



Office of Inspector General

Appalachian Regional Commission

Semiannual Report to Congress

October 1, 2023 – March 31, 2024

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



Appalachian
Regional
Commission

Office of the Federal Co-Chair

May 14, 2024

This letter transmits the Appalachian Regional Commission's Inspector General's Semiannual Report to Congress for the period October 1, 2023, through March 31, 2024. As required by section 405(c) of the Inspector General Act of 1978, as amended, we are also submitting statistical tables as an attachment to this letter.

The Commission appreciates the Inspector General's efforts to ensure the effectiveness, efficiency, and integrity of our operations.

If you or your staff have any questions about this report, please contact me at (202) 884-7700 or Acting Inspector General Rhonda L. Turnbow at (202) 884-7672.

Sincerely,

A handwritten signature in black ink that reads "Gayle C. Manchin".

Gayle C. Manchin
Federal Co-Chair

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Office of Inspector General

Appalachian Regional Commission

April 24, 2024

Commissioners:

Attached is the Semiannual Report summarizing the activities of the Office of Inspector General for the period of October 1, 2023 to March 31, 2024.

During this reporting period our office issued 19 reports and made 20 recommendations.

I want to assure you that my staff and I are committed to a Commission that operates with efficiency, effectiveness, and integrity. We look forward to continuing to work with you, the Commission staff, and Congress to provide independent and effective oversight of the Appalachian Regional Commission's programs and operations.

I would like to thank you for your commitment to strengthening the integrity of the Commission's operations and for your support of the Office of Inspector General.

Rhonda Turnbow

Rhonda L. Turnbow
Acting Inspector General

Appalachian Regional Commission

Inspector General Semiannual Report

TABLE OF CONTENTS

Office of Inspector General.....	1
Semiannual Report	1
Inspector General Reports Issued During This Period	1
Summary of Prior Period Reports	2
Management Decisions Made for Recommendations Issued in Prior Periods	2
Unimplemented Recommendations From Prior Periods and Potential Cost Savings	2
Description of Significant Problems, Abuses, or Deficiencies.....	2
Hotline and Investigations.....	2
Investigations and Inquiries: Overview	2
OIG Hotline Contacts	3
Investigations Closed During the Reporting Period	3
Summary of Matters Referred to Prosecuting Authorities	3
Investigations with Substantiated Allegations Involving Senior Government Employees	3
Summary of Reports Not Disclosed to the Public	4
Audits and Other Reports to Management.....	4
Investigations	4
External Oversight Reviews.....	4
Assistance to or From Other Offices of Inspector General.....	4
Congressional Activities	5
Council of the Inspectors General on Integrity and Efficiency	5
Federal Financial Management Improvement Act Reporting	5
Peer Reviews.....	5

Appalachian Regional Commission

Inspector General Semiannual Report

Appendix A: Inspector General’s Tables

Table 1: Reporting Requirements Index	A-1
Table 2: Inspector General Reports Issued During this Reporting Period.....	A-2
Table 3: Management Decisions Made for Recommendations from Prior Periods ...	A-3
Table 4: Recommendations with Questioned Costs and Final Action Completed.....	A-4
Table 5: Recommendations Without Final Action – Reports Issued This Period	A-5
Table 6: Recommendations Without Final Action – Reports Issued in Prior Periods	A-6
Table 7: Status of Reports Issued with Final Action Completed.....	A-7
Table 8: Status of Reports Issued Without Final Action	A-8
Table 9: Statistical Table of Investigative Reports	A-9

Appendix B: Commissioner’s Statistical Tables

Table A: Management Decisions Made for Recommendations from Prior Periods ..	B-1
Table B: Recommendations with Final Action Completed During this Reporting Period	B-1
Table C: Status of Reports with Questioned Costs.....	B-2
Table D: Prior Year Management Decisions Without Final Action.....	B-3

Appalachian Regional Commission

Inspector General Semiannual Report

Office of Inspector General

The Appalachian Regional Commission (Commission) established the Office of Inspector General when the *Inspector General Act* (IG Act) was amended in 1988. Our office provides audit, evaluation, inspection, and investigative services covering all Commission programs and operations. Our mission is to promote and preserve the effectiveness, efficiency, and integrity of the Commission. We plan and conduct our activities based on several factors: requirements of laws and regulations, requests from management officials, allegations received from Commission personnel and other sources, and the Inspector General's initiative.

