



# LEMOYNE-OWEN COLLEGE

## UNIFORM GUIDANCE FINANCIAL AND COMPLIANCE AUDIT

FOR THE YEAR ENDED  
JUNE 30, 2023

UNIFORM GUIDANCE FINANCIAL AND COMPLIANCE  
AUDIT FOR THE YEAR ENDED JUNE 30, 2023

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**I. SCHEDULE OF EXPENDITURES OF  
FEDERAL, STATE AND LOCAL AWARDS**

**INDEPENDENT AUDITOR'S REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**

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To the Board of Trustees of  
**LEMOYNE-OWEN COLLEGE:**

We have audited the financial statements of **LEMOYNE-OWEN COLLEGE**, the "College" (a Tennessee nonprofit educational institution), as of and for the year ended June 30, 2023, and have issued our report thereon dated March 26, 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 as a whole. The accompanying *Schedule of Expenditures of Federal, State and Local Awards*, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for the purposes of additional analysis and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*The Wesley Peachtree Group*  
Certified Public Accountants

March 26, 2024

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**The Wesley Peachtree Group**  
*Certified Public Accountants and Business Strategists*

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**SCHEDULE OF EXPENDITURES OF FEDERAL,  
STATE AND LOCAL AWARDS**

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

Federal, State and Local Grantor/ Pass-through Grantor	Federal Assistance Listing Number	Contract Number	Expenditures
<b><i>FEDERAL AWARDS -</i></b>			
<b><i>U.S. Department of Education:</i></b>			
<i>Student Financial Assistance Cluster Programs (Title IV) -</i>			
Federal PELL Grant Program (ARRA)	84.063	N/A	\$ 2,478,420
Federal Supplemental Educational Opportunity Grants (SEOG) Program	84.007	N/A	346,262
Federal Work-Study Program (ARRA)	84.033	N/A	183,235
Federal Direct Student Loans	84.268	N/A	<u>2,608,532</u>
<i>Total Student Financial Assistance Cluster Programs (Title IV)</i>			<u>5,616,449</u>
Title III Program, Strengthening Historically Black Colleges and Universities Program	84.031B	N/A	1,092,299
Title III Program, Strengthening Historically Black Colleges and Universities, Student Aid & Fiscal Responsibility Act (SAFRA)	84.031B	N/A	698,048
Title III Program, Strengthening Historically Black Colleges and Universities, FUTURE ACT	84.031B	N/A	<u>27,177</u>
<i>Total Title III Programs</i>			<u>1,817,524</u>
Science Consortium of Minority Schools (Pass-through from Meharry Medical College) (R&D)	84.120A	161206PMJ157	<u>186,244</u>
<i>Total Science Consortium of Minority Schools</i>			<u>186,244</u>
<i>Title VIII Programs-</i>			
Federal Education Stabilization Funds (CARES)	84.425E	N/A	785,868
Federal Education Stabilization Funds (CARES)	84.425F	N/A	1,379,552
Federal Education Stabilization Funds (CARES)	84.425J	N/A	<u>3,170,387</u>
<i>Total Title VIII Programs</i>			<u>5,335,807</u>
<i>Total U.S. Department of Education</i>			<u>12,956,024</u>

