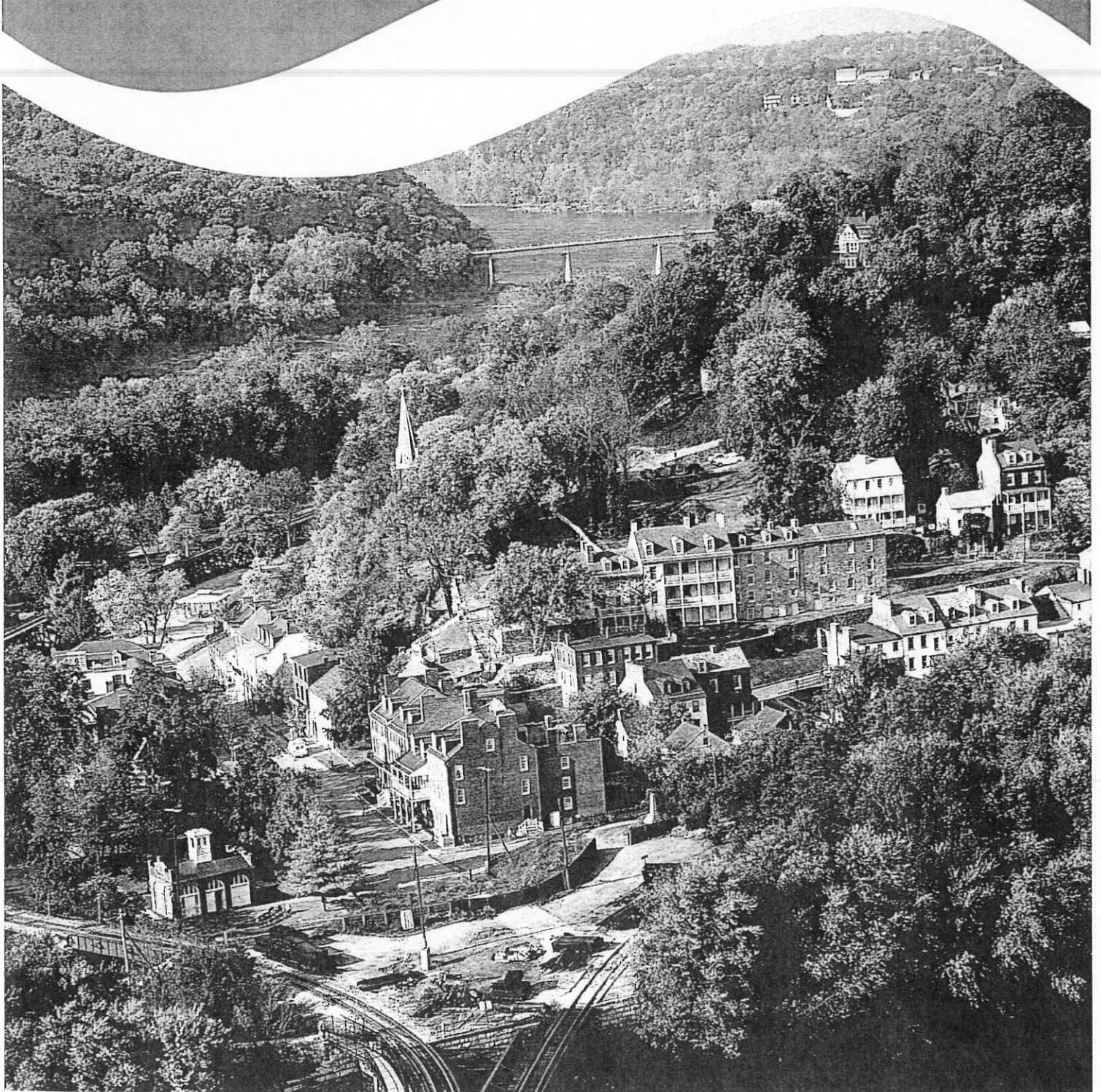




**INSPECTOR GENERAL'S SEMIANNUAL REPORT TO CONGRESS**

*Appalachian Regional Commission*

*October 1, 2014–March 31, 2015*





May 6, 2015

MEMORANDUM FOR THE FEDERAL CO-CHAIR

Subject: Semiannual Report to Congress

In accordance with the requirements of the Inspector General Act Amendments of 1988, Public Law 100-504, the Inspector General Reform Act of 2008, Public Law 110-409, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203. I am pleased to submit the Office of Inspector General's Semiannual Report to Congress.

This Semiannual Report to Congress summarizes the activities of our office for the 6-month period ending March 31, 2015. During this fiscal period, we issued seventeen reports, followed-up on open recommendations and monitored contractor performance.

