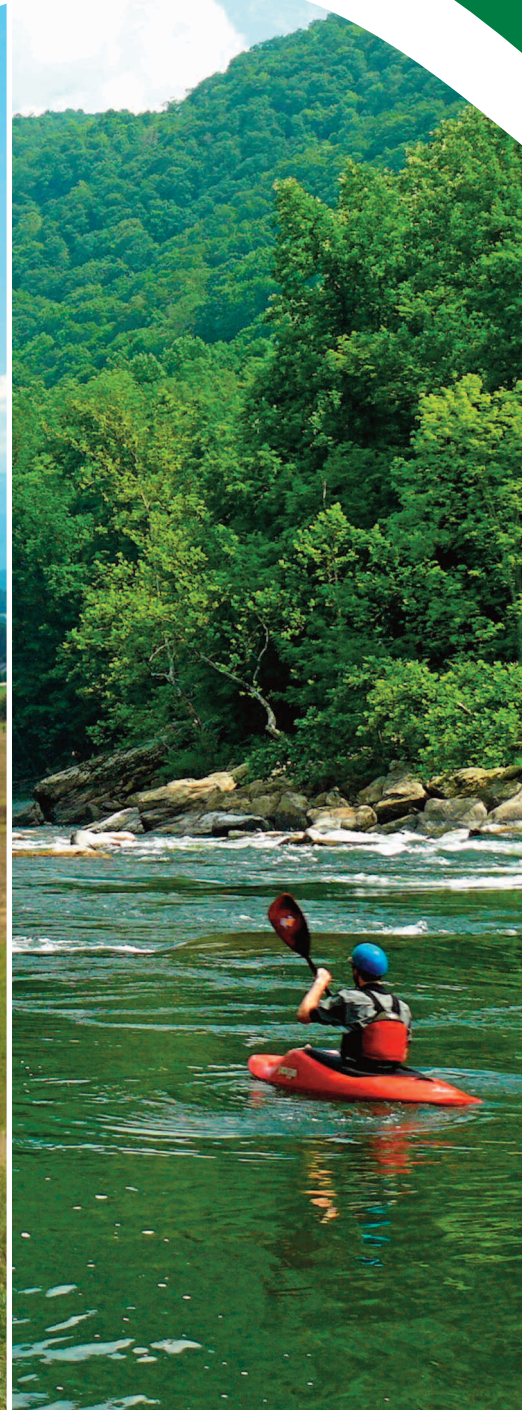




INSPECTOR GENERAL'S SEMIANNUAL REPORT TO CONGRESS

Appalachian Regional Commission
April 1, 2014–September 30, 2014





November 10, 2014

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 September 30, 2014. During this fiscal period, we issued twenty five 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, testified on OIG coverage of additional entities and operations of smaller OIG offices, was a member of the Small Agency Oversight and United States Postal Service OIG Working Groups, and addressed a Washington Institute of Internal Auditors seminar.

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,

A handwritten signature in cursive script that reads "Hubert Sparks".

Hubert Sparks
Inspector General

Enclosure

TABLE OF CONTENTS

	Page
Executive Summary	ii
I. Introduction	1
II Background	1
Appalachian Regional Commission	1
Office of Inspector General	5
III. OIG Activity	6
Audits, Inspections, Evaluations & Reviews	6
Investigations	7
Other	7
IV. Reporting Fraud, Waste, and Abuse	8
V. Legislative & Regulatory Review	8
VI. Dodd-Frank Legislation	8
VII. OIG Audit Community Wide Issues	9
Appendices	
A. Schedule of Reports Issued April 1, 2014 thru September 30, 2014	
B. Schedule of Audits, Inspections, Evaluation and Review Reports of Questioned or Unsupported Cost	
C. Schedule of Audit, Inspection, Evaluation and Review Reports with Recommendations that Funds be put to Better Use and Summary of Management Decision	
D. Definition of Terms Used	

EXECUTIVE SUMMARY

ARC grant operations represent the most significant part of ARC's programs. For this reporting period our activities included the issuance of twenty five reports, follow-up on significant recommendations in prior reports, and monitoring contractor performance of grant reviews. This included 19 grant audits issued during the reporting period and six reports dealing with management issues.

