

Office of Inspector General

*Report Prepared by Regis & Associates, PC
Audit of Grant Award - To County of Venango, Pennsylvania*

Grant Number PA-19394



**Appalachian
Regional
Commission**

Office of Inspector General

Audit Report: 22-04

February 28, 2022



Office of Inspector General

February 28, 2022

TO: Brandon McBride, Executive Director

FROM: Philip M. Heneghan, Inspector General

A handwritten signature in blue ink, appearing to read 'Philip Heneghan', is written over the printed name.

SUBJECT: Audit Report 22-04 – Venango County

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number PA-19394, to Venango County's eAcademy 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 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 issue any recommendations in the report.

We do not express any opinion on the conclusions presented in Regis & Associates, PC's audit report. To fulfill our responsibilities, we:

- Reviewed 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 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 PA-19394-19*

*Awarded to
County of Venango, Pennsylvania*

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

Auditee: County of Venango, Pennsylvania
As of Date: January 24, 2022

**REGIS**
ASSOCIATES, PC
MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
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EXECUTIVE SUMMARY

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

We conducted a performance audit (the audit) of grant agreement number PA-19394-19, awarded by the Appalachian Regional Commission (ARC) to the County of Venango, PA (the Grantee). We conducted the audit at the request of the ARC Office of Inspector General, to assist it in its oversight of ARC grant funds for the grant performance period from November 1, 2018 to November 30, 2020.

The objective of the audit was 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; and (6) the reported performance measures were fair and reasonable.

We conducted planning and fieldwork during the period from October 4, 2021 through November 12, 2021. We determined that the Grantee's financial management and administrative procedures and related internal controls were adequate to manage the ARC grant funds. There were no findings and recommendations for this report.

We discussed the results of this performance audit with the Grantee's officials at the conclusion of our fieldwork. The Grantee's response has been included as Attachment 1 to this report.

Regis & Associates, PC appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
January 24, 2022

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 December 3, 2018, the Appalachian Regional Commission awarded Grant Number PA-19394-19 to the County of Venango, PA, in the amount of \$150,000. As a condition of this award, Clarion University was to contribute \$94,500 and the local school district was to contribute \$20,700; for a total match amount of \$115,200. The total matching contribution was to be made in the form of cash, contributed services, or in-kind contributions as approved by ARC; resulting in a total grant budget of \$265,200.

The original period of performance was from November 1, 2018 to June 30, 2020. This period of performance was extended to November 30, 2020, through an amendment that was approved on March 25, 2020. The grant was awarded to the Grantee to support a project to create an eAcademy in the County of Venango, PA, through a working relationship with eAcademy, located at LindenPointe in Hermitage, Pennsylvania. Venango County Economic Development Authority (VCEDA) administered the grant.

The goal of the program was to provide selected local high school seniors with opportunities to build their knowledge of entrepreneurship through class projects, guest speakers, and business walks. The grant agreement stipulated that the eAcademy was to be housed at the Clarion University-Venango Campus; and managed by the program director, who was to instruct the students, and be responsible for curricula implementation. Under this program, VCEDA and Clarion University partnered with local high school systems to recruit high school seniors into the Program. The ARC grant was to be used to cover costs associated with program implementation, training, curriculum development, and the hiring of a project director to develop relationships with business and industry partners.

Objective, Scope, and Methodology

Objective

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated March 17,2021; engaged Regis & Associates, PC to conduct a performance audit of Grant Number PA-19394-19, titled eAcademy-Venango County, which was awarded to the County. The term of the grant was from November 1, 2018 to November 30, 2020; 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	\$ 70,000	\$ -	\$ 70,000
Fringe Benefits	20,000	-	20,000
Travel	-	2,500	2,500
Equipment	-	31,000	31,000
Supplies (e-Academy)	50,000	-	50,000
Other	10,000	81,700	91,700
Total	\$ 150,000	\$ 115,200	\$ 265,200

The general objectives of the performance audit were to determine whether the Grantee expended grant funds, in accordance with applicable requirements; and to report any resulting findings on 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*. 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 the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, *Cost Principles, and Audit Requirements for Federal Awards*; 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 Grantee’s data and records evaluated.
- 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

Upon conclusion of our performance audit, we determined that:

- 1) The program’s 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, Questioned and Audit Recommended Cost, which reflects the results of our audit:

Exhibit – B: Schedule of Claimed and Audit Recommended Costs

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ 72,905	\$ -	\$ -	\$ -	\$ 72,905	\$ -	\$ 72,905
Fringe Benefits	21,594	-	-	-	21,594	-	21,594
Travel	-	2,500	-	-	-	2,500	2,500
Equipment	-	31,000	-	-	-	31,000	31,000
Supplies (e-Academy)	50,000	-	-	-	50,000	-	50,000
Other	4,729	81,700	-	-	4,729	81,700	86,429
Total	\$ 149,228	\$ 115,200	\$ -	\$ -	\$ 149,228	\$ 115,200	\$ 264,428

- 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 its total matching requirement of \$115,200. These matching funds were properly supported and allowable under both Federal and ARC requirements. Clarion University provided \$ 94,500, and the Local school district provided the remaining balance of \$20,700.
- 6) We verified that the Grantee’s reported performance measures were fair and reasonable.

Attachment 1: Grantee 's Response



VENANGO COUNTY COURTHOUSE
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BONNIE S. SUMMERS

MEMORANDUM

Date: January 25, 2022
To: Fidel Wambura
From: Emily Lewis, Executive Director
Subject: Audit of ARC Grant No. PA-19394

The Venango County Economic Development Authority staff has reviewed the draft report for PA-19394 prepared and presented to the authority by Regis & Associates, PC on January 25, 2022.

We concur with the report that was submitted for our review.

Thank you for the opportunity to review and respond to the draft report.

Sincerely,

Emily Lewis

Emily Lewis
Executive Director