Semiannual Report

The IG Act requires each Inspector General to prepare a report twice a year that summarizes the activities of the office. This Semiannual Report covers the period from October 1, 2023, through March 31, 2024. The 17 reporting requirements specified in the IG Act are shown in Appendix A, Table 1 and must be included in the report.

Inspector General Reports Issued During This Period

The Inspector General issued 19 reports during this reporting period. Eighteen of the reports were audits of grant awards. The grant audits were designed to determine whether the grantee had sound management practices in place to administer the financial and performance aspects of the award. The other report issued was the financial statement audit opinion for fiscal year 2023.

A complete list of reports issued during this reporting period is provided in Appendix A, Table 2.

Appalachian Regional Commission

Inspector General Semiannual Report

Summary of Prior Period Reports

Management Decisions Made for Recommendations Issued in Prior Periods

At the beginning of this reporting period, the Commission had provided management decisions for all recommendations from all reports we issued in prior periods.

Unimplemented Recommendations From Prior Periods and Potential Cost Savings

At the beginning of this reporting period, the Commission had fourteen recommendations from five previous reports without final action. Four recommendations from two of those reports are still awaiting final action.

A complete list of unimplemented recommendations from prior periods, including any potential cost savings is provided in Appendix A, Table 6.

Description of Significant Problems, Abuses, or Deficiencies

The Inspector General has the discretion to determine if the results of an audit, inspection, evaluation, or other report are significant to the administration and operations of the Commission. In making this determination, the Inspector General considers quantitative and qualitative factors, such as the nature of the problem or deficiency, potential monetary impacts, and materiality as it relates to the integrity of the Commission's programs and operations.

The Inspector General did not identify any problems, abuses, or deficiencies that rose to this level of significance during this reporting period.

Hotline and Investigations

Investigations and Inquiries: Overview

One of our functions is to conduct investigations and inquiries of criminal, civil, and administrative wrongdoing involving Commission programs, operations, and personnel. We may investigate possible violations of criminal law, of regulations on employee responsibilities and conduct, and of other statutes and regulations covering Commission activities.

Appalachian Regional Commission

Inspector General Semiannual Report

Our office reviews and analyzes each complaint received to decide the appropriate course of action and, if appropriate, conducts a preliminary inquiry. If the information we find during the preliminary inquiry indicates that a full investigation is appropriate, we will launch an investigation.

OIG Hotline Contacts

Our office maintains a hotline for reporting information about suspected waste, fraud, abuse, or mismanagement involving Commission programs or operations. The information may come to us in person; by telephone, fax, email, or mail; or through a web-based form. When requested, we will endeavor to keep a provider's identity confidential. Complaints may also be made anonymously.

We receive complaints from employees, contractors, grantees, and the public that involve the Commission's areas of responsibility. We examine these complaints to determine whether there is any indication of wrongdoing or misconduct by grantees or the Commission. If the complaint does not relate to the Commission or its grantees, we refer the complaint to the appropriate entity for action. If the complaint does not have merit, we close the matter.

Investigations Closed During the Reporting Period

The Office of Inspector General did not close any significant investigations during this reporting period.

Summary of Matters Referred to Prosecuting Authorities

The Office of Inspector General did not refer any matters to prosecuting authorities during this reporting period.

Investigations with Substantiated Allegations Involving Senior Government Employees

The Office of Inspector General did not issue any investigative reports that substantiated allegations involving senior government employees.

Appalachian Regional Commission

Inspector General Semiannual Report

Summary of Reports Not Disclosed to the Public

Audits and Other Reports to Management

The Office of Inspector General did not issue any inspections, evaluations, or audits that were not disclosed to the public during this reporting period.

Investigations

The Office of Inspector General did not issue any investigative reports that were not disclosed to the public during this reporting period.

External Oversight Reviews

The Commission's administrative operations and programs are from time-to-time reviewed by Federal oversight entities external to the Commission; such as the Government Accountability Office and Office of Government Ethics.

The Commission did not receive any reports from an external oversight entity during this reporting period and had no outstanding recommendations from prior periods.

Assistance to or From Other Offices of Inspector General

Section 406(a)(3) of the Inspector General Act of 1978, as amended, gives the Inspector General the authority to obtain assistance from any other Federal agency to carry out the duties and responsibilities assigned by the Act. We currently have three Memorandums of Understanding with other Inspectors General.

