



## Office of Inspector General

Appalachian Regional Commission

### Audit of Grant Award to Steel Valley Authority Grant Number MU-21596

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Report Prepared by Castro & Co, LLC

Report Number 26-33

May 29, 2026

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



# Office of Inspector General

Appalachian Regional Commission

May 29, 2026

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 26-33 – Steel Valley Authority

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number MU-21596 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 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 eight 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.



**Appalachian Regional Commission  
Performance Audit Report  
of Grant No. MU-21596**

**For the period from December 1, 2023 to June 30, 2025  
Awarded to Steel Valley Authority**

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

**May 28, 2026**

**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 (No.) MU-21596 awarded by the Appalachian Regional Commission (ARC) to Steel Valley Authority (SVA or the Grantee) for the period of December 1, 2023 to June 30, 2025. 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 except for Findings 01 and 02 related to financial management and Findings 03 and 04 related to administrative procedures described in **Appendix A – Findings and Recommendations**; the Grantee's financial management, administrative procedures, and related internal controls were adequate to manage the ARC grant funds.

We discussed the results of this performance audit with SVA's management at the conclusion of our fieldwork. The Grantee's response has been included as **Attachment 1 – Steel Valley Authority's Response** to this report.

Castro & Co appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

*Castro & Company, LLC*

Alexandria, VA  
May 28, 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; 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.) MU-21596 awarded to Steel Valley Authority (SVA or the Grantee) for the period of December 1, 2023 to June 30, 2025.

ARC awarded Grant No. MU-21596 to SVA to provide funding support for a plan to scope and build partnerships for the finance hub that aligned projects in Appalachia to a network of investors, pre-development funds, and other capitalization opportunities and matched technical assistance for communities and businesses to develop clean economy projects.

The original period of performance for Grant No. MU-21596 covered the period from December 1, 2023 to November 30, 2024, but was subsequently extended to June 30, 2025. The grant agreement provided a budget of \$500,000 in ARC funds and required non-ARC matching funds of \$290,000 for total project costs of \$790,000. The allowable percentage breakout of ARC to non-ARC funding for the project was 63% ARC funds to 37% matching funds.

We obtained the Standard Form (SF) 270, *Request for Advance or Reimbursement*, for the period covering April 1, 2025 to June 30, 2025 that identified total cumulative ARC costs of \$474,359 (62%) and non-ARC matching costs of \$285,402 (38%) for a total project cost of \$759,761.

## Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC's Office of Inspector General to conduct a performance audit of SVA to determine compliance with the requirements of the ARC Grant No. MU-21596 for the period of December 1, 2023 to June 30, 2025.

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

<b>Exhibit A: Schedule of Approved Budget</b>			
<b>Category</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
Personnel	\$ 48,500	\$ 37,500	\$ 86,000
Fringe Benefits	\$ 24,500	\$ 13,500	\$ 38,000
Travel	\$ 25,000	\$ -	\$ 25,000
Supplies	\$ 6,000	\$ 1,500	\$ 7,500
Contractual	\$ 314,000	\$ 235,000	\$ 549,000
Other	\$ 42,700	\$ 2,500	\$ 45,200
Indirect	\$ 39,300	\$ -	\$ 39,300
<b>Total</b>	<b>\$ 500,000</b>	<b>\$ 290,000</b>	<b>\$ 790,000</b>

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 SVA's system that specifically apply to ARC such as personnel, fringe benefits, travel, supplies, contractual, other, and indirect costs. We conducted this performance audit from August 2025 to May 2026 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)<sup>1</sup>, 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 (GAO)/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

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<sup>1</sup> The applicable version of the Uniform Guidance was published 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. Carrie Mihalko, Managing Director for SVA, during the exit conference on May 27, 2026. SVA concurred with the findings presented in the audit report. SVA's response has been incorporated into the report and a copy of the response, in its entirety, can be found in [Attachment 1 – Steel Valley Authority's Response](#).

