



Alabama Department of Examiners of Public Accounts

Report on the **John C. Calhoun Community College Decatur, Alabama**

October 1, 2021 through September 30, 2023

Filed: July 19, 2024

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ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



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Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

An examination was conducted on John C. Calhoun Community College, Decatur, Alabama, for the period October 1, 2021 through September 30, 2023, by Examiners Tiffany Mason and Crystal Hinton. I, Tiffany Mason, served as Examiner-in-Charge on the engagement, and under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report to you on the results of the examination.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Tiffany L. Mason'. The signature is written in a cursive style.

Tiffany L. Mason
Examiner of Public Accounts

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EXAMINER'S SUMMARY

**John C. Calhoun Community College
October 1, 2021 through September 30, 2023**

PURPOSE AND SCOPE OF THE EXAMINATION

This report presents the results of an examination of John C. Calhoun Community College (hereinafter referred to as the “College”) and a review of the College’s compliance with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12.

The firm of Mauldin & Jenkins, LLC. conducted the financial audits of the College for the fiscal years ended September 30, 2022 and 2023.

The mission and purpose of the College is described in the accompanying Agency Overview.

RESULTS OF THE EXAMINATION

Instances of noncompliance with state laws and regulations and other matters were found during the examination as shown on the Schedule of State Compliance and Other Findings and are summarized below:

FINDINGS

- ◆ 2023-001: The College failed to establish adequate controls over athletic sales revenues.
- ◆ 2023-002: The College failed to transfer state Prison O&M Appropriations to J. F. Ingram State Technical College in a timely manner following the transfer/consolidation of the Corrections Instructional Programs.

EXIT CONFERENCE

College officials, as reflected in Exhibit 1, were invited to discuss the results of this examination at an exit conference. The following individuals attended the exit conference: Dr. Jimmy Hodges, President; Jason Morgan, Regional Chief Financial Officer; Wesley Rakestraw, Vice-President for Academic Affairs; Dr. Patricia Wilson, Vice-President of Student Services; Jenny Sewell, Director of Accounting; and Vanessa Looney, Director of Purchasing and Accounts Payable. The following individuals representing the Alabama Community College System attended virtually: Sara Calhoun, Chief Financial Officer and Billy Merrill, Deputy Chief Financial Officer. The Department of Examiners of Public Accounts was represented by Peter Fisher, Audit Manager and Tiffany Mason and Crystal Hinton, Examiners.



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AGENCY OVERVIEW

**John C. Calhoun Community College
October 1, 2021 through September 30, 2023**

John C. Calhoun Community College (hereinafter referred to as the “College”) is a publicly supported institution in the Alabama Community College System (ACCS). The College is under the direction and control of the ACCS Board of Trustees through the Chancellor of the ACCS Office. The system of colleges was authorized in 1963 by the Alabama Trade School and Junior College Authority Act, codified in Article 5 of the *Code of Alabama 1975*, Section 16-60. The Colleges under the direction and control of ACCS are educational institutions offering learning opportunities through various degrees and certifications, dual enrollment, adult education, and workforce development programs.

More information on the College can be found at www.calhoun.edu.

*Schedule of State Compliance
and Other Findings*

Schedule of State Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-001	<p><u>Finding:</u> Alabama Community College System (ACCS) Board Policy <i>301.02: Accounting Procedures</i> requires all institutions to use the ACCS Fiscal Procedures Manual. The Manual establishes Cash Handling procedures that require reconciliations of cash collected on a daily and monthly basis to supporting documentation (daily deposit slips, system receipts, system reports) and bank account statements with all discrepancies resolved. Among other things, the procedures also require accounting for cash as it is received; adequate separation of duties and checks and balances; proper pre-numbered receipts given for all cash received; depositing cash promptly; and proper safeguarding of cash.</p> <p>Two athletic games were selected for testing. Receipt and deposit documentation for gate sales and concessions revenue was requested for both events. Neither receipt nor deposit documentation relating to gates sales could be provided for either game selected for testing. According to the College, coaches are allowed to make the decision whether to charge for gate entry into the games. However, the College does not have an approval process in place that documents when this determination is made. As a result, we were unable to determine whether there should have been receipts and deposits relating to gate sales for these games. The College was also unable to provide receipt and deposit documentation for concessions revenue because the College did not maintain any detail of concession sales.</p> <p>Consequently, an additional 12 athletic revenue transactions recorded to the general ledger during the examination period were selected for review. Eleven of the 12 transactions reviewed did not have adequate documentation for cash collections. The only documentation the College could provide was a departmental deposit form that did not include reconciled receipt documentation for gate receipts, concessions sales, and other athletic revenues. After inquiry, we were informed that all receipt documentation was discarded after funds were turned into the cashier.</p> <p>These tests revealed that the College was not in compliance with ACCS Board of Trustee’s Policy 301.02, resulting in an increased risk for the possibility of errors or irregularities, including misappropriations and fraud, to occur.</p> <p><u>Recommendation:</u> The College should follow established policies and procedures and ensure that adequate documentation is retained, and accountability is maintained for athletic revenue.</p>

Schedule of State Compliance and Other Findings
October 1, 2021 through September 30, 2023

Ref. No.	Finding/Noncompliance
2023-002	<p><u>Finding:</u></p> <p>At the Alabama Community College System (ACCS) Board of Trustee meeting on November 10, 2021, the ACCS Board of Trustees unanimously approved a resolution for the transfer and/or consolidation of all current Corrections Instructional Programs offered by certain colleges to J. F. Ingram State Technical College. During the period of preparation for consolidation, a memorandum was sent by ACCS that indicated that the programs were expected to transfer on August 15, 2022.</p> <p>In fiscal year 2021 and fiscal year 2022, John C. Calhoun Community College received appropriations from the Education Trust Funds for the Operations and Maintenance for Postsecondary Prison Education in the amount of \$1,095,936.00 and \$1,257,267.00, respectively. A review of these appropriations was performed during our examination, and it was noted that the College had unexpended appropriations from the Prison Education in the amount of \$184,844.46 for fiscal year 2021 and \$264,204.70 for fiscal year 2022, totaling \$449,049.16. The College had retained the appropriations for approximately 20 months after the consolidation of the programs.</p> <p>After the retention of the appropriations was found during our examination, ACCS sent a memorandum dated April 4, 2024, requesting that the College transfer the funds to J. F. Ingram State Technical College no later than April 30, 2024. Subsequently, the funds were transferred.</p> <p>By retaining these funds, stakeholders and policymakers were unaware of additional funds available to operate these programs.</p> <p><u>Recommendation:</u></p> <p>The College should implement controls to ensure guidance regarding consolidations is followed in a way that ensures appropriations are transferred timely in order to be available, accounted for appropriately, and used for their intended purpose.</p>

Additional Information

College Officials
October 1, 2021 through September 30, 2023

Officials	Title
Jimmy Baker	Chancellor, Alabama Community College System
Dr. Jimmy Hodges	President (Effective August 1, 2022)
	Interim President (Until July 31, 2022)
Jason Morgan	Regional Chief Financial Officer (Effective September 1, 2022)
	Dean of Business and Finance (Until August 31, 2022)