During this period, the Inspector General continued to serve as a member of the Council of the Inspectors General on Integrity & Efficiency (CIGIE), its Audit and Inspections and Evaluations Committees and small OIG group, and participated with the Small Agency Oversight and sharing of resources OIG Working Groups.

The Inspector General Act of 1978, as amended by the Inspector General Act Amendments of 1988, provides that this report be forwarded to appropriate Congressional committees within 30 days and that you provide whatever additional comments you consider appropriate.

I appreciate the Commission's cooperation with the Office of Inspector General in the conduct of our operations.

Sincerely,

Hubert Sparks  
Inspector General

Enclosure

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## EXECUTIVE SUMMARY

ARC grant operations represent the most significant aspect of ARC programs. For this reporting period our activity included issuance of seventeen reports including nine grant, seven management and the FY 2014 Financial Statement Audit, follow-up on prior recommendations and monitoring of contractor grant audits.

Individual grant reviews disclosed that grants were generally implemented in accordance with applicable regulations and project objectives. Finding and recommendations pertained to matching funds, progress reports, financial systems, internal controls and identified questioned and un-supported costs.

Continuing agency action included grant follow-up and pro-active efforts to address recommendations.

Follow-up on prior recommendations disclosed de-obligations of \$603,828 with respect to grants identified for follow-up in prior reports which involved funds for better use in connection with needed projects in the Appalachian Region.

There remains a need for closing of old grants administered by the Department of Housing and Urban Development (HUD) for the ARC and we identified 14 grants with potential de-obligations of at least \$423,870 ARC has repeatedly urged HUD to provide information necessary to use these funds for other needed projects.

A survey of implementation of a 1999 Memorandum of Agreement (MOA) between ARC and the Department of Agriculture (USDA) disclosed successful implementation of the MOA but a need to update the MOA to address current circumstances and consider recommendations provided by the ARC and USDA Staff.

A review of the grant application and approval process identified a pattern of late applications and approvals resulting in a large majority of dollars being approved in the last quarter and recommendations emphasized coordinating with State partners to improve receipt and processing of applications that provide for a more balanced staff workload and reduce un-obligated balances. ARC is proactively addressing this issue with State partners.

Recommendations were also made with respect to closing old ARC grants administered by the Federal Highway Transportation Administration (FHWA) and refocusing Annual State Strategy Statements to emphasize how ARC funds will be utilized in the coming year. Actions initiated included closing 141 FHWA and refocusing Annual State Strategy Statements.

The FY 2014 Financial Statement Audit was issued with a clean audit opinion.

Based on a new ARC Executive Director, follow-up procedures were revised and updated. Continuing agency action included grant follow-up and pro-active efforts to address recommendations. ARC actions included establishing an IT Committee to assess improved automated controls and use of data analytics, emphasis on grant follow-up and implementation of grant requirements and assessment of staffing needs and responsibilities. The IG met with State ARC Program Managers and Headquarters staff in conjunction with proactive agency initiatives.

An investigation was conducted by the Department of Interior OIG for the ARC OIG with respect to one million dollars of ARC funds used by a grantee to support non ARC programs. The investigation supported ARC actions and results that included staff changes and an agreement to replace ARC funds over a period of years.

The OIG conducted a modified audit peer review of the Postal Regulatory Commission and actively participated in OIG Working Groups dealing with oversight of entities without independent oversight, sharing of OIG resources and issues impacting smaller OIGs.

In December 2013 OMB issued an updated Designated Federal Entity (DFE) list that identified the Federal Co-Chair and the Governors of the thirteen Appalachian States as the ARC Agency Head. The applicable Dodd-Frank legislation provides that the Agency Head can terminate the Inspector General with a two thirds vote. No problems have resulted from the implementation of this provision.

Within the OIG community and the Council of Inspectors General on Integrity and Efficiency (CIGIE) the IG continues to emphasize OIG wide issues impacting efficiency, effectiveness and credibility of OIG audit operations.

**PURPOSE AND REQUIREMENTS OF THE  
OFFICE OF INSPECTOR GENERAL SEMIANNUAL REPORT**

The Inspector General Act of 1978 requires the IG to keep the Federal Co-Chair and Congress fully and currently informed about problems and deficiencies in the Commission's operations and the necessity for corrective action. In addition, the Act specifies that semiannual reports will be provided to the Federal Co-Chair by April 30 and October 31 and to Congress 30 days later.

The Federal Co-Chair may transmit comments to Congress along with the report but may not change any part of the report. The specific requirements prescribed in the Act, as amended (Public Law 100-504), are listed below.

