



Office of Inspector General

Appalachian Regional Commission

Audit of Grant Award to West Virginia University Research Corp Grant Number IS-20274

Report Prepared by Regis & Associates, PC

Report Number 24-13

February 1, 2024

Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, Suite 718
Washington, D.C. 20009



Office of Inspector General

Appalachian Regional Commission

February 1, 2024

TO: Brandon McBride, Executive Director

FROM: Rhonda L. Turnbow, Deputy Inspector General *Rhonda Turnbow*

SUBJECT: Audit Report 24-13 – West Virginia University Research Corp

This memorandum transmits the Regis & Associates, PC report for the audit of costs charged to grant number IS-20274 per its agreement with the Appalachian Regional Commission. The objective of the audit was to determine if costs claimed were allowable, allocable, reasonable, and in conformity with the Commission's award terms and conditions and Federal financial assistance requirements. In addition, the audit determined whether the performance measures were reasonable, supported, and fairly represented to the Commission.

Regis & Associates, PC is responsible for the attached audit report and the conclusions expressed in this report. The auditors did not issue any recommendations in the report. We do not express any opinion on the conclusions presented in the audit report. To fulfill our responsibilities, we:

- Reviewed the approach to and planning of the audit;
- Evaluated the qualifications and independence of the auditors;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings, as necessary;
- Reviewed the draft and final audit reports; and
- Coordinated the issuance of the audit report.

We thank your staff for the assistance extended to the auditors during this audit. Please contact me at 202-884-7675 if you have any questions regarding the report.

*Report on Performance Audit
of
Appalachian Regional Commission
Grant Number IS-20274-21
for the Period from April 1, 2021, to June 30, 2023*

*Awarded to
West Virginia University Research Corporation*

*Prepared for the Appalachian Regional Commission -
Office of the Inspector General*

Auditee: West Virginia University Research Corporation
As of Date: January 30, 2024


MANAGEMENT CONSULTANTS &
CERTIFIED PUBLIC ACCOUNTANTS
1420 K Street, NW
Suite 910
Washington, DC 20005

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EXECUTIVE SUMMARY

Office of Inspector General
Appalachian Regional Commission
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

We conducted a performance audit (the audit) of grant agreement, number IS-20274-21, awarded by the Appalachian Regional Commission (ARC) to West Virginia University Research Corporation (the Grantee); with a grant performance period of April 1, 2021, to June 30, 2023. We conducted this performance audit at the request of the ARC Office of Inspector General, to assist it in its oversight of ARC grant funds. This performance audit engagement covers the period from April 1, 2021, to June 30, 2023.

The objectives of the performance audit were to determine whether: (1) program funds were managed in accordance with ARC and Federal grant requirements; (2) grant funds were expended, as provided for in the approved grant budget; (3) internal guidelines, including program (internal) controls, were adequate and operating effectively; (4) accounting and reporting requirements were implemented in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements); (5) matching requirements were met; (6) the reported performance measures were fair and reasonable; and 7) if the requirements for the performance of a Single Audit were met, the Grantee conducted such an audit and appropriately addressed any noted findings and recommendations related to the management of Federal awards.

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives.

We conducted planning and fieldwork phases of the audit during the period from May 15, 2023, through November 30, 2023. We determined that West Virginia University Research Corporation's financial management, administrative procedures, and related internal controls, were adequate to manage ARC's grant funds. There were no findings and recommendations resulting from this performance audit engagement.

We discussed the results of this performance audit with West Virginia University Research Corporation's officials at the conclusion of our fieldwork. West Virginia University Research Corporation's response has been included as Attachment 1 to this report. Regis & Associates, PC appreciates the cooperation and assistance received from West Virginia University Research Corporation and ARC staff during this performance audit.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
January 30, 2024

Background

The Appalachian Regional Commission (ARC) is a regional economic development agency, representing a unique partnership of Federal, state, and local governments. ARC-funded programs are used to support education and job training, healthcare, water and sewer systems, housing, highway construction, and other essentials of comprehensive economic development. ARC's staff is responsible for program development; policy analysis and review; grant development; technical assistance to states; and management and oversight. ARC grants are made to a wide range of entities, including; local development districts, state ARC Offices, state and local governments, educational establishments, nonprofit organizations, and for a variety of economic development projects.

On March 31, 2021, the Appalachian Regional Commission awarded Grant Number IS-20274-21, in the amount of \$499,176, to West Virginia University Research Corporation. As a condition of this award, the Grantee was required to contribute a matching amount of \$166,366. The period of performance of the grant was from April 1, 2021, through March 31, 2023. On February 22, 2023, ARC approved an amendment to extend the grant's period of performance to June 30, 2023. This performance audit engagement covers the period from April 1, 2021, to June 30, 2023.

