



# Alabama Department of Examiners of Public Accounts

## *Report on the* **Single Audit of Federal Award Programs State of Alabama Montgomery, Alabama**

October 1, 2022 through September 30, 2023

Filed: September 27, 2024

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ALABAMA STATE HOUSE

*Rachel Laurie Riddle, Chief Examiner*





Rachel Laurie Riddle  
*Chief Examiner*

State of Alabama  
Department of  
**Examiners of Public Accounts**

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

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, I hereby swear to and submit this report on the Single Audit of Federal Award Programs Performed in Accordance with the Single Audit Act Amendments of 1996 (Public Law 104-156) and the audit requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards (Uniform Guidance)* for the State of Alabama for the period October 1, 2022 through September 30, 2023.

Respectfully submitted,

A handwritten signature in blue ink that reads 'James E. Hall'.

James E. Hall, CPA  
Examiner of Public Accounts  
State Audit Division Director

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## *Table of Contents*

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	<i>Page</i>
<b>Summary</b>	A
<p>Contains items pertaining to the scope and objective of the audit, a description of the contents of the report, and other information pertaining to the State of Alabama Single Audit.</p>	
Exhibit #1 <b>Schedule of Expenditures of Federal Awards</b> – contains financial information and notes relative to federal award programs.	1
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	13
Exhibit #2 <b>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></b> – a report on internal controls related to the financial statements and on whether the State of Alabama complied with laws and regulations which could have a direct and material effect on the State’s financial statements.	16
Exhibit #3 <b>Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the <i>Uniform Guidance</i></b> – a report on internal controls over compliance with requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to major federal programs; an opinion on whether the State complied with federal statutes, regulations, and the terms and conditions of its federal awards which could have a direct and material effect on each major program; and a report on the Schedule of Expenditures of Federal Awards.	19



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# *Table of Contents*

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*Page*

Exhibit #4	<b>Schedule of Findings and Questioned Costs</b> – A schedule summarizing the results of audit findings relating to the financial statements as required by <i>Government Auditing Standards</i> and findings and questioned costs for federal awards as required by the <i>Uniform Guidance</i> .	
	Section I – Summary of Examiner’s Results	25
	<u>Section II – Financial Statement Findings (GAGAS):</u>	
	Department of Finance	27
	<u>Section III – Federal Awards Findings and Questioned Costs:</u>	
	Department of Education	28
	Department of Human Resources	30
	Department of Transportation	32
	Department of Public Health	34
	Department of Labor	36
Exhibit #5	<b>Summary Schedule of Prior Audit Findings</b> – a report, prepared by the management of State Agencies, which provides the status of all audit findings included in the prior audit’s Schedule of Findings and Questioned Costs.	43
	Department of Finance	
	Department of Labor	
	Department of Human Resources	
	Alabama Emergency Management Agency	
	<b>Auditee Responses/Corrective Action Plans</b> – responses by State Agencies on the results of the audit and their plans for corrections.	
Exhibit #6	<u>Section II – Financial Statement Findings (GAGAS):</u> Department of Finance	50
Exhibit #7	<u>Section III – Federal Awards Findings and Questioned Costs:</u> Department of Education Department of Human Resources Department of Transportation Department of Public Health Department of Labor	53

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Single Audit of Federal Award Programs  
State of Alabama  
October 1, 2022 through September 30, 2023**

This report presents the results of an audit of federal award programs administered by the State of Alabama contained in the Single Audit of the State of Alabama. This audit was conducted 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.

**AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS**

The audit of the State of Alabama General Purpose Financial Statements for the fiscal year ended September 30, 2023, which is a required component of a Single Audit, was issued by the Department of Examiners of Public Accounts as Report Number 24-220 on April 26, 2024. The audited Basic Financial Statements were included in the State of Alabama *Annual Comprehensive Financial Report* prepared and published by the Department of Finance. Included with the *Annual Comprehensive Financial Report* are the Independent Auditor's Report and a Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, both of which are required by *Government Auditing Standards* for financial audits.

**STATE-WIDE SINGLE AUDIT**

The Single Audit was performed in accordance with the requirements of the Single Audit Act Amendments of 1996 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)*. The objective of the Single Audit was to determine whether the State of Alabama has complied with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. The audit was performed in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

We issued a modified opinion of Immunization Cooperative Agreements and unmodified opinions on the State of Alabama's other major federal programs. This means the State of Alabama, with the exception of the Immunization Cooperative Agreement program, complied in all material respects, with the types of compliance requirements described in the **OMB Compliance Supplement** that could have a direct and material effect on each of its major federal programs identified in the **Schedule of Findings and Questioned Costs** (Exhibit 4).

### **COMMENTS**

The State of Alabama expended \$15,588,758,214 in federal awards during the 2022-2023 fiscal year. Federal awards received and expended by state agencies are shown on the Schedule of Expenditures of Federal Awards (Exhibit 1). The federal programs are listed by federal grantor agency. The state agencies administering the programs are shown in a separate column.

### **AUDIT FINDINGS**

A material weakness in internal control was found during the audit of the **Annual Comprehensive Financial Report**. This finding was reported in the **Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards** (Exhibit 2) in the **Annual Comprehensive Financial Report**. The **Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards** (Exhibit 2) is also included in this report, and the finding is reiterated in the **Schedule of Findings and Questioned Costs** (Exhibit 4) in this report. A brief summary of the finding is shown below:

- ◆ 2023-001: A comprehensive disaster recovery plan which includes all functional units of the Department of Finance including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed. This is a repeat of findings 2022-001, 2021-002, 2020-002, 2019-002, 2018-002, 2017-002 and 2014-002 which indicates 2014 as the year the finding originally occurred.

