



Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to
Ridgeview Psychiatric Hospital and Center, Inc.
Grant Number IS-20250**

Report Prepared by Castro & Co, LLC

Report Number 26-02

October 21, 2025

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



Office of Inspector General

Appalachian Regional Commission

October 21, 2025

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 26-02 – Ridgeview Psychiatric Hospital and Center, Inc.

This memorandum transmits the Castro & Company, LLC report for the audit of costs charged to grant number IS-20250 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.

Castro & Company, LLC, is responsible for the attached audit report and the conclusions expressed in this 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.

The auditors made one recommendation in the report. Within the next 30 days, please provide me with your management decision describing the specific action that you will take to implement the recommendation.

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.



**Appalachian Regional Commission
Performance Audit Report
of Grant No. IS-20250**

**For the period of April 1, 2021 to July 31, 2024
Awarded to Ridgeview Psychiatric Hospital and Center, Inc.
Prepared for the Appalachian Regional Commission
Office of Inspector General**

September 24, 2025

Final Report

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Executive Summary

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

Castro & Company, LLC (Castro & Co) conducted a performance audit of Grant Number IS-20250 awarded by the Appalachian Regional Commission (ARC) to Ridgeview Psychiatric Hospital and Center, Inc. (Ridgeview or the Grantee) for the period of April 1, 2021 to July 31, 2024. The audit was conducted at the request of the ARC's Office of Inspector General to assist it in its oversight of ARC grant funds.

The objectives of the performance audit were to determine whether: (1) grant 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 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; and (6) the reported performance measures were fair and reasonable.

We determined that except for Finding 01 related to administrative procedures described in **Appendix A – Finding and Recommendation**; the Grantee's financial management, administrative procedures, and related internal controls were adequate to manage the ARC grant funds.

We discussed the results of this performance audit with Ridgeview's management at the conclusion of our fieldwork. The Grantee's response has been included as **Attachment 1 – Ridgeview Psychiatric Hospital and Center, Inc.'s Response** to this report.

Castro & Co appreciates the cooperation and assistance received from the Grantee and ARC staff during this performance audit.

Castro & Company, LLC

Alexandria, VA
September 24, 2025

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; health care; water and sewer systems; housing; highway construction; and other essentials of comprehensive economic development. 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. Castro & Company, LLC (Castro & Co) was contracted by the ARC's Office of Inspector General to perform the audit of Grant Number (No.) IS-20250 awarded to Ridgeview Psychiatric Hospital and Center, Inc. (Ridgeview or the Grantee) for the period of April 1, 2021 to July 31, 2024.

ARC awarded Grant No. IS-20250 to Ridgeview to provide funding for a recovery to work program that assisted people in recovery with necessary mental health services. These services strengthened their recovery ecosystem by introducing an evidence-based individualized placement and support employment model through engagement with the local community and technical colleges. The program had two county-specific Employment/Education Specialists and one (1) part-time Peer Recovery Specialist.

The original period of performance for Grant No. IS-20250 covered the period from April 1, 2021 to March 31, 2024 but was subsequently extended to July 31, 2024. The grant agreement provided a budget of \$498,110 in ARC funds and required non-ARC matching funds of \$127,329 for total project costs of \$625,439. The allowable percentage breakout of ARC to non-ARC funding for the project was 80% ARC funds to 20% matching funds.

We obtained the ARC Form Standard Form (SF) 270, *Request for Advance or Reimbursement*, for the period covering April 1, 2024 to July 31, 2024 that identified total cumulative ARC costs of \$498,110 (77%) and non-ARC matching costs of \$151,555 (23%) for a total project cost of \$649,665.

Objectives, Scope, and Methodology

Castro & Co was engaged by the ARC's Office of Inspector General to conduct a performance audit of Ridgeview to determine compliance with the requirements of the ARC Grant No. IS-20250 for the period of April 1, 2021 to July 31, 2024.

The budgeted amounts for the grant are presented in Exhibit A below:

Exhibit A: Schedule of Grant Budget			
Category	Federal	Non-Federal	Total
Personnel	\$ 267,675	\$ 127,329	\$ 395,004
Fringe Benefits	\$ 54,946	\$ -	\$ 54,946
Travel	\$ 9,111	\$ -	\$ 9,111
Supplies	\$ 9,325	\$ -	\$ 9,325
Other	\$ 31,785	\$ -	\$ 31,785
Indirect	\$ 125,268	\$ -	\$ 125,268
Total	\$ 498,110	\$ 127,329	\$ 625,439

The objectives of our audit were to determine whether the Grantee used grant funding from the ARC in accordance with its ARC grant agreement and complied with financial management requirements, specifically to determine whether:

- Program funds were managed in accordance with the ARC and Federal grant requirements;
- Grant funds were expended as provided for in the approved grant budget;
- Internal grant guidelines, including program (internal) controls, were adequate and operating effectively;
- Accounting and reporting requirements were implemented in accordance with generally accepted accounting principles (or other applicable accounting and reporting requirements);
- Matching requirements were met; and
- Reported performance measures were fair and reasonable.

