



Wallace State Community College

**UNIFORM GUIDANCE SUPPLEMENTARY
FINANCIAL REPORT**

September 30, 2023



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**INDEPENDENT AUDITOR’S 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.**

Jimmy Baker, Chancellor – Alabama Community College System
Dr. Vicki Karolewics, President – Wallace State Community College
Hanceville, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wallace State Community College’s (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, 2023. The College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College 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, 2023.

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 (GAAS); 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 Auditor’s 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.

Auditor's 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 GAAS, *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

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 Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated January 16, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed 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, LLC

Birmingham, Alabama
February 9, 2024

**Wallace State Community College
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor’s 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 auditor’s 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? | None reported |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |

**Wallace State Community College
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023**

4. Identification of major programs

<u>Assistance Listing Number</u>	<u>Federal Program</u>
<u>Student Financial Aid</u>	
<u>Cluster</u>	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
 <u>TRIO Cluster</u>	
84.042	TRIO Student Support Services
84.044	TRIO Talent Search
	Higher Education Emergency Relief Fund (HEERF)
84.425E	COVID-19 HEERF Student Aid Portion
84.425F	COVID-19 HEERF Institutional Portion

5. Dollar threshold used to distinguish between type A and type B programs \$807,388
6. Auditee qualified as low-risk under 2CFR 200.520 No

**Wallace State Community College
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023**

Section II - Financial Statements Findings

There were no matters to be reported.

Section III - Federal Award Findings and Questioned Costs

There were no matters to be reported.

**Wallace State Community College
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023**

Federal Agency Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass- Through Grantor's Number	Pass- Through to Subrecipients	Total Federal Expenditures
<u>Student Financial Assistance Cluster</u>				
<u>U.S. Department of Education</u>				
<u>Direct Programs</u>				
Federal Supplemental Educational Opportunity Grants	84.007		\$ -	\$ 187,094
Federal Work-Study Program	84.033		-	229,256
Federal Pell Grant Program	84.063		-	11,030,302
Federal Direct Student Loans	84.268		-	8,371,392
Total Student Financial Assistance Cluster			-	19,818,044
<u>Research and Development Cluster</u>				
<u>National Science Foundation</u>				
<u>Direct Programs</u>				
STEM Education (formerly Education and Human Resources)	47.076		-	25,607
<u>U. S. Department of Education</u>				
<u>Direct Programs</u>				
Higher Education - Institutional Aid	84.031		-	337,213
Total Research and Development Cluster			-	362,820
<u>TRIO Cluster</u>				
<u>U.S. Department of Education</u>				
<u>Direct Programs</u>				
TRIO Student Support Services	84.042		-	337,133
TRIO Talent Search	84.044		-	485,525
Total TRIO Cluster			-	822,658
<u>WIOA Cluster</u>				
<u>U. S. Department of Labor</u>				
<u>Passed Through Alabama Department of Commerce</u>				
WIOA Adult Program	17.258	N.A.	-	75,458
WIOA Youth Activities	17.259	N.A.	-	8,124
Total WIOA Cluster			-	83,582

(Continued)

Wallace State Community College
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended September 30, 2023

Federal Agency Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass- Through Grantor's Number	Pass- Through to Subrecipients	Total Federal Expenditures
<u>Economic Development Cluster</u>				
<u>U. S. Department of Commerce</u>				
<u>Direct Programs</u>				
Investments for Public Works and Economic Development Facilities	11.300		-	200,000
Total Economic Development Cluster			-	200,000
<u>Other Federal Awards</u>				
<u>U. S. Department of Education</u>				
<u>Direct Programs</u>				
COVID-19 Higher Education Emergency Relief Fund (HEERF)				
Student Aid Portion	84.425E		-	31,781
COVID-19 (HEERF) Institutional Aid Portion	84.425F		-	3,245,894
Total COVID-19 Higher Education Emergency Relief Fund (HEERF)			-	3,277,675
<u>Passed Through Alabama Community College System</u>				
Adult Education - Basic Grants to States	84.002	0923AE093	-	415,652
<u>Passed Through Alabama State Department of Education</u>				
Career and Technical Education - Basic Grants to States	84.048	V048A210001	-	44,592
Career and Technical Education - Basic Grants to States	84.048	V048A220001	-	599,402
Total Career and Technical Education-Basic Grants to States			-	643,994
<u>U.S. Department of Labor</u>				
<u>Direct Program</u>				
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280		-	426,629
<u>Passed Through Alabama Community College System</u>				
H-1B Job Training Grants	17.268	HG-33165-19-60-A-1	-	95,522
<u>Appalachian Regional Commission</u>				
<u>Direct Programs</u>				
Appalachian Area Development	23.002		-	36,638
Appalachian Area Development	23.002		-	729,725
Total Expenditures of Federal Awards			-	26,912,939

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Wallace State Community College Notes to Schedule of Expenditures of Federal Awards

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Wallace State Community College (the College), under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the 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). 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 position, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2: INDIRECT COST RATE

The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2023, the College did not elect to use this rate.

Note 3: LOAN / LOAN GUARANTEE OUTSTANDING BALANCES

The College did not have any federal loans or loan guarantees outstanding during the year ended September 30, 2023.

Note 4: NONCASH ASSISTANCE AND OTHER

The College did not receive any noncash assistance or federally funded insurance during the year ended September 30, 2023.

Note 5: 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.

Note 6: FEDERAL PASS-THROUGH FUNDS

The College is also 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 to be direct.



WALLACE STATE

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Office of the President

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2023

Wallace State Community College submits the following summary schedule of prior audit findings for the year ended September 30, 2023:

FINDINGS – FINANCIAL STATEMENTS (Material Weakness):

Audit Finding Reference	Corrective Action Plan	Person Responsible	Current Status
2022-001 Payroll and Related Benefit Accruals	The College's Chief Financial Officer has implemented procedures to ensure the accruals are properly recorded at year-end.	Mary Helen Ingram, Chief Financial Officer	Corrective action was taken.