As indicated in the **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance** (Exhibit 3) significant deficiencies, material weaknesses, and instances of noncompliance with the requirements of federal grant awards were found during the audit of federal award programs (Single Audit). These findings are reported in detail on the **Schedule of Findings and Questioned Costs** (Exhibit 4), and they are summarized below.

- ◆ 2023-002: The Department of Education did not have procedures in place to ensure that applicable first-tier subaward information was reported to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

- ◆ 2023-003: The Department of Human Resources did not consider information obtained from data matching in determining eligibility.
- ◆ 2023-004: The Department of Transportation reimbursed a subrecipient for expenses based on altered documents that were submitted.
- ◆ 2023-005: The Department of Public Health did not have policies and procedures in place to ensure that costs were adequately documented and were necessary and reasonable for the performance of a federal award.
- ◆ 2023-006: The Department of Labor's policies and procedures for its Reemployment Services and Eligibility Assessments (RESEA) program did not operate as designed to prevent payments to ineligible claimants.
- ◆ 2023-007: The Department of Labor did not have policies and procedures in place to document the review and approval of the employer experience rated tax rates.

The State's Responses to these findings are contained in the Auditee Responses/Corrective Action Plans.

### **EXIT CONFERENCE**

At the completion of the audit, exit conferences were held with directors, chief financial officers and other staff of agencies that administered major programs.

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
<b>DEPARTMENT OF AGRICULTURE</b>					
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 1,380,683		\$ -	Agriculture and Industries
Wildlife Services	10.028	3,247		-	Conservation and Natural Resources
Conservation Reserve Program	10.069	2,687,454		-	Forestry Commission
Market Protection and Promotion	10.163	31,800		-	Agriculture and Industries
Specialty Crop Block Grant Program	10.169	712,323		-	Agriculture and Industries
Agricultural Worker Pandemic Relief and Protection Program	10.181	186,197		-	Agriculture and Industries
Food Bank Network	10.182	2,766,632		-	Agriculture and Industries
Local Food for Schools Cooperative Agreement Program	10.185	1,079,775		-	Agriculture and Industries
State Mediation Grants	10.435	85,690		-	Agriculture and Industries
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	3,539,747		-	Agriculture and Industries
Farm and Ranch Stress Assistance Network Competitive Grants Program	10.525	253,795		-	Agriculture and Industries
Child Nutrition-Technology Innovation Grant	10.541	1,212,360		-	Education
Pandemic EBT Food Benefits	10.542	148,598,090		-	Human Resources
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster</b>					
Supplemental Nutrition Assistance Program	10.551	2,178,615,249		-	Human Resources
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	81,205,076		-	Human Resources
Total SNAP Cluster		<u>2,259,820,325</u>		<u>-</u>	
<b>Child Nutrition Cluster</b>					
School Breakfast Program (SBP)	10.553	101,774,755		101,767,386	Education
National School Lunch Program (NSLP)	10.555	347,783,326	3A	347,709,989	Education
Special Milk Program for Children (SMP)	10.556	14,088		14,088	Education
Summer Food Service Program for Children (SFSPC)	10.559	5,870,820	3A	5,775,667	Education
Fresh Fruit and Vegetable Program	10.582	3,214,545		3,214,545	Education
Total Child Nutrition Cluster		<u>458,657,534</u>		<u>458,481,675</u>	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	124,256,324	3B	5,802,740	Public Health
Child and Adult Care Food Program	10.558	65,257,816		63,944,520	Education
State Administrative Expenses for Child Nutrition	10.560	6,254,309		15,433	Education
<b>Food Distribution Cluster</b>					
Commodity Supplemental Food Program	10.565	4,048,904	3A	3,979,660	Education
Emergency Food Assistance Program - Administrative Costs	10.568	3,487,946		3,480,581	Education
Emergency Food Assistance Program - Food Commodities	10.569	24,339,793	3A	24,339,793	Education
Total Food Distribution Cluster		<u>31,876,643</u>		<u>31,800,034</u>	
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1,591,945		-	Agriculture and Industries
Team Nutrition Grants	10.574	264,163		15,458	Education
Farm to School Grant Program	10.575	53,940		-	Agriculture and Industries
WIC Grants to States	10.578	505,945		-	Public Health
Child Nutrition Discretionary Grants Limited Availability	10.579	1,056,458		1,056,458	Education

