

**Coastal Alabama Community College**  
**Bay Minette, Alabama**

**Uniform Guidance Supplementary Financial Report**  
**September 30, 2022**

**Coastal Alabama Community College**  
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**September 30, 2022**

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**Independent Auditor’s Report on Compliance for Each Major Program,  
Schedule of Expenditures of Federal Awards and on Internal Controls Over  
Compliance Required by Uniform Guidance**

Jimmy Baker, Chancellor – Alabama Community College System  
Dr. Warren Craig Pouncey, President – Coastal Alabama Community College  
Bay Minette, Alabama

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Coastal Alabama Community College’s (the College) 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 auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College’s 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 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 2022-002 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 compliance 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.

KASSOUF & CO., P.C.

A handwritten signature in black ink that reads "Kassouf & Co." in a cursive script.

Certified Public Accountants

March 17, 2023

**Coastal Alabama 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 Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
<b><u>Student Financial Assistance Cluster</u></b>				
<b><u>U. S. Department of Education</u></b>				
<b><u>Direct Programs</u></b>				
Federal Supplemental Educational Opportunity Grants	84.007			\$ 297,207
Federal Work-Study Program	84.033			189,978
Federal Pell Grant Program	84.063			12,545,178
Federal Direct Student Loans	84.268			11,264,767
Total Student Financial Assistance Cluster				<u>24,297,130</u>
<b><u>Research and Development Cluster</u></b>				
<b><u>National Science Foundation</u></b>				
<b><u>Direct Programs</u></b>				
Education and Human Resources	47.076			16,199
<b><u>Passed Through University of West Alabama</u></b>				
Education and Human Resources	47.076	1852795		5,463
Total Education and Human Resources				<u>21,662</u>
<b><u>TRIO Cluster</u></b>				
<b><u>U. S. Department of Education</u></b>				
<b><u>Direct Programs</u></b>				
TRIO - Student Support Services	84.042A			975,090
TRIO - Talent Search	84.044A			622,108
TRIO - Upward Bound	84.047A			1,115,506
Total TRIO Cluster				<u>2,712,704</u>
<b><u>WIOA Cluster</u></b>				
<b><u>U. S. Department of Labor</u></b>				
<b><u>Passed Through Alabama Department of Commerce</u></b>				
WIOA Adult Program	17.3			65
Total WIOA Cluster				<u>65</u>
<b><u>U. S. Department of Education</u></b>				
<b><u>Passed Through Alabama Department of Conservation and Natural Resources</u></b>				
Coastal Zone Management Administration Awards	11.419	CACC-CZM-306-19-1		5,000
<b><u>U. S. Department of Agriculture</u></b>				
<b><u>Passed Through University of West Alabama</u></b>				
Partners for Agricultural Innovation and Sustainability	10.326	2021-70001-34527		14,380
<b><u>U. S. Department of Education</u></b>				
<b><u>Direct Programs</u></b>				
Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E			2,746,798
Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F			3,527,924
Higher Education Emergency Relief Fund (HEERF) Supplemental Institutional Portion	84.425S			1,163,101
Total Higher Education Emergency Relief Fund (HEERF)				<u>7,437,823</u>
<b><u>Passed Through Alabama Community College System</u></b>				
Adult Education - Basic Grants to States	84.002A	0920AE097		391,007
<b><u>Passed Through Alabama State Department of Education</u></b>				
Career and Technical Education - Basic Grants to States	84.048A	V048A190001		174,017
<b>Total Federal Awards</b>				<b>\$ <u>35,053,788</u></b>

See accompanying notes to schedule of expenditures of federal awards.

**Coastal Alabama Community College**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**September 30, 2022**

Note 1. Basis of Accounting

This Schedule of Expenditures of Federal Awards (the schedule) was prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 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. Two 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).

**Coastal Alabama Community College**  
**Notes to the Schedule of Expenditures of Federal Awards - Continued**  
**September 30, 2022**

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 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.

Note 8. Subrecipients

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

Note 9. 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.



**Coastal Alabama Community College  
Schedule of Findings and Questioned Costs  
September 30, 2022**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified that are not considered to be a material weakness	None reported
Noncompliance material to the financial statement noted	No

**Federal Awards**

Type of auditor's report issued	Unmodified
Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified that are not considered to be a material weakness	Yes
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	Yes

Identification of major programs:

**Federal Programs**

**CFDA No.**

Student Financial Assistance Cluster

Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268

Trio Cluster

TRIO-Student Support Services	84.042
TRIO-Talen Search	84.044
TRIO-Upward Bound	84.047

COVID-19 Higher Education Emergency Relief Fund

COVID-19 HEERF Student Aid Portion	84.425E
COVID-19 HEERF Institutional Aid Portion	84.425F
COVID-19 HEERF Supplemental Institutional Portion	84.425S

Dollar threshold used to determine Type A and Type B programs: \$1,051,614

Auditee qualified as low-risk auditee under the Uniform Guidance No

**Coastal Alabama Community College**  
**Schedule of Findings and Questioned Costs - Continued**  
**September 30, 2022**

**Section II - Financial Statement Findings (GAGAS)**

**Reference Number:** 2022-001  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** None

Balance sheet accounts were not properly reconciled for the fiscal year ended September 30, 2022.

