



## Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to  
Lake Cumberland Area Development District  
Grant Number KY-702-F-C55**

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Report Prepared by Allmond & Company, LLC

Report Number 26-22

March 10, 2026

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



# Office of Inspector General

Appalachian Regional Commission

March 10, 2026

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 26-22 – Lake Cumberland Area Development District

This memorandum transmits the Allmond & Company, LLC report for the audit of costs charged to grant number KY-702-F-C55 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.

Allmond & Company, LLC is responsible for the attached audit report and the conclusions expressed therein. 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 five 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 No. KY-702-F-C55  
For The Period of January 1, 2024 to December 31, 2024**

**Awarded To  
Lake Cumberland Area Development District**

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

**January 28, 2026**

**ALLMOND & COMPANY, LLC  
Certified Public Accountants  
7501 Forbes Boulevard, Suite 200  
Lanham, Maryland 20706  
(301) 918-8200**

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Appalachian Regional Commission  
Office of Inspector General  
1666 Connecticut Avenue, NW; Suite 700  
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### **EXECUTIVE SUMMARY**

The Appalachian Regional Commission (ARC) Office of Inspector General (OIG) has contracted with Allmond & Company, LLC (Allmond & Company) to perform a performance audit of grant number KY-702-F-C55 awarded to Lake Cumberland Area Development District (LCADD). The scope of our audit is ARC Grant No. KY-702-F-C55 funds used during the period of January 1 through December 31, 2024.

The objectives of the grant performance audit will be to determine if LCADD (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; (6) The single audit contained any findings or recommendations related to the management of federal assistant awards.

We conducted the performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, collectively referred to as generally accepted government auditing standards (GAGAS). 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 in accordance with our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the audit procedures performed, except for the exceptions identified in the Finding and Recommendation sections, we concluded that LCADD generally managed and expended grant funds in accordance with ARC and federal requirements, maintained adequate internal controls, and properly accounted for and controlled property during the audit period. However, LCADD did not meet matching requirements.

*Allmond & Company, LLC*

Lanham, MD  
January 28, 2026

## **BACKGROUND**

The Appalachian Regional Commission (ARC) was established by the Appalachian Regional Development Act (ARDA) of 1965 to oversee economic development in the Region. It is the purpose of this subtitle to assist the region in meeting its special problems, to promote its economic development, and to establish a framework for joint federal and state efforts toward providing the basic facilities essential to its growth and attacking its common problems and meeting its common needs on a coordinated and concerted regional basis. The ARC is an economic development partnership entity of the federal government with thirteen (13) state governments focusing on four hundred and twenty-three (423) counties across the Appalachian Region. Its mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia. The thirteen states are Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia.

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.

### **The Grantee – Lake Cumberland Area Development District**

Lake Cumberland Area Development District's mission is to provide a regional forum to local governments and citizens in order to identify issues and opportunities and to then provide leadership in planning and implementing projects and programs to improve the quality of life within the district. LCADD serves ten member counties: Adair, Casey, Clinton, Cumberland, Green, McCreary, Pulaski, Russell, Taylor and Wayne. LCADD's responsibilities include identifying needs within the region and proactively promoting and or implementing programs to address those needs; and actively fostering and promoting regionalism, organizing and or participating in regional forums.

ARC awarded Lake Cumberland Area Development District grant number KY-702-F-C55 in the amount of \$137,698 for the period of January 1 through December 31, 2024 which required an additional \$45,900 in matching funding. The grant funds were used to establish and expand economic development services in its service area and support programs that are consistent with the policy and guidelines for local development districts.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The objectives of the grant performance audit were to determine if LCADD:

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.
6. The single audit contained any findings or recommendations related to the management of federal assistant awards

The scope of our audit is ARC Grant No. KY-702-F-C55 funds used during the period of January 1 through December 31, 2024.

