



Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to
Tri-County Council for Western MD
Grant Number MD-703-A-C55**

Report Prepared by Allmond & Company, LLC

Report Number 26-27

May 4, 2026

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



Office of Inspector General

Appalachian Regional Commission

May 4, 2026

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 26-27 – Tri-County Council for Western MD

This memorandum transmits the Allmond & Company, LLC report for the audit of costs charged to grant number MD-703-A-C55 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.

Allmond & Company, LLC is responsible for the attached audit report and the conclusions expressed therein. The auditors issued no 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 No. MD-703-A-C55
For The Period of January 1, 2024 to December 31, 2024**

**Awarded To
Tri-County Council for Western Maryland**

**Prepared For The Appalachian Regional Commission
Office of Inspector General**

April 13, 2026

**ALLMOND & COMPANY, LLC
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Appalachian Regional Commission
Office of Inspector General
1666 Connecticut Avenue, NW; Suite 700
Washington, DC 20009

EXECUTIVE SUMMARY

The Appalachian Regional Commission (ARC) Office of Inspector General (OIG) has contracted with Allmond & Company, LLC (Allmond & Company) to perform a performance audit of grant number MD-703-A-C55 awarded to Tri-County Council for Western Maryland. The scope of our audit is ARC Grant No. MD-703-A-C55 funds used during the period of January 1, 2024 through December 31, 2024.

The objectives of the grant performance audit will be to determine if Tri-County Council for Western Maryland (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; (6) The single audit contained any findings or recommendations related to the management of federal assistant awards.

We conducted the performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, collectively referred to as generally accepted government auditing standards (GAGAS). 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 in accordance with our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

Based on the audit procedures performed, we concluded that Tri-County Council for Western Maryland managed and expended grant funds in accordance with ARC and federal requirements, maintained adequate internal controls, met matching requirements, properly accounted for and controlled property, and reported performance measures fairly and accurately during the audit period.

Allmond & Company, LLC

Lanham, MD
April 13, 2026

BACKGROUND

The Appalachian Regional Commission (ARC) was established by the Appalachian Regional Development Act (ARDA) of 1965 to oversee economic development in the Region. It is the purpose of this subtitle to assist the region in meeting its special problems, to promote its economic development, and to establish a framework for joint federal and state efforts toward providing the basic facilities essential to its growth and attacking its common problems and meeting its common needs on a coordinated and concerted regional basis. The ARC is an economic development partnership entity of the federal government with thirteen (13) state governments focusing on four hundred and twenty-three (423) counties across the Appalachian Region. Its mission is to innovate, partner, and invest to build community capacity and strengthen economic growth in Appalachia. The thirteen states are Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Virginia, and West Virginia.

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.

The Grantee – Tri-County Council for Western Maryland

Tri-County Council for Western Maryland is an association of the governments of Allegany, Garrett and Washington counties. It serves as a regional planning and development agency for the tri-county area. The Council works to enhance the quality of economic development in the region and strengthen relationships among its local governments. Using State aid, the Council fosters the physical, economic and social development of Western Maryland.

ARC awarded Tri-County Council for Western Maryland a grant number MD-703-A-C55, a Local Development District (LDD) grant, in the amount of \$175,000 for the period of January 1, 2024 to December 31, 2024 which required an additional \$175,000 in matching funding. The grant funds were used to establish and expand economic development services in its service area and support programs that are consistent with the policy and guidelines for local development districts; including activities and project development related to ARC's Strategic Plan - Appalachia Envisioned: A New Era of Opportunity, FY 2022 - 2026.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the grant performance audit were to determine if Tri-County Council for Western Maryland:

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.
6. The single audit contained any findings or recommendations related to the management of federal assistant awards

The scope of our audit is ARC Grant No. MD-703-A-C55 funds issued during the period of January 1, 2024 through December 31, 2024.