Reporting Requirements

Section 4(a)(2)	Review of legislation and regulations	Page 8
Section 5(a)(1)	Problems, abuses, and deficiencies	Pages 8
Section 5(a)(2)	Recommendations with respect to problems, abuses, and deficiencies	Pages 8
Section 5(a)(3)	Prior significant recommendations not yet implemented	*
Section 5(a)(4)	Matters referred to prosecutive authorities	*
Section 5(a)(5) and 6(b)(2)	Summary of instances where information was refused	*
Section 5(a)(6)	Listing of audit reports showing number of reports and dollar value of questioned costs	App A
Section 5(a)(8)	Statistical table showing number of reports and dollar value of questioned costs	App B
Section 5(a)(8)	Statistical table showing number of reports and dollar value of recommendations that fund be put to better use	App C

\* None.

## **I. INTRODUCTION - OIG**

The Inspector General Act Amendments of 1988, (Pub. L. No. 100-504) provides for the establishment of an Office of Inspector General (OIG) at Designated Federal Entities (DFEs), including the ARC. The ARC OIG became operational on October 1, 1989, with the appointment of an IG and provision of budgetary authority for contracted audit and/or investigation activities.

## **II. BACKGROUND - ARC**

### **A. APPALACHIAN REGIONAL COMMISSION**

The Appalachian Regional Development Act of 1965, (Pub.L. No. 89-4) established the Appalachian Regional Commission. The Act authorizes a Federal/State partnership designed to promote long-term economic development on a coordinated regional basis in the 13 Appalachian States. The Commission represents a unique experiment in partnership among the Federal, State, and local levels of Government and between the public and private sectors. It is composed of the Governors of the 13 Appalachian States and a Federal representative who is appointed by the President. The Federal representative serves as the Federal Co-Chair with the Governors electing one of their numbers to serve as the States' Co-Chair.

- Through joint planning and development of regional priorities, ARC funds are used to assist and encourage other public and private resources to address Appalachia's unique needs. Program direction and policy are established by the Commission (ARC Code) with the vote of a majority of the State members and the affirmative vote of the Federal Co-Chair. Emphasis has been placed on highways, infrastructure development, business enterprise, energy, human resources, and health and education programs.

- To ensure that funds are used effectively and efficiently, and to strengthen local participation, ARC works with the Appalachian states to support a network of multicounty planning and development organizations, or local development districts (LDDs), throughout the Region. The 73 LDDs cover all 420 counties in Appalachia. The LDDs' roles include identification of priority needs of local communities and assisting with participation in ARC programs.

- Administratively, the Commission has a staff of 51 persons that includes 45 Commission employees responsible for program operations, and the office of the Federal Co-Chair that includes the three person OIG staff. The Commissions' administrative expenses, including salaries, are jointly funded by Federal and State funds.

- The Commission's appropriation for FY 2015 is \$90 million.

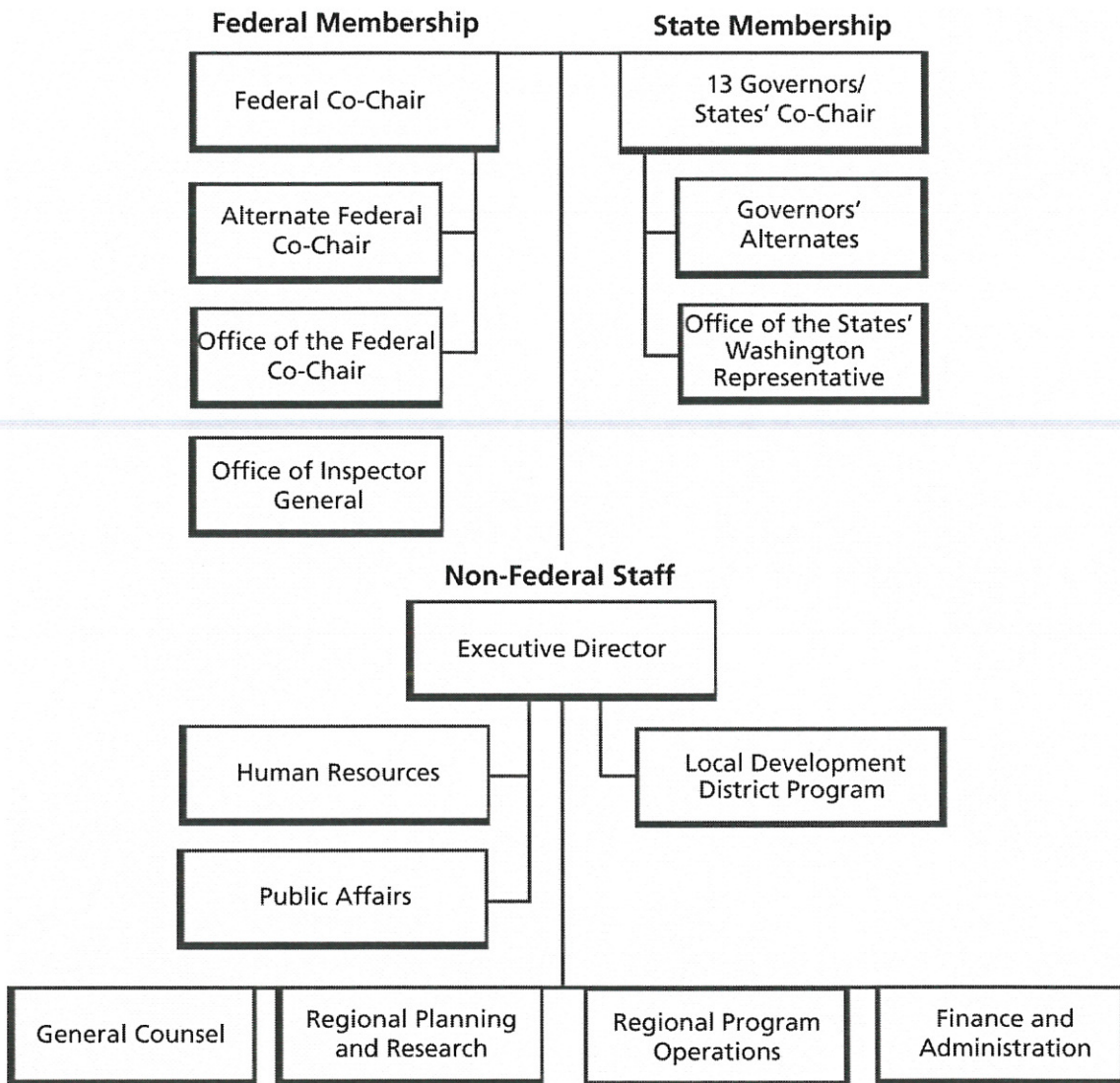
Although Congress changed the funding method for the Appalachian Development Highway System (ADHS) in July 2012, ARC continues to support and participate in completion of the ADHS including fulfilling planning and approval responsibilities.