Agency action to improve grant follow-up including use of the Basic Agency Management Report (BAMR) provides additional information about grant status and permits an improved assessment of grants needing follow-up.

Follow-up on older Basic Agency grants in prior reports disclosed de-obligations of \$1,167,353 in five cases. Continued emphasis is appropriate for older open grants for which no disbursements have been made, grants with no additional disbursements for lengthy periods, open grants with expired performance periods and grants for which the BAMR reports noted additional potential de-obligations of \$2.4 million.

For older ARC administered grants no disbursements were noted in 5 of 9 cases included in prior reports and de-obligations of \$111,701 were reported in two cases.

Twenty HUD old administered grants with balances totaling \$599,503 that should be de-obligated remained open and continued emphasis is needed to assure HUD de-obligates these funds so that the funds can be used for other projects.

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.

A peer review of the ARC OIG was conducted by another OIG during this reporting period. The report contained no significant deficiencies and cited monitoring of contractors as a best practice.

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 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 that was contained in Dodd-Frank legislation.

The IG continues to emphasize OIG wide issues impacting efficiency, effectiveness and creditability of OIG audit units.

**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
Section 5(a)(1)	Problems, abuses, and deficiencies	Pages
Section 5(a)(2)	Recommendations with respect to problems, abuses, and deficiencies	Pages
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**

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**

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 progress.

- 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 2014 was \$80.3 million.

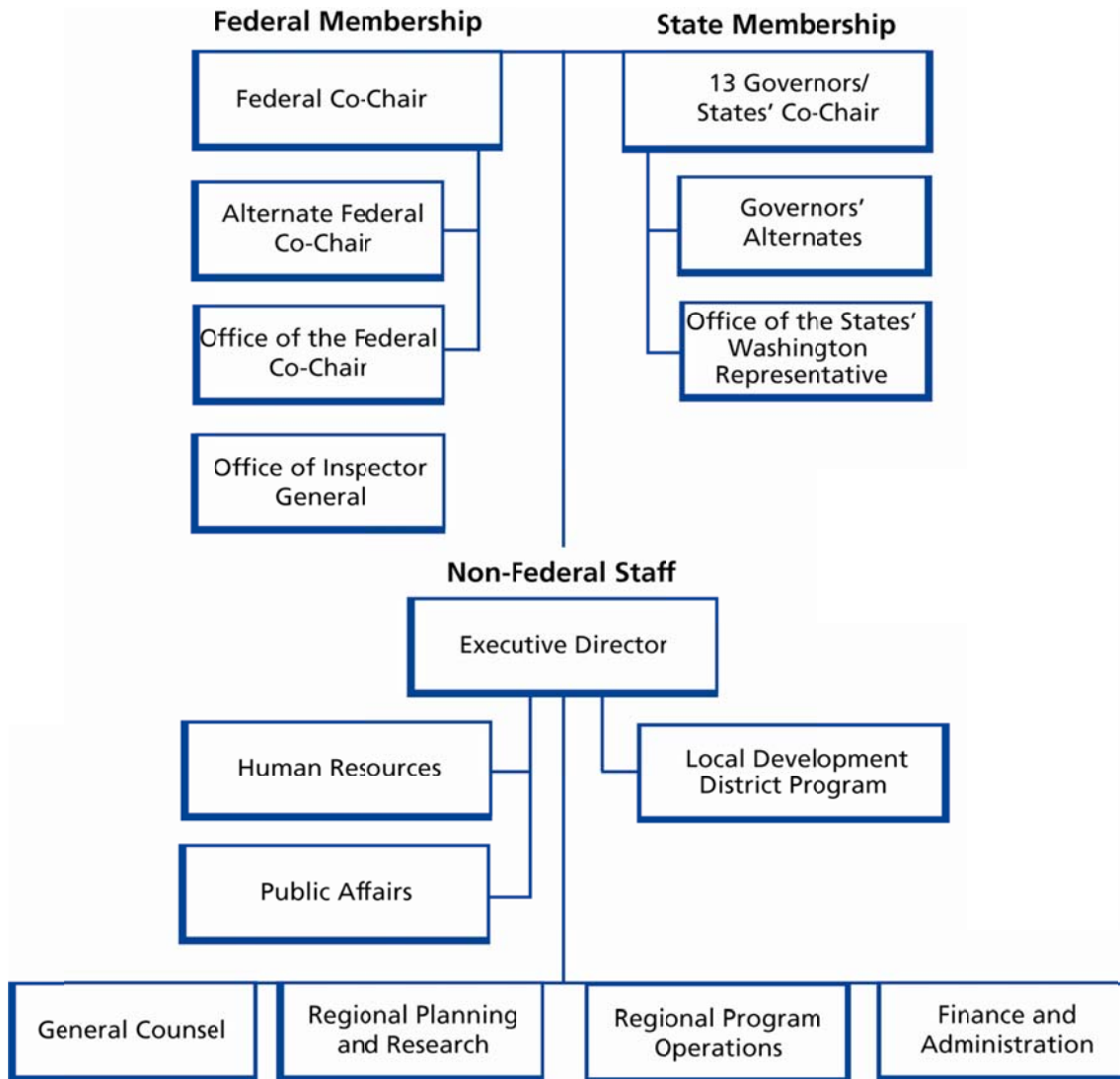
Although Congress changed the funding method for the Appalachian Development Highway System (ADHS) in July 2012, ARC continues to support and participate in completion of the ADHS including fulfilling planning and approval responsibilities.