*The accompanying notes are an integral part of this schedule.*

**SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**

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

*(Continued)*

Federal, State and Local Grantor/ Pass-through Grantor	Federal Assistance Listing Number	Contract Number	Expenditures
<b><u>FEDERAL AWARDS - (continued)</u></b>			
<b><i>National Science Foundation: (Continued)</i></b>			
Tennessee Louis Stokes Alliance for Minority Participation (TLSAMP) (Pass-through from Tennessee State University)	47.076	HRD-1826954	\$ 32,054
Targeted Infusion Project (TIP/OMB)- Overcoming the Mathematics Barrier	47.076	2011791	<u>38,465</u>
<i>Total National Science Foundation</i>			<u>70,519</u>
<b><i>National Security Agency:</i></b>			
NCAE-C Research Grant	12.905	H98230-20-1-0406	<u>85,367</u>
<i>Total National Security Agency</i>			<u>85,367</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<b><u>13,111,910</u></b>
<b><u>STATE AWARDS -</u></b>			
Tennessee Student Assistance Corporation (TESAC)	N/A	N/A	934,500
Tennessee Education Lottery Scholarship (TELS)	N/A	N/A	210,900
Tennessee Dependent Children Program	N/A	N/A	6,000
Wellness Grant (Pass-through Meharry Medical College)	N/A	150728JEH122	64,124
Tennessee Promise Scholarship	N/A	N/A	4,897
Vocational Rehabilitation Program	N/A	GR-08-24749	<u>23,832</u>
<b><i>Total Expenditures of State Awards</i></b>			<b><u>1,244,253</u></b>
<b><u>LOCAL AWARDS -</u></b>			
<b><i>City of Memphis:</i></b>			
Dream Memphis Internship	N/A	34656	<u>13,152</u>
<i>Total Expenditures of Local Awards</i>			<u>13,152</u>
<b><i>Total Expenditures of Federal, State and Local Awards</i></b>			<b><u>\$ 14,369,315</u></b>

The accompanying notes are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL, STATE AND LOCAL AWARDS**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: (Continued)**

**General –**

**LEMOYNE-OWEN COLLEGE** (the “College”) participates in several programs sponsored by various government agencies as listed in the accompanying *Schedule of Expenditures of Federal, State and Local Awards*. All programs are subject to audit by the various agencies and they have the authority to determine liabilities, limit or suspend the College's participation in the federal, state and local programs.

**Basis of Presentation –**

The accompanying *Schedule of Expenditures of Federal, State and Local Awards* (the Schedule) is presented on an accrual basis of accounting consistent with the basis of accounting used by the College in the preparation of its financial statements. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guid-

ance). The Schedule includes all known federal, state and local and pass-through federal, state and local funds expended by the College for the year ended June 30, 2023.

**Indirect Cost Rate-**

The College has received a federally negotiated indirect cost rate and therefore, has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. A new indirect cost proposal was due December 28, 2022. The College has not provided a new approved rate.

**Federal Direct Student Loans (CFDA No. 84.268) –**

During the fiscal year ended June 30, 2023, the College awarded Federal Direct Student Loans. The College's most recent cohort default rate (based on 2020 data) was 0%, which is in compliance with the 30% threshold under Federal regulations.



**NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL, STATE AND LOCAL AWARDS**

**FOR THE YEAR ENDED JUNE 30, 2023**  
*(Continued)*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS: *(Continued)***

**Reconciliation of Federal, State and Local  
Expenditures to the Financial Statements –**

The following is a reconciliation of federal, state and local expenditures included in the

accompanying *Schedule of Expenditures of Federal, State and Local Awards* to the College's audited financial statements for the year ended June 30, 2023.

Total expenditures from the <i>Schedule of Expenditures of Federal, State and Local Awards</i>	\$ 14,369,315
Add: Private Gifts and Grants	1,634,193
Less: Federal Pell Grant Program	(2,478,420)
Less: Federal SEOG Program	(346,262)
Less: Federal Direct Student Loans	(2,608,532)
Less: CARES Student	(785,868)
Less: Tennessee Student Assistance Corporation (TSAC)	(934,500)
Less: Tennessee Education Lottery Scholarships (TELS)	(210,900)
Less: Tennessee Dependent Children	(6,000)
Less: Tennessee Promise Scholarship	(4,897)
Less: Vocational Rehabilitation Program	<u>(23,832)</u>
Federal, state and local expenditures included as expenses and net assets released from restrictions in the audited financial statements	<b><u>\$ 8,604,297</u></b>





**II. REPORT ON COMPLIANCE AND  
INTERNAL CONTROL IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S 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 Board of Trustees of  
**LEMOYNE OWEN COLLEGE:**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **LEMOYNE OWEN COLLEGE**, the "College", (a Tennessee nonprofit educational institution), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 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) to determine the 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 College'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.