ARC's non-ADHS funds are distributed to state and local entities in accordance with an allocation formula intended to provide fair and reasonable distribution of available resources. ARC staff has responsibilities for program development, policy analysis and review, grant development, technical assistance to States, and management and monitoring. In order to avail itself of federal agency expertise and administrative capability in certain areas, ARC often relies on other departments and agencies for

program administration, especially with respect to highways and infrastructure projects. For example, the Appalachian Regional Development Act authorizes the Secretary of Transportation to administer the Commission's highway programs, with the Commission retaining responsibility for priorities, highway locations, and fund allocations. ARC relies on Child Agencies, including the Departments of Agriculture and Housing and Urban Development (HUD), and the Economic Development Administration (EDA). Also utilization of State agencies to administer construction related grants is being emphasized.

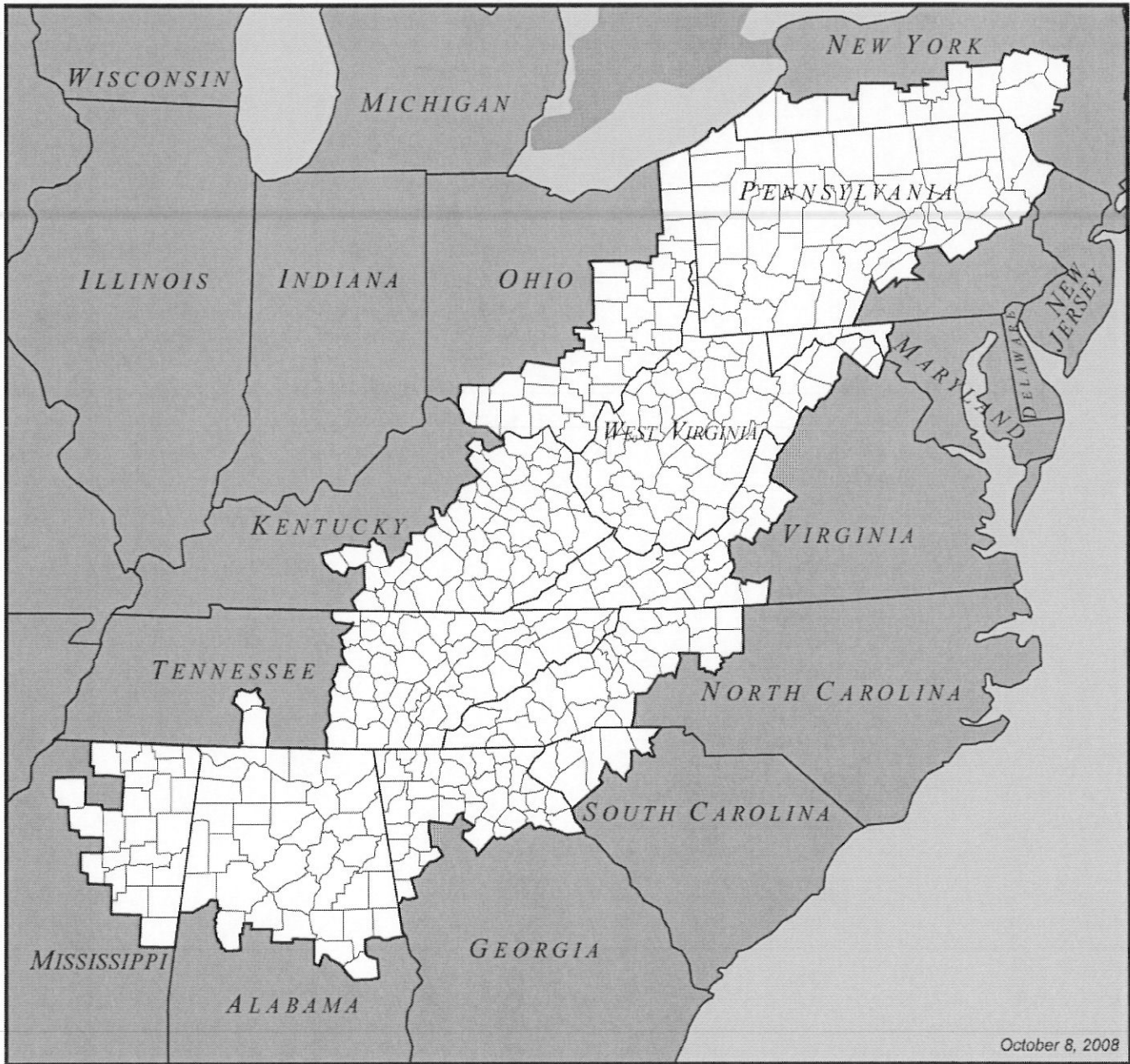


# ARC ORGANIZATION CHART





APPALACHIAN REGION



Appalachia, as defined in the legislation from which the Appalachian Regional Commission derives its authority, is a 205,000-square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia.

## **B. OFFICE OF INSPECTOR GENERAL**

The ARC OIG is an independent Federal audit and investigative unit that reports directly to the Agency Head.

### **Role and Authority**

The Inspector General Act of 1978, (Pub.L. No. 95-452), as amended in 1988, states that the IG is responsible for (1) audits and investigations; (2) review of legislation; and (3) recommendation of policies for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, the program and operations of the establishment. In this regard, the IG is responsible for keeping the Agency Head and Congress fully informed about the problems and deficiencies in ARC programs and operations and the need for corrective action. The IG has authority to inquire into all ARC programs and activities that are federally funded. The inquiries may be in the form of