



Office of Inspector General

Appalachian Regional Commission

**Audit of Grant Award to
Decatur - Morgan County Port Authority (DMCPA)
Grant Number AL-20233**

Report Prepared by Regis & Associates, PC

Report Number 25-29

July 30, 2025

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



Office of Inspector General

Appalachian Regional Commission

July 30, 2025

TO: Brandon McBride, Executive Director

FROM: Clayton Fox, Inspector General

SUBJECT: Audit Report 25-29 – Decatur - Morgan County Port Authority (DMCPA)

This memorandum transmits the Regis & Associates, PC, report for the audit of costs charged to grant number AL-20233 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.

Regis & Associates, PC, is responsible for the attached audit report and the conclusions expressed in this report. 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 Number AL-20233-I for the Period from April 1, 2021, to
March 31, 2024*

*Awarded to
Decatur - Morgan County Port Authority
Prepared for the Appalachian Regional Commission -
Office of the Inspector General*

*Auditee: Decatur - Morgan County Port Authority
As of Date: July 1, 2025*


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EXECUTIVE SUMMARY

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

We conducted a performance audit (the audit) of grant agreement, number AL-20233-I, awarded by the Appalachian Regional Commission (ARC) to Decatur - Morgan County Port Authority (the Grantee); with a grant performance period of April 1, 2021, to March 31, 2024. We conducted this performance audit at the request of the ARC Office of Inspector General, to assist it in its oversight of ARC grant funds. This performance audit engagement covers the period from April 1, 2021, to March 31, 2024.

The objectives of the performance audit were to determine whether: (1) program funds were managed in accordance with 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 reported performance measures were fair and reasonable; and 7) if the requirements for the performance of a Single Audit were met, the Grantee conducted such an audit and appropriately addressed any noted findings and recommendations related to the management of Federal awards.

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

We conducted planning and fieldwork phases of the audit during the period from February 6, 2025, through May 30, 2025. We determined that Decatur - Morgan County Port Authority's financial management, administrative procedures, and related internal controls, were adequate to manage ARC's grant funds.

We discussed the results of this performance audit with Decatur - Morgan County Port Authority's officials at the conclusion of our fieldwork. Decatur - Morgan County Port Authority's response has been included as Attachment 1 to this report.

Regis & Associates, PC

Regis & Associates, PC
Washington, DC
July 1, 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, 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.

On April 6, 2021, the Appalachian Regional Commission awarded Grant Number AL-20233-I, in the amount of \$1,000,000, to Decatur - Morgan County Port Authority. As a condition of this award, the Grantee was required to contribute a matching amount of \$1,854,854. The period of performance of the grant was from April 1, 2021, through March 31, 2024. On August 28, 2023, Decatur-Morgan County Port Authority increased its funding commitment for the project, from \$1,854,854 to \$2,230,639, in order to complete the new warehouse construction.

The purpose of the grant was to construct a 40,000 square foot warehouse at the Port's site, to facilitate storage of raw materials for use by up to nine existing automotive suppliers that support a major automobile manufacturer in the region.

Objective, Scope, and Methodology

Objective

The general objectives of the performance audit were to determine whether Decatur - Morgan County Port Authority expended grant funds in accordance with applicable requirements; and to report any resulting findings and questioned cost relating to internal controls, program performance, and compliance with provisions of the grant agreement, laws, and regulations.

Scope and Methodology

The Appalachian Regional Commission, Office of Inspector General, under Order Number ARC21P050, dated February 25, 2022; engaged Regis & Associates, PC to conduct a performance audit of Grant Number AL-20233-I, titled "River Port Warehouse Expansion", which was awarded to the Grantee.

The budgeted amounts for the grant are presented below:

Exhibit – A: Schedule of Grant Budget			
<u>Object Class Category</u>	<u>Federal</u>	<u>Non-Federal</u>	<u>Total</u>
Administrative and Legal Expenses	\$ 29,136	\$ 64,992	\$ 94,128
Architectural and engineering fees	39,698	88,552	128,250
Project Inspection Fees	11,917	26,583	38,500
Site Work	347,325	774,756	1,122,081
Construction	571,924	1,275,756	1,847,680
Total	<u>\$ 1,000,000</u>	<u>\$ 2,230,639</u>	<u>\$ 3,230,639</u>

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the ARC Code; and the Grant Agreement.

