



## Office of Inspector General

Appalachian Regional Commission

# Audit of Grant Award to West Virginia Food and Farm Coalition, Inc. Grant Number PW-19474

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Report Prepared by Castro & Co, LLC

Report Number 23-16

May 1, 2023

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



# Office of Inspector General

Appalachian Regional Commission

May 1, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 23-16 – West Virginia Food and Farm Coalition, Inc.

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number PW-19474 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 did not issue any 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-19474**

**For the period from February 1, 2019 through September 30, 2022  
Awarded to West Virginia Food and Farm Coalition, Inc.**

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

**April 28, 2023**

**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-19474 awarded by the Appalachian Regional Commission (ARC) to West Virginia Food and Farm Coalition, Inc. (the Grantee) for the period from February 1, 2019 to September 30, 2022. The audit was conducted at the request of the ARC 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 West Virginia Food and Farm Coalition'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  
April 28, 2023

## 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 No. PW-19474 awarded to West Virginia Food and Farm Coalition, Inc. (the Grantee or West Virginia Food and Farm Coalition) for the period from February 1, 2019 through September 30, 2022.

ARC awarded Grant No. PW-19474 to West Virginia Food and Farm Coalition to provide funding assistance to strengthen the local food supply chain and increase market opportunities for local growers in five foodsheds across seventeen coal impacted counties of West Virginia. The ARC Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) project funding will support a mini grant program that will deploy seed capital to prioritized projects as well as provide targeted technical assistance in each foodshed.

The original period of performance for Grant No. PW-19474 covered the period from February 1, 2019 through December 31, 2021 but was subsequently extended to January 31, 2023. The grant agreement provided a budget of \$1,020,556 in ARC funds and required non-ARC matching funds of \$295,812 for total project costs of \$1,316,368. On December 21, 2022, ARC approved a budget revision to reallocate unspent ARC funds and matching funds from travel, contractual services, personnel, fringe benefits, and supplies to support "seed" funding in the budget category identified as other costs. The allowable percentage breakout of ARC to non-ARC funding for the project was 78% ARC funds to 22% matching funds.

We obtained the ARC Form SF 270 Request for Advance or Reimbursement for the period covering June 1, 2022 to September 30, 2022 that identified cumulative total ARC costs of \$782,209 (72%) and non-ARC matching costs of \$302,814 (28%) for a total project cost of \$1,085,023.

## Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC Office of Inspector General to conduct a performance audit of West Virginia Food and Farm Coalition to determine compliance with the requirements of the ARC Grant No. PW-19474 for the period from February 1, 2019 through September 30, 2022.

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

<b>Exhibit A: Schedule of Grant Revised Budget</b>			
<b>Category</b>	<b>Federal Amount</b>	<b>Non-Federal Amount</b>	<b>Total</b>
Personnel	\$ 450,000	\$ 121,595	\$ 571,595
Fringe Benefits	\$ 171,000	\$ 39,546	\$ 210,546
Travel	\$ 83,000	\$ 15,045	\$ 98,045
Supplies	\$ 25,350	\$ 10,166	\$ 35,516
Contractual	\$ 15,150	\$ 2,200	\$ 17,350
Other	\$ 174,000	\$ 107,260	\$ 281,260
Indirect	\$ 102,056	\$ -	\$ 102,056
<b>Total</b>	<b>\$ 1,020,556</b>	<b>\$ 295,812</b>	<b>\$ 1,316,368</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 the West Virginia Food and Farm Coalition’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 September 2022 to April 2023 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 Part 200, Uniform Administrative Requirements, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 payroll, disbursements, travel, procurement, cash receipts, 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 GAO Financial Audit Manual sections 230.01 through 230.13 and auditing, on a test basis, evidence supporting the grant funds were expended during the 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. Spencer Moss, Executive Director, and Ms. Bethany Lewis, Operations Director, for West Virginia Food and Farm Coalition during the exit conference on April 25, 2023. The Grantee concurred with our results.

### **Summary of Results**

Castro & Co's procedures determined that West Virginia Food and Farm Coalition 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 financial management, administrative procedures, and internal controls were adequate to account for the funds provided under the ARC grant. 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 had a total of \$782,209 in ARC costs and \$302,814 in non-ARC matching costs; therefore, we determined the Grantee met the match requirements as of September 30, 2022. These matching funds were properly supported and allowable under both Federal and ARC requirements. We also determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures. Based on our review of the Grantee's procedures, the performance results reported to ARC were fair and reasonable.

The Exhibit B below presents costs claimed by the West Virginia Food and Farm Coalition and costs recommended as a result of the grant audit.



<b>Exhibit B: Schedule of Claimed and Audit Recommended Costs</b>							
<b>Category</b>	<b>Claimed</b>		<b>Questioned Cost</b>		<b>Audit Recommended</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	\$ 433,604	\$ 121,595	\$ -	\$ -	\$ 433,604	\$ 121,595	\$ 555,199
Fringe Benefits	\$ 167,112	\$ 39,546	\$ -	\$ -	\$ 167,112	\$ 39,546	\$ 206,658
Travel	\$ 61,134	\$ 15,045	\$ -	\$ -	\$ 61,134	\$ 15,045	\$ 76,179
Supplies	\$ 17,576	\$ 10,166	\$ -	\$ -	\$ 17,576	\$ 10,166	\$ 27,742
Other	\$ -	\$ 114,262	\$ -	\$ -	\$ -	\$ 114,262	\$ 114,262
Contractual	\$ 9,150	\$ 2,200	\$ -	\$ -	\$ 9,150	\$ 2,200	\$ 11,350
Indirect	\$ 93,633	\$ -	\$ -	\$ -	\$ 93,633	\$ -	\$ 93,633
<b>Total</b>	<b>\$ 782,209</b>	<b>\$ 302,814</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 782,209</b>	<b>\$ 302,814</b>	<b>\$ 1,085,023</b>