We have two Memorandums of Understanding with the Office of Inspector General of the International Trade Commission for technical assistance and legal support. We also continued our Memorandum of Understanding with the Inspector General of the Federal Maritime Commission to provide investigative support services.

Appalachian Regional Commission

Inspector General Semiannual Report

Congressional Activities

The Inspector General did not respond to any Congressional requests during this reporting period.

Council of the Inspectors General on Integrity and Efficiency

The Inspector General and staff actively participated in meetings and supported the efforts of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and its committees.

Federal Financial Management Improvement Act Reporting

The IG Act and the Federal Financial Management Improvement Act of 1996 (FFMIA) require the inspectors general of certain agencies to report “instances and reasons” when the agency has not met intermediate target dates established in a remediation plan to bring the agency’s financial management system into substantial compliance with the FFMIA. The Commission is not subject to the FFMIA; however, it voluntarily seeks to comply with most of its requirements. During this reporting period, there were no events that gave rise to a duty to report under FFMIA.

Peer Reviews

Our office had a modified peer review report completed of our audit function by the Government Publishing Office’s Office of Inspector General. The report was issued on September 14, 2021, and determined the established policies and procedures for the audit function were current and consistent with applicable professional standards. The report did not contain any recommendations.

The next peer review of our audit function will be conducted during the next reporting period in accordance with the schedule set by the Council of Inspectors General on Integrity and Efficiency.

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 1: Reporting Requirements Index

The table below identifies the 17 reporting requirements from the IG Act that must be included in the semiannual report along with the corresponding page number of where the information can be found in this report.

Reporting Requirements Index		
IG Act Section	Description	Page
404(a)(2)	Review of Legislation	None
405(b)(1)	Description of Significant Problems, Abuses, and Deficiencies	2
405(b)(2)	Recommendations from Prior Periods and Potential Cost Savings	2, A-6
405(b)(3)	Summary of Significant Investigations Closed this Period	None
405(b)(4)	Total Number of Convictions from Investigations this Period	None
405(b)(5)	Each Report Issued During This Reporting Period	A-2
405(b)(6)	Management Decisions Made This Reporting Period for Recommendations Issued in Prior Reports	2, A-3
405(b)(7)	Information Described Under Section 804(b) of FFMIA	5
405(b)(8)	Results of Peer Review Completed During This Period or Date of Last Peer Review	5
405(b)(9)	Outstanding Recommendations from Peer Review	None
405(b)(10)	Peer Reviews Conducted of Another Office of Inspector General During This Period	None
405(b)(11)	Statistical Table: Investigative Reports	A-9
405(b)(12)	Description of the Metrics Used for Developing Investigative Statistics	A-9
405(b)(13)	Investigations With Substantiated Misconduct Allegations Involving Senior Government Employees	None
405(b)(14)	Description of Any Whistleblower Retaliation	None
405(b)(15)	Description of Attempts to Interfere with Inspector General Independence	None
405(b)(16)	Summary of Reports Not Disclosed to the Public	None

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 2: Inspector General Reports Issued During this Reporting Period

The table below provides a list of each report issued by the Inspector General during this reporting period. For each report, we provide the number of recommendations issued and the number of management decisions received. The table also includes the amount of questioned costs, unsupported costs, and funds that could be put to better use. Each report can be viewed in its entirety on <https://www.oversight.gov/reports>.