audits, surveys, investigations, inspections, evaluations, personnel security checks, or other appropriate methods. The two primary purposes of these inquiries are (1) to assist all levels of ARC management by identifying and reporting problem areas, weaknesses, or deficiencies in procedures, policies, program implementation, and employee conduct and (2) to recommend appropriate corrective actions.

### **Relationship to Other Principal ARC Offices**

The States' and Federal Co-Chairs, acting together as the Commission, establish policies for ARC's programs and its administration. These policies are provided under the ARC Code and implemented by the Commission staff, which is responsible for monitoring project performance and providing technical assistance as needed. The Federal Co-Chair, as the Federal fiscal officer, is responsible for the proper use and protection of Federal funds, for ensuring compliance with applicable Federal laws and regulations, and for taking appropriate action on conditions needing improvement, including those reported by the OIG. The operation of the OIG neither replaces established lines of operating authority nor eliminates the need for the Commission offices to take reasonable measures to protect and enhance the integrity and effectiveness of their operations. All Commission offices are responsible for monitoring and evaluating the programs entrusted to them and reporting information or incidences needing further audit and/or investigation to the IG.

### **Funding and Staffing**

The OIG funding level for FY 2015 is \$642,000. Staffing consists of the Inspector General, an Assistant Inspector General for Audit, and a Confidential Assistant. Grant review activities continue to emphasize use of contracted services (e.g., independent public accounting firms or other OIG offices) supplemented by programmatic and performance reviews directed by OIG staff.

In order to comply with Pub.L. No. 110-409, the Inspector General Reform Act of 2008, the OIG funding for FY 2015 included reimbursement of other IGs for counsel, audit and investigative services via Memorandums of Understanding. We use Treasury OIG for Tax Administration for legal services, and the Interior OIG for investigation services.

