

**LAWSON STATE COMMUNITY COLLEGE**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**LAWSON STATE COMMUNITY COLLEGE  
TABLE OF CONTENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

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 and Report on Internal Control over Compliance Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	13
Corrective Action Plan (Unaudited)	14

**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 Alabama Community College System Board of Trustees  
and the President of Lawson State Community College

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 financial statements of Lawson State Community College (the College), as of and for the year ended September 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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 financial statements. 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*.

**The College's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

**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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*

Montgomery, Alabama  
January 17, 2024

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

To the Alabama Community College System Board of Trustees  
and the President of Lawson State Community College

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

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

We have audited Lawson State 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, 2023. 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, 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; 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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the noncompliance 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.

### **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. 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

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, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2024, 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 College's 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 taken as a whole.

*Warren Averett, LLC*

Montgomery, Alabama  
February 26, 2024



**LAWSON STATE COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor/ Grant Name	Federal Assistance Listing Number	Pass-Through/ Grant Number	Federal Expenditures	Passed through to Subrecipients
<b>Department of Education</b>				
Student Financial Aid Cluster				
Federal Pell Grant Program	84.063	P063P211058	\$ 9,635,807	\$ -
Federal Work Study Program	84.033	P033A210045	153,144	-
Federal Supplemental Educational Opportunity Grants	84.007	P007A210045	251,186	-
Total Student Financial Aid Cluster			<u>10,040,137</u>	<u>-</u>
Trio Cluster				
TRIO-Student Support Services	84.042	P042A200958/ P042A200821	736,719	-
TRIO-Upward Bound	84.047	P047A171051	439,660	-
Total Trio Cluster			<u>1,176,379</u>	<u>-</u>
Other Direct Programs:				
Higher Education Institutional Aid	84.031	P031B170021	8,663,631	-
COVID-19 HEERF Institutional Aid Portion	84.425F	P425F204104	25,960,010	-
COVID-19 HEERF Historically Black Colleges and Universities (HBCUs)	84.425J	P425J200089	244,573	-
COVID-19 HEERF Supplemental Support Under American Rescue Plan (SSARP) Program	84.425T	P425T220194	1,061,579	-
Total Higher Education Emergency Relief Fund			<u>27,266,162</u>	<u>-</u>
Pass-through Alabama Community College System:				
Adult Education-Basic Grants to States		V002A210001/ V002A220001	293,131	-
Career and Technical Education-Basic Grants to States	84.048	V048A210001	322,787	-
Pass-through University of Montevallo:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A		36,991	-
Total Pass-through Programs			<u>652,909</u>	<u>-</u>
Total Department of Education			<u>47,799,218</u>	<u>-</u>
<b>Department of Labor</b>				
Pass-through Central Alabama Partnership for Training and Employment				
WIOA Adult Program	17.258	0-1-40-24-22	61,408	-
Total Department of Labor			<u>61,408</u>	<u>-</u>
<b>Department of Transportation</b>				
Pass-through Birmingham-Jefferson County Transit Authority				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	AL-2018-006	57,099	-
Total Department of Transportation			<u>57,099</u>	<u>-</u>
<b>Research and Development Cluster</b>				
<b>National Science Foundation</b>				
Direct:				
STEM Education	47.076	1719329	298,914	-
Pass-through Clark Atlanta University				
STEM Education	47.076	RSP-2018- 215051-004	46,349	-
Total National Science Foundation			<u>345,263</u>	<u>-</u>
<b>Department of Health and Human Services</b>				
Pass-through University of Alabama at Birmingham				
Biomedical Research and Research Training	93.859	000518088- SC001	31,396	-
Total Research and Development Cluster			<u>376,659</u>	<u>-</u>
<b>Department of Veteran Affairs</b>				
Post-9/11 Veterans Education Assistance	64.027		2,640	-
<b>Department of Health and Human Services</b>				
Temporary Assistance for Needy Families	93.558		23,442	-
<b>Total Federal Expenditures</b>			<u>\$ 48,320,466</u>	<u>\$ -</u>

**LAWSON STATE COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Lawson State Community College (the College) and is presented on the accrual basis of accounting. 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* (the Uniform Guidance).

**2. INDIRECT COST RATES**

The College did not elect to charge a de minimis rate of 10% for all federal awards.

**LAWSON STATE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  x   Yes             No

Significant deficiency(ies) identified?

       Yes        x   None reported

Noncompliance material to the financial statements noted?

       Yes        x   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

       Yes        x   No

Significant deficiency(ies) identified?

  x   Yes             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)?

  x   Yes             No

Identification of major programs:

**Assistance Listing Number(s)**

**Name of Federal Program Cluster**

84.007, 84.033, 84.063

Student Financial Aid Cluster

84.425

COVID-19 Education Stabilization Fund – Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs:

\$1,449,614

Auditee qualified as low-risk auditee?

       Yes        x   No

**LAWSON STATE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Section II – Financial Statement Findings**

**Finding 2023-001 – Prior Period Adjustment (Material Weakness)**

**Criteria/Condition:** The Alabama Community College Fiscal Procedures Manual II. Internal Controls, requires the College to, “Maintain reliable financial and management data.” The beginning net position of the College was not accurate.