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

<b>Federal Grantor/ Pass-Through Agency/ Program Title</b>	<b>Federal Assistance Listings Number</b>	<b>Expenditures</b>	<b>Note</b>	<b>Pass-Through to Subrecipients</b>	<b>Agency</b>
Pandemic EBT Administrative Costs	10.649	3,392,686		-	Human Resources
Forestry Research	10.652	595,177		-	Forestry Commission
Cooperative Forestry Assistance	10.664	7,593,035		-	Forestry Commission
Schools and Roads - Grants to States	10.665	1,621,046		1,621,046	Finance
Forestry Legacy Program	10.676	44,044		-	Forestry Commission
Forest Health Protection	10.680	558,830		-	Forestry Commission
Good Neighbor Authority	10.691	26,336		-	Conservation and Natural Resources/ Forestry Commission
Soil and Water Conservation	10.902	312,478		-	Geological Survey
Watershed Protection and Flood Prevention	10.904	1,689,223		-	Soil and Water Conservation Committee
Environmental Quality Incentives Program	10.912	178,671		-	Soil and Water Conservation Committee/ Conservation and Natural Resources/ Forestry Commission
Regional Conservation Partnership Program	10.932	9,180		-	Soil and Water Conservation Committee
Feral Swine Eradication and Control Pilot Program	10.934	1,190,377		-	Soil and Water Conservation Committee
<b><u>Other Federal Assistance</u></b>					
NAHLN Lab Agreement	10.Unknown	121,266		-	Agriculture and Industries
Total Department of Agriculture		<u>3,129,465,544</u>		<u>562,737,364</u>	
<b><u>DEPARTMENT OF COMMERCE</u></b>					
State and Digital Equity Planning Grants	11.032	57,558		-	Economic and Community Affairs
Broadband Equity, Access, and Deployment Program	11.035	22,933		-	Economic and Community Affairs
Economic Adjustment Assistance	11.307	626,207		-	Economic and Community Affairs
Interjurisdictional Fisheries Act of 1986	11.407	285,767		-	Conservation and Natural Resources
Coastal Zone Management Administration Awards	11.419	1,406,630		-	Conservation and Natural Resources
Coastal Zone Management Estuarine Research Reserves	11.420	717,566		316,423	Conservation and Natural Resources
Cooperative Fishery Statistics	11.434	850,453		79,160	Conservation and Natural Resources
Southeast Area Monitoring and Assessment Program	11.435	103,075		45,100	Conservation and Natural Resources
Regional Fishery Management Councils	11.441	70,777		-	Conservation and Natural Resources
Habitat Conservation	11.463	102,463		-	Conservation and Natural Resources
Office for Coastal Management	11.473	16,178		-	Conservation and Natural Resources
Fisheries Disaster Relief	11.477	8,638,262		8,619,626	Conservation and Natural Resources
<b><u>Other Federal Assistance</u></b>					
Joint Enforcement Contract (NOAA)	11.Unknown	374,459		-	Conservation and Natural Resources
Total Department of Commerce		<u>13,272,328</u>		<u>9,060,309</u>	
<b><u>DEPARTMENT OF DEFENSE</u></b>					
Conservation and Rehabilitation of Natural Resources on Military Installations	12.005	27,152		-	Geological Survey
Navigation Projects	12.107	524,856		-	Conservation and Natural Resources
National Guard Military Operations and Maintenance (OandM) Projects	12.401	74,974,994		-	Military Department
Troops to Teachers Grant Program	12.620	3,631		-	Education
Total Department of Defense		<u>75,530,633</u>		<u>-</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