**INDEPENDENT AUDITOR'S 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  
(Continued)**

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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. However, as described in the accompanying *Schedule of Findings, Recommendations and Questioned Costs, Findings 2023-001* we identified certain deficiencies in internal control that we considered to be material weaknesses and significant deficiencies.

**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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings, Recommendations and Questioned Costs* as *Finding 2023-002* and *Finding 2023-003*.

**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 is described in the accompanying *Schedule of Findings, Recommendations and Questioned Costs*. The College's response was not subjected to the 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.

March 26, 2024

*The Wesley Peachtree Group*  
Certified Public Accountants



**III. REPORT ON COMPLIANCE AND  
INTERNAL CONTROL IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

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

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To the Board of Trustees of  
**LEMOYNE OWEN COLLEGE:**

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

We have audited **LEMOYNE OWEN COLLEGE'S**, the "College", (a Tennessee nonprofit educational institution) compliance with the types of compliance requirements identified as subject to audit described 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 June 30, 2023. The College's major federal programs are identified in the summary auditor's results section of the accompanying *Schedule of Findings, Recommendations 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 June 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 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)**

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**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 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)**

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**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying *Schedule of Findings, Recommendations and Questioned Costs* as *Finding 2023-002* and *Finding 2023-003*. Our opinion on each major federal program is not modified with respect to these matters.

*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, Recommendations 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 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 weakness 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 considered to be a significant deficiency and material weaknesses in internal control over compliance may exist that were not identified.

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, Recommendations and Questioned Costs* as *Finding 2023-002* and *Finding 2023-003* 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)**

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*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 response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

March 26, 2024

*The Wesley Peachtree Group*  
Certified Public Accountants



**IV. SCHEDULE OF FINDINGS,  
RECOMMENDATIONS AND  
QUESTIONED COSTS**

**SCHEDULE OF FINDINGS, RECOMMENDATIONS AND QUESTIONED COSTS**

**JUNE 30, 2023**

**Part I. Summary of Auditor's Results Matters**

**A. Financial Statements Section-**

	Unmodified	
	Yes	No
(1) Type of auditor's report issued:		
(2) Internal control over financial reporting:		
(a) Material weakness(es)	✓	
(b) Significant deficiency(ies) identified that are not considered to be material weaknesses?	✓	
(c) Noncompliance material to financial statements noted?		✓

**B. Federal, State and Local Awards Section-**

	Unmodified	
	Yes	No
(1) Type of auditor's report issued on compliance for major programs:		
(2) Internal control over major programs:		
(a) Material weakness(es) identified?		✓
(b) Significant deficiency(ies) identified that are not considered to be material weaknesses?	✓	
(c) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (Section 200.516).	✓	

**C. Identification of major federal programs-**

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.268, 84.033, 84.063	U.S. Department of Education (USDE) – Student Financial Assistance Cluster Programs
84.031B	USDE, Title III Programs, Part B, Higher Education, Strengthening Developing Institutions, Strengthening Historically Black Colleges and Universities Programs, HBCU-SAFRA, FUTURE Act

**SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND QUESTIONED COSTS**

**JUNE 30, 2023**  
*(Continued)*

*Part I. Summary of Auditor's Results Matters (Continued)*

**C. Identification of major federal programs– (continued)**

**CFDA Number(s)**

**Name of Federal Program or Cluster**

84.425J, 84.425E, 84.425F

Higher Education Emergency Relief Fund –  
CARES Act Program

**D. Identification of major state financial assistance programs–**

**CSFA Number(s)**

**Name of State Program or Cluster**

N/A

Tennessee Student Assistance Corporation  
(TSAC)

N/A

Tennessee Education Lottery Scholarship  
(TELS)

**E. Dollar threshold used to determine Type A programs:**

\$750,000

Yes

No

**F. Auditee qualified as low-risk auditee for federal audit purposes?**

✓

**SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND QUESTIONED COSTS**

**JUNE 30, 2023**  
***(Continued)***

***II. Current Year Findings Related to the Financial Statements Required  
to be Reported in Accordance with Government Auditing Standards***

**Finding 2023-001 – Material Weaknesses Noted Regarding Internal Control Over Financial Reporting:**

**Information of the Federal Program:** N/A

**Criteria** – Federal regulations require adequate accounting systems designed to ensure federal funds are safeguarded and utilized properly.