Reports Issued During this Reporting Period							
Report Number	Report Title	Date Issued	# of Recs.	Mgt. Decisions	Questioned Costs	Unsupported Costs	Funds Put to Better Use
24-01	New River Valley Regional Commission	11/8/23	2	2	\$120,371	\$120,371	\$0
24-02	Fiscal Year 2023 Financial Statement Audit Opinion	11/15/23	0	0	\$0	\$0	\$0
24-03	University of Alabama Center for Economic Development	11/16/23	3	3	\$2,733	\$2,733	\$0
24-04	Noble Local School District	11/16/23	1	1	\$0	\$0	\$0
24-05	Gadsden State Community College	11/17/23	0	0	\$0	\$0	\$0
24-06	Shaping Our Appalachian Region, Inc.	11/17/23	1	1	\$0	\$0	\$0
24-07	Southwest Virginia Community College	11/17/23	1	1	\$0	\$0	\$0
24-08	Southwest Virginia Workforce Development Board	11/20/23	0	0	\$0	\$0	\$0
24-09	Adams County Medical Foundation, Inc.	11/21/23	2	2	\$6,854	\$6,854	\$0
24-10	Southern Tier East Regional Planning Development Board	12/12/23	0	0	\$0	\$0	\$0
24-11	Town of Blacksburg	1/16/24	2	2	\$4,500	\$4,500	\$0
24-12	Rural Health Network of South Central New York	1/17/24	0	0	\$0	\$0	\$0
24-13	West Virginia University Research Corp	2/1/24	0	0	\$0	\$0	\$0
24-14	Blue Ridge Community College	2/8/24	0	0	\$0	\$0	\$0
24-15	Wallace State Community College	2/13/24	0	0	\$0	\$0	\$0
24-16	Coalfield Development Corporation	3/12/24	0	0	\$0	\$0	\$0
24-17	Marshall University	3/12/24	8	6	\$399,003	\$399,003	\$0
24-18	Washington County Public School	3/19/24	0	0	\$0	\$0	\$0
24-19	Invest Appalachia	3/19/24	0	0	\$0	\$0	\$0
Totals			20	18	\$533,461	\$533,461	\$0

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 3: Management Decisions Made for Recommendations from Prior Periods

This table identifies the reports with recommendations issued in previous reporting periods, where the management decision was received during this reporting period.

At the commencement of this reporting period, the Commission had made management decisions for all recommendations issued in prior reporting periods.

Management Decisions Made for Recommendations from Prior Periods					
Report Number	Title	# of Recs.	Mgt. Decisions Made During Prior Periods	Mgt. Decisions Made During This Period	Potential Cost Savings
N/A	-	-	-	-	-
Totals					

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 4: Recommendations with Questioned Costs and Final Action Completed

The table below identifies recommendations with questioned costs where final action was completed during this reporting period. The information in the table is subdivided to distinguish between recommendations issued during this reporting period and recommendations issued in prior reporting periods. The table includes the amount of questioned costs identified in the audit report.

Recommendations with Questioned Costs with Final Action Completed			
Reports Issued During this Reporting Period			
Report Number	Rec. Number	Title	Questioned Costs
24-09	24-09-02	Adams County Medical Foundation, Inc.	\$6,854
Subtotal			\$6,854
Reports Issued In Prior Reporting Periods			
Report Number	Rec. Number	Title	Questioned Costs
23-08	23-08-01	The Research Foundation for the State University of New York on behalf of Alfred State College	\$2,314
Subtotal			\$2,314
Total			\$9,168

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 5: Recommendations Without Final Action – Reports Issued This Period

The table below identifies recommendations from reports issued during this reporting period where final action had not been completed. The table includes the recommendation number and any potential cost savings.

Recommendations Without Final Action Completed					
Reports Issued During this Reporting Period					
Report Number	Rec. Number	Recommendation	Potential Cost Savings		
1	24-01	24-01-01	We recommend the grantee update the Basic Agency Monitoring Report (BAMR) and ARC Basic Agency Closeout Summary to exclude the unsupported non-ARC matching funds in the amount of \$28,798.	\$28,798	
2	24-01	24-01-02	We recommend the grantee reimburse ARC in the amount of \$91,573 for the costs lacking evidence of procurement and cost reasonableness.	\$91,573	
3	24-03	24-03-01	We recommend that the grantee reimburse ARC in the amount of \$1,517 for ARC funded travel costs not approved by ARC.	\$1,517	
4	24-03	24-03-02	We recommend that the grantee revise the SF-270 to exclude the total questioned costs in the amount of \$1,517 from the total ARC funds and \$1,216 from the total non-ARC match funds.	\$1,216	
5	24-03	24-03-03	We recommend that the grantee revise the ARC Reimbursement and Payment Advance Request Worksheet to correct the misclassified ARC funded and non-ARC match Contractual costs reported.	\$0	
6	24-04	24-04-01	We recommend that the grantee's management ensure that the SF-270 quarterly reports are submitted to ARC in a timely manner.	\$0	
7	24-11	24-11-01	We recommend the Grantee work with ARC management to resolve the questioned costs of \$4,500 in non-ARC match funds.	\$4,500	
8	24-11	24-11-02	We recommend the Grantee develop policies and procedures to ensure that costs claimed and reported to ARC are allowable under Federal regulations and the ARC Grant Agreement.	\$0	
9	24-17	24-17-05	We recommend that the Grantee works with ARC to resolve the \$59,400 of questioned costs including applicable indirect costs, related to the unallowable costs from the duplicate matching charge.	\$59,400	
10	24-17	24-17-07	We recommend that the Grantee establish procedures to ensure written approvals are obtained from the awarding agency prior to issuing a subaward to any partner that is not included in the grant agreement.	\$0	
11	24-17	24-17-08	We recommend that the Grantee works with ARC to resolve the \$339,603 of questioned costs, including applicable indirect costs, related to the unapproved subawards.	\$339,603	
Subtotal				\$526,607	