Description	Amount
Federal Grant Amount	\$137,698.00
Required Matching Funds	\$45,900.00
<b>Total</b>	<b>\$183,598.00</b>

The following chart summarizes LCADD’s approved budgeted amounts by budget category:

Budget Category	ARC Expenditures	Matching Expenditures	Total Expenditures
Personnel	\$77,110.88	\$25,446.40	\$102,557.28
Fringe Benefits	\$47,505.81	\$15,676.60	\$63,182.41
Travel	\$250.00	\$250.00	\$500.00
Supplies	\$750.00	\$750.00	\$1,500.00
<b>Total Direct Cost</b>	<b>\$125,616.69</b>	<b>\$42,123.00</b>	<b>\$167,739.69</b>
Indirect Cost	\$12,081.31	\$3,777.00	\$15,598.00
<b>Total</b>	<b>\$137,698.00</b>	<b>\$45,900.00</b>	<b>\$183,598.00</b>

We conducted our audit in accordance with GAGAS applicable to performance audits. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. To accomplish our objectives, we:

- Obtained an understanding of any regulatory criteria related to the LCADD’s responsibilities to administer grant funding awarded under ARC.
- Identified internal controls significant to our audit objectives for sample testing. Specifically, test internal controls in place in the areas of financial management, procurement, property, time and attendance, expense approval, and grant execution and reporting.
- Selected a representative sample of grant expenditures. These grant expenditures were tested for accuracy and program compliance by reviewing grant file documents, grant agreements, timesheets, financial management system documentation, invoices, financial status reports, and request for advance/reimbursement for grant payment forms.

- Reconciled and reviewed the financial reports for the ARC grants to LCADD's accounting records as of September 30, 2025.
- Verified that LCADD's matching expenses for the grant complied with the award requirements.
- Reviewed support for direct costs, including expenditures such as equipment, travel, and supplies, to determine whether the goods or services were allowable.
- Reviewed LCADD Grant Agreements, Request for Advance or Reimbursement Forms (SF-270), financial records, policies on cost allocation and allowability, budgets, financial statements and Single Audit reports, and grant and program applications to determine if LCADD is administering their grants in accordance with ARC and OMB requirements.

### **GRANTEE'S RESPONSE TO AUDIT RESULTS**

We conducted an exit conference on February 19, 2026 with representatives of LCADD, ARC OIG, and ARC representatives where we discussed the results of our audit. LCADD concurred with our results. We have included in this report LCADD's response to the findings identified in Appendix I – Response of Lake Cumberland Area Development District to the Findings. Such response has not been subjected to audit procedures and, accordingly, we do not provide any form of assurance on the appropriateness of the response or the effectiveness of the corrective actions described therein.

### **AUDIT RESULTS**

Based on the procedures performed, except for the exceptions identified below, we found that LCADD generally managed and expended grant funds in accordance with ARC and federal requirements, maintained adequate internal controls, properly accounted for and controlled property, and did not require a single audit during the audit period.

However, LCADD did not meet matching requirements during the audit period. We identified deficiencies in internal control that require improvements. These exceptions represent discrepancies which can adversely affect LCADD ability to meet objectives described above if not corrected. Specifically, LCADD needs improvements over 1) grant financial management; 2) compliance with ARC grant financial reporting requirements; and 3) timely submission of ARC financial and progress Reports. Our findings and recommendations are discussed in detail below.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of September 30, 2025, which reflects the results of our audit.

<b>Schedule of Claimed and Audit Recommended Costs</b>							
<b>Budget Category</b>	<b>Claimed Cost</b>		<b>Questioned Cost</b>		<b>Audit Recommended Costs</b>		
	<b>ARC</b>	<b>Matching</b>	<b>ARC</b>	<b>Matching</b>	<b>ARC</b>	<b>Matching</b>	<b>Total Expenditures</b>
Personnel	\$77,110.88	\$13,982.98	\$2,136.24	--	\$74,974.64	\$13,982.98	\$88,957.62
Fringe	\$47,505.81	\$2,110.09	--	--	\$47,505.81	\$2,110.09	\$49,615.90
Travel	\$241.16	\$1,101.20	--	--	\$241.16	\$1,101.20	\$1,342.36
Equipment	\$194.42	\$115.54	--	--	\$194.42	\$115.54	\$309.96
Supplies	--	\$130.00	--	--	--	\$130.00	\$130.00
Contractual	--	\$1,257.87	--	--	--	\$1,257.87	\$1,257.87
Other	\$564.42	\$1,523.77	--	--	\$564.42	\$1,523.77	\$2,088.19
<b>Total Direct</b>	<b>\$125,616.69</b>	<b>\$20,221.45</b>	<b>\$2,136.24</b>	--	<b>\$123,480.45</b>	<b>\$20,221.45</b>	<b>\$143,701.90</b>
Indirect	\$12,081.31	\$24,181.17	--	\$21,678.67	\$12,081.31	\$2,502.50	\$14,583.81
<b>Total</b>	<b>\$137,698.00</b>	<b>\$44,402.62</b>	<b>\$2,136.24</b>	<b>\$21,678.67</b>	<b>\$135,561.76</b>	<b>\$22,723.95</b>	<b>\$158,285.71</b>