### III. OIG ACTIVITY

#### A. Audits, Inspections, Evaluations and Reviews

Grant reviews focused on grant implementation and administration in line with ARC and OMB policies and procedures. Management reviews focused on headquarters program and grant management activities. During the reporting period nine grants, seven management, and the FY 2014 Financial Statement audit were issued. Follow-up on prior reports and recommendations identified \$608,828 in de-obligations pertaining to grants identified in prior reports.

Audits of 9 grants with total ARC funding of about \$8.4 million reported overall implementation of grants in accordance with policies, procedures and regulations. Findings and recommendations were related to financial systems and internal controls, untimely progress reports, documentation and support for matching funds and indirect costs, and identification of performance results.

Despite ARC attempts to obtain information from the Department of Housing and Urban Development (HUD) with respect to grants administered by HUD for ARC there remains old open grants for which projects were completed and de-obligations are possible. Our follow-up report identified actions on seven grants with de-obligations of \$220,133 and needed action on 4 grants in prior reports with needed de-obligations of \$423,870 and 6 additional grants with balances of \$136,375 for which follow-up was recommended.

A survey of implantation of the 1999 Memorandum of Agreement (MOA) between the Appalachian Regional Commission (ARC) and the Rural Development Service (RDS) of the Department of Agriculture (USDA) with respect to administering ARC construction related grants disclosed that MOA was being successfully implemented but there was a need to update the MOA to address current issues for clarification or consideration were provided by the RDS and ARC representatives who were surveyed. ARC and RDS agreed to update the MOA.

The review of ARC Area Development applications and approvals confirmed that a significant amount of applications and approvals were received and processed in the last quarter of fiscal years, including a significant amount of dollar amount in the last month of the fiscal years. The timing of these actions creates an unbalanced workload for ARC staff, and contributes to un-obligated balances. Recommendations emphasize the need to coordinate with State partners to assure a more timely and balanced process for receiving and approving grant applications. ARC is proactively coordinating with State partners to address this condition.

A review of open Federal Highway Administration (FHWA) grants identified numerous old open grants, including 157 grants approved between 1999 and 2008 that were subject to closing. Actions was initiated to close these grants, and 141 grants were closed by the end of the reporting period.

An assessment of purchase card use disclosed appropriate use of cards and recommendations pertained to clarifying some policies and procedures.

Recommendations were made to better focus annual State Strategy Statements on identifying how ARC funds would be used in the coming year, including emphasis on distressed counties in the Appalachian

Region, and limited repetition of information included in prior Strategy Statements. Action has been initiated to refocus the Annual Statements.

A review of the status of the Appalachian Development Highway System (ADHS) identified the need to revise the budget plan with respect to approximately \$2.3 billion of ARC funds approved for the ADHS.

Based on a new ARC Executive Director ARC/OIG follow-up procedures were updated and revised. During this period ARC actions were initiated to address audit recommendations and upgrade the ARC grant management system and the IG met with State ARC Program Managers to highlight grant compliances issues.

### **ARC Financial Statement Audit**

The financial statement audit for FY 2014 was issued. This report and the prior five years reports have been issued with a clean audit opinion since ARC adopted federal financial reporting rules in 2007.

### **Peer Review**

Offices of the Inspectors General (OIGs) are required to perform (and undergo) reviews of other OIG offices every three years to ensure policies and/or procedural systems are in place that provide reasonable assurance of compliance with government auditing standards (GAS). The OIG performed a modified audit peer review of the Postal Regulatory Commission during this reporting period.

## **B. INVESTIGATIONS**

The Inspector General Act of 1978, as amended, provides that the IG may receive and investigate complaints or information concerning the possible existence of an activity constituting a violation of law, rules, or regulations; mismanagement; gross waste of funds; or abuse of authority. The OIG does not employ criminal investigators and utilizes other OIGs to perform needed investigations. Also, the results of investigations may be referred to the appropriate Federal, State, or local prospective authorities for action.

An investigation was conducted by the Department of Interior OIG for the ARC OIG with respect to a grantee internal audit report that questioned a grantee use of about one million dollars of ARC funds to support other programs and expenses. Staff changes resulted and ARC finalized an agreement that will result, over a period of years, replacement of ARC funds diverted for non-ARC purpose.

## **C. OTHER**

### **OIG Working Groups**

Smaller OIG offices have some significantly different operational concerns than larger OIG offices in trying to maintain effective and efficient oversight of agency programs. One challenge involves the significant human and capital resources being allocated to the ever growing number of mandated reviews. The IG is an active member of the small working group that meets periodically to discuss such issues and recommends actions/best practices to facilitate smaller OIG operations.

The IG also actively participated in OIG Working Groups considering and recommending actions with respect to oversight for entities not currently receiving independent oversight and sharing of OIG resources.

## **Requests for Information**

Each year we receive and comply with requests for information from various governmental entities compiling statistics on OIG offices or their audited agencies. CIGIE requests information for its annual OIG profile update and compilation of OIG statistics. The yearly compilation summarizes the results of audit and inspection activities for of all federal OIG offices.

