
**APPALACHIAN REGIONAL COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT OF GRANT AWARD**

**City of Lawrenceburg
Lawrenceburg, Tennessee**

**Final Report Number: 17-01
Project Number: TN-17133-214-11
October 17, 2016**

Prepared By:

Bonadio & Co., LLP
Certified Public Accountants

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

Bonadio & Co., LLP completed an audit of grant number TN-17133-214-11 awarded by the Appalachian Regional Commission (ARC) to the City of Lawrenceburg (the City). The audit was performed to assist the Office of Inspector General in carrying out its oversight of ARC grant funds.

The primary objectives of the audit were to determine whether: (1) program funds were managed in accordance with the ARC and Federal grant requirements; (2) grant funds were expensed as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, were appropriate 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 City's financial management and administrative procedures and related internal controls were adequate to manage the funds provided under the ARC grant reviewed. The costs tested were supported and considered reasonable. The overall grant performances measures, with respect to anticipated outputs and outcomes, were adequately met.

Bonadio & Co., LLP appreciated the cooperation and assistance received from the City and the ARC staff during the audit.

Bonadio & Co., LLP

432 North Franklin Street, Suite 60
Syracuse, New York 13204
p (315) 476-4004
f (315) 475-1513

www.bonadio.com

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BACKGROUND

Bonadio & Co., LLP completed an audit of grant number TN-17133-214-11 awarded by the Appalachian Regional Commission (ARC) to the City of Lawrenceburg (the City). The audit was conducted at the request of the ARC, Office of Inspector General, to assist the office in its oversight of the ARC grant funds.

The grant was approved on September 20, 2011 and was administered through the USDA Rural Housing Service. It provided \$500,000 in ARC funds and \$125,000 in non-ARC funds. The major component of the City's plan was to widen local roadways within the City of Lawrenceburg. The purpose of the plan was to allow for a turning lane to accommodate the traffic from the businesses situated within the vicinity of the Lawrenceburg Industrial Park.

The plan outlines the improvement and construction of 4,800 linear feet of two industrial roadways that serve local industries. The majority of the approved total budget was for engineering services and construction of the roadway.

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 expensed as provided for in the approved grant budget; (3) internal grant guidelines, including program (internal) controls, where appropriate 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, objectives and performance measures of the grant were met.

We reviewed the documentation provided and interviewed City personnel to obtain an overall understanding of the grant activities, the accounting system, and operating procedures. We reviewed City administrative procedures and related internal controls to determine whether they were adequate to administer the grant funds. We also reviewed the most recent Single Audit report to determine whether there were any issues that impacted the ARC grant.

The grant budget was \$16,000 in legal, \$3,000 in land/structures/appraisals, \$42,000 in architectural/engineering, \$20,000 in inspection, \$503,400 in construction, and contingencies of \$40,600; total budget was \$625,000. Our audit focus was on construction and construction-related costs.

The primary criteria used in performing the audit were ARC grant documents, the grant approval, the ARC code, other ARC requirements, federal cost principles, and audit requirements for federal awards. The audit was performed in accordance with the *Government Auditing Standards*. The fieldwork was performed on September 26, 2016, including on-site work at the City of Lawrenceburg administrative office. The audit results were discussed with City representatives at the conclusion of the on-site visit.

SUMMARY OF AUDIT RESULTS

Overall, the City's administrative procedures were adequate to manage the grant and funds reviewed. The costs tested were supported and considered reasonable, and we did not question any incurred costs. Records and reports produced during the audit process indicated that the tasks required by the grant agreement were accomplished. The overall grant performance measures, with respect to anticipated outputs and outcomes, were adequately met for the grant TN-17133-214-11, which was completed on December 2, 2014.

The majority of project expenditures for the grant were for legal, engineering, inspection and construction of the roadways. Total project expenditures were \$625,115, including \$125,000 of non-ARC funds provided by the City.

OTHER OBSERVATIONS

- The final report submitted to the ARC showed both the planned output of 4,800 linear feet of industrial roadway and the planned outcome of 934 jobs retained were met. As of September 2016, 14 businesses and over 1,000 jobs were located in the Industrial Park.