<b>Federal Grantor/ Pass-Through Agency/ Program Title</b>	<b>Federal Assistance Listings Number</b>	<b>Expenditures</b>	<b>Note</b>	<b>Pass-Through to Subrecipients</b>	<b>Agency</b>
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
Manufactured Home Dispute Resolution	14.171	606,163		-	Manufactured Housing Commission
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	37,396,856		35,161,312	Economic and Community Affairs
Emergency Solutions Grant Program	14.231	5,934,132		5,449,529	Economic and Community Affairs
Housing Opportunities for Persons with AIDS	14.241	2,618,712		2,533,492	Economic and Community Affairs
Continuum of Care Program	14.267	266,949		266,949	Mental Health
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	260		-	Economic and Community Affairs
Healthy Homes Production Program	14.913	205,720		145,131	Public Health
Total Department of Housing and Urban Development		<u>47,028,792</u>		<u>43,556,413</u>	
<b><u>DEPARTMENT OF INTERIOR</u></b>					
Earth Mapping Resources Initiative	15.073	3,030		-	Geological Survey
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	1,387,277		-	Surface Mining Commission
Abandoned Mine Land Reclamation (AMLR)	15.252	10,832,219		-	Department of Labor
<b><u>Fish and Wildlife Cluster</u></b>					
Sport Fish Restoration	15.605	7,034,422		441,464	Conservation and Natural Resources/ Environmental Management
Wildlife Restoration and Basic Hunter Education	15.611	15,852,669		265,077	Conservation and Natural Resources
Enhanced Hunter Education and Safety	15.626	4		-	Conservation and Natural Resources
Total Fish and Wildlife Cluster		<u>22,887,095</u>		<u>706,541</u>	
Marine Minerals Activities	15.424	57,115		-	Geological Survey
Mineral Leasing Act	15.437	983,799		-	Finance
Fish and Wildlife Management Assistance	15.608	378,511		-	Conservation and Natural Resources
Cooperative Endangered Species Conservation Fund	15.615	3,111,931		262,736	Conservation and Natural Resources
Clean Vessel Act Program	15.616	72,490		-	Environmental Management
Partners for Fish and Wildlife	15.631	73,991		67,328	Conservation and Natural Resources
State Wildlife Grants	15.634	697,895		230,132	Conservation and Natural Resources
Endangered Species Conservation - Recovery Implementation Funds	15.657	77,138		-	Conservation and Natural Resources
Candidate Species Conservation	15.660	31,515		-	Conservation and Natural Resources/ Geological Survey
White-nose Syndrome National Response Implementation	15.684	40,838		22,580	Conservation and Natural Resources
U. S. Geological Survey Research and Data Collection	15.808	201,966		47,552	Geological Survey
National Cooperative Geologic Mapping	15.810	117,652		-	Geological Survey
National Geological and Geophysical Data Preservation	15.814	51,097		-	Geological Survey
Historic Preservation Fund Grants-In-Aid	15.904	1,716,573		377,691	Historical Commission
Outdoor Recreation Acquisition, Development and Planning	15.916	1,194,614		1,194,614	Economic and Community Affairs
Native American Graves Protection and Repatriation Act	15.922	19,083		19,083	Archives and History
Emergency Supplemental Historic Preservation Fund	15.957	87,784		-	Historical Commission
National Ground-Water Monitoring Network	15.980	5,359		-	Geological Survey
Water Use and Data Research	15.981	16,444		-	Economic and Community Affairs
Total Department of Interior		<u>44,045,416</u>		<u>2,928,257</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
<b><u>DEPARTMENT OF JUSTICE</u></b>					
Sexual Assault Services Formula Program	16.017	496,731		467,503	Economic and Community Affairs
Coronavirus Emergency Supplemental Funding Program	16.034	2,874,256		-	Economic and Community Affairs
Human Trafficking Program Number 2020-VT-BX-K009	16.320	187,355		-	Attorney General
Juvenile Justice and Delinquency Prevention	16.540	624,919		332,417	Economic and Community Affairs Prosecution Services
Missing Children's Assistance	16.543	466,314		-	Alabama Law Enforcement Agency
State Justice Statistics Program for Statistical Analysis Centers	16.550	73,684		-	Alabama Law Enforcement Agency
National Criminal History Improvement Program (NCHIP)	16.554	1,622,597		-	Alabama Law Enforcement Agency
Crime Victim Assistance	16.575	23,200,370		20,469,767	Economic and Community Affairs
Crime Victims Compensation	16.576	799,000		-	Crime Victims Compensation
Violence Against Women Formula Grants	16.588	2,656,394		2,055,300	Economic and Community Affairs
Residential Substance Abuse Treatment for State Prisoners	16.593	286,246		-	Economic and Community Affairs
Bulletproof Vest Partnership Program	16.607	5,723		-	Economic and Community Affairs
Project Safe Neighborhoods	16.609	113,691		81,358	Economic and Community Affairs
PREA Program: Strategic Support for PREA Implementation	16.735	60,640		-	Corrections
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3,050,138		2,294,211	Economic and Community Affairs
DNA Backlog Reduction Program	16.741	1,205,803		-	Forensic Sciences
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	349,925		-	Economic and Community Affairs
Support for Adam Walsh Act Implementation Grant Program	16.750	180,342		-	Prosecution Services
Harold Rogers Prescription Drug Monitoring Program	16.754	352,485		191,857	Mental Health/Public Health
Second Chance Act Reentry Initiative	16.812	263,617		-	Pardons and Paroles
John R. Justice Prosecutors and Defenders Incentive Act	16.816	40,822		-	Prosecution Services
Swift, Certain, and Fair (SCF) Supervision Program: Including Project HOPE	16.828	43,940		-	Pardons and Paroles
Comprehensive Opioid Abuse Site-Based Program	16.838	714,611		668,807	Mental Health
STOP School Violence	16.839	296,730		292,607	Education
Equitable Sharing Program	16.922	937,500		-	Alabama Law Enforcement Agency/ Attorney General/Alabama Office of Courts
<b><u>Other Federal Assistance</u></b>					
Drug Enforcement Agency Cooperative Agreements	16.Unknown	248,090		-	Alabama Law Enforcement Agency
Federal Bureau of Investigation	16.Unknown	32,222		-	Alabama Law Enforcement Agency
United States Marshals	16.Unknown	79,810		-	Alabama Law Enforcement Agency
Total Department of Justice		<u>41,263,955</u>		<u>26,853,827</u>	
<b><u>DEPARTMENT OF LABOR</u></b>					
Labor Force Statistics	17.002	1,152,637		-	Department of Labor
Compensation and Working Conditions	17.005	114,600		-	Department of Labor
<b><u>Employment Service Cluster</u></b>					
Employment Service/Wagner-Peyser Funded Activities	17.207	11,612,096		-	Department of Labor
Disabled Veterans' Outreach Program (DVOP)	17.801	2,641,606		-	Department of Labor
Total Employment Service Cluster		<u>14,253,702</u>		<u>-</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