**Condition** – We noted material weaknesses and significant deficiencies in the College’s internal control.

**Question Costs** – N/A

**Context** – We observed the following conditions:

(a) **Maintenance of Accounting Records (material weakness)** – The College did not maintain its accounting records accurately and completely during the fiscal year resulting in delayed financial reporting. Routine reconciliations were not being performed regularly and timely. Staffing capacity and turnover appear to be a cause of this condition.

*We recommend the College upgrade its staffing and follow its policies and procedures for conducting regular, timely reconciliations, monthly/annual closings and timely financial reporting.*

(b) **Lack of Audit Readiness (material weakness)** – The College was not as prepared for the audit consistent with our experiences in prior audit periods. The business office staff members did not upload requested items timely or completed. Turnover in the business and student financial aid offices primarily contributed to this matter but additional training could further aid in strengthening controls over routine processes in both offices. This should include better coordination between the business and student financial aid offices.

*We recommend that the College invest in providing adequate and sufficient training for staff to be proficient in their positions.*

(c) **Reconciliation of Grants Roll-Forward (material weakness)** – The College does not properly monitor and reconcile its grant and restricted program activity. This is typically done by preparing grants and net asset rollforward schedules throughout the fiscal year. This is vitally importance to properly state accounts receivable or payable, restricted revenues and restricted expenditures in the financial statements. Further, this enhances the probably of compliance with Federal or donor regulations governing performance reporting, cash management and allowable costs. Performing such tasks only for audit purposes could substantially affect the accuracy of interim financial statements used for internal purposes.

**SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND QUESTIONED COSTS**

**JUNE 30, 2023**  
***(Continued)***

***II. Current Year Findings Related to the Financial Statements Required  
to be Reported in Accordance with Government Auditing Standards (Continued)***

**Finding 2023-001 – Material Weaknesses and Significant Deficiencies Noted Regarding  
Internal Control Over Financial Reporting: (Continued)**

*We recommend that the College seek training on reconciling its grant roll-forward and net assets balances so that it is maintained on a monthly basis.*

- (d) Improve cash management of federal funds (Significant Deficiency)*** – The College's government receivable balance at year-end topped over one (1) million dollars. Most of these receivables are for incomplete, missing, or untimely submitted drawdowns during the fiscal year. Also, most of the HEERF program expenditures throughout the year were not reconciled and classified until after the year end, months after all remaining available HEERF funds were drawn down. This practice resulted in too many client adjusting entries reconciling after-the-fact federal cash on hand. Continued practice can impact cash flow needs.

*We recommend the University improves the timing of submission of reimbursement drawdowns of federal funding throughout the fiscal year.*

**Cause** – It appears the above instances resulted from staff turnover lack of training and overall technical capacity of existing staffing.

**Effect** – Material weaknesses and significant deficiencies in internal controls could create opportunities for material misstatement of financial reporting and fraudulent activity.

**Repeat Finding** – Yes

**Auditor's Recommendations** – See recommendation under each finding noted above.

**Views of Responsible Officials** –

- (a) A new CFO has been hired. She is in the process of reorganizing Business Office operations, hiring additional staff, and training existing staff to ensure regular, timely reconciliations, monthly/annual closings, and timely financial reporting.***
- (b) A new CFO has been hired. She is in the process of reorganizing Business Office operations, hiring additional staff, and training existing staff to ensure each staff member is proficient in his/her position.***

**SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND QUESTIONED COSTS**

**JUNE 30, 2023**  
*(Continued)*

***II. Current Year Findings Related to the Financial Statements Required  
to be Reported in Accordance with Government Auditing Standards (Continued)***

**Finding 2023-001 – Material Weaknesses and Significant Deficiencies Noted Regarding  
Internal Control Over Financial Reporting: (Continued)**