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 6: Recommendations Without Final Action – Reports Issued in Prior Periods

The table below identifies recommendations from reports issued in prior reporting periods where final action had not been completed. The table includes the recommendation number and any potential cost savings.

Recommendations Without Final Action Completed				
Reports Issued In Prior Reporting Periods				
	Report Number	Rec. Number	Recommendation	Potential Cost Savings
1	23-13	23-13-01	We recommend the Grantee develop and implement policies and procedures to ensure PPRs are submitted to ARC no later than 30 days after the close of a reporting period.	\$0
2	23-20	23-20-01	The Grantee revise its current policies and procedures to include the tracking of grant expenditures incurred and properly reconciling costs for accurate reporting to ARC.	\$0
3	23-20	23-20-02	The Grantee revise the final ARC Form SF 270, Request for Advance or Reimbursement, to exclude duplicate costs in the amount of \$40,522 from the total non-Federal match funds.	\$40,522
4	23-20	23-20-04	The Grantee revise the final ARC Form SF 270, Request for Advance or Reimbursement, to exclude total questioned costs in the amount of \$6,690 from the total ARC funded amount and \$108,075 from the total non-Federal match funds.	\$114,765
Subtotal				\$155,287
Total				\$681,894

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 7: Status of Reports Issued with Final Action Completed

The table below provides a list of each report with final action completed during this reporting period. The information is subdivided by final action completed for reports issued during this period and reports issued in prior reporting periods.

Status of Reports Issued with Final Action Completed					
This Reporting Period					
	Report Title	# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Final Action Complete
1	Fiscal Year 2023 Financial Statement Audit Opinion, 24-02	0	0	0	0
2	Gadsden State Community College, 24-05	0	0	0	0
3	Shaping Our Appalachian Region, Inc., 24-06	1	1	0	1
4	Southwest Virginia Community College, 24-07	1	1	0	1
5	Southwest Virginia Workforce Development Board, 24-08	0	0	0	0
6	Adams County Medical Foundation, Inc., 24-09	2	2	0	2
7	Southern Tier East Regional Planning Development Board, 24-10	0	0	0	0
8	Rural Health Network of South Central New York, 24-12	0	0	0	0
9	West Virginia University Research Corp, 24-13	0	0	0	0
10	Blue Ridge Community College, 24-14	0	0	0	0
11	Wallace State Community College, 24-15	0	0	0	0
12	Coalfield Development Corporation, 24-16	0	0	0	0
13	Washington County Public School, 24-18	0	0	0	0
14	Invest Appalachia, 24-19	0	0	0	0
Totals		4	4	0	4
Prior Reporting Periods					
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Period	Final Action Complete This Period
1	Red River Economic Development, 23-01	1	1	0	1
2	The Research Foundation for the State University of New York on behalf of Alfred State College, 23-08	4	4	0	4
3	Opportunity Alabama, 23-18	1	1	0	1
Totals		6	6	0	6

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 8: Status of Reports Issued Without Final Action

This table provides the status of reports with recommendations where final action has not been completed. The information is subdivided by reports issued during this reporting period and reports issued in prior reporting periods.

Status of Reports Issued Without Final Action						
This Reporting Period						
	Report Title	# of Recs.	Mgt. Decisions	Decisions IG Disagrees With	Final Action Complete	Final Action Not Complete
1	New River Valley Regional Commission, 24-01	2	2	0	0	2
2	University of Alabama Center for Economic Development, 24-03	3	3	0	0	3
3	Noble Local School District, 24-04	1	1	0	0	1
4	Town of Blacksburg, 24-11	2	2	0	0	2
5	Marshall University, 24-17	8	6	0	5	3
Totals		16	14	0	5	11
Prior Reporting Periods						
	Report Title	# of Recs.	Mgt. Decisions	Final Action Complete Prior Periods	Final Action Complete This Period	Final Action Not Complete
1	Pike County Fiscal Court, 23-13	1	1	0	0	1
2	The Consortium for Entrepreneurship Education, 23-20	7	7	0	4	3
Totals		8	8	0	4	4

Appalachian Regional Commission

Appendix A: Inspector General's Tables

Table 9: Statistical Table of Investigative Reports

The table below provides statistical information related to investigative reports issued during the reporting period.

