
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT OF GRANT AWARD**

**North Central Regional Planning
& Development Commission
Ridgway, Pennsylvania**

**Final Report Number: 18-36
Project Number: PA-708B-C45-C46
September 14, 2018**

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September 14, 2018

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Bonadio & Co., LLP completed an audit of grant number PA-708-B-C45 and PA-708B-C46 awarded by the Appalachian Regional Commission (ARC) to the North Central Pennsylvania Regional Planning and Development Commission (grantee) for the Local Development Districts Administration Grant. The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant funds.

The audit objectives 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 grant guidelines, including program (internal) controls, were appropriate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); (5) the performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied

Overall, the grantee's financial management and administrative procedures, including related internal controls, were adequate to manage the funds provided under the ARC grant reviewed. The expenditures tested were supported and considered reasonable; and the overall grant performance measures were adequately met.

Bonadio & Co., LLP appreciated the cooperation and assistance received from the grantee and the ARC staff during the audit.

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant numbers PA-708B-C45 and PA-708B-C46 awarded by the Appalachian Regional Commission (ARC) to the North Central Pennsylvania Regional Planning and Development Commission (Commission) for the Local Development Districts Administration Grant. The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of the ARC grant funds. The Commission is a regional planning and economic development agency serving six counties in the region

The Commission is a public, non-profit corporation established in 1967 under the Pennsylvania Non-Profit Corporation Law. The Local Development District (LDD) was created to provide essential services for the district that include developing plans and programs for public investments and fulfilling federal and state requirements for transportation, economic development, and local government assistance programs. The LDD helps promote the Appalachian Area Development Program goals and objectives. As an LDD, it plays a key role in providing services, training, and assistance to the counties of Cameron, Clearfield, Elk, Jefferson, McKean and Potter.

A board of directors comprised of public and private citizens representing the six member counties and its executive committee oversee the administrative duties, responsibilities, and goals of the entire board, including the Commission's programs and operations. An executive director and support staff members from offices located in Ridgway, Pennsylvania carry out day-to-day operations and programs. The staff work with various governments, private sector businesses and individuals to streamline state and federal services including community development, economic development and workforce and transportation planning.

Grant C45 was initially awarded to cover the period January 1, 2017 to June 30, 2017 providing \$51,000 in ARC funds. The grant was amended to extend the grant performance period through December 31, 2017 and provide an additional \$51,000 of ARC funds. The grant required a match of \$102,000 in non-ARC funds. Similarly, Grant C46 was initially awarded to cover the period January 1, 2018 to June 30, 2018 providing \$50,500 in ARC funds. The grant was amended to extend the grant performance period through December 31, 2018 and provide an additional \$50,500 of ARC funds. The grant required a match of \$101,000 in non-ARC funds.

The majority of the approved total budget was for staff salaries and benefits. At the time of fieldwork, the performance period for grant C46 had not ended.

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives 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 grant guidelines, including program (internal) controls, were appropriate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); (5) the performance measures were met or likely to be met; and (6) matching requirements of the grant were satisfied

We reviewed the documentation provided and interviewed grantee personnel to obtain an overall understanding of the grant activities, the accounting system, and operating procedures. We evaluated grantee administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds.

OBJECTIVES, SCOPE, AND METHODOLOGY (Continued)

Of the expenditures charged to grants, we selected a sample of \$45,261 in total from the two grants, in expenditures for testing to determine whether the charges were properly supported and allowable. We also reviewed the grantee's procedures for allocating administrative costs and the grantee's Single Audit reports for any issues, which would affect the ARC grant.

The criteria used in performing the audit were ARC grant documents, the grant approval, the grant agreement, the ARC code, other ARC requirements, and 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards". The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was completed during the period of May 21, 2018 through May 23, 2018, which included on-site work at the grantee's office. The audit results were discussed with grantee representatives at the conclusion of the on-site visit. The grantee's representative agreed with the audit results.

SUMMARY OF AUDIT RESULTS

Overall, the grantee's administrative procedures were adequate to manage the ARC grant funds. Total ARC funded expenses amounted to \$102,000 related to grant C45 and \$38,519 related to grant C46 through April 30, 2018. Based on test work results, we did not question any costs incurred. The expenses tested were supported and considered reasonable. We found the grantee had an acceptable process in place for obtaining and recording data related to the objectives of the grant. In addition, the records and reports indicated that the tasks required by the grant agreement were accomplished.

The overall grant performance measures were adequately met for grant C45, which was completed on December 31, 2017. We noted that the grantee prepared and approved five ARC projects. In addition, direct technical assistance was provided to 14 municipalities and municipal organizations.