

# Office of Inspector General

*Report Prepared by Leon Snead & Co., PC  
Audit of Grant Award - Hatfield McCoy Regional Recreation Authority*

*Grant Number PW-18606*



**Appalachian  
Regional  
Commission**

Office of Inspector General

Audit Report: 21-08

May 27, 2021



Appalachian  
Regional  
Commission

Office of  
Inspector General

May 27, 2021

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

SUBJECT: Audit Report 21-08—The Hatfield McCoy Regional Recreation Authority

This memorandum transmits the Leon Snead & Co. PC, report for the audit of costs charged to Grant Number PW-18606, The Hatfield McCoy Regional Recreation Authority project 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 met, not met, or not likely to be met.

Leon Snead & Co. 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 Leon Snead & Co., PC audit report. To fulfill our responsibilities, we:

- Reviewed the approach to 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 Leon Snead & Co., PC, as necessary,
- Reviewed the audit report prepared by Leon Snead & Co., PC; and
- Coordinated 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.

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**LEON SNEAD  
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April 8, 2021

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 grant number PW-18606 awarded by the Appalachian Regional Commission (ARC) to Hatfield McCoy Regional Recreation Authority (the Authority). 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); (5) the matching requirements and (6) the goals and objectives of the grant were met.

Overall, the Authority had adequate financial management and administrative procedures and internal controls to effectively manage and account for the funds provided under the ARC grant. The Authority's matching contributions under the grant were met, and it appears that the Authority will meet or exceed the required performance outputs and outcomes. The audit did not disclose any deficiencies and, as a result, we do not have any recommendations for corrective action.

Leon Snead & Company appreciates the cooperation and assistance received from Authority officials during the audit.

Sincerely,

  
Leon Snead & Company, P.C.

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## **Background**

Leon Snead & Company, P.C. completed an audit of grant number PW-18606 awarded by the Appalachian Regional Commission (ARC) to the Hatfield McCoy Regional Recreation Authority (the Authority). 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.

ARC funds were awarded to assist the Authority with the development and implementation of a comprehension program to expand tourism-related employment and businesses in southern West Virginia. The major functions include: (1) Development and implementation of a comprehensive Tourism Marketing Plan for the Hatfield-McCoy Trails, Spearhead Trails in Virginia and Pike County Kentucky feud history; (2) Establishment of an entrepreneur Coaching and Training program and (3) Development of a sustainability plan for the Hatfield-McCoy Trail System. The project's overall goal is to create an area in southern West Virginia where entrepreneurs can develop tourism-related businesses. The Trail System is currently the largest tourism project in the coalfield counties of West Virginia.

The grant was approved on August 24, 2016, and initially covered the period of October 1, 2016 to September 30, 2020. The grant was amended on June 4, 2020 to extend the period of performance to March 31, 2021. The grant provided \$1,372,275 of ARC funding and required \$661,408 in non-ARC matching funds. As of February 26, 2021, the Authority had received and expended \$1,204,615 in ARC funding and the Authority's actual matching contribution was \$863,278.

## **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 goals were met.

We reviewed documentation provided by the Authority and interviewed Authority officials to obtain an overall understanding of the grant activities, the accounting system, and general operating and control procedures. We reviewed project performance and financial reports to determine if they were submitted to ARC in accordance with requirements. We reviewed the recipient's most recent financial statement audit report to identify any issues impacting the ARC grant and our audit.

We reviewed and tested \$574,232 of ARC funds and \$396,312 of matching funds that had been charged to the grant. Our review did not identify any unallowable or questioned costs associated with expenditures of ARC funds charges.

The on-site fieldwork was performed at the Authority office in Man, West Virginia during the period of March 9 through March 11 2021. The preliminary results were discussed with Authority

officials at the conclusion of the on-site visit. We received written comments to the draft report on April 5, 2021, which are included as an attachment to this report

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

### **Summary of Audit Results**

The Authority's financial management and administrative procedures were adequate to manage the funds provided under the ARC grant. The expenditures tested were properly supported and allowable. The Authority's matching contribution met the requirements of the grant. The audit did not identify any questioned costs. Financial and performance reports were submitted to ARC timely and accurately.

As shown in the following comparison, the Authority had made significant progress toward achieving the performance outputs and outcomes established for the project, and it appears the Authority will meet or exceed the required performance outputs and outcomes.

#### **Comparison of Planned vs. Actual Performance Outputs and Outcomes as March 10, 2021**

<b>Performance Measure</b>	<b>Planned Outputs</b>	<b>Actual Outputs</b>	<b>Planned Outcomes</b>	<b>Actual Outcomes</b>
Businesses Served	300	200		
Plans/Reports	3	2		
Businesses Created			50	73
Businesses Improved			50	63
Jobs Created			225	193
Jobs Retained			237	237

**From:** [Jeffrey Lusk](#)  
**To:** [Leon Snead & Company](#); [Shannon Orso](#)  
**Subject:** RE: Audit of ARC Grant No. PW-18606  
**Date:** Monday, April 5, 2021 11:14:13 AM

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Leon,

We received the email and attachment containing the draft audit report.

We truly enjoyed working with your staff during the Audit process, they were extremely knowledgeable and professional during their site visit to our office.

Jeffrey T. Lusk  
Executive Director  
Hatfield McCoy Regional Recreation Authority  
(304) 752-3255

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**From:** Leon Snead & Company <leonsnead.companypc@erols.com>  
**Sent:** Monday, April 5, 2021 10:46 AM  
**To:** Jeffrey Lusk <jlusk@trailsheaven.com>; Shannon Orso <sorso@trailsheaven.com>  
**Subject:** Audit of ARC Grant No. PW-18606

Good Morning,

Attached is a copy of the draft report on the above referenced audit for your review and comments. Please provide your comments by April 9, 2020. We did not note any findings during the review and do not have any recommendations for corrective actions. If you have any questions, please call or e-mail me.

***Please confirm your receipt of the attached report.*** Thanks very much for your assistance.

Leon Snead  
(301) 738-8190