**Cause/Effect:** The beginning net position of the College was adjusted for the following errors related to the prior period:

Understatement of cash and cash equivalents	\$ 24,541
Understatement of accounts receivable	17,443
Overstatement of capital assets	(797,407)
Overstatement of accounts payable and accrued expenses	267,502
Understatement of unearned revenue	(409,921)
Understatement of compensated absences	(98,448)
	<u>\$ (996,290)</u>

**Recommendation:** Management has addressed all matters and circumstances related to the prior period adjustment.

**Views of Responsible Officials:** See Management’s View and Corrective Action Plan included at the end of the report.

**Finding 2023-002 – Accounts Payable (Material Weakness)**

**Criteria/Condition:** The Alabama Community College Fiscal Procedures Manual III. Financial Management, Reporting, and Year End Closing, K. Suggested Accounting Control Check List 2, notes, “Reconciliation of General Ledger Accounts” is required. Discrepancies were noted with respect to accounts payable.

**Cause/Effect:** Two invoices totaling \$859,605 were not properly accrued at year-end. This resulted in a corresponding understatement of expense. This was communicated to management and subsequently corrected.

**Recommendation:** We recommend the College implement a monthly reconciliation of all disbursement postings, including an assessment for potential payables, for three months after year end. Once completed, reconciliations should be reviewed and approved by someone other than the preparer. This will help ensure that errors and/or adjustments are identified and corrected.

**Views of Responsible Officials:** See Management’s View and Corrective Action Plan included at the end of the report.

**LAWSON STATE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

**Section II – Financial Statement Findings – Continued**

**Finding 2023-003 – Other Accrued Liabilities (Material Weakness)**

**Criteria/Condition:** The Alabama Community College Fiscal Procedures Manual III. Financial Management, Reporting, and Year End Closing, K. Suggested Accounting Control Check List 2, notes, “Reconciliation of General Ledger Accounts” is required. Discrepancies were noted with respect to payroll liabilities.

**Cause/Effect:** The current year payroll accrual was not properly reported at year-end. This resulted in a corresponding understatement of expense. This was communicated to management and subsequently corrected.

**Recommendation:** We recommend the College review all likely financial statement accruals at year-end and reconcile them to postings in Banner. This review should be documented and approved by someone other than the preparer. This will help ensure that errors and/or adjustments are identified and corrected.

**Views of Responsible Officials:** See Management’s View and Corrective Action Plan included at the end of the report.

**LAWSON STATE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

---

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

**Finding 2023-004 – Reporting (Significant Deficiency and Noncompliance)**

**Information on the federal program:** U.S. Department of Education, Assistance listing # 84.425 Education Stabilization Fund

**Criteria:** 2 CFR 200.328-300 establish requirements for designing and monitoring internal controls over reporting requirements of a non-federal entity. Controls should be implemented to ensure accurate and complete reporting compliance.

**Condition:** We selected a sample of 2 reports submitted for the HEERF program during the year. For both the annual and quarterly report examined, there was no documentation of a control such as reviewing and approving the report prior to submission. In addition, the annual report programmatic data source documentation varied from the data reported for several items.

**Cause:** The College had a team managing the COVID funds due to their unique nature. While they were in contact with each other about the program and reports, documentation of a review and approval was not available. The annual report included programmatic accomplishments and the report provided to support the data had several variances.

**Effect:** The College did not properly implement documentation of internal controls to ensure compliance with reporting requirements.

**Questioned Costs:** None reported

**Recommendation:** We recommend the College strengthen its policies and procedures surrounding grant reporting to include documentation of controls such as review and approvals to ensure documentation is retained to support compliance requirements.

**Views of Responsible Officials:** See Management's View and Corrective Action Plan included at the end of the report.



## Summary Schedule of Prior Audit Findings

### **Finding 2022-010 – Special Tests and Provisions: Withdrawal Testing (Material Weakness and Noncompliance) – Repeat Finding**

**Information on the federal program:** U.S. Department of Education Student Financial Aid Cluster

**Criteria:** 34 CFR part 668 establishes rules governing the student withdrawal process including the determination of the amount of unearned financial aid, calculation of earned Title IV assistance and return of unearned Title IV aid within 45 days.

**Condition:** We selected a sample of 10 students who withdrew and were receiving financial aid. Of the 10 students tested, there were seven students with exceptions related to the return of Title IV process.

**Status:** Corrective action taken

### **Finding 2021-004 – Special Tests and Provisions**

**Information on the federal program:** U.S. Department of Education Student Financial Aid Cluster

**Criteria:** According to 34 CFR 668.22, when a Title IV grant recipient withdraws from an institution during a period in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV grant assistance that the student earned is less than the amount of Title IV grant assistance that was disbursed to the student, the difference must be returned to the Title IV programs.

34 CFR 668.22 (j) describes the Timeframe for the Return of Title IV Funds: "An institution must return the amount of title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew... For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of (i) Payment period or period of enrollment, (ii) Academic year in which the student withdrew, or (iii) Education program for which the student withdrew."

