

**INTERSTATE COMMISSION ON
THE POTOMAC RIVER BASIN
Rockville, Maryland**

**SINGLE AUDIT REPORT
September 30, 2018**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	8
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	10



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Commissioners
Interstate Commission on the Potomac River Basin
Rockville, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of net position, and the related statements of revenues, expenses and changes in net position, and cash flows of the Interstate Commission on the Potomac River Basin (the Commission) as of and for the year ended September 30, 2018, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Greenbelt, Maryland
February 21, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Commissioners
Interstate Commission on the Potomac River Basin
Rockville, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Interstate Commission on the Potomac River Basin's (the Commission) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended September 30, 2018. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in *internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the statement of net position, and the related statements of revenues, expenses and changes in net position, and cash flows of the Interstate Commission on the Potomac River Basin (the Commission) as of and for the year ended September 30, 2018, and have issued our report thereon dated February 21, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenbelt, Maryland
February 21, 2019

**INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ending September 30, 2018**

FEDERAL AGENCY	FEDERAL CFDA NUMBER	FEDERAL PROGRAM	PASS THROUGH ENTITY	ASSISTANCE ID NUMBER	PROGRAM OR AWARD AMOUNT(2)	TOTAL AWARDS EXPENDED(3)	EXPENDED BY CFDA #	PASSED THROUGH TO SUBRECIPIENTS
EPA	66.419	Water Pollution Control	N/A	I-98339413	\$ 641,000	\$ 641,000	641,000	\$ -
EPA	66.466	Chesapeake Bay Program	N/A	CB-96351301	164,442	103,309		-
		Chesapeake Bay Program	N/A	CB-96351301	144,292	35,675		
		WV Algae VII project	WVDEP	NPS1689	40,311	10,644	149,628	-
					<u>349,045</u>	<u>149,628</u>	<u>149,628</u>	
EPA	66.468	Drinking Water State Revolving Fund	WVDHHR	G180470	6,465	6,465	6,465	-
EPA	66.605	VA Goose Creek TMDL (1)	VADEQ	16286	28,370	22,343		-
		VA Accotink SaMS(1)	VADEQ	16577	50,000	40,294	62,637	-
					<u>78,370</u>	<u>62,637</u>	<u>62,637</u>	<u>-</u>
				TOTAL	<u>\$ 1,074,880</u>	<u>\$ 859,730</u>	<u>\$ 859,730</u>	<u>\$ -</u>

AGENCY & PASS-THROUGH ENTITY CODES:

EPA ENVIRONMENTAL PROTECTION AGENCY
VADEQ VIRGINIA DEPARTMENT OF ENVIRONMENTAL QUALITY
WVDHHR WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
N/A NOT APPLICABLE
WVDEP WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION

(1) Fixed fee contract.

(2) Total Grant Amount, may cover periods outside of fiscal year.

(3) Fiscal year expenditure prepared under generally accepted accounting principles applied to governmental agencies.

The accompanying notes are an integral part of this schedule.

**INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Interstate Commission on the Potomac River Basin (the Commission) for the year ended September 30, 2018.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles.

NOTE 2 – SUBRECIPIENTS

There were no awards provided to subrecipients for the year ended September 30, 2018.

NOTE 3 – INDIRECT COSTS

The Commission did not elect to use the 10% de minimis cost rate for indirect costs.

**INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

I. Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that is not considered to be a material weakness.	_____	Yes	_____ <u>X</u> _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that is not considered to be a material weakness.	_____	Yes	_____ <u>X</u> _____	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ <u>X</u> _____	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Water Pollution Control State, Interstate, and Tribal Program Support	66.419
Dollar threshold used to distinguish between type A and type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ <u>X</u> _____ Yes _____ No

**INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018**

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2018

Prior Year Findings

None Reported