**Views of Responsible Officials – (Continued)**

- (c) A new CFO has been hired. She is in the process of reorganizing Business Office operations, hiring additional staff, and training existing staff. The grant accountant will be responsible for reconciling grant roll-forward and net assets balances on a monthly basis. The grant accountant position has been offered and accepted. The new grant accountant will start to work on April 1, 2024.***
- (d) A new CFO has been hired. She is in the process of reorganizing Business Office operations, hiring additional staff, and training existing staff. The grant accountant will be responsible for reconciling grant roll-forward and net assets balances on a monthly basis, as well as timely submission of reimbursement drawdowns of federal funding throughout the year. The grant accountant position has been offered and accepted. The new grant accountant will start to work on April 1, 2024.***

**SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND QUESTIONED COSTS**

**JUNE 30, 2023**  
***(Continued)***

***III. Current Year Findings and Questioned Costs Related to the Federal Awards  
Required to be Reported in Accordance with the Uniform Guidance***

**Finding 2023-002 – U.S. Department of Education (USDE), Title IV Student Financial Aid  
Programs (Significant Deficiency):**

**Information on the Federal Program** – Federal Pell Grants Program, CFDA No. 84.063, June 30 2022; Federal Work Study Program, CFDA No. 84.033, June 30, 2023; Federal Supplemental Educational Opportunity Grant, CFDA No. 84.007, June 30, 2023; Federal Direct Student Loans, CFDA No. 84.268, June 30, 2023.

**Criteria** – Federal regulations require monthly reconciling of Title IV programs and accurate completion of required financial reports.

**Condition** – See below.

**Questioned Costs** – N/A

**Context** – We observed the following condition in connection with our testing of the various U.S. Department of Education, Title IV, Student Financial Assistance Programs:

The College had differences in the following programs which were not reconciled to the general ledger: Federal Work Study, Federal Pell Grant and Federal Supplemental Educational Opportunity Grant (SEOG), which caused unreconciled data to be used on the Fiscal Operations Report and Application to Participate (FISAP). Citation: SFA handbook Ch. 5 CFR668.161 – 668.176.

**Cause** – Oversight by responsible employees, lack of sufficient staffing and staff turnover.

**Effect** – The College's participation in the Title IV programs could be subject to USDE sanctions as applicable for not reconciling its programs and incorrectly completing its FISAP.

**Repeat Finding** – Yes.

**Auditor's Recommendation** – The College should implement corrective actions to ensure that the above findings are resolved and will not recur in future periods.

**View of Responsible Officials** – ***A new CFO and financial aid director have been hired. The CFO is in the process of reorganizing Business Office operations, hiring additional staff, and training existing staff to ensure the monthly reconciliations of all programs and accurate completion of required federal reports. The financial aid director as well as the controller will be responsible for maintenance of those monthly reconciliations.***

**SCHEDULE OF FINDINGS, RECOMMENDATIONS  
AND QUESTIONED COSTS**

**JUNE 30, 2023**

***(Continued)***

***III. Current Year Findings and Questioned Costs Related to the Federal Awards  
Required to be Reported in Accordance with the Uniform Guidance***

**Finding 2023-003 – U.S. Department of Education (USDE), Title IV Student Financial Aid  
Programs (Significant Deficiency):**

**Information on the Federal Program** – Federal Pell Grants Program, CFDA No. 84.063, June 30 2022; Federal Work Study Program, CFDA No. 84.033, June 30, 2023; Federal Supplemental Educational Opportunity Grant, CFDA No. 84.007, June 30, 2023; Federal Direct Student Loans, CFDA No. 84.268, June 30, 2023.

**Criteria** – Federal regulations 34 CFR 668.49 requirement.

**Condition** – See below.

**Questioned Costs** – N/A

**Context** – We observed the following condition in connection with our testing of the various U.S. Department of Education, Title IV, Student Financial Assistance Programs:

- The College failed to submit their Crime and Safety report for testing.