**Finding**

Internal control is a process affected by those charged with governance, management and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objective with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Internal controls over balance sheet accounts should include a periodic reconciliation of accounts. Periodic reconciliations of balance sheet accounts help the College to minimize the possibility that errors or irregularities, including misappropriations and fraud, could occur and not be detected.

The College did not reconcile certain balance sheet accounts for the year ended September 30, 2022. This resulted in misstated general ledger balances that required entries to correct in order to agree the subsidiary ledger or other underlying supporting documentation. The College has a short closing period from its year-end to where entries can no longer be posted to the fiscal year ended.

**Recommendation**

We recommend that the College perform reconciliations of all significant balance sheet accounts on an ongoing and preferably monthly basis in order to provide accurate data in the financial statements. By performing account analysis and reconciliation regularly throughout the year this will help ensure that balances are accurately stated throughout the year and at the College's fiscal year-end.

**Views of Responsible Officials of the Auditee**

The College agrees with Finding 2022-001.

**Coastal Alabama Community College**  
**Schedule of Findings and Questioned Costs - Continued**  
**September 30, 2022**

**Section III – Federal Awards Findings and Questioned Costs**

<b>Reference Number:</b>	2022-002
<b>Compliance Requirement:</b>	Reporting
<b>Type of Finding:</b>	Internal Control and Compliance
<b>Internal Control Impact:</b>	Significant Deficiency
<b>Compliance Impact:</b>	Nonmaterial Noncompliance
<b>Assistance Listing Number(s) and Title:</b>	84.425 – Higher Education Emergency Relief Fund (HEERF)
<b>Federal Awarding Agency:</b>	U.S. Department of Education

**Finding**

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.

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 general ledger. 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 can result in improper reporting which could lead to disallowed costs. However, our audit disclosed no instances of unallowable costs. Further, the HEERF methodology for distributing funds to students was not disclosed on the College’s website.

**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.

**Views of Responsible Officials of the Auditee**

The College agrees with Finding 2022-002.

**Coastal Alabama Community College  
Summary Schedule of Prior Audit Findings  
September 30, 2022**

**Section II – Financial Statement Findings (GAGAS)**

None

**Section III – Federal Awards Findings and Questioned Costs**

<b>Reference Number:</b>	2021-001
<b>Compliance Requirement:</b>	Activities Allowed/Unallowed
<b>Type of Finding:</b>	Internal Control and Compliance
<b>Internal Control Impact:</b>	Significant Deficiency
<b>Compliance Impact:</b>	Nonmaterial Noncompliance
<b>Assistance Listing Number(s) and Title:</b>	<u>TRIO Cluster</u> 84.042 TRIO-Student Support Services 84.044 TRIO-Talent Search 84.047 TRIO-Upward Bound
<b>Federal Awarding Agency:</b>	U.S. Department of Education

Proper supporting documentation was not provided for purchase of student participant food cards.

**Finding**

The Code of Federal Regulations, Section 200.403, lists factors affecting the allowability of costs. Among other factors, the section requires that costs must be necessary and reasonable for the performance of the Federal award and must be adequately documented. Proper documentation of costs helps minimize the possibility that errors or irregularities, including misappropriations and fraud could occur and not be detected.

In addition, the Alabama Community College System Fiscal Procedures Manual describes the process that should be used when making purchases. The procedures described include properly requesting a purchase order and receiving merchandise prior to the payment for the items purchased.

During the year, the College received a grant award under the Upward Bound Program, Assistance Listing Number 84.047, with a budget indicating that \$43,000 would be allocated to the purchase of food gift cards for participants in the program. On December 10, 2020, the College direct deposited Upward Bound program funds in the amount of \$4,250 to an employee's personal checking account for the purchase of student participant food cards. Documentation revealed that the College requested documentation of the purchase of the food cards from the employee multiple times over the next year. Despite the attempts to obtain proper documentation, receipts were never provided by the employee for the purchase of the food cards.

**Coastal Alabama Community College**  
**Summary Schedule of Prior Audit Findings - Continued**  
**September 30, 2022**

**Section III – Federal Awards Findings and Questioned Costs – Continued**

**Finding 2021-001 – Continued**

The College did not follow its normal purchase procedures which would have required documentation of the receipt of merchandise and documentation of costs of the items purchased prior to the release of funds. This allowed an employee to receive and hold \$4,250 in Upward Bound program funds for almost a year without purchasing the budgeted food cards. Subsequently, the College requested the funds to be repaid by the employee. The employee repaid the funds on November 4, 2021, and separated service from the College on February 28, 2022.

**Corrective action was taken.**

<b>Reference Number:</b>	2021-002
<b>Compliance Requirement:</b>	Reporting
<b>Type of Finding:</b>	Internal Control
<b>Internal Control Impact:</b>	Material Weakness
<b>Assistance Listing Number(s) and Title:</b>	84.425 – Higher Education Emergency Relief Fund (HEERF)
<b>Federal Awarding Agency:</b>	U.S. Department of Education

The College failed to report all expenses and to submit timely the required quarterly reports and annual report due for HEERF reporting.

