



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to Woodlands Community Lenders Grant Number WV-19491

Report Prepared by Regis & Associates

Report Number 23-14

April 25, 2023

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



Office of Inspector General

Appalachian Regional Commission

April 25, 2023

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 23-14 – Woodlands Community Lenders

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number WV-19491, to Woodlands Community Lenders 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 make any recommendations in the 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 WV-19491-19
for the Period from February 1, 2019 to May 31, 2022*

*Awarded to
Woodlands Community Lenders*

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

Auditee: Woodlands Community Lenders
As of Date: March 20, 2023


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

FOR OFFICIAL USE ONLY

TABLE OF CONTENTS

Executive Summary	1
Background	2
Objective, Scope, and Methodology	2
Results	4
Attachment 1 - Grantee's Response	5



EXECUTIVE SUMMARY

Office of the Inspector General,
Appalachian Regional Commission
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

We conducted a performance audit of Grant Agreement, Number WV-19491-19, awarded by the Appalachian Regional Commission (ARC), to Woodlands Community Lenders (the Grantee); with a grant performance period of February 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 February 1, 2019 to May 31, 2022.

The objectives of the performance audit were 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; (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 the planning and fieldwork during the period from November 21, 2022, through February 20, 2023. We determined that the Woodlands Community Lenders’ financial management and 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 Woodlands Community Lenders’ officials at the conclusion of our fieldwork. Woodlands Community Lenders’ response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from Woodlands Community Lenders and ARC staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
March 20, 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'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 January 31, 2019, the Appalachian Regional Commission awarded Grant Number WV-19491-19, in the amount of \$452,500, to Woodlands Community Lenders. As a condition of this award, the Grantee was required to contribute a matching amount of \$452,500. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions; as approved by ARC. The original period of performance of the grant was from February 1, 2019 through January 31, 2022. On November 20, 2021, ARC approved an amendment to extend the grant's period of performance to December 31, 2022. This performance audit engagement covers the period from February 1, 2019 to May 31, 2022.

The grant was awarded to Woodlands Community Lenders to aid in a project titled, "Mon Forest Recreational Economies Initiative". The purpose of this project was to produce a market demand analysis report that provides strategic insight into recreational tourism and related industries' growth opportunities in the Mon Forest Region. The analysis was to provide the Mon Forest Region with the strategic direction necessary for building a cohesive tourism industry that boasts additional amenities and more activities resulting in longer stays and more visits. In addition, the grant fund was to help to develop business technical expertise across a range of topics available to entrepreneurs seeking to launch new ventures, or expand existing ventures in this industry cluster.

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 WV-19491-19, titled "Mon Forest Recreational Economies Initiative", which was awarded to Woodlands Community Lenders. The term of the grant was from February 1, 2019 through December 31, 2022, 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	\$ 114,734	\$ 114,734	\$ 229,468
Fringe Benefits	13,317	13,317	26,634
Travel	1,561	1,561	3,122
Contractual	275,737	275,737	551,474
Other	17,151	17,151	34,302
Total Direct Charges	\$ 422,500	\$ 422,500	\$ 845,000
Indirect Charges	30,000	30,000	60,000
Total	\$ 452,500	\$ 452,500	\$ 905,000

The general objectives of this performance audit were to determine whether the Grantee expended grant funds, in accordance with applicable requirements; and to report any resulting findings and questioned cost, 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 *Generally Accepted 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) 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 Costs
as of May 31,2022**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ 94,582	\$ 118,824	\$ -	-	\$ 94,582	\$ 118,824	\$ 213,406
Fringe Benefits	15,149	18,248	-	-	15,149	18,248	33,397
Travel	1,445	1,712	-	-	1,445	1,712	3,157
Contractual	247,141	260,233	-	-	247,141	260,233	507,374
Other	9,500	20,092	-	-	9,500	20,092	29,592
Total Direct Charges	\$ 367,817	\$ 419,109	\$ -	\$ -	\$ 367,817	\$ 419,109	\$ 786,926
Indirect Charges	27,504	30,199	-	-	27,504	30,199	57,703
Total	\$ 395,321	\$ 449,308	\$ -	\$ -	\$ 395,321	\$ 449,308	\$ 844,629

- 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 met the required matching requirement, in the amount of \$449,308, as of May 31, 2022. These matching funds were properly supported and allowable under both Federal and ARC requirements
- 6) We verified that the Grantee’s reported performance measures were fair and reasonable. (i.e., businesses served, businesses improved, jobs created and retained.)
- 7) We verified that the Grantee was not subject to the Single Audit requirements, under the Uniform Guidance for the audit scope period.

Attachment 1: Grantee 's Response



March 20, 2023

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

RE: Draft Audit Report – ARC Grant WV-19491-19

Dear Mr. Regis,

Woodlands Community Lenders acknowledges receipt of the February 1, 2019 to May 31, 2022 audit of grant number WV-19491-19 awarded by the Appalachian Regional Commission. We have reviewed the content and concur with your assessment.

Thank you for your partnership in the process.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Clark", is written over a light blue horizontal line.

David Clark
Executive Director

316 Railroad Avenue, Suite 310, Elkins, WV 26241
Tel: (304) 404-2912

woodlandswv.org

An equal opportunity provider, employer and lender.