## Summary of Results

Castro & Co's procedures determined that except for Findings 01 and 02 related to financial management and Findings 03 and 04 related to administrative procedures as described in [Appendix A](#); SVA 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, except for the matters described in Findings 01 and 02. We noted the Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant, except for the matter described in Finding 04. 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), except for the matter described in Finding 03. We questioned \$44,989 in ARC funded costs as a result of unsupported costs claimed.

The Grantee reported a total of \$474,359 in ARC costs and \$285,402 in non-ARC matching costs; therefore, we determined the Grantee met the match requirements as of June 30, 2025. These matching funds were properly supported and allowable under both Federal and ARC requirements, except for questioned costs of \$18,857 as described under Findings 01 and 02. 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 SVA and noted the Grantee had a Single Audit performed for the year(s) ended December 31, 2023 and 2024. The Single Audit report did not include any findings or recommendations related to internal control and compliance with the requirements outlined in the OMB Compliance Supplement for the management of federal assistance awards.

The Exhibit B below presents costs claimed by SVA and costs recommended as a result of the grant audit.

<b>Exhibit B: Schedule of Claimed and Audit Recommended Costs</b>							
	<b>Claimed</b>		<b>Questioned</b>		<b>Audit Recommended</b>		
<b>Category</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>Total</b>
Personnel	\$ 48,350	\$ 37,089	\$ -	\$ -	\$ 48,350	\$ 37,089	\$ 85,439
Fringe Benefits	\$ 13,102	\$ 9,298	\$ -	\$ -	\$ 13,102	\$ 9,298	\$ 22,400
Travel	\$ 12,907	\$ -	\$ -	\$ -	\$ 12,907	\$ -	\$ 12,907
Equipment	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ 15	\$ 15
Supplies	\$ 1,331	\$ 1,500	\$ -	\$ (1,400)	\$ 1,331	\$ 100	\$ 1,431
Contractual <sup>2</sup>	\$357,220	\$ 235,000	\$ (30,260)	\$ (15,000)	\$ 326,960	\$ 220,000	\$ 546,960
Other	\$ 36,467	\$ 2,500	\$ (14,729)	\$ (2,457)	\$ 21,738	\$ 43	\$ 21,781
Indirect	\$ 4,982	\$ -	\$ -	\$ -	\$ 4,982	\$ -	\$ 4,982
<b>Total</b>	<b>\$ 474,359</b>	<b>\$ 285,402</b>	<b>\$ (44,989)</b>	<b>\$ (18,857)</b>	<b>\$ 429,370</b>	<b>\$ 266,545</b>	<b>\$ 695,915</b>

<sup>2</sup> The amount reported for ARC funded Contractual cost of \$357,220 exceeded the approved budget amount by \$43,220 which does not exceed \$79,000 or 10% of the total grant budget. Therefore, prior ARC approval was not required.

## Appendix A – Findings and Recommendations

### Finding 01 – Unsupported ARC Funded and Non-ARC Matching Cost Share Expenditures

#### Condition:

As part of our procedures, Castro & Company, LLC (Castro & Co) reviewed supporting documentation provided by the Steel Valley Authority (SVA or the Grantee) for ARC funded and non-ARC matching cost share expenditures incurred during the period of December 1, 2023 to June 30, 2025. Castro & Co identified project expenditures that were not adequately supported by documentation in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Subtitle A Chapter II Part 200 (the Uniform Guidance or 2 CFR Part 200) as described in *Table 1* below.

<b>Cost Category</b>	<b>Federal</b>	<b>Non-Federal</b>	<b>Note</b>
Contractual	\$ 30,260	\$ 15,000	a
Other	\$ 14,729	\$ -	b
<b>Total Questioned Costs</b>	<b>\$ 44,989</b>	<b>\$ 15,000</b>	

- a. We noted that for three (3) ARC funded Contractual cost transactions totaling \$30,260, the Grantee did not provide proof of payment or detailed invoice documentation. Additionally, for one (1) non-ARC match Contractual cost transaction totaling \$15,000, evidence of payment was not provided.
- b. We noted three (3) ARC funded Other cost transactions totaling \$14,729 were not adequately supported; specifically,
  - For two (2) transactions totaling \$7,556 and \$5,344, respectively, the Grantee did not provide procurement documentation. The Grantee stated that a consultant with an existing relationship was selected due to time constraints.
  - For one (1) transaction in the amount of \$1,829, the Grantee did not provide evidence of payment.