**Finding**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP) established and funded the Higher Education Emergency Relief Fund (HEERF).

The reporting requirements for HEERF funding include a Quarterly Budget and Expenditure Report (QBER). Expenditures of awards funded by HEERF I, II, III Sections 18004(a)(1) Institutional Portion, 18004(a)(2), and 18004(a)(3) should be reported using the QBER form developed by the grantor. The form is required to be posted on the institution’s primary website.

The College was awarded an Institutional Portion grant under 18004(a)(1). Each of the College's quarterly reports during the fiscal year were selected for review. Audit tests revealed that the college failed to report \$4,178,745.97 of lost revenues claimed from the (ARP) HEERF III Institutional portion. Quarterly reports were not submitted by the due dates for quarters ended December 31, 2020, March 31, 2021, and June 30, 2021, but instead were submitted with the September 30, 2021, quarterly report which was posted timely. The first annual performance report was which was due on February 28, 2021, was not submitted until March 17, 2021. The College did not have controls in place to ensure that the reports were accurate and submitted in a timely manner.

**Finding was partially corrected.**



**COASTAL ALABAMA**  
COMMUNITY COLLEGE

**Coastal Alabama Community College  
Corrective Action Plan  
For the Year Ended September 30, 2022**

**Section II - Financial Statement Findings (GAGAS)**

**Reference Number:** 2022-001  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** None

Balance sheet accounts were not properly reconciled for the fiscal year ended September 30, 2022.

**Finding**

Internal control is a process affected by those charged with governance, management and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objective with regard to the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Internal controls over balance sheet accounts should include a periodic reconciliation of accounts. Periodic reconciliations of balance sheet accounts help the College to minimize the possibility that errors or irregularities, including misappropriations and fraud, could occur and not be detected.

The College did not reconcile certain balance sheet accounts for the year ended September 30, 2022. This resulted in misstated general ledger balances that required entries to correct in order to agree the subsidiary ledger or other underlying supporting documentation. The College has a short closing period from its year-end to where entries can no longer be posted to the fiscal year ended.

**Recommendation**

We recommend that the College perform reconciliations of all significant balance sheet accounts on an ongoing and preferably monthly basis in order to provide accurate data in the financial statements. By performing account analysis and reconciliation regularly throughout the year this will help ensure that balances are accurately stated throughout the year and at the College's fiscal year-end.

**Views of Responsible Officials of the Auditee**

The College agrees with Finding 2022-001.

**Corrective Action Plan**

Coastal Alabama recognizes that wages payable from the previous year were placed into accounts that did not get reconciled. Coastal assigns all balance sheet accounts to accountants for monthly reconciliation. Those accounts not reconciled in the payable range, due to inactive fund accounts, have now been reconciled and assigned to an accountant. Monthly verification of reconciliation will occur by the Director of Accounting or the CFO. Additionally, a procedure is being developed by the Alabama Community College System to address the annual setup or adjustment to Allowance for Doubtful Accounts for proper booking of past due accounts being worked by collections.

**Anticipated Completion Date:**

February 1, 2023

**Contact Person(s):**

Jessica Davis, Chief Financial Officer

**Section III – Federal Awards Findings and Questioned Costs**

<b>Reference Number:</b>	2022-002
<b>Compliance Requirement:</b>	Reporting
<b>Type of Finding:</b>	Internal Control and Compliance
<b>Internal Control Impact:</b>	Significant Deficiency
<b>Compliance Impact:</b>	Nonmaterial Noncompliance
<b>Assistance Listing Number(s) and Title:</b>	84.425 – Higher Education Emergency Relief Fund (HEERF)
<b>Federal Awarding Agency:</b>	U.S. Department of Education

**Finding**

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.

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 general ledger. 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 can result in improper reporting which could lead to disallowed costs. However, our audit disclosed no instances of unallowable costs. Further, the HEERF methodology for distributing funds to students was not disclosed on the College’s website.

**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.

**Views of Responsible Officials of the Auditee**

The College agrees with Finding 2022-002.

**Corrective Action Plan**

Coastal Alabama Community College has reviewed and recognizes needed changes be put into place to ensure accurate record keeping for all reported data. Coastal will have the restricted accountant complete the quarterly and annual HEERF reports moving forward and file all data according to the report in an organized and methodical method only after the Director of Accounting has reviewed and signed off on the accuracy of the data being reported. Once the Director of Accounting and/or CFO review the reports and backup data for approval then the approved reports will be filed on-line with the Department of Education via the HEERF site. Expenditures charged against the HEERF funds are reviewed for accuracy and allowable cost through a multi-step purchasing process to ensure allowable cost only and prevent potential for improper spending. The Director of Accounting will make sure that all website required reporting is done in a timely manner moving forward.

**Anticipated Completion Date:**

June 15, 2023

**Contact Person(s):**

Jessica Davis, Chief Financial Officer