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), Economic Development Administration (EDA) and the Tennessee Valley Authority (TVA), to administer and monitor construction related grants.

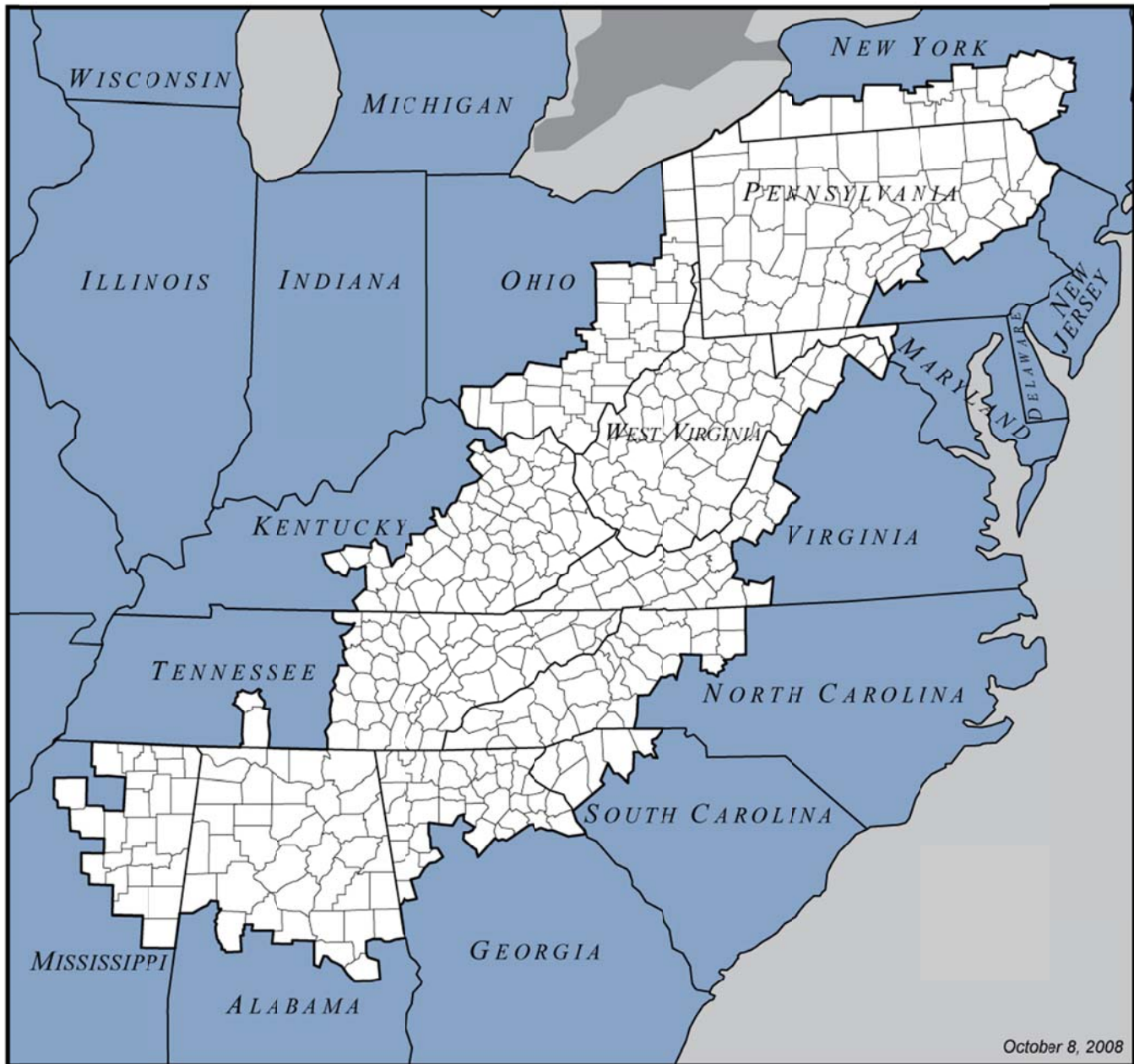
The TVA has administered, under the terms of a Memorandum of Understanding with the Commission that provided for reimbursement of services, about 80 open ARC grants, primarily in the southern states of the Region. TVA has recently indicated that they intend to curtail or reduce their administration services after this fiscal year, which will put additional pressure on the management of ARC's grant program. ARC is coordinating with other Basic Agencies to administer construction grants and emphasizing State authority to administer these grants.