#### Criteria:

2 CFR Part 200.403, *Factors affecting allowability of costs*, states:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (g) Be adequately documented.

2 CFR Part 200.302, *Financial management*, states:

- (b) The financial management system of each non-Federal entity must provide for the following
  - (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

2 CFR Part 200.318, *General procurement standards*, states:

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

2 CFR 200.320, *Methods of procurement to be followed*, states:

(a) *Informal procurement methods*. When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in §200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

(2) *Small purchases* –

(i) *Small purchase procedures*. The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.

**Cause:**

The Grantee did not have adequate internal controls to ensure that costs incurred for ARC funded and non-ARC matching cost share expenditures were adequately supported in accordance with the Uniform Guidance requirements.

**Effect:**

The lack of adequate internal control prevented SVA from identifying unsupported costs and ensuring the financial information reported to ARC was accurate and adequately supported as required by the Uniform Guidance. As a result, ARC may require the Grantee to reimburse the questioned costs of \$44,989 for unsupported ARC funded costs and exclude the questioned costs of \$15,000 for non-ARC matching costs.

**Recommendation:**

We recommend that the Grantee:

1. Revise policies and procedures to track and maintain supporting documentation to ensure expenditures are adequately supported prior to reporting financial information to ARC.
2. Work with ARC to resolve the questioned costs totaling \$44,989 for unsupported ARC funded Contractual and Other cost.
3. Work with ARC to resolve the questioned costs totaling \$15,000 for unsupported non-ARC matching Contractual cost.

**Grantee's Response:**

SVA takes exception to but agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number MU-21596 with a grant performance period of December 1, 2023, to June 30, 2025.

The application process required applicants to have partners aligned which did not adequately allow for a full procurement process to be executed. Any missing evidence of payments will be provided.

**Auditor's Response:**

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

## Finding 02 – Inaccurate Reporting of Financial Progress

### Condition:

As part of our audit procedures, Castro & Co compared general ledger (GL) detail transactions to cumulative total costs reported by SVA on the Standard Form (SF) 270 for ARC funded and non-ARC matching costs as of June 30, 2025. Castro & Co identified material variances between the reported amounts for non-ARC matching cost share and costs supported by the GL as detailed in the *Table 2* below.

Category	Reported	Supported by GL	Unsupported
Supplies	\$ 1,500	\$ 100	\$ 1,400
Other	\$ 2,500	\$ 43	\$ 2,457
<b>Match Total</b>	<b>\$ 4,000</b>	<b>\$ 143</b>	<b>\$ 3,857</b>

### Criteria:

2 CFR 200.302, *Financial management*, states:

(b) The financial management system of each non-Federal entity must provide for the following:

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in 2 CFR 200.328 and 200.329.

(3) Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.

Part II ARC Grant Agreement: General Provisions, Article 11 Method of Payment, states in part:

(3) Final Payment. Upon Grantee's satisfactory completion of the Agreement, Grantee shall receive any balance of funds which may be due under this Agreement.

(4) Disbursements. All disbursements shall be for obligations incurred, after the effective date, in the performance of this Agreement, and shall be supported by contracts, invoices, vouchers and other data, as appropriate, evidencing the disbursements.

### Cause:

The Grantee did not have adequate internal controls in place to ensure the cumulative amounts reported to ARC were reconciled to actual costs incurred and recorded in the GL.

### Effect:

The lack of adequate internal control to ensure the completeness and accuracy of financial information resulted in inaccurate costs being reported to ARC. Inaccurate reporting of costs incurred may lead to ARC providing incorrect information to regulatory agencies and stakeholders. As a result, ARC may require the Grantee to exclude \$3,857 in questioned costs for non-ARC matching cost share.

