



## Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to  
Southwest Virginia Workforce Development Board  
Grant Number PW-19716**

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Report Prepared by Regis & Associates, PC

Report Number 24-08

November 20, 2023

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



# Office of Inspector General

Appalachian Regional Commission

November 20, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General 

SUBJECT: Audit Report 24-08 – Southwest Virginia Workforce Development Board

This memorandum transmits the Regis & Associates, PC report for the audit of costs charged to grant number PW-19716 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 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.

*Report on Performance Audit  
of  
Appalachian Regional Commission  
Grant Number PW-19716-IM  
for the Period from October 1, 2019 to December 31, 2022*

*Awarded to  
Southwest Virginia Workforce Development Board*

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

*Auditee: Southwest Virginia Workforce Development Board  
As of Date: November 9, 2023*

  
MANAGEMENT CONSULTANTS &  
CERTIFIED PUBLIC ACCOUNTANTS  
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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 PW-19716-IM, awarded by the Appalachian Regional Commission (ARC) to Southwest Virginia Workforce Development Board (the Grantee); with a grant performance period of October 1, 2019, to December 31, 2022. 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, 2019, to December 31, 2022.

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 planning and fieldwork phases of the audit during the period from March 6, 2023, through July 21, 2023. We determined that Southwest Virginia Workforce Development Board's financial management, administrative procedures, and related internal controls, were adequate to manage ARC's grant funds.

We discussed the results of this performance audit with Southwest Virginia Workforce Development Board's officials at the conclusion of our fieldwork. Southwest Virginia Workforce Development Board's response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the

cooperation and assistance received from Southwest Virginia Workforce Development Board, and ARC staff during this performance audit.

*Regis & Associates, PC*

Regis & Associates, PC  
Washington, DC  
November 9, 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; 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 September 25, 2019, the Appalachian Regional Commission awarded Grant Number PW-19716-IM, in the amount of \$1,500,000, to Southwest Virginia Workforce Development Board. As a condition of this award, the Grantee was required to contribute a matching amount of \$387,415. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions; as approved by ARC. This resulted in a total grant budget of \$1,887,415. The period of performance of the grant was from October 1, 2019, through September 30, 2022. On June 16, 2022, ARC approved an amendment to extend the grant's period of performance to December 31, 2022; as well as reduce the matching amount to \$301,840. The award amendment resulted in a total grant budget of \$1,801,840. This performance audit engagement covers the period from October 1, 2019, to December 31, 2022.

The grant was awarded to Southwest Virginia Workforce Development Board, to aid in a project titled "Recovery Opportunities and Pathways to Employment Success (R.O.P.E.S)". This program was to foster a recovery-to-employment ecosystem that promotes opportunities for workforce development and reemployment.

## **Objective, Scope, and Methodology**

### *Objective*

The general objectives of this performance audit were to determine whether Southwest Virginia Workforce Development Board 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 PW-19716-IM, titled "Recovery Opportunities and Pathways to Employment Success ( R.O.P.E.S.)", which was awarded to the Grantee. The term of the grant was from October 1, 2019, through September 30, 2022. However, the grant was extended to December 31, 2022. This performance audit engagement covers the period from October 1, 2019, to December 31, 2022.

The budgeted amounts for the grant are presented below:

| <b>Exhibit – A: Schedule of Grant Budget</b> |                     |                    |                     |
|--|---------------------|--------------------|---------------------|
| <u>Object Class Category</u>                 | <u>Federal</u>      | <u>Non-Federal</u> | <u>Total</u>        |
| Personnel                                    | \$ 107,066          | \$ 57,951          | \$ 165,017          |
| Fringe Benefits                              | 32,598              | 8,584              | 41,182              |
| Travel                                       | 28,080              | -                  | 28,080              |
| Supplies                                     | 21,600              | -                  | 21,600              |
| Contractual                                  | 127,500             | -                  | 127,500             |
| Other  | 1,183,156           | 235,305            | 1,418,461           |
| Total Direct Charges                         | \$ 1,500,000        | \$ 301,840         | \$ 1,801,840        |
| <b>Total</b>                                 | <b>\$ 1,500,000</b> | <b>\$ 301,840</b>  | <b>\$ 1,801,840</b> |

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) As of December 31, 2022, the Grantee had expended \$1,685,360 of the grant’s budgeted amount of \$1,801,840.

Below, we have presented a Schedule of Claimed, and Audit Recommended Cost as of December 31, 2022, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs  
 As of date December 31, 2022**

| Object Class Category | Claimed Costs       |                   | Questioned Costs |             | Audit Recommended   |                   | Total               |
|-----------------------|---------------------|-------------------|------------------|-------------|---------------------|-------------------|---------------------|
|                       | Federal             | Non-Federal       | Federal          | Non-Federal | Federal             | Non-Federal       |                     |
| Personnel             | \$ 107,066          | \$ 78,646         | \$ -             | \$ -        | \$ 107,066          | \$ 78,646         | \$ 185,712          |
| Fringe Benefits       | 29,340              | 14,470            | -                | -           | 29,340              | 14,470            | \$ 43,810           |
| Travel                | 14,991              | 2,446             | -                | -           | 14,991              | 2,446             | \$ 17,437           |
| Supplies              | 13,369              | 2,111             | -                | -           | 13,369              | 2,111             | \$ 15,480           |
| Contractual           | 127,500             | 14,513            | -                | -           | 127,500             | 14,513            | \$ 142,013          |
| Other                 | 1,043,160           | 237,748           | -                | -           | 1,043,160           | 237,748           | \$ 1,280,908        |
| Total Direct Charges  | \$ 1,335,426        | \$ 349,934        | \$ -             | \$ -        | \$ 1,335,426        | \$ 349,934        | \$ 1,685,360        |
| <b>Total</b>          | <b>\$ 1,335,426</b> | <b>\$ 349,934</b> | <b>\$ -</b>      | <b>\$ -</b> | <b>\$ 1,335,426</b> | <b>\$ 349,934</b> | <b>\$ 1,685,360</b> |

- 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 \$349,934, which was \$48,094 more than the required match amount of \$301,840, as of December 31, 2022. 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 (that included the number of businesses served, number of trainees who obtained employment, as well as other outcomes). 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 was not subject to the Single Audit requirements, under the Uniform Guidance.

**Attachment 1: Grantee 's Response**



November 9, 2023

Peter Regis, CPA  
Regis & Associates, PC  
1420 K Street, NW Suite 910  
Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number PW-19716-IM

We are providing this letter in connection with the subject audit performed by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).

I have reviewed the audit finding and concur with the audit result. On behalf of Southwest Virginia Workforce Development Board, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

  
Aleta Spicer  
Executive Director