**NOTICE OF FINDINGS AND RECOMMENDATIONS**

**Improvements Needed over LCADD’s Internal Controls related to Grant Financial Management (LCADD 2025-01)**

**CONDITION:**

During our testing of the agency’s ARC grant and matching expenditures, we noted the following questioned costs, totaling, \$23,814.91:

- Payroll and Benefit expenses incurred before the grant’s period of performance were charged to the grant, resulting in questioned costs of \$2,136.24.

Pay Period	Total Expense per LCADD GL	Auditor Calculated Expense	Difference (Questioned Cost)
12/21/23 – 01/05/24	\$2,670.20	\$534.06	\$2,136.24

- LCADD’s total indirect expenses exceeded the Uniform Guidance’s §200.414 10% de minimis indirect rate, effective for 2024.

Total Direct Expenses per LCADD GL	Limit per §200.414	Total Indirect Expenses per LCADD GL	Difference (Questioned Cost)
\$145,838.14	\$14,583.81	\$36,262.48	\$21,678.67

**CRITERIA:**

**ARC Grant Compliance Guide:**

**Chapter 4, Period of Performance, Paragraph 4.3, Financial Obligations Outside of the Period of Performance**, states in part, “...grant funds must be obligated or expended during the period of performance. If a recipient or subrecipient incurs costs outside of the period of performance—for example, prior to the start date of the grant period—those costs cannot be covered by the award funds. With this consideration in mind, grantees must work closely with their State Program Managers and ARC Project Coordinator to finalize the appropriate period of performance for the project. The applicable period of performance will be contained in the grant agreement, which the grantee should read carefully.”

**Chapter 5, Cost Principles, 5.3 Criteria for Allowable Costs** states in part, “Costs must meet the following general criteria in order to be allowable under federal awards:

- Be incurred during the approved budget period (closeout costs are an exception)

**OMB’s Uniform Guidance §200.414, Indirect (F&A) costs (2024)**, paragraph (f) states in part, “any non-Federal entity that does not have a current negotiated (including provisional) rate . . . may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate.”

**OMB’s Uniform Guidance §200.303, Internal Controls**, states in part, “The recipient and subrecipient must:

(a) 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).

(b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award . . .”

**GAO Standards for Internal Controls in the Federal Government**, (issued September 2014), Principle 10 – Design of Appropriate Types of Control Activities, 10.03, Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. . .

*Accurate and timely recording of transactions*

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.”

**QUESTIONED COST:**

We questioned \$2,136.24 of expenses outside of the period of performance and \$21,678.67 of indirect cost for a total of \$23,814.91 in questioned costs.

**CAUSE:**

LCADD management does not have policies and procedures in place to ensure accurate grant reporting.

**EFFECT:**

The Federal and Matching grant expenses reported in LCADD’s financial report may be incorrect. Also, LCADD could be non-compliant with applicable laws, regulations, and the grant terms.

**RECOMMENDATIONS:**

We recommend that Lake Cumberland Area Development District’s management:

1. Develop and implement policies and procedures to review federal and matching grant expenses for compliance with applicable laws, regulations and ARC grant requirements.
2. Work with ARC staff to correct the 2024 ARC grant financial report and resolve questioned costs.

**GRANTEE’S RESPONSE:**

LCADD concurs with the questioned cost of \$2,136.24. However, LCADD does not concur with the finding of \$21,678.67 in questioned cost. See LCADD’s full response in Appendix I.