<b>Federal Grantor/ Pass-Through Agency/ Program Title</b>	<b>Federal Assistance Listings Number</b>	<b>Expenditures</b>	<b>Note</b>	<b>Pass-Through to Subrecipients</b>	<b>Agency</b>
Unemployment Insurance	17.225	109,361,881	3C	-	Department of Labor
Senior Community Service Employment Program	17.235	1,325,708		1,259,604	Senior Services
Trade Adjustment Assistance	17.245	753,603		-	Department of Labor
<b>WIOA Cluster</b>					
WIOA Adult Program	17.258	8,625,884		6,792,102	Commerce
WIOA Youth Activities	17.259	12,990,655		11,725,217	Commerce
WIOA Dislocated Worker Formula Grants	17.278	12,542,166		10,782,044	Commerce
Total WIOA Cluster		<u>34,158,705</u>		<u>29,299,363</u>	
Reentry Employment Opportunities	17.270	12,027		-	Department of Labor
Foreign Labor	17.273	197,429		-	Department of Labor
WIOA National Dislocated Worker Grants/Workforce Investment Act (WIA) National Emergency Grants	17.277	388,348		362,557	Commerce
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	171,162		160,857	Department of Labor
Apprenticeship USA Grants	17.285	349,990		331,790	Commerce
Total Department of Labor		<u>162,239,792</u>		<u>31,414,171</u>	
<b>DEPARTMENT OF TRANSPORTATION</b>					
Highway Research and Development Program	20.200	2,115,785		-	Transportation
Highway Planning and Construction	20.205	878,531,280		5,160,006	Transportation
Highway Training and Education	20.215	136,649		-	Transportation
Motor Carrier Safety Assistance	20.218	8,457,933		-	Alabama Law Enforcement Agency
Recreational Trails Program	20.219	1,459,787		1,320,777	Economic and Community Affairs
Federal Lands Access Program	20.224	219,766		-	Transportation
Commercial Driver's License Program Implementation Grant	20.232	584,929		-	Alabama Law Enforcement Agency
Railroad Safety	20.301	14,108		-	Public Service Commission
<b>Federal Transit Cluster</b>					
Federal Transit Capital Investment Grants	20.500	1,181,499		1,181,499	Transportation
Federal Transit Formula Grants	20.507	3,443,636		3,443,636	Transportation
Total Federal Transit Cluster		<u>4,625,135</u>		<u>4,625,135</u>	
Formula Grants for Rural Areas	20.509	17,150,983		16,096,410	Transportation
<b>Transit Services Programs Cluster</b>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	7,010,352		4,633,431	Transportation
New Freedom Program	20.521	5,389		5,389	Transportation
Total Transit Services Programs Cluster		<u>7,015,741</u>		<u>4,638,820</u>	
<b>Highway Safety Cluster</b>					
State and Community Highway Safety	20.600	6,192,496		3,192,600	Economic and Community Affairs
National Priority Safety Programs	20.616	3,340,485		2,515,959	Economic and Community Affairs
Total Highway Safety Cluster		<u>9,532,981</u>		<u>5,708,559</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
National Highway Traffic Safety Administration (NHTSA) Discretionary Grants and Cooperative Agreements	20.614	106,122		-	Alabama Law Enforcement Agency
Pipeline Safety Program State Base Grant	20.700	882,690		-	Public Service Commission
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	67,746		390,250	Emergency Management
PHMSA Pipeline Safety Underground Natural Gas Storage Grant	20.725	30,567		-	Public Service Commission
National Infrastructure Investments	20.933	11,550,749		-	Transportation
Total Department of Transportation		<u>942,482,951</u>		<u>37,939,957</u>	
<b><u>DEPARTMENT OF THE TREASURY</u></b>					
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States	21.015	2,580,889		2,432,124	Conservation and Natural Resources/ Port Authority
COVID-19 Coronavirus Relief Fund under CARES Act	21.019	(377,107)		-	Finance
Coronavirus State Fiscal Recovery Fund	21.027	471,465,753		298,896,998	Finance
Total Department of the Treasury		<u>473,669,535</u>		<u>301,329,122</u>	
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>					
Appalachian Area Development	23.002	2,743,106		2,307,299	Economic and Community Affairs
Appalachian Development Highway System	23.003	72,031		-	Transportation
Total Appalachian Regional Commission		<u>2,815,137</u>		<u>2,307,299</u>	
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>					
Donation of Federal Surplus Personal Property	39.003	4,473,758	3D	4,295,592	Economic and Community Affairs
Total General Services Administration		<u>4,473,758</u>		<u>4,295,592</u>	
<b><u>NATIONAL ENDOWMENT FOR THE ARTS</u></b>					
Promotion of the Arts Partnership Agreements	45.025	853,725		853,725	Council on the Arts
Total National Endowment for the Arts		<u>853,725</u>		<u>853,725</u>	
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>					
Grants to States	45.310	2,748,242		993,620	Public Library Service
National Leadership Grants	45.312	8,729		-	Public Library Service
Total Institute of Museum and Library Services		<u>2,756,971</u>		<u>993,620</u>	
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>					
State Trade Expansion	59.061	289,146		-	Commerce
Total Small Business Administration		<u>289,146</u>		<u>-</u>	
<b><u>TENNESSEE VALLEY AUTHORITY</u></b>					
Other Federal Assistance-TVA	62.Unknown	270,401		-	Emergency Management Agency
Total Tennessee Valley Authority		<u>270,401</u>		<u>-</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
<b><u>DEPARTMENT OF VETERANS AFFAIRS</u></b>					
Grants to States for Construction of State Home Facilities	64.005	33,298,130		-	Veterans' Affairs
Veterans Prescription Service	64.012	432,900		-	Veterans' Affairs
Veterans State Domiciliary Care	64.014	1,541,952		-	Veterans' Affairs
Veterans State Nursing Home Care	64.015	46,920,102		-	Veterans' Affairs
RN Grant	64.053	117,380		-	Veterans' Affairs
Burial Expenses Allowance for Veterans	64.101	299,251		-	Veterans' Affairs
Veterans Cemetery Grants Program	64.203	4,042,565		-	Veterans' Affairs
Total Department of Veterans Affairs		<u>86,652,280</u>		<u>-</u>	
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>					
State Indoor Radon Grants	66.032	115,769		-	Public Health
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	971,011		-	Environmental Management
State Clean Diesel Grant Program	66.040	654,458		-	Environmental Management
Climate Pollution Reduction Grant	66.046	23,853		-	Environmental Management
State Environmental Justice Cooperative Agreement Program	66.312	9,291		-	Environmental Management
Water Pollution Control State, Interstate, and Tribal Support Program	66.419	151,234		-	Environmental Management
Lead Testing in School and Child Care Program Drinking Water	66.444	422,844		139,183	Environmental Management
Water Quality Management Planning	66.454	284,771		-	Environmental Management
Regional Wetland Program Development Grants	66.461	65,267		-	Environmental Management
Gulf of Mexico Program	66.475	1,431,183		-	Forestry Commission/Environmental Management
Performance Partnership Grants	66.605	12,225,864		435,647	Environmental Management/Public Health
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	38,220		31,813	Public Health
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	102,159		-	Environmental Management
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	646,000		-	Environmental Management
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	1,167,792		-	Environmental Management
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809	60,442		-	Environmental Management
State and Tribal Response Program Grants	66.817	318,484		-	Environmental Management
<b><u>Other Federal Assistance</u></b>					
Cooperative Pesticide Recordkeeping	66.Unknown	1,246,593		-	Agriculture and Industries
Total Environmental Protection Agency		<u>19,935,235</u>		<u>606,643</u>	
<b><u>DEPARTMENT OF ENERGY</u></b>					
State Energy Program	81.041	768,257		360,346	Economic and Community Affairs
Weatherization Assistance for Low-Income Persons	81.042	3,596,275		3,206,650	Economic and Community Affairs
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106	153,315		-	Emergency Management
State Energy Program Special Projects	81.119	(5,787)		(5,686)	Economic and Community Affairs
<b><u>Other Federal Assistance</u></b>					
Petroleum Violation Escrow	81.Unknown	(334,017)		(334,017)	Economic and Community Affairs
Total Department of Energy		<u>4,178,043</u>		<u>3,227,293</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
<b><u>DEPARTMENT OF EDUCATION</u></b>					
Title I Grants to Local Educational Agencies	84.010	272,126,827		269,611,468	Education
Migrant Education State Grant Program	84.011	1,827,999		1,384,614	Education
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	273,118		136,742	Education
<b><u>Special Education Cluster (IDEA)</u></b>					
Special Education Grants to States	84.027	219,423,924		210,999,629	Education
Special Education Preschool Grants	84.173	6,438,220		6,299,050	Education
Total Special Education Cluster (IDEA)		<u>225,862,144</u>		<u>217,298,679</u>	
Career and Technical Education - Basic Grants to States	84.048	23,185,490		20,165,611	Education
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	74,877,407	3F	-	Rehabilitation Services
Migrant Education Coordination Program	84.144	122,634		36,515	Education
Rehabilitation Services Client Assistance Program	84.161	7,432		-	Rehabilitation Services
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	480,484		-	Rehabilitation Services
Special Education - Grants For Infants and Families	84.181	8,164,411		-	Rehabilitation Services
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	300,000		-	Rehabilitation Services
Education for Homeless Children and Youth	84.196	1,622,429		1,508,123	Education
Twenty-First Century Community Learning Centers	84.287	21,346,695		20,082,716	Education
Special Education - State Personnel Development	84.323	1,076,240		844,203	Education
Rural Education	84.358	4,797,926		4,579,521	Education
English Language Acquisition State Grants	84.365	4,192,412		4,030,400	Education
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	36,690,721		35,659,267	Education
Grants for State Assessments and Related Activities	84.369	7,567,654		-	Education
Statewide Longitudinal Data Systems	84.372	393,680		-	Education
Education Innovation and Research	84.411	2,193,931		1,878,898	Education
Student Support and Academic Enrichment Program	84.424	20,414,814		20,232,274	Education
Education Stabilization Fund	84.425	858,088,274		816,316,955	Education, Commerce
Total Department of Education		<u>1,565,612,722</u>		<u>1,413,765,986</u>	
<b><u>GULF COAST ECOSYSTEM RESTORATION COUNCIL</u></b>					
Gulf Coast Ecosystem Restoration Council Comprehensive Plan Component	87.051	1,240,571		917,464	Conservation and Natural Resources/ Geological Survey
Gulf Coast Ecosystem Restoration Council Oil Spill Impact Program	87.052	14,088,972		10,472,979	Conservation and Natural Resources
Total Gulf Coast Ecosystem Restoration Council		<u>15,329,543</u>		<u>11,390,443</u>	
<b><u>ELECTIONS ASSISTANCE COMMISSION</u></b>					
2018 HAVA Election Security Grants	90.404	392,898	3E	-	Secretary of State
Total Elections Assistance Commission		<u>392,898</u>		<u>-</u>	