Statistical Table of Investigative Reports	
Description	Count
Number of investigative reports issued	0
Number of persons referred to DOJ for criminal prosecution	0
Number of persons referred to state and local authorities for criminal prosecution	0
Number of indictments and criminal information resulting from any prior referrals to prosecuting authorities.	0
Number of convictions during the reporting period resulting from investigations	0
The information in this table is derived from the Office of Inspector General's investigation reports.	

Appalachian Regional Commission

Appendix B: Commissioner's Statistical Tables

Table A: Management Decisions Made for Recommendations from Prior Periods

The table below identifies each report issued during prior reporting periods in which management decisions were made during this reporting period, along with the amount of questioned costs and funds put to better use. The allowability of questioned costs is determined through the management decision process and is not reported until final action has been completed.

At the commencement of this reporting period, the Commission had made management decisions for all recommendations issued in prior reporting periods.

Management Decisions Made for Recommendations from Prior Periods					
	Report Number	Prior Period Recommendations without Management Decisions	Management Decisions Made in This Period	Questioned Costs	Funds Put to Better Use
N/A	-	-	-	-	-
Total	0	0	0	\$0	\$0

Table B: Recommendations with Final Action Completed During this Reporting Period

The table below provides statistical information on the recommendations with questioned costs where final action was completed during this reporting period. The table provides the total dollar value of the allowed costs and disallowed costs for the reporting period.

Recommendations with Final Action Completed During this Reporting Period		
Description	Total	Dollar Value
Recommendations with Final Action Completed	2	\$9,168.00
• Dollar value of allowed costs (ARC)		\$8,842.36
• Dollar value of disallowed costs, recovered by management.		\$325.64
• Dollar value of disallowed costs written off by management.		\$0
• Dollar value of disallowed costs from this reporting period, not yet recovered.		\$0
• Dollar value of disallowed costs from prior reporting periods, not yet recovered.		\$150,000
Recommendations that management has subsequently concluded should not or could not be implemented or completed.	0	\$0

Appalachian Regional Commission

Appendix B: Commissioner's Statistical Tables

Table C: Status of Reports with Questioned Costs

The tables below provide statistical information related to reports with questioned costs. The first table identifies the number of reports with questioned costs for both prior periods and the current period. The second table describes the status of those reports with questioned costs and funds to be put to better use. The table details the total dollar value of allowed costs, disallowed costs, and funds to be put to better use as identified in the management decision. In cases where a management decision has not been received, the dollar value shown is the amount identified in the report.

Reports with Questioned Costs			
Description	Number of Reports	Questioned Costs	Funds Put to Better Use
Prior period reports with questioned costs at the beginning of the reporting period	2	\$157,601	\$0
Reports issued this period with questioned costs	5	\$533,461	\$0
Total Reports with Questioned Costs	7	\$691,062	\$0

Status of Reports with Questioned Costs					
Description	Number of Reports	Questioned Costs	Allowed Costs ¹	Disallowed Costs	Funds Put to Better Use
Prior period reports with final action completed during this reporting period	1	\$2,314	\$2,314	\$0	\$0
Reports issued during this reporting period with final action completed	1	\$6,854	\$6,528.36	\$325.64	\$0
Reports without final action completed	5	\$681,894			\$0
Totals	7	\$691,062	\$8,842.36	\$325.64	\$0

¹ Allowed costs include questioned costs identified at the time of audit that were resolved by correcting errors on financial reports submitted to ARC. These costs are typically related to matching requirements and in-kind contributions and do not require a recovery by ARC.

Appalachian Regional Commission

Appendix B: Commissioner's Statistical Tables

Table D: Prior Year Management Decisions Without Final Action

The table below identifies each report from prior periods, where management decisions were made in the preceding year, but final action has not been taken.

The Commission has completed final action on all management decisions made in the preceding year.

Prior Year Management Decisions Without Final Action				
Report	Date Issued	Disallowed Costs	Funds Put to Better Use	Reason Final Action has Not Been Taken
N/A	-	-	-	-