
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD
West Virginia Development Office
Flex-E-Grant Program
Charleston, West Virginia**

**Final Report Number: 14-23
Project Number: WV-14334-C9 & C10
May 2014**

**Prepared by
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Leon Snead & Company, P.C. has completed an audit of grant number WV-14334 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 numbers WV-14334-C9 and WV-14334-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 the West Virginia Flex-E-Grant Program, which is designed to fund small-scale, non-construction community development projects that develop or strengthen local community leadership; encourage the formation of community-based groups or coalitions; promote community-wide strategic planning; create tools such as feasibility studies that assess and promote economic development opportunities; or increase the ability of a community or region to leverage a local asset for economic development.

ARC grant WV-14334-C9 was initially awarded to cover the period September 1, 2011 through June 30, 2012; however, the grant agreement was amended to extend the grant period to May 31, 2013, for the grantee to complete the project activities. The grant provided \$200,000 in ARC funds and required \$141,500 in non-ARC matching funds. The project activities were completed and the grant was closed at the time of the audit. The total project cost reported under the grant was \$277,535.

ARC grant WV-14334-C10 was initially awarded to cover the period October 1, 2012 through September 30, 2013; however, the grant agreement was amended to extend the grant period to February 28, 2014, for the grantee to complete the project activities. The grant provided \$100,000 in ARC funds and required \$103,500 in non-ARC matching funds. The project activities were still in process at the time of the audit. The total project cost reported under the grant through December 31, 2013, was \$123,445.

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 grant 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 \$131,157 in expenditures charged to grant WV-14334-C9 and claimed for reimbursement during the grant period, we selected a sample of \$58,425 of the expenditures for testing to determine whether they were properly supported and allowable. In addition, we reviewed the documentation used to support \$38,444 in expenditures charged to grant WV-14334-C10 and claimed for reimbursement through December 31, 2013. We also reviewed the documentation supporting \$110,795 of the \$146,378 in expenditures charged to grant WV-14334-C9 during the grant period 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 March 5-7, 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.

The final project analysis indicate that 36 mini-grants totaling \$277,500 were awarded; a total of \$231,157 in mini-grant money was expended with \$131,157 provided through the ARC grant and \$100,000 provided through the Benedum Foundation grant. An additional \$46,343 was provided as local match projects. The reported program results included: 295 participants served, 217 trained (improved) participants, 25 plans/reports completed/developed and two new organizations created.