The scope of this audit includes those costs addressed in Ridgeview's system that specifically apply to ARC, such as personnel, benefits, travel, supplies, other, and indirect costs. We conducted this performance audit from November 2024 to September 2025 in accordance with generally accepted government auditing standards. 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 Subtitle A Chapter II Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)¹, the ARC Code, and the Grant Agreement.

To meet the audit objectives, our overall methodology included the following:

- Obtaining an understanding of the Grantee's internal controls and documenting key controls over payroll, travel, cash disbursements, cash receipts, procurement, and match costs through reviews of policies and procedures, prior audit reports, organization charts,

¹ The applicable version of the Uniform Guidance was published on January 1, 2024.

inquiry of the Grantee's management and other available documentation, assessing control risk, and determining the extent of testing needed based on the control risk assessment;

- Considering fraud risk through a team fraud brainstorming session and inquiries of the Grantee's management about their understanding of the risks of fraud related to grant awards, programs, and controls the Grantee has established to mitigate specific fraud risks, and whether management is aware of any allegations of fraud or suspected fraud;
- Selecting a sample of expenditures based on materiality calculated using Government Accountability Office (FAO)/Council of the Inspectors General for Integrity and Efficiency (CIGIE) Financial Audit Manual (FAM) sections 230.01 through 230.13 and auditing, on a test basis, evidence supporting the grant funds were expended during the grant period, were properly supported and allowable under both Federal and ARC requirements;
- Testing match costs to determine whether match requirements were met, were properly supported and allowable under both Federal and ARC requirements;
- Conducting interviews with the Grantee to evaluate the Grantee's processes for accurately tracking and reporting on the grant performance measures.

Grantee's Response to Audit Results

Our audit results were discussed with Mr. Nathan Zeiger, Chief Operating Officer, Ms. Yolanda Monfort, Chief Financial Officer, Ms. Meredith Brannan, Director of Quality and Compliance, Ms. Lisa Bean, Director of Finance, Mr. Micheal Yates, Director of Development, and Ms. Nichole Garrett, Program Manager, for Ridgeview during the exit conference on September 22, 2025. Ridgeview concurred with our results. Ridgeview's response has been incorporated into the report and a copy of the response, in its entirety, can be found in **Attachment 1 – Ridgeview Psychiatric Hospital and Center, Inc.'s Response**.

Summary of Results

Castro & Co's procedures determined that except for Finding 01 related to administrative procedures as described in **Appendix A**; Ridgeview managed the grant funds in accordance with the ARC and Federal grant requirements. Grant funds were expended as provided for in the approved grant budget.

The Grantee's internal guidelines, including program (internal) controls, were adequate and operating effectively. We noted the Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant. 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, except for the matter described in Finding 01.

The Grantee reported a total of \$498,110 in ARC costs and \$151,555 in non-ARC matching costs; therefore, we determined the Grantee met the match requirements as of July 31, 2024. These matching funds were properly supported and allowable under both Federal and ARC requirements.

Based on our review of the Grantee's procedures, the performance results reported to ARC were fair and reasonable.

We reviewed Single Audit reports available on the Federal Audit Clearinghouse for Ridgeview and noted the Grantee had a Single Audit performed for the years ended June 30, 2024, June 30, 2023, June 30, 2022, and June 30, 2021. The Single Audit reports did not include any findings or recommendations related to internal control and compliance with the requirements outlined in the OMB Compliance Supplement for the management of federal assistance awards.

The Exhibit B below presents costs claimed by the Ridgeview and costs recommended as a result of the grant audit.

