
APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT OF GRANT AWARD

Southern Tier East Regional
Planning & Development Board
Binghamton, New York

Final Report Number: 18-06
Project Number: NY-2324-C45-16
Project Number: NY-2324-C46-17

January 31, 2018

Prepared By:

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP

January 31, 2018

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, N.W.
Washington, D.C. 20009

Bonadio & Co., LLP completed an audit of grant numbers NY-2324-C45-16 and NY-2324-C46-17 awarded by the Appalachian Regional Commission (ARC) to the Southern Tier East Regional Planning & Development Board. The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant funds.

The primary objectives of the audit were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expensed as provided for in the approved grant budget; (3) internal grant guidelines, 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 objectives of the grant were met.

Bonadio & Co., LLP appreciated the cooperation and assistance received from the Southern Tier East Regional Planning & Development Board and the ARC staff during the audit.

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant numbers NY-2324-C45-16 and NY-2324-C46-17 awarded by the Appalachian Regional Commission (ARC) to the Southern Tier East Regional Planning & Development Board (grantee). The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of the ARC grant funds.

The rural counties and communities of Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga and Tompkins established the Southern Tier East Regional Planning & Development Board to partner with member counties to identify and address multi-county issues in order to improve the quality of life within the region. Southern Tier East Regional Planning & Development Board was established under Articles 12-B and 5-G of the New York State Municipal Law.

Southern Tier East Regional Planning & Development Board was designated as a Local Development District to coordinate the Appalachian Regional Programs in the eight county region and under section 302 (a) of the Appalachian Regional Commission Code, the Board is eligible for grant funds to accomplish this purpose.

ARC grant number NY-2324-C45-16 was awarded to cover the period January 1, 2016 to December 31, 2016. It provided \$334,000 in ARC funds and \$334,000 in non-ARC funds. The majority of the approved total budget was for staff salaries, benefits and administrative costs.

ARC grant number NY-2324-C46-17 was initially awarded to cover the period January 1, 2017 through June 30, 2017. It provided \$129,000 in ARC funds and \$129,000 in non-ARC funds. The majority of the approved total budget was for staff salaries, benefits and administrative costs. The grant was extended through December 31, 2017. It provides an additional \$129,000 in ARC funds and \$129,000 in non-ARC funds.

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 expensed 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 objectives of the grant were met.

We reviewed the documentation provided and interviewed grantee personnel to obtain an overall understanding of the grant activities, the accounting system, and operating procedures. We evaluated grantee administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds. We also obtained the most recent audited financial statements and Single Audit report to determine whether there were any issues that impacted the ARC grant.

Of the \$668,000 in expenditures charged to grant NY-2324-C45-16, we selected a sample of \$204,599 of expenditures for testing to determine whether the charges were properly supported and allowable. In addition, we tested a sample of \$73,951.41 of the \$258,000 in expenditures charged to grant NY-2324-C46-17 to determine whether the charges were properly supported and allowable. We also reviewed the grantee's cost allocation plan for 2016 and 2017 to ensure allocations were allowable, reasonable and supported.

The criteria used in performing the audit were ARC grant documents, the grant approval, the ARC code, other ARC requirements, and CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards". The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was performed during the period of October 17-19, 2017, including on-site work at the Southern Tier East Regional Planning & Development Board in Binghamton, New York.

The audit results were discussed with grantee representatives at the conclusion of the on-site visit. The grantee's representative agreed with the audit results.

SUMMARY OF AUDIT RESULTS

Overall, the grantee's administrative procedures were adequate to manage the grant and funds reviewed for grant NY-2324-C45-16. In 2016, the grantee received \$334,000 of ARC funds but only expended \$290,199 of those funds resulting in a repayment of \$43,801 to ARC. This was a result of significant turnover of the grantee's staff, including the appointment of a new executive director. In 2018 the grantee plans to have a permanent staff presence in the eastern part of the region, contingent on continued ARC funding. As of June 30, 2017, the grantee recorded \$84,897 of expenses.

Based on audit procedures, Bonadio & Co., LLP did not identify any questioned costs. The expenses tested were supported and considered reasonable. We found the grantee had an adequate process in place for obtaining and recording data related to the objectives of the grant. In addition, the records and reports indicated that the tasks required by the grant agreement were accomplished. They utilize a cost allocation plan for administrative costs, which appeared to be reasonable and supported.

The overall grant performance measures were adequately met for the grant, which was completed on December 31, 2016 and were in progress for the year ended December 31, 2017. We noted the following accomplishments:

- In 2016, Southern Tier East Regional Planning Commission assisted 57 organizations and municipalities seeking projects funding. In addition, the grantee reviewed 30 project proposals for ARC investment and recommended that five be funded in 2017.
- In 2017, the grantee reviewed over 27 unique proposals, assisted 17 organizations with applications and submitted eight investment requests to the Governor's office, totaling \$1,594,168. It is anticipated that at least five ARC project applications will be submitted from the grantee in 2017.
- The grantee has secured funding for the following state and federal programs that will be completed by the grantee in 2017:
 - \$70,000 Economic Development Administration for the Economic Development District planning grant
 - \$69,000 DEC 604b three year work plan for water quality (MS4)

FINDINGS AND RECOMMENDATIONS

We did not note any findings and recommendations, as a result of our audit procedures.



March 5, 2018

Ms. Jennifer Gregory, Executive Director
Southern Tier East Regional Planning & Development Board
49 Court Street, Suite 222
Metro center
Binghamton, NY 13901

Re: Grant No. NY-2324 C-45 & C-46

Dear Ms. Gregory:

Enclosed is our report about the Administrative grants.

The report contains no recommendations and we consider the report closed.

The courtesies and cooperation afforded the auditor were appreciated.

Sincerely,

Hubert Sparks
Inspector General
Appalachian Regional Commission

cc: Mr. Kyle Wilber, ARC Program Manager