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**APPALACHIAN REGIONAL COMMISSION  
OFFICE OF INSPECTOR GENERAL**

**AUDIT OF GRANT AWARD**

**Board of Garrett County Commissioners  
Oakland, Maryland**

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**Final Report Number 18-24  
Grant Numbers: MD-17909 & MD-17545  
July 2018**

**Prepared by:**

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Leon Snead & Company, P.C. completed an audit of grant numbers MD-17545 and MD-17909 awarded by the Appalachian Regional Commission (ARC) to the Board of Garrett County Commissioners (the Board). The audit was made at the request of the ARC Office of the Inspector General to assist the office in its oversight of ARC grant funds.

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.

Overall, the Board's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grants audited. The costs tested for both grants were properly supported and allowable. Grant matching fund requirements were fully met. Financial and project progress reports were submitted to ARC timely and accurately. We found the Board had an adequate process in place for obtaining and recording data related to the overall goals of the grants. Performance measures for both grants had been adequately met. Phases I and II of the project have been completed. Phase I provides access to the wireless signal for 3,241 residences and businesses, which exceeds the goal of 800 structures. Phase II provides access to the wireless signal for 2,274 residences and businesses, which exceeds the goal of 650 structures. As a result of this availability, there have been about 500 residences and businesses sign up for internet service.

Leon Snead & Company appreciates the cooperation and assistance received from the Board and ARC staffs 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 MD-17545 and MD-17909 awarded by the Appalachian Regional Commission (ARC) to the Board of Garrett County Commissioners (the Board). The audit was made at the request of the ARC Office of the Inspector General to assist the office in its oversight of ARC grant funds.

The grants were awarded to the Board to provide funding for the development and deployment of a wireless broadband network to serve Garrett County in Appalachian Maryland. The wireless system will utilize newly released white space spectrum as the transport medium, which will allow for better penetration of the wireless signal to more remote parts of the county. Most of these remote areas were not being served or were underserved by existing broadband providers. The project is being implemented in three phases, with each phase covering different regions of the county.

## **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.

Grant MD-17545 covered the period July 1, 2013 to June 30, 2017, and provided \$250,000 in ARC funds and required \$250,000 in non-ARC recipient matching funds for Phase I of the project. Final project costs for Phase I were \$500,000. The majority of ARC funds were for equipment and contractual costs, which included installation and project management. We tested all \$250,000 of the ARC funds to determine whether the charges were properly supported and allowable. We tested all \$250,000 in matching costs to determine whether the charges were properly supported and allowable. The grant had been completed and administratively closed by ARC at the time of the audit.

Grant MD-17909 covered the period September 30, 2014 to March 31, 2018, and provided \$250,000 in ARC funds and required \$250,000 in non-ARC recipient matching funds for Phase II of the project. Final project costs for Phase II were \$500,000. The majority of ARC funds were for equipment and contractual costs, which included installation and project management. We tested all \$250,000 of the ARC funds to determine whether the charges were properly supported and allowable. We tested all \$250,000 in matching costs to determine whether the charges were properly supported and allowable. The grant had been completed and administratively closed by ARC at the time of the audit.

We reviewed documentation provided by the Board and interviewed personnel to obtain an overall understanding of the grant activities, the accounting system, and general operating procedures and controls. We reviewed written policies and administrative procedures to

determine if they were compliant with federal requirements and adequate to administer the grant. We reviewed financial and project progress reports to determine if they were submitted in accordance with requirements. We reviewed the most recent audit and financial statements as well as the most recent single audit report to identify any issues that significantly impacted the ARC grants and the grant audit. We reviewed matching costs documentation to determine if requirements were met. We evaluated grant results discussed in the final project progress reports to determine if the planned performance goals and objectives were met.

The on-site fieldwork was performed at the Board offices in Oakland, Maryland during June 11-15, 2018. The preliminary audit results were discussed with the Board staff at the conclusion of the on-site visit. The grantee was in general agreement with the preliminary audit results.

The primary criteria used in performing the audit were 2 CFR 200, the ARC Code, and the grant agreements. The audit was performed in accordance with the *Government Auditing Standards*.

### **Summary of Audit Results**

Overall, the Board's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grants audited. The costs tested for both grants were properly supported and allowable. Grant matching fund requirements were fully met. Financial and project progress reports were submitted to ARC timely and accurately. We found the Board had an adequate process in place for obtaining and recording data related to the overall goals of the grants. Performance measures for both grants had been adequately met. Phases I and II of the project have been completed. Phase I provides access to the wireless signal for 3,241 residences and businesses, which exceeds the goal of 800 structures. Phase II provides access to the wireless signal for 2,274 residences and businesses, which exceeds the goal of 650 structures. As a result of this availability, there have been about 500 residences and businesses sign up for internet service.