
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

AUDIT OF GRANT AWARD

**Southern Alleghenies Planning & Development Commission
Partnerships for Regional Economic Performance (PREP)
Altoona, Pennsylvania**

**Final Report Number: 19-40
Grant Numbers: PA-8304-C35 & C36 & C37
September 2019**

Prepared by:

Leon Snead & Company, P.C.



**LEON SNEAD
& COMPANY, P.C.**

*Certified Public Accountants
& Management Consultants*

416 Hungerford Drive, Suite 400
Rockville, Maryland 20850
301-738-8190
fax: 301-738-8210
leonsnead.companypc@erols.com

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Appalachian Regional Commission
Office of the Inspector General
1666 Connecticut Avenue, N.W.
Washington, DC 20009

Leon Snead & Company, P.C. completed an audit of grants PA-8304-C35, PA-8304-C36, and PA-8304-C37 awarded by the Appalachian Regional Commission (ARC) to the Southern Alleghenies Planning and Community Development Commission (the Commission). The audit was conducted at the request of the ARC Office of Inspector General to assist the office in 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 adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); and (5) the matching requirements and (6) the established performance measures were met.

The Commission's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The ARC expenditures of \$427,088 and the match of \$253,359 tested for the grants were properly supported and allowable. The Commission's required matching contributions were met. Financial reports and project performance reports were submitted to ARC timely and accurately. The Commission had an adequate process in place for obtaining and recording data related to the overall goals of the grant. The Commission met or exceeded the planned performance outputs and outcomes for most of the performance measures.

Leon Snead & Company appreciates the cooperation and assistance received from the grantee and ARC staffs during the audit.

Sincerely,


Leon Snead & Company, P.C.

TABLE OF CONTENTS

	<i><u>Page</u></i>
Background.....	1
Objective, Scope, and Methodology.....	1
Summary of Audit Results.....	2

Background

Leon Snead & Company, P.C. completed an audit of grants PA-8304-C35, PA-8304-C36, and PA-8304-C37 awarded by the Appalachian Regional Commission (ARC) to the Southern Alleghenies Planning and Community Development Commission (the Commission). The audit was conducted at the request of the ARC Office of Inspector General to assist the office in its oversight of ARC grant funds.

The Commission is a nonprofit regional economic and community development organization serving Bedford, Blair, Cambria, Fulton, Huntingdon and Somerset counties in the State of Pennsylvania. It is governed by a board of directors comprised of the county Commissioners from each member county and representatives from the private sector.

The three grants were awarded for the continuation of the Partnerships for Regional Economic Performance (PREP) activities, a program designed to deliver hands-on technical assistance to the region's small and medium-sized businesses and its local governments. Total ARC funding for these grants was \$1,200,000. All three grants had been completed and administratively closed by ARC at the time of our audit.

ARC grant PA-8304-C35 was awarded to cover the period July 1, 2016 to June 30, 2017, provided \$400,000 in ARC funds and required \$400,000 in match. The grant was to continue a business development assistance program, which included international market development assistance, government procurement technical assistance, electronic commerce, tourism industry development, business financing assistance, coordination and promotion of business development services, strategic planning, and community development assistance.

ARC grant PA-8304-C36 was awarded to cover the period July 1, 2017 to June 30, 2018, provided \$400,000 in ARC funds and required \$400,000 in match. The purpose of the grant was the same as PA-8304-C35.

ARC grant PA-8304-C37 was awarded to cover the period July 1, 2018 to June 30, 2019, provided \$400,000 in ARC funds and required \$400,000 in match. The grant was for continuing a technical assistance program, which included business finance assistance, export promotion, procurement technical assistance, and marketing outreach assistance.

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 adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements); and (5) the matching requirements and (6) the established performance measures were met.

ARC funding of \$1,191,362 in total had been expended under the three grants. The break out of total funds expended is \$399,890 from C35; \$396,433 from C36; and \$395,039 from C37. We reviewed \$427,088 of these charges to determine whether they were properly supported and

allowable. The total matching contribution for the grant was \$1,200,000. We reviewed \$253,359 of these charges to determine whether they were properly supported and allowable.

We reviewed documentation provided by the Commission and interviewed personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed written policies and administrative procedures to determine if they complied with federal requirements and were adequate to administer the grant. We reviewed financial and project performance reports to determine if they were submitted in accordance with requirements. We evaluated grant results discussed in the project performance reports to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at the Commission's office in Altoona, Pennsylvania during the period September 9-12, 2019. The audit results were discussed with Commission officials at the conclusion of the on-site visit.

The primary criteria used in performing the audit were 2 CFR 200, the ARC Code, and the grant agreements. The audit was performed in accordance with the Generally Accepted Government Auditing Standards.

Summary of Audit Results

The Commission's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The ARC expenditures of \$427,088 and the match of \$253,359 tested for the grants were properly supported and allowable. The Commission's required matching contributions were met. Financial reports and project performance reports were submitted to ARC timely and accurately. The Commission had an adequate process in place for obtaining and recording data related to the overall goals of the grant.

We compared the planned performance outcomes with the actual performance outcomes reported for the three grants. As shown below, the Commission met or exceeded the planned performance outputs and outcomes for most of the performance measures.

PA-8304-C-35	Planned Outputs	Actual Outputs	Planned Outcomes	Actual Outcomes
Businesses Served	300	331		
Businesses Improved			77	83
Jobs Created			265	168
Jobs Retained			1,190	1,185
Leveraged Private Investment			3,000,000	4,035,000
Increased Export Revenues			270,000,000	244,344,463
Increased Non-Export Revenues			105,000,000	131,605,524

PA-8304-C-36	Planned Outputs	Actual Outputs	Planned Outcomes	Actual Outcomes
Businesses Served	208	275		
Businesses Improved			82	85
Jobs Created			235	228
Jobs Retained			1,150	1,168
Leveraged Private Investment			3,000,000	5,705,200
Increased Export Revenues			225,000,000	205,528,933
Increased Non-Export Revenues			100,200,000	145,073,027

PA-8304-C-37	Planned Outputs	Actual Outputs	Planned Outcomes	Actual Outcomes
Businesses Served	270	232		
Organizations Served	18	21		
New Businesses Served	38	32		
New Public Financing	1,500,000	4,177,578		
Loans Closed	10	17		
Businesses Improved			80	66
Jobs Created			250	192
Jobs Retained			1,100	1,417
Leveraged Private Investment			3,000,000	12,891,417
Export Sales by Participating Firms			225,000,000	216,855,607
Organizations Improved			10	18