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Special Programs for the Aging - Title VII, Chapter 3: Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	72,666		72,666	Senior Services
Special Programs for the Aging - Title VII, Chapter 2: Long-Term Care Ombudsman Services for Older Individuals	93.042	324,057		324,057	Senior Services
Special Programs for the Aging - Title III, Part D: Disease Prevention and Health Promotion Services	93.043	563,737		529,293	Senior Services
<b><u>Aging Cluster</u></b>					
Special Programs for the Aging - Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	8,744,827		8,308,812	Senior Services
Special Programs for the Aging - Title III, Part C: Nutrition Services	93.045	17,777,655		16,653,041	Senior Services
Nutrition Services Incentive Program	93.053	2,922,462		2,922,462	Senior Services
Total Aging Cluster		29,444,944		27,884,315	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	628,838		545,159	Senior Services/Human Resources
National Family Caregiver Support, Title III Part E	93.052	4,509,789		4,359,249	Senior Services
Public Health Emergency Preparedness	93.069	8,997,656		1,330,357	Public Health
Medicare Enrollment Assistance Program	93.071	693,835		651,220	Senior Services
Lifespan Respite Care Program	93.072	566,316		532,830	Senior Services
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	884		-	Education
Guardianship Assistance	93.090	5,537,381		-	Human Resources
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	539,813		92,061	Public Health
Food and Drug Administration Research	93.103	1,208,587		-	Ag and Industries/Public Health
Maternal and Child Health Federal Consolidated Programs	93.110	688,170		556,918	Mental Health/Public Health
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	593,807		140,000	Public Health
Emergency Medical Services for Children	93.127	40,584		40,000	Public Health
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	191,866		-	Public Health
Injury Prevention and Control Research and State and Community Based Programs	93.136	5,354,639		1,633,459	Public Health
Projects for Assistance in Transition from Homelessness (PATH)	93.150	527,038		513,216	Mental Health
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	305,092		104,045	Public Health
Family Planning - Services	93.217	6,664,453		1,461,135	Public Health
Traumatic Brain Injury State Demonstration Grant Program	93.234	261,389		-	Rehabilitation Services
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	768,692		251,936	Public Health
State Rural Hospital Flexibility Program	93.241	379,280		265,340	Public Health
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	7,787,854		6,678,846	Education/Mental Health/Public Health
Universal Newborn Hearing Screening	93.251	185,517		83,398	Public Health
Immunization Cooperative Agreements	93.268	110,375,851	3G	13,548,845	Public Health