**Cause** – Oversight by responsible employees and lack of sufficient staffing.

**Effect** – The College's participation in the Title IV programs could be subject to USDE sanctions.

**Repeat Finding** – No.

**Auditor's Recommendation** – *The College should implement corrective actions to ensure that the above findings are resolved and will not recur in future periods.*

**View of Responsible Officials** – *A new CFO has been hired and is in the process of reorganizing Financial Aid Office operations, hiring additional staff, and training existing staff.*



**V. SUMMARY SCHEDULE OF PRIOR  
YEAR AUDIT FINDINGS**

**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**  
**JUNE 30, 2023**

Description of Finding	Year of Origin	Resolution Status			Corrective Action Taken
		Corrected	In-Process of Correction	Not Corrected	
<p><b><u>Finding 2022-001 – Internal Control Over Financial Reporting (Significant Deficiency):</u></b></p> <p>The audit revealed the findings noted below and those that remained outstanding in the accompany <i>Summary Schedule of Prior Years Audit Findings</i>.</p> <p>a. <u>Breakdown in the College’s established internal control that requires monthly and year-end account reconciliation</u> – During our review of the unadjusted June 30, 2022 trial balance debit balances were noted in certain liability accounts. This indicates that account reconciliations at period and year-end close were not properly completed, and the close process not accurately and timely performed on a consistent basis in accordance with established internal control procedure.</p> <p>b. <u>Period and Year-End Close</u> – Review of the investments activity indicated untimely month-end close process resulted in the College’s failure to properly record investment transactions in a timely manner, and reconcile to the general ledger.</p>	2022		✓		<p>Similar finding noted during the current year audit. A new CFO has been hired and she is in the process of revamping the Business Office policies and procedures.</p> <p>Similar finding noted during the current year audit. A new CFO has been hired and she is in the process of revamping the Business Office policies and procedures.</p>

**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**  
**JUNE 30, 2023**

Description of Finding	Year of Origin	Resolution Status			Corrective Action Taken
		Corrected	In-Process of Correction	Not Corrected	
<p><b><u>Finding 2022-002 – U.S. Department of Education (USDE), Title IV Student Financial Aid Programs (Significant Deficiency):</u></b></p> <p>We observed the following condition in connection with our testing of the various U. S. Department of Education, Title IV, Student Financial Assistance Programs:</p> <p>a) Two (2) out of 60 students selected for R2T4 testing did not have his/her funds returned to the U.S. Department of Education within the required 45 days.</p> <p>b) The College had differences in the following programs which were not reconciled to the general ledger: Federal Work Study, Federal Pell Grant, Federal Direct Student Loans and Federal Supplemental Educational Opportunity Grant (SEOG).</p>	2022		✓		<p>No similar finding noted during the current year audit. Resolution pending final determination by the U.S. Department of Education.</p> <p>✓</p> <p>Similar finding noted during the current year audit. <i>(Repeat Finding)</i></p>


**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**  
**JUNE 30, 2023**

Description of Finding	Year of Origin	Resolution Status			Corrective Action Taken
		Corrected	In-Process of Correction	Not Corrected	
<p><b><u>Finding 2022-003 – U.S. Department of Education (USDE), Education Stabilization Fund Higher Education Emergency Relief Fund (HEERF) (Significant Deficiency):</u></b></p> <p>During the testing performed for the HEERF programs, we noted that funds were drawn down but not disbursed within the allotted timeframe of fifteen (15) and three (3) calendar days for the Student Aid Portion and Institutional Portion, respectively. However, we noted that all funds were used for allowable expenses for the year ended June 30, 2023.</p>	2022		✓		Similar finding in the current year related to cash management and reconciling restricted programs due to the high turnover in the business office.