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 2014 was \$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 2014 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.

ARC has continued its emphasis on grant follow-up including identification of inactive grants with potential for termination and de-obligations. For example, follow-up on prior reports identifying old open grants administered by basic agencies disclosed that ARCs initiation of an annual Basic Agency Monitoring Report (BAMR) resulted in better identification of project status and initiation of follow-up action. Available reports identified five instances where grants balances totaling \$1,167,353 in our prior report were de-obligated.

A review of the last available BAMRs identified seven instances with additional potential de-obligations of \$2,435,000 based on comments such as project withdrawn, do not need grant, should be cancelled, to be de-obligated, no work will be done and seeking interim financing.

Emphasis was also placed on follow up on grants for which the latest BAMR noted issues such as bids to high, estimated completion in early 2014, hope to bid in 2014, design not started, preparing to bid, etc. that reflected a need to determine the project status. Also, recommendations included following up on grants with no ARC disbursements 24 months since approval, grants with zero balances and potential for closings and de-obligations with small balances or no recent disbursements.

Follow-up on ARC administered grants identified that 5 of 9 grants with balances totaling \$203,500 remained without reported disbursements as of September 30, 2014. The periods since grant approval ranged from 39 to 83 months. In four cases actions were initiated, including two de-obligations totaling \$111,701.

Two of three grants with limited activity and balances totaling \$235,241 remained without additional payments and the last payments were made in 2002 and 2009 respectfully. In one case the grant was closed with de-obligation of \$50,000.

For twelve of thirteen cases previously identified the open grants retained expired performance periods. Payments for expenditures made after expired dates can result in ineligible costs. The open grants with expired performance dates had balances of \$835,642. Controls should be established to identify expired performance dates and actions such as supportable extensions or identifying ineligible expenditures should be initiated.

ARC follow-up to obtain necessary information from HUD to permit de-obligation of funds has had limited success. During the reporting period two grants identified in prior reports with balances of \$350,000 were de-obligated. However, 20 grants for which the projects were reported as completed between 2005 and 2011 remain open with balances of \$599,503 that could be used for other projects in Appalachia.

With respect to de-obligations of inactive grants the amounts de-obligated are considered funds to better use and available for use on other projects in Appalachia.

Audits of 19 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 ineffective financial systems and internal controls, untimely progress reports, documentation and support for matching funds and indirect costs, and identification of performance results.

Questioned/unsupported costs totaling \$930,243 were identified in grant audits. These costs resulted from claimed costs not being adequately documented, ineligible costs, costs incurred prior to grant approval and deficient accounting systems. Follow-up action is in process and it is anticipated the majority of costs will be resolved by grantees providing documentation to justify claimed expenses.