## **Appalachian Development Highway System (ADHS) Audits**

Since Fiscal Year 1999, ADHS has been funded by the Highway Trust Fund, which is administered in part by the U.S. Department of Transportation (DOT). ARC retains certain programmatic responsibilities, but the funding source is the Highway Trust Fund. Under current legislation the ADHS is a part of a larger Surface Transportation Program grant to Appalachian states, with the states using the funding at their own discretion.

## **Implementation of OIG Reform Act**

The OIG has implemented the requirements of Pub.L. No. 110-409 the Inspector General Reform Act of 2008. A Memorandum of Agreement for Counsel Services is in place with the Treasury Inspector General for Tax Administration and for investigative services is in place with the Interior Inspector General.

### **IV. REPORTING FRAUD, WASTE, AND ABUSE**

A region wide toll-free hotline is maintained to enable direct and confidential contact with the ARC OIG, in line with governmental and longstanding OIG initiatives as identified in the IG Act of 1978; to afford opportunities for identification of areas subject to fraud, waste, or abuse. Also, in accordance with the Inspector General Reform Act of 2008, the ARC OIG implemented another communication channel allowing anonymous reporting of fraud, waste or abuse via a link on our website's home page. The web link is, <http://ig.arc.gov/>.

### **V. LEGISLATIVE AND REGULATORY REVIEW**

The OIG reviews legislation germane to ARC, OIG and the OIG community. Our comments are provided, as appropriate to agency officials, and/or to the CIGIE for incorporation with comments from all other OIGs.

### **VI. DODD-FRANK LEGLISATION – Reporting to Full Commission**

OMB issued an updated list of Designated Federal Entity (DFE) Agency Head in December 2013 that confirmed legislation identifying the 13 Appalachian Governors as part of the Appalachian Regional Commission (ARC) Agency Head (Commissioners) designations. No problems have been experienced with respect to implementation of the legislation.

### **VII. OIGs Audit Community Wide Issues**

OIG audit units have provided very valuable services to the taxpayers including significant monetary benefits and major program improvements. However, as with any organization, improvements are

possible and within the OIG community the IG continues to emphasize various areas where OIG audit performance and credibility can be significantly improved by addressing the following issues.

- Develop peer review guides to assess OIG audit efficiency and effectiveness that highlights key operational elements, such as planning, field work, report timeliness, staff utilization and training, supervision, audit follow-up and actual results. The required peer review of compliance with audit standards does not address these key operational elements that determine OIG efficiency and effectiveness.
- Identify outcome based performance measures that, over a multi-year period, provide for reporting of actual savings in relation to the multi billions of potential savings reported annually based primarily on questioned and undocumented costs with low actual savings potential. OIG Semi-Annual reports identify agreed with disallowances and tracking and reporting agency actions such as establishment of claims and recoveries appears practical and reasonable.
- A OIG survey of OIG metrics noted that 13 of 14 respondents to a question as to how they measured return on investment responded the basis was agreed with recommendations. A better basis for identifying the return on investment appears appropriate, such as implemented recommendations and actual rather than potential savings.
- Develop CIGIE guidance to ensure consistent identification of implemented recommendations. OIGs use different criteria regarding implemented recommendations, ranging from actually confirming the recommendation was implemented, to obtaining implantation plans, to accepting agreement with the recommendation as sufficient to consider the recommendation implemented.
- There is a significant need to broaden the core competencies with respect to the classification of “auditor”. Currently the GS-511 auditor classification requires 24 credits of accounting or an equivalent level of accounting credits or experience. However, the large majority of OIG audits performed by OIG audit staff are performance, not financial, related for which attributes such as evaluation, analysis, oral and written communications and critical thinking skills are far more important than accounting for effective performance auditing.

This issue is being addressed in a review by the Office of Personnel Management (OPM) and the IG has emphasized the need for a “performance auditor classification” identifying qualifications, attributes and skills most applicable to performance auditing such as analyst, social science, legal, history, research, economic backgrounds and/or education and attributes including critical thinking, oral and written communications, report writing, interviewing, analysis, and interpersonal skills. Such a classification would better assure the employment of professional staff that met the current and future audit environment. Regardless of OPM action a primary need involves OIG Audit recognizing current audit requirements and recruiting and employing audit staff best suited to meet these requirements, including additional utilization of the management analysis series if necessary.

