
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

AUDIT OF GRANT AWARD

**City of Inman
Inman, South Carolina**

**Final Report Number: 20-03
Grant Number: SC-18420**

November 2019

Prepared by:

Leon Snead & Company, P.C.



**LEON SNEAD
& COMPANY, P.C.**

*Certified Public Accountants
& Management Consultants*

416 Hungerford Drive, Suite 400
Rockville, Maryland 20850
301-738-8190
fax: 301-738-8210
leonsnead.companypc@erols.com

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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 SC-18420 awarded by the Appalachian Regional Commission (ARC) to the City of Inman, South Carolina (the City). 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); and (5) the matching requirements and (6) the established performance measures were met.

The City's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The costs tested for the grant were properly supported and allowable. The City's matching contribution exceeded the required matching requirement. Financial and project performance reports were submitted to ARC timely and accurately.

ARC funds of \$500,000 had been expended for the City's street improvement project, which had been fully completed at the time of the audit. The City had an adequate process in place for obtaining and recording data related to the construction of the street improvements. All performance measures had been met or exceeded.

Leon Snead & Company appreciates the cooperation and assistance received from the grantee and ARC staffs 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 SC-18420 awarded by the Appalachian Regional Commission (ARC) to the City of Inman, South Carolina (the City). 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 City of Inman was incorporated on December 22, 1882 and is located in Spartanburg County, South Carolina. It is governed by a Mayor-Council form of government with a municipal council composed of the Mayor and four council members who are elected from the City at large.

ARC awarded \$500,000 to the City and required a matching contribution of \$523,500 for an estimated project cost of \$1,023,500. The final project costs were \$1,258,532. The period of performance for the grant was July 1, 2016 through June 30, 2019. The project has been completed and was administratively closed by ARC.

The grant provided funding for streetscape improvements to Mill Street and Main Street, two primary corridors in downtown Inman. The project included landscaping, sidewalk and crosswalk improvements, traffic infrastructure improvements, signage, installation of curb cuts and handicap parking areas, decorative security fencing, benches, decorative pavers, and administrative expenses. The improvements were intended to increase foot traffic and attract businesses to the downtown area.

The South Carolina Department of Commerce (SCDOC) was responsible for administering and monitoring the ARC grant funds provided for the project. SCDOC's responsibilities were specified in a Memorandum of Understanding (MOU) between SCDOC and the City. The Appalachian Council of Governments (ACOG) also provided grant administration for the project.

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 measures were met.

ARC funding of \$500,000 had been expended under the grant. We reviewed \$324,169 of these charges to determine whether they were properly supported and allowable. The total required matching contribution per the agreement was \$523,500. The actual matching contribution at closeout was \$758,532. We reviewed \$419,816 of these charges to determine whether they were properly supported and allowable.

We reviewed documentation provided by City and interviewed personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed written policies and administrative procedures to determine if they complied with federal requirements and were adequate to administer the grant. We reviewed

financial and project performance reports to determine if they were submitted in accordance with requirements. We evaluated grant results discussed in the project performance reports to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at the City's office in Inman, South Carolina, during the period of October 21 through October 25, 2019. The audit results were discussed with City officials at the conclusion of the on-site visit.

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

Summary of Audit Results

The City's administrative policies, procedures, and related internal controls were adequate to manage the funds provided under the ARC grant. The costs tested for the grant were properly supported and allowable. The City's matching contribution exceeded the required matching requirement. Financial and project performance reports were submitted to ARC timely and accurately. ARC funds of \$500,000 had been expended for the City's street improvement project, which had been fully completed at the time of the audit.

The City had an adequate process in place for obtaining and recording data related to the construction of the street improvements. As shown below, our review of the ARC Basic Agency Closeout Summary, dated June 19, 2019, indicated the City met or exceeded three of the four planned performance outputs and outcomes.

SC-18420	Planned Outputs	Actual Outputs	Planned Outcomes	Actual Outcomes
Businesses Served	34	34	0	0
Linear Feet of Sidewalk Installed	2,640	3,903	0	0
Businesses Created	0	0	8	9
Businesses Improved	0	0	34	34

During the audit, the City provided us with a listing of nine new businesses, along with the corresponding business owners and addresses, that had been created as of October 2019 as a result of the ARC street improvement project. Because the data had been obtained recently, the City had not yet reported this information to the SCDOC, i.e. the Basic Agency for the project. SCDOC officials informed us that the grant was "programmatically" closed and final closure was pending receipt of the final performance outputs and outcomes. The City informed us that the actual number of businesses created would be formally reported to SCDOC in the near future. Once SCDOC receives this information, it will be reported to ARC.