The grant was awarded to West Virginia University Research Corporation to aid in a project titled, "West Virginia Inspiring Hope Project." This project was aimed at providing recovery and workforce development services to individuals affected by substance use disorders, to successfully prepare them for employment.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether West Virginia University Research Corporation expended grant funds in accordance with applicable requirements; and to report any resulting findings and questioned cost relating to internal controls, program performance, and compliance with provisions of the grant agreement, laws, and regulations.

Scope and Methodology

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated February 25, 2022; engaged Regis & Associates, PC to conduct a performance audit of Grant Number IS-20274-21, titled "West Virginia Inspiring Hope Project" which was awarded to the Grantee. The term of the grant was from April 1, 2021, to March 31, 2023. However, the grant was extended to June 30, 2023. This performance audit engagement covers the period from April 1, 2021, to June 30, 2023.

The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget			
Object Class Category	Federal	Non-Federal	Total
Personnel	\$ 168,999	\$ 16,874	\$ 185,873
Fringe Benefits	38,979	4,050	43,029
Travel	201	-	201
Equipment	27,000	-	27,000
Supplies	1,351	-	1,351
Contractual	143,747	129,764	273,511
Other	23,810	6,700	30,510
Total Direct Charges	\$ 404,087	\$ 157,388	\$ 561,475
Indirect Charges	95,089	8,978	104,067
Total	\$ 499,176	\$ 166,366	\$ 665,542

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives.

The audit was conducted, using the applicable requirements contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the ARC Code; and the Grant Agreement.

Our audit procedures included:

- Obtaining an understanding of the Grantee’s internal controls; assessing control risk; and determining the extent of testing needed, based on the control risk assessment.
- Reviewing written fiscal policies and administrative procedures for applicable grant activities.
- Assessing, on a test basis, evidence supporting the amounts; and the Grantee’s data and records.
- Assessing the accounting principles and significant estimates made by the Grantee.
- Evaluating the overall evidence and presentation of the records.
- Assessing whether the grant’s reported performance measures were fair and reasonable.
- Conducting other test procedures deemed necessary, based on our professional judgment.

Results

Based on the results of our testing and analysis on this performance audit, we determined that:

- 1) The grant funds were managed in accordance with ARC and Federal grant requirements.
- 2) As of June 30, 2023, the Grantee had expended \$627,349 of the grant’s budgeted amount of \$665,542.

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of June 30, 2023, which reflects the results of our audit.

**Exhibit – B: Schedule of Claimed and Audit Recommended Costs
As of June 30, 2023**

Object Class Category	Claimed Costs		Questioned Costs		Audit Recommended		Total
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	
Personnel	\$ 162,696	\$ 14,726	\$ -	\$ -	\$ 162,696	\$ 14,726	\$ 177,422
Fringe Benefits	46,075	3,704	-	-	46,075	3,704	49,779
Travel	636	-	-	-	636	-	636
Equipment	27,000	11,750	-	-	27,000	11,750	38,750
Supplies	1,349	-	-	-	1,349	-	1,349
Contractual	117,186	119,790	-	-	117,186	119,790	236,976
Other	21,870	-	-	-	21,870	-	21,870
Total Direct Charges	\$ 376,812	\$ 149,970	\$ -	\$ -	\$ 376,812	\$ 149,970	\$ 526,782
Indirect Charges	94,577	5,990	-	-	94,577	5,990	100,567
Total	\$ 471,389	\$ 155,960	\$ -	\$ -	\$ 471,389	\$ 155,960	\$ 627,349

- 3) Internal guidelines, including program (internal) controls, were adequate and operating effectively. The Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant.
- 4) Accounting and reporting requirements were implemented, in accordance with accounting principles generally accepted in the United States of America (or other applicable accounting and reporting requirements), including ARC requirements.
- 5) We determined that the Grantee had contributed \$155,960 of the required matching amount of \$166,366, as of June 30, 2023. These matching funds were properly supported and allowable under both Federal and ARC requirements.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e., number of participants in the program, who have completed substance abuse disorder treatment and obtained employment). Based on our review of the Grantee’s procedures, the performance results reported to ARC were fair and reasonable.
- 7) We verified that the Grantee had a single audit performed for the period ended June 30, 2022. The audit report did not have any findings or recommendations related to the Grantee’s management of Federal assistance awards.

Attachment 1: Grantee's Response



January 30, 2024

Peter Regis, CPA
Regis & Associates, PC
1420 K Street, NW Suite 910
Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number IS-20274-21

We are providing this letter in connection with the subject audit performed by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).

I have reviewed and concur with the audit result. On behalf of West Virginia University Research Corporation, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

Barbara Weiss

Barbara Weiss
Senior Associate Vice President for Finance,
West Virginia University
Treasurer,
West Virginia University Research Corporation