
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT OF GRANT AWARD**

**North Central PA Regional Planning and Development Commission
Local Development District (LDD) Administration
Ridgway, Pennsylvania**

**Final Report Number: FY15-08
Project Numbers: PA-708B-C41 & C42
February 2015**

**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

February 20, 2015

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

Leon Snead & Company, P.C. completed an audit of grant numbers PA-708B-C41 and PA-708B-C42 awarded by the Appalachian Regional Commission (ARC) to the North Central Pennsylvania Regional Planning and Development Commission (North Central). The audit was performed to assist the Office of 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 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, North Central'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 North Central had an adequate process in place for obtaining and recording data related to the goals and objectives of the grant. In addition, the records and reports indicated that the tasks required by the grant agreement were being accomplished. The overall grant performance measures, with respect to anticipated outputs and outcomes, were adequately met for grant number PA-708B-C41, which was completed on December 31, 2013.

Leon Snead & Company appreciates the cooperation and assistance received from North Central 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 PA-708B-C41 and PA-708B-C42 awarded by the Appalachian Regional Commission (ARC) to the North Central Pennsylvania Regional Planning and Development Commission (North Central). The audit was conducted at the request of the ARC, Office of Inspector General, to assist in its oversight of ARC grant funds.

North Central is a non-profit organization established in 1976 under the Laws of Pennsylvania as a Local Development Districts (LDD) within the State. North Central is the designed LDD for the counties of Cameron, Clearfield, Elk, Jefferson, McKean, and Potter. Its primary mission is to provide support to the counties in the areas of transportation planning and economic development. The major activities supported by the ARC funding include workforce investment training, low interest loans to small businesses, and improvement of the economic and environmental climate in rural communities.

A board of directors representing the six counties oversees the mission and operations of North Central. Day-to-day operations and programs are managed by an Executive Director and 63 support staff members located in Ridgeway, Pennsylvania. North Central receives a significant amount of its funding for operations and programs from Federal and State agencies. For the year ended June 30, 2013, North Central reported total income of \$7.2 million with \$4.9 million from Federal agencies and \$1.2 million from State agencies.

ARC grant PA-708B is awarded annually to provide continuing funding to assist North Central in administering its LDD program for establishing and expanding economic development services within its geographic area. Grant PA-708B-C41 covered the period from January 1 to December 31, 2013 and provided \$98,013 in ARC funding and also required \$98,013 in non-ARC matching funds. The majority of the approved budget was for staff salaries and benefit costs, but there were also some amounts budgeted for travel, contractual, and other costs. The grant had ended, but had not been closed out administratively by ARC at the time of the audit.

Grant PA-708B-C42 covered the period from January 1 to December 31, 2014 and provided \$103,136 in ARC funding and also required non-ARC matching funds of \$103,136. This grant had ended, but had not been closed out administratively by ARC at the time of the audit.

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 the goals and objectives of the grant were met.

We reviewed documentation provided and interviewed personnel at North Central to obtain an understanding of the grant activities, the accounting system, and the operating procedures. We reviewed administrative procedures and related internal controls of North Central to determine whether they were adequate to administer the grant funds. We reviewed financial and other required reports to determine if they were supported and submitted in accordance with the grant requirements. We also reviewed the most recent Single Audit report to determine whether there were issues that impacted the ARC grant.

Of the \$98,013 in expenditures charged to the grant and claimed for reimbursement through December 31, 2013, we selected a sample of \$14,387 in expenditures for testing to determine whether the charges were properly supported and allowable. Of the \$103,136 in expenditures charged to the grant and claimed for reimbursement through December 31, 2014, we selected a sample of \$25,475 in expenditures for testing to determine whether the charges were properly supported and allowable.

The primary criteria used in performing the audit were the provisions of the ARC grant agreement, applicable Office of Management and Budget (OMB) 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 January 5-19, 2015, including on-site work at North Central offices in Ridgeway, Pennsylvania. The audit results were discussed with the North Central representatives at the conclusion of the on-site visit.

Summary of Audit Results

Overall, North Central's administrative procedures were adequate to manage the grant and funds reviewed. The costs tested were supported and considered reasonable, and we did not question any of the incurred costs. Also, the final project report was submitted within 30 days after completion of the grant in compliance with the grant agreement.