**Condition:** Twenty-five return of Title IV calculations were selected for testing. Four returns were completed incorrectly which resulted in a 25% error rate. One of the returns was miscalculated and the College returned \$1,135.36 more than required. For the remaining three returns, the College performed a proper calculation for each, but failed to return the Title IV funds resulting in the College returning \$1,745.00 less than required. This resulted in known questioned costs of none. In addition, ten errors were noted where the College did not return funds within the 45-day limit which resulted in a 63% error rate.

**Status:** Repeat finding 2022-010



---

---

## Response/Corrective Action Plan

For the year Ended September 30, 2023

---

---

### Section II-Financial Statement Findings

#### Finding 2023-001 - Prior Period Adjustment (Material Weakness)

**Observation:** The beginning net position of the College was adjusted for the following errors related to the prior period:

Understatement of cash and cash equivalents	\$	24,541
Understatement of accounts receivable		17,443
Overstatement of capital assets		(797,407)
Overstatement of accounts payable and accrued expenses		267,502
Understatement of unearned revenue		(409,921)
Understatement of compensated absences		<u>(98,448)</u>
	\$	<u>(996,290)</u>

**Recommendation:** Management has addressed all matters and circumstances related to the prior period adjustment.

**Management's Response:** The College has properly adjusted the financial statements and the general ledger to reflect the prior period correction. To prevent future occurrences, the College has established procedures for timely recording of general ledger adjustments.

**Anticipated Completion Date:** February 28, 2024

**Birmingham Campus:** 3060 Wilson Road, S.W. Birmingham, AL 35221  
**Bessemer Campus:** 1100 9<sup>th</sup> Avenue S.W. Bessemer, AL 35022  
[www.lawsonstate.edu](http://www.lawsonstate.edu)



### **Finding 2023-002 - Accounts Payable (Material Weakness)**

**Observation:** Two invoices totaling \$859,605 were not properly accrued at year-end. This resulted in a corresponding understatement of expense. This was communicated to management and subsequently corrected.

**Recommendation:** We recommend the College implement a monthly reconciliation of all disbursement postings, including an assessment for potential payables, for three months after year-end. Once completed, reconciliations should be reviewed and approved by someone other than the preparer. This will help ensure that errors and/or adjustments are identified and corrected.

**Management's Response:** The College has a year-end closeout schedule with a check list of processes to ensure expenditures are assessed and reconciled for potential payables. With the financial statements due within six weeks after year-end, the process will include a review of all orders in progress to verify payments have been accrued from external sources in the correct accounting period. Management will review and approve the reconciliations.

**Anticipated Completion Date:** September 30, 2024

### **Finding 2023-003 - Other Accrued Liabilities (Material Weakness)**

**Observation:** The current year payroll accrual was not properly reported at year-end. This resulted in a corresponding understatement of expense. This was communicated to management and subsequently corrected.

**Recommendation:** We recommend the College review all likely financial statement accruals at year-end and reconcile them to postings in Banner. This review should be documented and approved by someone other than the preparer. This will help ensure that errors and/or adjustments are identified and corrected.

**Management's Response:** The College has a year-end closeout schedule with a check list of processes to ensure that payroll accruals are prepared. The calculations were prepared and reviewed. The College will ensure the accrued payroll calculation is recorded and reconciled to the postings in Banner. Management will review these accrued liabilities to verify completeness and accuracy of the adjustments.

**Anticipated Completion Date:** September 30, 2024

## Section III – Federal Award Findings and Questioned Costs

### **Finding 2023-004 – Reporting (Significant Deficiency and Noncompliance)**

**Information on the federal program:** U.S. Department of Education, Assistance listing # 84.425 Education Stabilization Fund

**Criteria:** 2 CFR 200.328-300 establish requirements for designing and monitoring internal controls over reporting requirements of a non-federal entity. Controls should be implemented to ensure accurate and complete reporting compliance.

**Condition:** We selected a sample of 2 reports submitted for the HEERF program during the year. For both the annual and quarterly report examined, there was no documentation of a control such as reviewing and approving the report prior to submission. In addition, the annual report programmatic data source documentation varied from the data reported for several items.

**Cause:** The College had a team managing the COVID funds due to their unique nature. While they were in contact with each other about the program and reports, documentation of a review and approval was not available. The annual report included programmatic accomplishments and the report provided to support the data had several variances.

**Effect:** The College did not properly implement documentation of internal controls to ensure compliance with reporting requirements.

**Questioned Costs:** None reported.

**Recommendation:** We recommend the College strengthen its policies and procedures surrounding grant reporting to include documentation of controls such as review and approvals to ensure documentation is retained to support compliance requirements.

**Management's Response:** The College will strengthen its policies and procedures to ensure documentation of review and approvals for reporting to ensure reporting compliance.

**Anticipated Completion Date:** February 28, 2024

Contact:  
Leon Dowe  
Executive Director of Fiscal Services  
(205) 929-6350  
ldowe@lawsonstate.edu