**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**

**JUNE 30, 2023**

*(Continued)*

Description of Finding	Year of Origin	Resolution Status			Corrective Action Taken
		Corrected	In-Process of Correction	Not Corrected	
<p><b><u>Finding 2021-001 – Material Weaknesses Noted Regarding Internal Control over Financial Reporting –</u></b></p> <p>The audit revealed the findings noted below and those that remained outstanding in the accompany <i>Summary Schedule of Prior Years Audit Findings</i>.</p> <p>a. <u>Improper maintenance of general ledger and subsidiary ledgers</u> – Again, we noted during our review of the aged payables subsidiary ledger did not agree to the overall general ledger and the College did not properly maintain the subsidiary ledger during the fiscal year.</p> <p>b. <u>Separation of duties over payroll accounting</u> – We noted that payroll accounting is housed and performed and is the responsibility of the Department of Human Resources which presents a control weak-ness in the separation of functional duties.</p> <p>c. <u>Audit readiness</u> – The College struggled to have its financial records ready for audit on a timely basis for the fiscal year 2021.</p>	2021		<p>✓</p> <p>✓</p> <p>✓</p>		<p>Similar finding noted during the current year audit. A new CFO has been hires and she is in the process of revamping policies and procedures.</p> 

**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**

**JUNE 30, 2023**

*(Continued)*

Description of Finding	Year of Origin	Resolution Status			Corrective Action Taken
		Corrected	In-Process of Correction	Not Corrected	
<p><b><u>Finding 2021-002 – U.S. Department of Education (USDE), Title IV Student Financial Assistance Programs (Significant Deficiencies) –</u></b></p> <p>We observed the following conditions in connection with our testing of the various U.S. Department of Education, Title IV Student Financial Assistance Pro-grams and State of Tennessee Student Aid Programs.</p> <p>a) Three (3) out of eight (8) students tested for R2T4 funds were not returned to the Federal government within the required 45 days.</p> <p>b) One (1) out of 8 students tested had a credit balance for which the refund was not disbursed to student within 14 days. The subject student did get the refund, however outside of the 14 day requirement. The subject student did not elect to receive the refund through the BankMobile service provider.</p> <p>c) During our review of the Title IV program reconciliations, we noted several unresolved variances between the Financial Aid and Business Office records, for the Federal Work Study program and the State TESAC and TELS programs, suggesting that the programs were not completely reconciled on a monthly basis.</p> <p>d) The College prepared the FISAP with unreconciled data for Federal SEOG and Federal Work-Study.</p>	2021		<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>No similar finding noted during the current year audit. Resolution pending final determination by the U.S. Department of Education.</p> <p>No similar finding noted during the current year audit. Resolution pending final determination by the U.S. Department of Education.</p> <p>Similar finding noted in the current year audit for FWS and TESAC programs.</p> <p>Similar finding noted in the current year audit and the College missed the deadline to submit corrections.</p>

**SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS**

**JUNE 30, 2023**

*(Continued)*

Description of Finding	Year of Origin	Resolution Status			Corrective Action Taken
		Corrected	In-Process of Correction	Not Corrected	
<p><b><u>Finding 2020 - 002 – Repeat Audit Findings (Significant Deficiency)</u></b> – The College has a number of unresolved prior audit findings beginning in 2015. These include the following (see the Summary Schedule of Prior Years Audit Findings for status of each one). The College has made some progress but more remains to be done to completely resolve the findings.</p> <p>(a) Account reconciliations and adjustments;                      (b) Personnel file deficiencies;                      (c) Accounting policies and procedures update;                      (d) Accounts payable subsidiary ledger maintenance;                      (e) Timely, accurate and complete interim and year-end accounting close-outs (bank reconciliations, use of accounting software, federal cash management, best practices).</p>	2020		✓		Similar finding noted in the current year for (a) and (d). Management contends efforts to completely resolve have been affect by business office personnel turnover.
<p><b><u>Finding 2020 - 003 – Deficiency Noted Regarding Internal Control Over Financial Reporting</u></b> – We noted weaknesses in the internal control over financial reporting regarding grant management as described below.</p> <p>We noted funds received for state and local grants were not properly monitored and reconciled in the general ledger for several State and local grants. The College also did not comply with monitoring, and quarterly/annual reporting requirements per the grant agreement for a local grant.</p>	2020		✓		The College has reconciled but the Business Office has not provided proof that funds have been returned to the State. Some improvements noted but ongoing personnel turnover in business office had delayed full remediation.



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