**Recommendation:**

We recommend that the Grantee:

4. Revise policies and procedures for financial reporting to ensure costs incurred under a federal award are tracked within the GL, regularly reconciled against previously reported amounts and the approved budget, and reviewed prior to submission.
5. Work with ARC to resolve the questioned costs of \$3,857 for non-ARC Matching cost share.

**Grantee's Response:**

SVA takes exception to but agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number MU-21596 with a grant performance period of December 1, 2023, to June 30, 2025.

The table provided shows supplies and an other category which do not necessarily coincide with the line items in our general ledger (i.e., supplies can also relate to event supplies or other line items not listed in the ARC grant). A reconciliation of these line items will be provided by my staff accountant to explain the difference.

**Auditor's Response:**

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

### Finding 03 - Untimely Quarterly Progress Reporting

#### Condition:

As part of our procedures, Castro & Co reviewed interim and final Performance Progress Reports (PPR) submitted by SVA during the grant period of December 1, 2023 to June 30, 2025. Based on our review, we noted that three (3) PPRs were not submitted within 30 days from the close of the reporting period, as required by ARC as detailed in *Table 3* below.

PPR Coverage Period	Due Date	Submission Date	# of Days Late
December 1, 2023 to March 31, 2024	April 30, 2024	May 8, 2024	8
April 1, 2024 to July 31, 2024	August 30, 2024	September 4, 2024	5
August 1, 2024 to November 30, 2024	December 30, 2024	February 18, 2025	50

#### Criteria:

2 CFR 200.329, *Monitoring and reporting program performance*, states,

(b) *Reporting program performance*. The Federal awarding agency must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information.

(c) (1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly...

The ARC *Grant Administration Manual for ARC Non-Construction Grants*, dated February 2020, states,

#### Reports

##### Reporting Intervals

The reporting period begins with the start date of the grant agreement. ARC requires interim progress reports every 120 days or every four months and a final report at the end of your project's period of performance. Reports are due no later than 30 days after the close of a reporting period.

#### Cause:

The Grantee did not have adequate policies and procedures in place to ensure that quarterly PPRs were prepared and submitted to ARC within 30 days of the close of each reporting period. The Grantee did not provide an explanation and did not provide any documentation indicating ARC was aware of and approved the late submissions.

#### Effect:

Without adequate policies and procedures to ensure timely quarterly reporting, inaccurate financial and performance information may be reported to ARC.

#### Recommendation:

We recommend that the Grantee:

6. Revise policies and procedures to ensure the timely preparation and submission of financial and progress reports in accordance with the Uniform Guidance and ARC grant agreement requirements.

**Grantee's Response:**

SVA takes exception to but agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number MU-21596 with a grant performance period of December 1, 2023, to June 30, 2025.

After meeting with ARC and Castro, I went back to my emails to look at submission of our forms. I have emails that my SF-270 and SF-PPR were submitted on December 30, 2024, at 8:56AM. I've attached a copy of this email as support. As for the other delays in filing reports, it was typically due to waiting on documentation from the Program Manager at the time.

**Auditor's Response:**

The Grantee concurred with the audit results. The supporting email documentation referenced by the Grantee was not provided to Castro & Co for review; therefore, our finding and conclusion remain unchanged.

## Finding 04 – Inadequate Subrecipient Oversight

### Condition:

As part of our procedures, Castro & Co inspected subrecipient agreements executed by SVA under ARC Grant No. MU-21596 during the period of December 1, 2023 to June 30, 2025. We noted the subrecipient agreements did not include the required elements in accordance with the Uniform Guidance. Specifically, the agreements were missing the following required elements:

- Subrecipient’s Entity Identification Number (EIN)
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Federal agency, pass-through entity contact info, Assistance Listings number/title, and whether the award is for Research and Development (R&D).
- Subrecipient must allow access to records for audits and oversight.
- Conditions for properly closing the subawards.