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

<b>Federal Grantor/ Pass-Through Agency/ Program Title</b>	<b>Federal Assistance Listings Number</b>	<b>Expenditures</b>	<b>Note</b>	<b>Pass-Through to Subrecipients</b>	<b>Agency</b>
Viral Hepatitis Prevention and Control	93.270	220,637		23,554	Public Health
Small Rural Hospital Improvement Grant Program	93.301	5,981,815		5,964,219	Public Health
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	152,956		19,353	Public Health
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	159,939,554		116,879,885	Public Health
State Health Insurance Assistance Program	93.324	934,553		820,470	Senior Services
Behavioral Risk Factor Surveillance System	93.336	205,465		204,052	Public Health
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	12,204,418		3,861,059	Public Health
Flexible Funding Model - Infrastructure Development and Maintenance for State Manufacture Food Regulatory Program	93.367	152,223		-	Public Health
ACL Independent Living State Grants	93.369	410,115		388,624	Senior Services
National and State Tobacco Control Program	93.387	1,278,899		284,711	Public Health
Activities to Support State, Tribal, Local, and Territorial Health Department Response to Public Health or Healthcare Crises - Covid 19	93.391	10,877,822		7,357,116	Public Health
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke - Financed in part by 2018 Prevention and Public Health Funds	93.426	2,004,766		666,373	Public Health
Every Student Succeeds Act/Preschool Development Grants	93.434	8,923,856		6,351,281	Early Childhood Education
Well-Integrated Screening and Evaluation for Women Across the Nation	93.436	791,584		546,808	Public Health
ACL Assistive Technology	93.464	369,142		-	Rehabilitation Services
Family Violence Prevention and Services/Sexual Assault/Rape Crisis Services and Supports	93.497	649,420		612,867	Economic and Community Affairs
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	2,596,071		2,596,071	Mental health
Low Income Household Water Assistance Program	93.499	11,023,104		10,548,208	Economic and Community Affairs
Promoting Safe and Stable Families	93.556	8,740,652		-	Human Resources
Temporary Assistance for Needy Families (TANF)	93.558	117,056,093		720,456	Child Abuse and Neglect, Human Resources
Child Support Enforcement	93.563	46,559,351		-	Human Resources
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	418,374		-	Alabama Medicaid Agency
Low-Income Home Energy Assistance	93.568	74,090,186		70,193,714	Economic and Community Affairs
Community Services Block Grant	93.569	16,050,241		15,579,210	Economic and Community Affairs
<b><u>Child Care Development Cluster</u></b>					
Child Care and Development Block Grant	93.575	620,840,027		-	Human Resources
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	51,543,390		-	Human Resources
Total Child Care Development Cluster		<u>672,383,417</u>		<u>-</u>	
State Court Improvement Program	93.586	373,592		-	Administrative Office of Courts
Grants to States for Access and Visitation Programs	93.597	144,946		-	Administrative Office of Courts
Chafee Education and Training Vouchers Program (ETV)	93.599	812,644		-	Human Resources
Head Start	93.600	11,896,544		22,130	Early Childhood Education/Human Resources
Adoption and Legal Guardianship Incentive Payments	93.603	776,170		-	Human Resources
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1,293,004		743,161	Mental Health
Section 9813: State Planning for Qualifying Community-Based Mobile Crisis Intervention Services	93.639	212,277		-	Alabama Medicaid Agency