Exhibit B: Schedule of Claimed and Audit Recommended Costs							
Category	Claimed		Questioned		Audit Recommended		
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	\$ 265,815	\$ 118,986	\$ -	\$ -	\$ 265,815	\$ 118,986	\$ 384,801
Fringe Benefits ²	\$ 56,021	\$ 8,343	\$ -	\$ -	\$ 56,021	\$ 8,343	\$ 64,364
Travel ²	\$ 12,238	\$ -	\$ -	\$ -	\$ 12,238	\$ -	\$ 12,238
Supplies ²	\$ 9,364	\$ -	\$ -	\$ -	\$ 9,364	\$ -	\$ 9,364
Other ²	\$ 35,489	\$ -	\$ -	\$ -	\$ 35,489	\$ -	\$ 35,489
Indirect	\$ 119,183	\$ 24,226	\$ -	\$ -	\$ 119,183	\$ 24,226	\$ 143,409
Total	\$ 498,110	\$ 151,555	\$ -	\$ -	\$ 498,110	\$ 151,555	\$ 649,665

² The amounts reported for ARC funded Fringe Benefits of \$56,021, Travel of \$12,238, Supplies of \$9,364, and Other of \$35,489 exceeded the approved budget amount by \$1,075, \$3,127, \$39, and \$3,704, respectfully, for a total of \$7,945, which does not exceed \$62,544 or 10% of the total grant budget. Therefore, prior ARC approval was not required.

Appendix A – Finding and Recommendation

Finding 01 – Untimely Quarterly Progress Reporting

Condition:

As part of our procedures, Castro & Company, LLC (Castro & Co) reviewed interim performance progress reports (PPRs) submitted by Ridgeview Psychiatric Hospital and Center, Inc. (Ridgeview or the Grantee) during the period of April 1, 2021 to July 31, 2024. Based on our review, we noted quarterly reporting exceptions on the following PPRs outlined in the table below:

- For seven (7) PPRs, the reports were submitted more than the 30 days after the close of the reporting period as required in the grant agreement, as outlined in the table below.

PPR Coverage Period	# of Days Overdue
April 1, 2021 to July 31, 2021	17
August 1, 2021 to November 30, 2021	14
December 1, 2021 to March 31, 2022	17
December 1, 2022 to March 31, 2023	8
April 1, 2023 to July 31, 2023	98
August 1, 2023 to November 30, 2023	39
December 1, 2023 to March 31, 2024	106

Criteria:

The ARC *Grant Administration Manual for ARC Non-Construction Grants*, dated February 2020, states,

Reports

Reporting Intervals

The reporting period begins with the start date of the grant agreement. ARC requires interim progress reports every 120 days or every four months and a final report at the end of your project's period of performance. Reports are due no later than 30 days after the close of a reporting period.

2 CFR 200.329, *Monitoring and reporting program performance*, states,

(b) Reporting program performance. The Federal agency must use OMB-approved common information collections (for example, Research Performance Progress Reports) when requesting performance reporting information.

(c) (1) The recipient or subrecipient must submit performance reports as required by the Federal award. Intervals must be no less frequent than annually nor more frequent than quarterly except if specific conditions are applied...

Cause:

The Grantee stated the late submissions of the PPRs was due, in part, to difficulties with navigating ARCnet and internal communication issues regarding the required sign-off; however, the Grantee did not provide documentation that ARC was aware of the issues and approved the late submissions. In addition, Castro & Co noted the Grantee did not have policies and procedures in place to ensure PPRs were routinely submitted to ARC within 30 days from the close of the reporting period as required by the ARC Grant Agreement and the Uniform Guidance.

Effect:

Without policies and procedures to ensure timely preparation and submission of reports, inaccurate financial and performance information may be reported to ARC.

Recommendation:

We recommend that the Grantee establish policies and procedures to ensure timely preparation and submission of financial and progress reports in accordance with the Uniform Guidance and ARC grant agreement requirements.

Grantee's Response:

Ridgeview Psychiatric Hospital and Center, Inc. takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant No. IS-20250 for the period of April 1, 2021 to July 31, 2024. Ridgeview has established a policy and reporting procedures to ensure timely preparation and submission of financial and progress reports in accordance with the Uniform Guidance and ARC grant agreement requirements.

Auditor's Response:

The Grantee agreed with our findings; therefore, no further response is needed.

Attachment 1 – Ridgeview Psychiatric Hospital and Center, Inc.'s Response's Response



9/22/25

Castro & Company, LLC
1635 King Street
Alexandria, VA 22314
(703) 229-4440

Subject: Ridgeview Psychiatric Hospital and Center, Inc. (Ridgeview PHC) Response to Castro & Company, LLC's Performance Audit of Grant Number (No.) IS-20250

Ridgeview Psychiatric Hospital and Center, Inc. takes no exception to and agrees with Castro & Company, LLC's findings presented in the audit report of Grant No. IS-20250 for the period of April 1, 2021 to July 31, 2024. Ridgeview has established a policy and reporting procedures to ensure timely preparation and submission of financial and progress reports in accordance with the Uniform Guidance and ARC grant agreement requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "Nathan Zeiger".

Nathan Zeiger
Chief Operating Officer