



George C. Wallace Community College

**UNIFORM GUIDANCE SUPPLEMENTARY
FINANCIAL REPORT**

September 30, 2022



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

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Linda C. Young, President – George C. Wallace Community College
Dothan, Alabama 36303

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the George C. Wallace Community College (the College), a component unit of the State of Alabama, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2022. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-01 and 2022-02 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 financial statements of the College, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated January 17, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. 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 basic 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 basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.

Enterprise, Alabama

January 30, 2023

**George C. Wallace Community College
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022**

Section I – Summary of Auditors' Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes |
| 4. Identification of major programs | |

**Assistance Listing
Number**

Federal Program

	Higher Education Emergency Relief Fund (HEERF)
84.425E	COVID-19 HEERF Student Aid Portion
84.425F	COVID-19 HEERF Institutional Portion
84.425M	COVID-19 HEERF Strengthening Institutions Program (SIP)
84.425S	COVID-19 HEERF ARP Supplemental Assistance

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | No |

Section II – Financial Statements Findings

No matters were reported.

**George C. Wallace Community College
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022**

Section III – Federal Award Findings and Questioned Costs

Item 2022-01 Reporting

Education Stabilization Fund: Higher Education Emergency Relief Fund (HEERF) ALN # 84.425E, 84.425F, 84.425M, 84.425S

U.S. Department of Education

Federal Award #P425E201930, P425F200922, P425M201005, P425S210114

Federal Award Year - 2020

Criteria – As specified in 2 CFR section 200.303 the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Adequate controls must be in place to ensure proper expenditures are reported in the applicable reporting periods.

Condition – Adequate controls were not in place to review and approve grant reports for accuracy and completeness of the report prior to their submission to the grantor. Appropriate supporting documentation was not retained in order to reconcile the amounts reported on the HEERF I, II, & III Annual Performance Report Form to the College's books of record.

Cause – Lack of sufficient controls over the review and approval of grant reports to ensure the accuracy and completeness of the report being submitted to the grantor.

Effect – Lack of proper review and approval for accuracy and completeness of reports can result in improper reporting which could lead to disallowed costs. However, our audit disclosed no instances of unallowable costs.

Questioned Costs – Not determinable.

Recommendation – We recommend the strengthening of controls to ensure the quarterly grant reports are reviewed and approved for accuracy and completeness prior to submission to the grantor.

Management's Response – The College will strengthen the controls in place to provide assurance that proper review and approval of reports' accuracy and completeness is obtained on required grant reports prior to submission to the grantor. The Dean of Business Affairs will be responsible for this corrective action and anticipates completion of corrective action will be taken before 1/31/23.

**George C. Wallace Community College
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022**

Item 2022-02 Cash Management

Education Stabilization Fund: Higher Education Emergency Relief Fund (HEERF) ALN # 84.425E, 84.425F, 84.425M, 84.425S

U.S. Department of Education

Federal Award #P425E201930, P425F200922, P425M201005, P425S210114

Federal Award Year - 2020

Criteria – As specified in 2 CFR section 200.303 the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Adequate controls must be in place to ensure cash drawdowns are properly reviewed and cash disbursed for allowable expenditures within the time frame specified by program guidelines.

Condition – Adequate controls were not in place to reconcile grant drawdowns and expenditures, which resulted in excess grant funds being drawn down and not disbursed within the three calendar days.

Cause – Lack of sufficient controls over the reconciliation and recording of grant revenue resulted in an ineffective reconciliation.

Effect – Lack of sufficient controls over the reconciliation and recording of grant revenue resulted in cash on hand that wasn't disbursed within three calendar days.

Questioned Costs – Not determinable.

Recommendation – We recommend the strengthening of controls to ensure all grant revenues are accurately and completely reconciled between G5 and the general ledger.

Management's Response – The College will strengthen the controls in place to provide assurance that all grant revenues are accurately and completely reconciled between G5 and the general ledger. The Dean of Business Affairs will be responsible for this corrective action and anticipates completion of corrective action will be taken before 1/31/23.

**George C. Wallace Community College
Corrective Action Plan
For the Year Ended September 30, 2022**

Single Audit Findings

Item 2022-01 – Reporting

Contact person: Marc Nicholas, Dean of Business Affairs

Management's Response – The College will strengthen the controls in place to provide assurance that proper review and approval of reports' accuracy and completeness is obtained on required grant reports prior to submission to the grantor. The Dean of Business Affairs will be responsible for this corrective action and anticipates completion of corrective action will be taken before 1/31/23.

Item 2022-02 – Cash Management

Contact person: Marc Nicholas, Dean of Business Affairs

Management's Response – The College will strengthen the controls in place to provide assurance that all grant revenues are accurately and completely reconciled between G5 and the general ledger. The Dean of Business Affairs will be responsible for this corrective action and anticipates completion of corrective action will be taken before 1/31/23.

**George C. Wallace Community College
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2022**

There were no audit findings reported in the prior year.

