
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

AUDIT OF GRANT AWARD

**West Virginia Development Office
Charleston, West Virginia**

**Final Report Number: 14-12
Project Number: WV-12951-C9 & C10
March 2014**

**Prepared by
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Leon Snead & Company, P.C. has completed an audit of grant number WV-12951 awarded by the Appalachian Regional Commission (ARC) to the West Virginia Development Office (WVDO). The audit was performed to assist the Office of the Inspector General in carrying out its oversight of ARC grant activities.

The primary objectives of the audit were to determine whether: (1) program funds were managed in accordance with the ARC and federal grant terms and requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines and best practices, 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); and (5) the matching requirements and the goals and objectives of the grant were met.

Overall, the WVDO's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grant reviewed. The costs tested were considered reasonable and adequately documented. We found that the WVDO had an adequate process for obtaining and recording data related to the goals and objectives of the grant. The records and reports indicated that the tasks required by the grant agreement were accomplished. At the conclusion of the on-site visit, the results of the audit were discussed with the grantee.

Leon Snead & Company appreciates the cooperation and assistance received from the WVDO and ARC staff during the audit.

Sincerely,

Leon Snead & Company, P.C.
Leon Snead & Company, P. C.

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Background

Leon Snead & Company, P.C. completed an audit of grant number WV-12951-C9 and WV-12951-C10, awarded by the Appalachian Regional Commission (ARC) to the West Virginia Development Office (WVDO). The audit was conducted at the request of the ARC, Office of the Inspector General, to assist the office in its oversight of ARC grant funds.

The grants were awarded to WVDO to provide funding for its WorkForce West Virginia Competitive Improvement Program (CIP), which is intended to aid existing businesses in West Virginia in achieving major advances in their competitive performance and to strengthen and coordinate the delivery of workforce assistance by utilizing local training network teams and technical service providers. CIP's major objectives are to: (1) support businesses that needs to make improvements to basic operations; (2) assist businesses in assessing opportunities to increase their abilities to compete in regional and national economies; (3) develop curricula that can be shared among other businesses; and (4) increase the skill levels of entry level employees as well as existing employees to aid in retention. First priority for services is given to companies located in Distressed and At-risk counties.

ARC grant WV-12951-C9 covered the period July 1, 2012 through June 30, 2013, provided \$225,000 in ARC funds and required \$450,000 in non-ARC matching funds. The grant activities were completed and the grant was closed at the time of the audit. The total project cost reported under the grant was \$993,846.

ARC grant WV-12951-C10 covered the period July 1, 2013 through June 30, 2014, provided \$225,000 in ARC funds and required \$450,000 in non-ARC matching funds. The grant activities were still in process at the time of the audit. The total project cost that had been reported through October 31, 2013, under the grant was \$504,017.

Objectives, Scope, and Methodology

The primary audit objectives were to determine whether: (1) program funds were managed in accordance with the ARC and federal grant terms and requirements; (2) grant funds were expended as provided for in the approved grant budget; (3) internal grant guidelines and best practices, 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); and (5) the matching requirements and the goals and objectives of the grants were met.

We reviewed the documentation provided and interviewed the WVDO representatives to obtain an overall understanding of the grant activities, the accounting system, and the operating procedures. We reviewed WVDO's administrative procedures and related internal controls to determine if they were adequate to administer the grant funds. We reviewed financial and other required reports to determine whether they were properly supported and submitted in accordance with the requirements. We also reviewed the most recent agency Single Audit report to determine whether there were any issues that impacted the ARC grants.

Of the \$225,000 in expenditures charged to grant WV-12951-C9 and claimed for reimbursement during the grant period, we reviewed the documentation used to support all of the expenditures to determine whether they were properly supported and allowable. In addition, we reviewed the documentation used to support \$145,067 in expenditures that were recorded in WVDO's financial management system under grant WV-12951-C10 during the period of July 1, 2013 through December 31, 2013, but had not been claimed for reimbursement at the time of the audit. We also reviewed the supporting documentation for \$768,846 in expenditures charged to grant WV-12951-C9 and used for matching costs.

The primary criteria used in performing the audit were the provisions of the grant agreements, applicable Office of Management and Budget Circulars, and relevant parts of the ARC Code. The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was performed during the period of February 10-14, 2014, including on-site work at WVDO's office in Charleston, West Virginia. The audit results were discussed with the WVDO representatives at the conclusion of the on-site visit.

Summary of Audit Results

Overall, WVDO's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grants reviewed. The costs tested were supported and considered reasonable. We found that WVDO had an adequate process in place for obtaining and recording data related to the goals of the grants. In addition, the records and reports indicated that the tasks required by the grant agreements were being accomplished.

Among the accomplishments under grant WV-12951-C9, WVDO reported that 22 companies were provided assistance. In addition to trainees who directly benefited at the 22 companies served, an additional 3,612 full-time employees at those companies benefited indirectly. A total of 536 trainees participated. In addition, 15 of the participating businesses reported adding between 3 and 165 new jobs for a total of 670.