**AUDITOR'S RESPONSE:**

We acknowledge receipt of LCADD's response to the finding related to the questioned indirect costs of \$21,678.67. After consideration of the information provided, we continue to report this amount as questioned costs for the following reasons:

- The criteria from the 2024 Uniform Guidance Appendix VII, Section D.1.c cited in LCADD's response was not effective for ARC Grant No. KY-702-F-C55. The 2024 revisions are applicable only to grant awards issued on or after October 1, 2024 and therefore are not applicable to this award.
- The 2021 Uniform Guidance Appendix VII that was effective at the time the grant was awarded does not include the following language as stated in LCADD's response: "This established rate must be accepted by any Federal agency to which the governmental department or agency applies for funding. Federal agencies must not compel the governmental department or agency to accept the de minimis rate or some other rate established by the Federal agency."

**Improvements Needed over Internal Controls related to ARC Grant Compliance (LCADD 2025-02)**

**CONDITION:**

During our review and testing of the agency’s Final Grant Reports, we noted the following instances of non-compliance with ARC grant requirements:

- LCADD did not meet their grant matching requirement.

Required Match per ARC Grant Agreement	Total Match Expenses per LCADD GL	Difference
\$45,900	\$44,402.62	\$1,497.38

**CRITERIA:**

**The Appalachian Regional Commission Match Management and Resources** states, in part:

- “... the full required match, as approved by ARC, must be contributed after the project’s start date but before the end of its period of performance. Access these resources to appropriately manage your match fund.”
- “Documenting Match Expenditures - Recipients and subrecipients must maintain records that clearly document the expenditure of their match, just as they would for award fund costs. The documentation should establish the amount, source and timing (that is within the period of performance) of the match funds. Just as with ARC funds, ARC may ask for a copy of match documentation. These records must also be available in the event of an audit or site visit.”
- ...Grantees are responsible for ensuring the award’s match requirement has been met...”

**OMB’s Uniform Guidance §200.303, Internal Controls**, states in part, “The recipient and subrecipient must:

- Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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).
- Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award . . .”

**CAUSE:**

LCADD management did not have policies and procedures to verify compliance with grant match funds requirements.

**EFFECT:**

LCADD Matching grant expenses reported in its financial report may be incorrect.

**RECOMMENDATIONS:**

We recommend that Lake Cumberland Area Development District's management:

3. Develop and implement policies and procedures to ensure ARC grant matching requirements are met in full.
4. Work with ARC staff to correct and resolve the 2024 ARC grant match deficiency.

**GRANTEE'S RESPONSE:**

LCADD concurred with the audit results. See LCADD's full response in Appendix I.

**AUDITOR'S RESPONSE:**

The Grantee concurred with our results. Therefore, no further response is necessary.

**Improvements Needed over Internal Controls related to Timely Submission of ARC Financial and Progress Reports (LCADD 2025-03)**

**CONDITION:**

Improvements are needed over LCADD’s internal controls related to ARC grant reporting requirements to ensure that the grant reports are submitted in a timely manner. We noted LCADD submitted their final financial and progress reports more than 30 days after the completion of the grant, specifically:

Reporting Coverage Period	Due Date	Submission Date	Number of Days Late
January 1, 2024 to December 31, 2024	January 31, 2025	February 27, 2025	27 days

**CRITERIA:**

**ARC Grant Agreement (Contract No. KY-702-F-C55-24), 3. Reports,** states in part, “Reports on work performance under Grantee’s work program shall be transmitted to ARC within 30 days after completion of the grant.”

**The ARC Grant Agreement (Contract No. KY-702-F-C55-24), 4 D. Financial Reports,** states in part, “A certified final financial status report must be received at the Commission no later than 30 days after completion of the grant.”

**OMB’s Uniform Guidance §200.303, Internal Controls,** states in part, “The recipient and subrecipient must:

- (a) Establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should align with the 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).
- (b) Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal award . . .”

**CAUSE:**

The final financial report and progress report were not submitted timely due to management error.

**EFFECT:**

Failure to submit the final FFR and Progress reports in a timely manner resulted in the grantee being non-compliant with OMB Circulars, the Uniform Guidance requirements, ARC Grant Agreement.

**RECOMMENDATIONS:**

We recommend that Lake Cumberland Area Development District’s management:

- 5. Develop and implement policies and procedures to ensure grant reports are submitted on time as required by ARC.

