

Office of Inspector General

Report Prepared by Bonadio & Co., LLP

Audit of Grant Award – Northern Tier Regional Planning and Development Commission



Office of Inspector General

APPALACHIAN REGIONAL COMMISSION

Audit Report: 20-13

May 7, 2020



May 7, 2020

TO: Charles Howard, Interim Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit of Grant Award – Northern Tier Regional Planning and Development Commission, Report Number 20-13

This memorandum transmits the Bonadio & Co., LLP report for the audit of costs charged by the Northern Tier Regional Planning and Development Commission per its sponsored agreement with the Appalachian Regional Commission. The objective of the audit was to determine if costs claimed by the Northern Tier Regional Planning and Development Commission 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 met, not met, or not likely to be met.

OIG Oversight of the Audit

Bonadio & Co., LLP is responsible for the attached audit report and the conclusions expressed in this report. We do not express any opinion on the conclusions presented in Bonadio & Co., LLP's audit report. To fulfill our responsibilities, we:

- Reviewed Bonadio & Co., LLP's 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 with Bonadio & Co., LLP, as necessary, to discuss audit progress, findings, and recommendations;
- Reviewed the audit report prepared by Bonadio & Co., LLP; and
- Coordinated issuance of the audit report.

We thank your staff for the assistance that was extended to the auditors during this audit. If you have any questions regarding this report, please contact me at 202-884-7675.

Attachment

April 30, 2020

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

Bonadio & Co., LLP completed an audit of grant number PA-708C-C45, C46 and C47 awarded by the Appalachian Regional Commission (ARC) to the Northern Tier 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 grants 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, C46 and C47 awarded by the Appalachian Regional Commission (ARC) to the Northern Tier 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. Much of the approved total budget was for staff salaries and benefits.

Grant C45 provided \$51,000 and was subsequently amended to provide an additional \$51,000 of ARC funds. The grant required a match of \$102,000 in non-ARC funds. The grant period was January 1, 2017 to December 31, 2017.

Similarly, Grant C46 was initially awarded to provide \$50,500 in ARC funds. An amendment provided an additional \$50,500 of ARC funds. The grant required a match of \$101,000 in non-ARC funds. The grant period was January 1, 2018 to December 31, 2018

At the time of fieldwork, the performance period for grant C47 had not ended. Grant C47 provided \$101,000 of ARC funds requiring a match of \$101,000 in non-ARC funds for the period of January 1, 2019 to December 31, 2019.

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.

We selected a sample of expenditures totaling \$95,861 from three grants, 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 September 23, 2019 through September 27, 2019, 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.

SUMMARY OF AUDIT RESULTS

Overall, the grantee's administrative procedures were adequate to manage the ARC grant funds. Total program expenses amounted to \$468,646 through August 30, 2019. 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 most of the planned outputs and outcomes for grants C45 and C46. For C45, the grantee prepared and approved ten ARC projects. In addition, direct technical assistance was provided to 14 municipalities. For C46, the grantee prepared and approved five ARC projects and reported direct technical assistance was provided to 14 municipalities.