ARC Financial Statement Audit

The financial statement audit for FY 2014 is in progress. 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). A peer review of ARC-OIG was conducted during this reporting period. The report contained no significant deficiencies and identified contractor monitoring as a best practice.

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.

During the reporting period follow up on a prior administrative investigation identified that ARC implemented significant controls to identify receipt of equipment, including computers, and track issuance, use and disposition of high risk equipment.

An in process investigation pertains to follow-up on an internal grantee audit that identified about \$1 million in questionable use of ARC funds by the grantee due to use of ARC funds to support other programs and cover administrative expenses. ARC is finalizing an agreement that will result, over a period of years, replacement of ARC funds diverted for non-ARC purposes.

C. OTHER

Smaller OIG 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 group that meets periodically to discuss such issues and

recommends actions/best practices to facilitate smaller OIG operations. The IG testified with respect to potential legislation dealing with small OIGs and entities not included in the IG Act.

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 recent 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 APRIL 1, 2014 TO SEPTEMBER 30, 2014

Report No.	Report Title/Description	Program Dollars or Contract/Grant Amount*	Questioned/Unsupported Costs**	Funds to Better Use***
14-20	Southwest Virginia Cultural Heritage Commission/Southwest Virginia Economic Development Initiative	\$500,000	\$371,105	3
14-21	South Carolina Department of Commerce	\$375,000		
14-22	Webster County Commission Diana Phase I Water Main Extension Project	\$1,500,000		
14-23	West Virginia Development Office Flex-E-Grant Program	\$200,000		
14-24	Strengthening Healthcare Enterprises in West Virginia	\$526,000		
14-25	Schuyler County Child Care Coordinating Council, Inc.	\$150,000	\$250,836	3
14-26	Friends of Southwest Virginia	\$500,000	\$195,339	3
14-27	Southern Tier West Regional Planning	\$318,000		
14-28	Campbell County Business Incubator	\$214,982		
14-29	Northwest PA Regional Planning and Development Commission	\$400,000	\$90,534	
14-30	Northwest PA Regional Planning and Development Commission	\$98,013	\$21,497	
14-31	Nursing & Health Sciences Equipment	\$500,653	\$932	
14-32	J-1 Waiver Program in KY			
14-33	Rattlesnake Ridge Water System	\$400,000		
14-34	Literacy Program for Clay, Jefferson & Hale Counties	\$200,000		
14-35	Brushy Fork Institute	\$1,100,350		

14-36	Powell Valley Utility District	\$393,477		
14-37	Winston County Schools	\$300,000		
14-38	New Market Exports for SC SMEs	\$300,000		
14-39	J-1 Waiver Program NY			
14-40	HUD De-obligations	\$599,503		\$599,503 2
14-41	Older ARC Administered Grants	\$872,000		1
14-42	Older Basic Agency Administered Grants	\$30,898,000		1
14-43	Mid-East Association LDD	\$211,024		
14-44	MOU Updates			
Total		\$40,557,002	\$930,243	\$599,503

1. Value of grants for which follow-up action was tested.
2. Amount of de-obligation possible based on project completions.
3. Includes questions/unsupported ARC and matching funds.

**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	6		\$930	
Subtotals (A + B)	6			
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	4		\$364	1
D. For which no management decision has been made by the end of the reporting period	2		\$566	
E. Reports for which no management decision was made within 6 months of issuance	0			

1. Grantee provided supporting documentation.

**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	3	
Subtotals (A + B)	3	\$3,200
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	3	\$3,200 ¹
--based on proposed legislative action	0	0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	0	0
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 \$1,679,084 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:

Questioned Cost	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.
Unsupported Cost	A cost which the OIG questioned because the cost was not supported by adequate documentation at the time of the audit.
Disallowed Cost	A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Commission.
Funds Be Put To Better Use	A recommendation made by the OIG that funds could be used more efficiently if management took actions to implement and complete the recommendation.
Management Decision	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.
Final Action	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.**



APPALACHIAN REGIONAL COMMISSION

Office of Inspector General

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