**SCHEDULE OF AUDIT, INSPECTION, EVALUATION & REVIEW REPORTS**  
**ISSUED OCTOBER 1 2014 TO MARCH 31, 2015**

Report No.	Report Title/Description	Program Dollars or Contract/Grant Amount*	Questioned/Unsupported Costs**	Funds to Better Use***
15-1	Appalachian Rural Development Philanthropy	\$582,150		
15-2	FY 2014 Financial Statement Audit			
15-3	Northeastern PA Alliance	\$103,136		
15-4	Northeastern PA Alliance PREP	\$400,000		
15-5	Open FHWA Grants	\$2,948,894		
15-6	SW North Carolina Planning and Economic Development Commission	\$300,000		
15-7	City of Pikeville, TN	\$484,387	\$49,700	
15-8	North Central PA Regional Planning & Development Commission	\$ 98,013		
15-9	North Central PA Planning & Development Commission PREP	\$285,000		
15-10	Implementation of MOU Between ARC and USDA			
15-11	Institute for Education leadership	\$ 93,000		
15-12	Grant Applications & Approvals Processing			
15-13	State Strategy Statement			
15-14	Appalachian Development Highway System Budgeting			
15-15	Purchase Card Use			
15-16	HUD Administered Grants	\$599,503		\$423,870
15-17	Travelers Rest Performing Arts Center	\$500,000	\$ 14,300	
Total		\$6,394,083	\$ 64,000	\$423,870



**SCHEDULE OF AUDIT, INSPECTION AND EVALUATION REPORTS  
WITH QUESTIONED OR UNSUPPORTED COSTS (THOUSANDS)**

	<u>No. of Reports</u>	<u>Questioned Costs</u>	<u>Unsupported Costs</u>
A. For which no management decision was made by the commencement of the reporting period	0		
B. Which were issued during the reporting period	1		\$ 49
Subtotals (A + B)	1		
C. For which a management decision was made during the reporting period			
(i) dollar value of disallowed costs			
(ii) dollar value of costs not disallowed			
D. For which no management decision has been made by the end of the reporting period	1		\$ 49
E. Reports for which no management decision was made within 6 months of issuance			

SCHEDULE OF AUDIT, INSPECTION AND EVALUATION REPORTS WITH  
RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE AND SUMMARY OF  
MANAGEMENT DECISIONS (THOUSANDS)

	<u>No. of Reports</u>	<u>Dollar Value</u>
A. For which no management decision was made by the commencement of the reporting period		
B. Which were issued during the reporting period	2	
Subtotals (A + B)	2	\$2,400
C. For which a management decision was made during the reporting period		
(i) dollar value of recommendations that were agreed to by management		
--based on proposed management action	2	\$2,400 <sup>1</sup>
--based on proposed legislative action		
(ii) dollar value of recommendations that were not agreed to by management		
D. For which no management decision has been made by the end of the reporting period		
E. Reports for which no final management decision was made within 6 months of issuance	0	0

**1. Based on management decisions to follow-up on older open grants. Also \$603,828 in de-obligations resulted from grants identified for follow-up in prior SAR.**

**DEFINITIONS OF TERMS USED**

The following definitions apply to terms used in reporting audit statistics:

<b>Questioned Cost</b>	A cost which the Office of Inspector General (OIG) questioned because of an alleged violation of a provision of a law, regulation, contract, or other agreement or document governing the expenditure of funds; such cost is not supported by adequate documentation; or the expenditure of funds for the intended purpose is unnecessary or unreasonable.
<b>Unsupported Cost</b>	A cost which the OIG questioned because the cost was not supported by adequate documentation at the time of the audit.
<b>Disallowed Cost</b>	A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Commission.
<b>Funds Be Put To Better Use</b>	A recommendation made by the OIG that funds could be used more efficiently if management took actions to implement and complete the recommendation.
<b>Management Decision</b>	Management's evaluation of the findings and recommendations included in the audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary. Interim decisions and actions are not considered final management decisions for the purpose of the tables in this report.
<b>Final Action</b>	The completion of all management actions that are described in a management decision with respect to audit findings and recommendations. If management concluded that no actions were necessary, final action occurs when a management decision is issued.

**THE OFFICE OF INSPECTOR GENERAL  
APPALACHIAN REGIONAL COMMISSION**

**serves American taxpayers  
by investigating reports of waste, fraud, or abuse  
involving Federal funds.**

**If you believe an activity is  
wasteful, fraudulent, or abusive of Federal funds,  
please call  
toll free 1-800-532-4611  
or (202) 884-7667 in the Washington metropolitan area**

**or write to:**

**Office of Inspector General  
Appalachian Regional Commission  
1666 Connecticut Avenue, NW, Rm. 700  
Washington, DC 20009-1068**

**Information can be provided anonymously.  
Federal Government employees are protected from reprisal,  
and anyone may have his or her identity held in confidence.**

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**Appalachian Regional Commission**

Office of Inspector General  
1666 Connecticut Avenue, NW, Suite 700  
Washington, DC 20009-1068