**GRANTEE'S RESPONSE:**

LCADD concurred with the audit results. See LCADD's full response in Appendix I.

**AUDITOR'S RESPONSE:**

The Grantee concurred with our results. Therefore, no further response is necessary.

# Lake Cumberland Area Development District, Inc.

P.O. Box 1570, Russell Springs, Kentucky 42642-1570

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March 6, 2026

Allmond & Company, LLC  
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Lanham, Maryland 20706

RE: ARC – Draft Performance Audit Report – LCADD (KY-702-F-C55)

Dear Mr. Clarke,

Please find enclosed LCADD's response to the draft audit report and findings letter.

## Response 1

Due to our accrual payroll the pay dates of 12/21/23-1/5/24 was charged to the program on the period end date of 1/5/24. Though the December work days were not performed during the grant period (1/25-12/25) it was unbilled expenses for the prior grant year. During the final pay period of the calendar year, LCADD will make sure no salary charges are charged to the program. We concur with the questioned cost of \$2,136.24.

LCADD does not concur with the finding of \$21,678.67 questioned indirect cost. Being an Area Development District, we are considered a governmental entity. Please see literature below.

### Per [EDA.GOV](http://EDA.GOV) website (LCADD's cognizant agency)

States and local governments receiving less than \$35 million in direct federal funding annually are afforded special administrative privileges relative to documenting indirect costs. Because these entities are subject to annual audits and detailed financial oversight, they are not required to get a NICRA or submit their indirect cost proposal to EDA2 unless EDA specifically requests the proposal.

Instead, it is their responsibility to maintain sufficient records and oversight to ensure they are properly accounting for and tracking these costs, including developing a new indirect cost proposal, six months before the expiration of the current indirect cost rate if they have one, or six months after the end of their fiscal year using most recently audited financial statements.

For EDA's purposes, designated Economic Development Districts (EDDs) that qualify as governmental entities under state law can be considered units of local government for indirect



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Web-Site Address - <https://lcadd.org>  
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cost determinations. Other EDDs not organized as units of government may be required to submit their indirect cost rate proposal for review and negotiation.

Please note: While the majority of Economic Development Districts (EDDs) are considered to be units of local government for the purposes of indirect costs, not all are. This is a legal determination that is made through a review of your Articles of Incorporation and Bylaws, and applicable state statutes and executive orders.

All indirect costs claimed in the Certificate of Indirect Costs are subject to audit, and it is the responsibility of the state, tribal and/or local government or EDA-designated District Organization to retain all appropriate records to address audit findings to prevent disallowed costs under an award.

### **OMB's Uniform Guidance 200 Appendix VII D.1.c**

#### **Submission of Indirect Cost Rate Proposals**

If a governmental department or agency (such as a state or local Department of Health, Department of Transportation, or Department of Housing) receives \$35 million or less in direct Federal funding during its fiscal year, it must develop an indirect cost proposal in accordance with the requirements of this part and maintain the proposal and related supporting documentation for audit. This established rate must be accepted by any Federal agency to which the governmental department or agency applies for funding. Federal agencies must not compel the governmental department or agency to accept the de minimis rate or some other rate established by the Federal agency. These governmental departments or agencies are not required to submit their proposals unless they are specifically requested to do so by an awarding Federal agency. The Federal agency's review should be limited to ensuring the proposal is consistent with the principles of this part. Where a non-Federal entity only receives funds as a subrecipient, the pass-through entity will be responsible for negotiating and/or monitoring the subrecipient's indirect costs.

#### **Response 2**

We will work with ARC to resolve this issue. Match will be met during the calendar year going forward.

#### **Response 3**

LCADD receives email communication from ARC staff of reporting deadlines. The deadline for the Final Report was February 7, 2025 per the email. Many Kentucky ADD's did not receive the first email indicating the deadline and we were unaware of the due date. Therefore, a second email was sent to Kentucky ADD's notifying them of the ARC Final Report deadline. This email was sent on February 18, 2025. LCADD submitted the Final Report on February 27, 2025.

Going forward LCADD will work with ARC staff to meet the 30-day deadline.

Sincerely,



Waylon Wright  
Executive Director

