



## Office of Inspector General

Appalachian Regional Commission

# Audit of Grant Award to Advantage Valley Grant Number PW-19720

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Report Prepared by Regis & Associates

Report Number 23-07

December 23, 2022

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



# Office of Inspector General

Appalachian Regional Commission

December 23, 2022

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 23-07 – Advantage Valley

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number PW-19720, to Advantage Valley 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 this report.

We do not express any opinion on the conclusions presented in Regis & Associate, PC's 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 that was 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-19720-IM-19  
for the Period from October 1, 2019 to May 31, 2022*

*Awarded to  
Advantage Valley*

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

Auditee: Advantage Valley.  
As of Date: December 21, 2022

  
MANAGEMENT CONSULTANTS &  
CERTIFIED PUBLIC ACCOUNTANTS  
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Suite 910  
Washington, DC 20005

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**EXECUTIVE SUMMARY**

Office of Inspector General,  
Appalachian Regional Commission  
1666 Connecticut Avenue, NW; Suite 700  
Washington, DC 20

We conducted a performance audit (the audit) of grant agreement number PW-19720-IM-19, awarded by the Appalachian Regional Commission (ARC) to Advantage Valley (the Grantee); with grant performance period from October 1, 2019 to September 30, 2023. 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 May 31, 2022.

The objective of the audit was to determine whether: (1) Program 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 conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives.

We conducted the planning and fieldwork phases of the audit during the period from October 4, 2021 through November 19, 2021. We determined that Advantage Valley’s financial management, and administrative procedures, and related internal controls; were adequate to manage ARC’s grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with Advantage Valley’s officials at the conclusion of our fieldwork. Advantage Valley’s response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Advantage Valley and ARC staff during this performance audit.

Regis & Associates, PC  
Washington, DC  
December 21, 2022

## **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'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 27, 2019, the Appalachian Regional Commission awarded Grant Number PW-19720-IM-19 titled "FASTER WV - Fostering Advantages for Startups & Entrepreneurial Resurgence in WV" to Advantage Valley, in the amount of \$ 930,000. As a condition of this award, the Grantee was required to contribute a matching amount of \$ 317,656. The original period of performance of the grant was from October 1, 2019 to September 30, 2022. On February 28, 2022, ARC approved a contract amendment which extended the grant's period of performance to September 30, 2023. This performance audit engagement covers the period from October 1, 2019 to May 31, 2022.

The grant was awarded to Advantage Valley, to fund existing business technical assistance providers and business coaches to service seven individual business clusters identified in a report issued by the U.S. Economic Development Administration and the Benedum Foundation. These seven business clusters were identified as having high growth potential in the service area. Other activities funded under the grant included roundtables and workshops designed to target entrepreneurs in the seven clusters, and the development of an improved entrepreneurial training curriculum for Bridge Valley Community and Technical College. ARC's matching funds were to be used for personnel costs, contracted experts, travel, training materials, and meeting costs

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

### ***Objective***

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-19720-IM-19, titled "FASTER WV-Fostering Advantages for Startups & Entrepreneurial Resurgence in WV", which was awarded to Advantage Valley. The term of the grant was from October 1, 2019, to September 30, 2023; which included an extension of the period of performance.

The budgeted amounts for the grant are presented below:

**Exhibit – A: Schedule of Grant Budget**

Object Class Category	Federal	Non-Federal	Total
Personnel	\$ 200,000	\$ 40,400	\$ 240,400
Travel	24,000	6,000	30,000
Supplies	9,000	6,000	15,000
Contractual	657,001	247,998	904,999
Other	40,000	15,800	55,800
<b>Total</b>	<b>\$ 930,001</b>	<b>\$ 316,198</b>	<b>\$ 1,246,199</b>

The general objectives of this performance audit were to determine whether Advantage Valley expended grant funds, in accordance with applicable requirements; and to report any resulting findings and questioned cost; related to internal controls, program performance, and compliance with provisions of the grant agreement and laws and regulations.

**Scope and Methodology**

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 program’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 May 31, 2022, the grant funds were expended, as provided for in the approved grant budget. Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of May 31, 2022, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Cost  
as of May 31, 2022**

Object Class Category	Claimed Cost		Questioned Cost		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ 136,790	\$ 15,549	\$ -	\$ -	\$ 136,790	\$ 15,549	\$ 152,339
Travel	714	178	-	-	714	178	892
Supplies	389	-	-	-	389	-	389
Contractual	317,077	144,515	-	-	317,077	144,515	461,592
Other	40,000	-	-	-	40,000	-	40,000
Total Direct Charges	\$ 494,971	\$ 160,242	\$ -	\$ -	\$ 494,971	\$ 160,242	\$ 655,213
<b>Total</b>	<b>\$ 494,971</b>	<b>\$ 160,242</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 494,971</b>	<b>\$ 160,242</b>	<b>\$ 655,213</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 as of May 31, 2022, the Grantee had contributed matching funds in the amount of \$160,242, of the required matching amount of \$316,198. These matching funds were properly supported and allowable under both Federal and ARC requirements.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e. the number of businesses served and improved, jobs created, leveraged private investment, new businesses created and students served). Based on our review of the Grantee’s procedures, the performance results reported to ARC, were fair and reasonable.



**Attachment 1: Grantee 's Response**



[advantagevalley.com](http://advantagevalley.com)  

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MEMORANDUM

TO: Fidel Wambura, Regis & Associates, PC  
Robin Campbell, Regis & Associates, PC  
Jennifer Neeley, Program Manager, Appalachian Regional Commission

FROM: Terrell Ellis, Executive Director, Advantage Valley Inc.

RE: Audit of PW-19720 -IM-19 Grant

Advantage Valley Inc. has reviewed the grant audit draft report for PW- 19720-IM-19 prepared and presented to us by Regis & Associates, PC on December 19, 2022. We concur with the report that was submitted for our review. Thank you for the opportunity to review and respond to the report.

Sincerely,

*Terrell Ellis*

Executive Director