### Criteria:

2 CFR 200.332, *Requirements for pass-through entities*, states,

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.
  - (1) Federal award identification.
    - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
    - (ii) Subrecipient's unique entity identifier;
    - (iii) Federal Award Identification Number (FAIN);
    - (iv) Federal Award Date (see the definition of *Federal award date* in § 200.1 of this part) of award to the recipient by the Federal agency;
    - (v) Subaward Period of Performance Start and End Date;
    - (vi) Subaward Budget Period Start and End Date;
    - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
    - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
    - (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
    - (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
    - (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
    - (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
    - (xiii) Identification of whether the award is R&D; and

(xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.

**Cause:**

The Grantee did not have policies and procedures in place to ensure that all required elements were included in subrecipient agreements.

**Effect:**

The lack of adequate policies and procedures to ensure that all required elements were included in subrecipient agreements resulted in the omission of the multiple required elements, rendering the agreements non-compliant with federal requirements. These omissions increase the risk of misidentifying the federal award, impairing oversight, and increases the risk of mismanagement of funds.

**Recommendations:**

We recommend that the Grantee:

7. Develop formal subrecipient agreement procedures to ensure that all subrecipient agreements are reviewed for completeness and include all required elements in accordance with 2 CFR 200.332 prior to execution.
8. Develop standardized subrecipient agreement templates that incorporate all required Uniform Guidance data elements, including Federal award identification, required disclosures, access to records provisions, and subaward closeout requirements.

**Grantee's Response:**

SVA takes exception to but agrees with Castro & Company, LLC's findings presented in the audit report of Grant Number MU-21596 with a grant performance period of December 1, 2023, to June 30, 2025.

The subrecipient oversight was to be conducted by the part-time Program Manager who was supposed to handle this paperwork. That person resigned from their position prior to the end of the grant cycle leaving us with gaps in the material when pressed for information. This was a lack of experience on our part and will be rectified through different sub-recipient agreements and procedures moving forward.

**Auditor's Response:**

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

## Attachment 1 – Steel Valley Authority’s Response



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Saving Jobs | Investing Responsibly | Rebuilding Communities

May 27, 2026

Castro & Company, LLC  
1635 King Street  
Alexandria, VA 22314  
(703) 229-4440

Subject: Steel Valley Authority (SVA) Response to Castro & Company, LLC’s Performance Audit of Grant Number MU-21596

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SVA takes exception to but agrees with Castro & Company, LLC’s findings presented in the audit report of Grant Number MU-21596 with a grant performance period of December 1, 2023, to June 30, 2025.

**Finding #1**

The application process required applicants to have partners aligned which did not adequately allow for a full procurement process to be executed. Any missing evidence of payments will be provided.

**Finding #2**

The table provided shows supplies and an other category which do not necessarily coincide with the line items in our general ledger (i.e., supplies can also relate to event supplies or other line items not listed in the ARC grant). A reconciliation of these line items will be provided by my staff accountant to explain the difference.

**Finding #3**

After meeting with ARC and Castro, I went back to my emails to look at submission of our forms. I have emails that my SF-270 and SF-PPR were submitted on December 30, 2024, at 8:56AM. I’ve attached a copy of this email as support. As for the other delays in filing reports, it was typically due to waiting on documentation from the Program Manager at the time.

**Finding #4**

The subrecipient oversight was to be conducted by the part-time Program Manager who was supposed to handle this paperwork. That person resigned from their position prior to the end of the grant cycle leaving us with gaps in the material when pressed for information. This was a lack of experience on our part and will be rectified through different sub-recipient agreements and procedures moving forward.

In closing, the current policies and procedures of the SVA are aligned with grants we receive from other federal pass-through funds. Additionally, we must conduct a single audit each year through our own independent firm of which we have not been cited for any misalignment of funds for at least the last five years. For these reasons, the SVA takes exception to the audit but agrees with Castro & Company's findings with the intent to fully rectify all concerns.

We appreciate the time Castro & Company put into this review and hope to fix all issues satisfactorily on all fronts.

Sincerely,



Carrie Mihalko  
Managing Director, SVA