program to benefit workers and targeted industries in Appalachian New York and Pennsylvania.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Delaware County Electric Cooperative 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, 2022; engaged Regis & Associates, PC to conduct a performance audit of Grant Number CO-21540-I, titled "Line-Worker Training Program Development Project", which was awarded to Delaware County Electric Cooperative.

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	\$ -	\$ 404,400	\$ 404,400
Fringe Benefits	-	40,440	40,440
Travel	12,000	-	12,000
Equipment	284,000	-	284,000
Supplies	84,000	-	84,000
Contractual	20,000	-	20,000
Total	\$ 400,000	\$ 444,840	\$ 844,840

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) Grant funds were expended, as provided for in the approved grant budget. As of May 31, 2025, the Grantee claimed \$455,377 of the grant’s budgeted amount of \$844,840.

**Delaware County Electric Cooperative
Performance Audit of ARC Grant Number CO-21540-I**

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of May 31, 2025, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs
As of as of May 31, 2025**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ -	\$ 199,518	\$ -	\$ -	\$ -	\$ 199,518	\$ 199,518
Fringe Benefits	-	19,952	-	-	-	19,952	19,952
Travel	5,173	-	-	-	5,173	-	5,173
Equipment	207,000	-	-	-	207,000	-	207,000
Supplies	13,258	-	-	-	13,258	-	13,258
Contractual	10,476	-	-	-	10,476	-	10,476
Total	\$ 235,907	\$ 219,470	\$ -	\$ -	\$ 235,907	\$ 219,470	\$ 455,377

- 3) Internal guidelines, including program (internal) controls, were adequate and operating effectively. The Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant.
- 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 contributed \$219,470 of the required matching contribution of \$444,840 as of May 31, 2025. 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. Students trained and improved, and workers trained and improved.) 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



MEMORANDUM

Date: February 3, 2026

TO: Fidel Wambura, CPA, Senior Manager, Regis & Associates, PC
Robin Campbell, Manager, Regis & Associates, PC

FROM: Janelle Linehan, Project Manager, Delaware County Electric Cooperative.

RE: Performance Audit of Grant Agreement Number Grant Number CO-21540-I

Delaware County Electric Cooperative has reviewed the audit draft report for Grant Agreement Number Grant Number CO-21540-I presented to us by Regis & Associates, PC.

We concur with the report that was submitted and the audit result.

Cooperatively yours,

A handwritten signature in blue ink that reads "Janelle Linehan". The signature is written in a cursive, flowing style.

Janelle Linehan

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