George C. Wallace Community College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education</u>				
<u>Student Financial Assistance Cluster</u>				
Direct Programs				
Federal Pell Grant Program	84.063		\$ -	\$ 9,273,198
Federal Supplemental Educational Opportunity Grants	84.007		-	174,857
Federal Work-Study Program	84.033		-	139,757
Subtotal Student Financial Assistance Cluster				- 9,587,812
<u>TRIO Cluster</u>				
TRIO-Student Support Services	84.042		-	719,686
TRIO-Upward Bound	84.047		-	418,538
TRIO-Talent Search	84.044		-	301,992
Subtotal TRIO Cluster				- 1,440,216
<u>Direct Programs</u>				
Higher Education Institutional Aid	84.031		-	434,018
<u>Pass-Through Alabama State Department of Education</u>				
Career and Technical Education - Basic Grants to States	84.048	V048A200001	-	363,587
<u>Pass-Through Alabama Community College System</u>				
Adult Education - Basic Grants to States	84.002	092AE094	-	379,423
<u>COVID-19: Education Stabilization Fund</u>				
Direct Programs				
COVID-19-Higher Education Emergency Relief Funds -Student Aid	84.425E		-	4,536,944
COVID-19-Higher Education Emergency Relief Funds -Institutional Aid	84.425F		-	4,951,660
COVID-19-Higher Education Emergency Relief Funds -Strengthening Institutions Program	84.425M		-	817,371
COVID-19-Higher Education Emergency Relief Funds -SAIHE	84.425S		-	1,737,626
Subtotal COVID-19: Education Stabilization Fund				- 12,043,601
Total U.S. Department of Education				- 24,248,657

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

**George C. Wallace Community College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Pass-Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Labor</u>				
<u>WIOA Cluster</u>				
Pass-Through Alabama Department of Commerce				
WIOA Adult Program	17.258		-	419,080
Basic Mig Welding	17.258		-	32,732
WIOA Youth Activities	17.259		-	46,247
AE The Next Step Youth Program	17.259		-	71,146
AE The Next Step Youth Program 2	17.259		-	16,983
WIOA Dislocated Worker Formula Grants	17.278		-	25,516
COVID - WIOA Dislocated Worker Formula Grants	17.278		-	7,243
Subtotal WIOA Cluster			-	618,947
<u>Direct Programs</u>				
H-1B Job Training Grants	17.268		-	960
Total U.S. Department of Labor			-	619,907
Total Federal Expenditures			\$ -	\$ 24,868,564

See accompanying notes to schedule of expenditures of federal awards.

George C. Wallace Community College Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF ACCOUNTING

This Schedule of Expenditures of Federal Awards (the schedule) was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred, rather than being applied to reduce the outstanding principal portion of debt, which conforms to the basis of reporting to grantors for reimbursement under the terms of George C. Wallace Community College's (the College) federal grants.

Note 2: DE MINIMIS

The College has elected to not use the 10% de Minimis indirect cost rate.

Note 3: BASIS OF PRESENTATION

The accompanying schedule summarizes the federal expenditures of the College under programs of the federal government for the year ended September 30, 2022. The amount reported as federal expenditures were obtained from the College's general ledger. Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net margins and cash flows of the College.

For purposes of the schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the schedule. The College has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule. ALN have been appropriately listed by applicable programs. Federal programs with different ALNs that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. Three clusters were identified in the schedule as follows:

Student Financial Aid Cluster - This cluster includes awards that assist agencies in providing financial assistance to eligible students attending eligible institutions of postsecondary education.

TRIO Cluster – This cluster includes awards that assist agencies in providing outreach and student services programs designed to identify and provide services for individuals from disadvantaged backgrounds (low-income individuals, first-generation college students, and individuals with disabilities).

George C. Wallace Community College

Notes to Schedule of Expenditures of Federal Awards

Note 3: BASIS OF PRESENTATION (Continued)

Workforce Innovation and Opportunity Act (WIOA) Cluster - This cluster includes awards designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy

Note 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS

The amounts reflected in the financial reports submitted to the awarding federal and/or pass-through agency and the schedule may differ. Some of the factors that may account for any difference include the following:

- The College's fiscal year end may differ from the program's year end.
- Accruals recognized in the schedule, because of year end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges are recognized as property and equipment, net in the College's financial statements and as expenditures in the program financial reports.

Note 5: FEDERAL PASS-THROUGH FUNDS

The College is the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as "pass-through" are considered direct and will be designated accordingly.

Note 6: CONTINGENCIES

Grant monies received and disbursed by the College are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the College does not believe that such disallowance, if any, would have a material effect on the financial position of the College. As of September 30, 2022, there were no known material questioned or disallowed costs as a result of grant audits in process or completed.

Note 7: NONCASH ASSISTANCE

The College did not receive any federal noncash assistance for the fiscal year ended September 30, 2022.

**George C. Wallace Community College
Notes to Schedule of Expenditures of Federal Awards**

Note 8: SUBRECIPIENTS

The College did not provide federal funds to subrecipients for the fiscal year ended September 30, 2022.

Note 9: LOANS AND LOAN GUARANTEES

The College did not have any loans or loan guarantee programs required to be reported on the schedule.

Note 10: FEDERALLY FUNDED INSURANCE

The College did not have any federally funded insurance required to be reported on the schedule for the fiscal year ending September 30, 2022.