Our audit procedures included:

- Obtaining an understanding of the Grantee’s internal controls; assessing control risk; and determining the extent of testing needed, based on the control risk assessment.
- Reviewing written fiscal policies and administrative procedures for applicable grant activities.
- Assessing, on a test basis, evidence supporting the amounts; and the Grantee’s data and records.
- Assessing the accounting principles and significant estimates made by the Grantee.
- Evaluating the overall evidence and presentation of the records.
- Assessing whether the grant’s reported performance measures were fair and reasonable.
- Conducting other test procedures deemed necessary, based on our professional judgment.

Results

Based on the results of our testing and analysis on this performance audit, we determined that:

- 1) The grant funds were managed in accordance with ARC and Federal grant requirements.
- 2) As of March 31, 2024, the Grantee had expended the entire grant budget of \$3,230,639.

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

Decatur - Morgan County Port Authority
Performance Audit of ARC Grant Number AL-20233-I

Exhibit – B: Schedule of Claimed and Audit Recommended Costs

Object Class Category	Claimed Costs			Questioned Costs			Audit Recommended		
	Federal (ARC)	Non-Federal (DMCPA)	Total	Federal (ARC)	Non-Federal (DMCPA)	Total	Federal (ARC)	Non-Federal (DMCPA)	Total
Administrative and Legal Expenses	\$ 29,136	\$ 64,992	\$ 94,128	\$ -	\$ -	\$ -	\$ 29,136	\$ 64,992	\$ 94,128
Architectural and engineering fees	39,698	88,552	128,250	-	-	-	39,698	88,552	128,250
Project Inspection Fees	11,917	26,583	38,500	-	-	-	11,917	26,583	38,500
Site Work	347,325	774,756	1,122,081	-	-	-	347,325	774,756	1,122,081
Construction	571,924	1,275,756	1,847,680	-	-	-	571,924	1,275,756	1,847,680
Total	\$1,000,000	\$2,230,639	\$3,230,639	\$ -	\$ -	\$ -	\$1,000,000	\$2,230,639	\$3,230,639

- 3) Internal guidelines, including program (internal) controls, were adequate and operating effectively. The Grantee had written policies and procedures for applicable grant activities, which we considered adequate for administering the grant.
- 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), including ARC requirements.
- 5) We determined that the Grantee contributed \$2,230,639 of the required matching amount of \$2,230,639, as of March 31, 2024. These matching funds were properly supported and allowable under both Federal and ARC requirements.
- 6) We determined that the Grantee implemented effective policies and procedures to accurately capture, record, and report grant performance measures (i.e. Participants Improved, Physical Outputs, Economic Benefits). Based on our review of the Grantee's procedures, the performance results reported to ARC were fair and reasonable.
- 7) We verified that the Grantee had Single Audits performed for the periods ending September 30, 2021; September 30, 2022; September 30, 2023; and September 30, 2024. The audit report for the financial year ending September 30, 2023, contained a finding related to the Grantee's management of Federal assistance awards, although none were related to the management of the ARC grant.

Attachment 1: Grantee's Response



July 1, 2025

Peter Regis
Regis & Associates, PC
1420 K Street, NW Suite 910
Washington, DC 20005

Subject: Performance Audit of Grant Agreement Number AL-20233-I

We are providing this letter in connection with the subject audit performed by Regis & Associates, PC on behalf of the Appalachian Regional Commission (ARC).

I have reviewed and concur with the audit result. On behalf of Decatur - Morgan County Port Authority, it was a pleasure working with you and your team and we look forward to working with you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Nails", written over a light blue horizontal line.

Jeremy Nails
Executive Director
Decatur-Morgan County Port Authority

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