Description	Amount
Federal Grant Amount	\$175,000.00
Required Matching Funds	\$175,000.00
Total	\$350,000.00

The following chart summarizes Tri-County Council for Western Maryland’s approved budgeted amounts by budget category:

Budget Category	ARC Expenditures	Matching Expenditures	Total Expenditures
Personnel	\$93,786.00	\$93,786.00	\$187,572.00
Fringe Benefits	\$54,981.00	\$54,981.00	\$109,962.00
Travel	\$7,000.00	\$7,000.00	\$14,000.00
Supplies	\$150.00	\$150.00	\$300.00
Other	\$4,136.00	\$4,136.00	\$8,272.00
Total Direct Cost	\$160,053.00	\$160,053.00	\$320,106.00
Indirect Cost	\$14,947.00	\$14,947.00	\$29,894.00
Total	\$175,000.00	\$175,000.00	\$350,000.00

We conducted our audit in accordance with GAGAS applicable to performance audits. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. To accomplish our objectives, we:

- Obtained an understanding of any regulatory criteria related to the Tri-County Council for Western Maryland’s responsibilities to administer grant funding awarded under ARC.
- Identified internal controls significant to our audit objectives for sample testing. Specifically, test internal controls in place in the areas of financial management, procurement, expense approval, and grant execution and reporting.

- Selected a representative sample of grant expenditures. These grant expenditures were tested for accuracy and program compliance by reviewing grant file documents, grant agreements, financial management system documentation, invoices, financial status reports, and requests for advance/reimbursement for grant payment forms.
- Reconciled and reviewed the financial reports for the ARC grants to Tri-County Council for Western Maryland's accounting records as of December 31, 2024.
- Verified that Tri-County Council for Western Maryland 's matching expenses for the grant complied with the award requirements.
- Reviewed support for direct costs, including expenditures for payroll and general program administration to determine whether the goods or services were allowable.
- Reviewed Tri-County Council for Western Maryland's Grant Agreements, Request for Advance or Reimbursement Forms (SF-270), financial records, policies on cost allocation and allowability, budgets, financial statements and Single Audit reports, and grant and program applications to determine if Tri-County Council for Western Maryland is administering their grants in accordance with ARC and OMB requirements.

GRANTEE'S RESPONSE TO AUDIT RESULTS

We conducted an exit conference on April 24, 2026 with representatives of Tri-County Council for Western Maryland, ARC OIG, and ARC representatives where we discussed the results of our audit. Tri-County Council for Western Maryland concurred with our results.

AUDIT RESULTS

Based on the procedures performed, we found that the Tri-County Council for Western Maryland managed and expended grant funds in accordance with ARC and federal requirements, maintained adequate internal controls, met matching requirements, properly accounted for and controlled property, and did not require a single audit during the audit period. For each of these objectives, we did not identify any deficiencies in internal control, instances of noncompliance, or other matters that are required to be reported under GAGAS.

Tri-County Council for Western Maryland Performance Audit Report
ARC Grant Number MD-703-A-C55

Below, we have presented a Schedule of Claimed and Audit Recommended Cost as of December 31, 2024, which reflects the results of our audit.

Schedule of Claimed and Audit Recommended Costs							
Budget Category	Claimed Cost		Questioned Cost		Audit Recommended Costs		
	ARC	Matching	ARC	Matching	ARC	Matching	Total Expenditures
Personnel	\$88,567.09	\$85,671.62	--	--	\$88,567.09	\$85,671.62	\$174,238.71
Fringe Benefits	\$52,383.97	\$52,309.61	--	--	\$52,383.97	\$52,309.61	\$104,693.58
Travel	\$6,109.37	\$5,379.05	--	--	\$6,109.37	\$5,379.05	\$11,488.42
Supplies	--	\$3,761.07	--	--	--	\$3,761.07	\$3,761.07
Other	\$3,582.36	\$19,566.14	--	--	\$3,582.36	\$19,566.14	\$23,148.50
Total Direct Cost	\$150,642.79	\$166,687.49	--	--	\$150,642.79	\$166,687.49	\$317,330.28
Indirect Cost	\$11,977.17	\$11,494.97	--	--	\$11,977.17	\$11,494.97	\$23,472.14
Total	\$162,619.96	\$178,182.46	--	--	\$162,619.96	\$178,182.46	\$340,802.42