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

<b>Federal Grantor/ Pass-Through Agency/ Program Title</b>	<b>Federal Assistance Listings Number</b>	<b>Expenditures</b>	<b>Note</b>	<b>Pass-Through to Subrecipients</b>	<b>Agency</b>
Children's Justice Grants to States	93.643	291,980		-	Human Resources
Stephanie Tubbs Jones Child Welfare Services Program	93.645	4,893,436		-	Human Resources
Foster Care - Title IV-E	93.658	57,845,533		-	Human Resources
Adoption Assistance	93.659	34,414,840		-	Human Resources
Provider Capacity Project	93.664	1,209,443		-	Alabama Medicaid Agency
Emergency Grants to Address Mental and Substance Use Disorders During Covid-19	93.665	2,377,248		2,330,520	Mental Health
Social Services Block Grant	93.667	33,571,503		-	Human Resources
Child Abuse and Neglect State Grants	93.669	773,568		-	Human Resources
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	2,804,711		2,647,177	Economic and Community Affairs
Chafee Foster Care Independence Program	93.674	3,618,303		-	Human Resources
Ending the HIV Epidemic: A Plan for America -- Ryan White HIV/AIDS Program Parts A and B	93.686	1,244,064		1,070,930	Public Health
Elder Abuse Prevention Interventions Program	93.747	1,460,797		44,670	Human Resources
Children's Health Insurance Program	93.767	227,269,257		21,684	Public Health
<b>Medicaid Cluster</b>					
State Medicaid Fraud Control Units	93.775	1,165,513		-	Attorney General
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	6,786,564		-	Alabama Medicaid Agency/Public Health
Medical Assistance Program	93.778	7,019,330,268		-	Alabama Medicaid Agency
Total Medicaid Cluster		<u>7,027,282,345</u>		<u>-</u>	
Opioid STR	93.788	12,026,147		10,320,050	Mental Health
Money Follows the Person Rebalancing Demonstration PPHF 2017: Office of Smoking and Health	93.791	3,087,881		-	Alabama Medicaid Agency
Public Health Approaches for Ensuring Quitline Capacity	93.853	111,104		80,000	Public Health
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	8,256,425		7,668,983	Early Childhood Education
National Bioterrorism Hospital Preparedness Program	93.889	2,982,051		1,929,152	Public Health
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organization	93.898	5,696,864		378,115	Public Health
Grants to States for Operation of State Offices of Rural Health	93.913	195,638		16,500	Public Health
HIV Care Formula Grants	93.917	19,605,067		19,605,067	Public Health
HIV Prevention Activities - Health Department Based	93.940	6,705,407		4,098,947	Public Health
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	199,750		36,687	Public Health
Block Grants for Community Mental Health Services	93.958	13,080,088		11,250,728	Mental Health
Block Grants for Prevention and Treatment of Substance Abuse	93.959	31,644,444		29,165,874	Mental Health
CDC's Collaboration with Academia to Strengthen Public Health	93.967	187,139		-	Public Health
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	3,505,457		379,792	Mental Health
Preventive Health and Health Services Block Grant	93.991	2,274,404		135,590	Public Health
Maternal and Child Health Services Block Grant to the States	93.994	11,395,796		654,339	Public Health

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2023***

Federal Grantor/ Pass-Through Agency/ Program Title	Federal Assistance Listings Number	Expenditures	Note	Pass-Through to Subrecipients	Agency
<b><u>Other Federal Assistance</u></b>					
BSE Inspections Contract	93.Unknown	32,824		-	Agriculture and Industries
Tobacco Inspections Contract	93.Unknown	736,045		-	Public Health
CLIA	93.Unknown	404,166		-	Public Health
Mammography Quality Standards-HHS Contract 223-95-4400	93.Unknown	29,471		-	Public Health
Tennessee Valley Authority - Contract TV-62313A	93.Unknown	195,067		-	Public Health
Food Inspections-Contract 223-96-4036	93.Unknown	121,384		-	Public Health
Behavioral Health Services Information System (BHSIS)	93.Unknown	138,557		-	Mental Health
Total Department of Health and Human Services		<u>8,878,404,830</u>		<u>397,816,472</u>	
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>					
State Commissions	94.003	407,403		-	Governor's Office of Volunteer Services
AmeriCorps	94.006	1,219,448		1,219,448	Governor's Office of Volunteer Services
Commission Investment Fund	94.008	241,363		-	Governor's Office of Volunteer Services
Total Corporation for National and Community Service		<u>1,868,214</u>		<u>1,219,448</u>	
<b><u>EXECUTIVE OFFICE OF THE PRESIDENT</u></b>					
High Intensity Drug Trafficking Areas Program	95.001	1,297,616		1,030,934	Alabama Law Enforcement Agency
Total Executive Office of the President		<u>1,297,616</u>		<u>1,030,934</u>	
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>					
Social Security - Disability Insurance	96.001	57,748,585		-	Education
Social Security - Work Incentives Planning and Assistance Program	96.008	210,002		210,002	Rehabilitation Services
Total Social Security Administration		<u>57,958,587</u>		<u>210,002</u>	
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>					
Boating Safety Financial Assistance	97.012	2,703,940		-	Alabama Law Enforcement Agency
Community Assistance Program - State Support Services Element (CAP-SSSE)	97.023	701,693		-	Economic and Community Affairs
Flood Mitigation Assistance	97.029	-		4,277	Emergency Management Agency
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	535,090		41,045,890	Emergency Management Agency
Hazard Mitigation Grant	97.039	767,937		5,145,103	Emergency Management Agency
Emergency Management Performance Grants	97.042	1,863,367		3,004,869	Emergency Management Agency
Cooperating Technical Partners	97.045	3,847,627		-	Economic and Community Affairs
Pre-Disaster Mitigation (PDM)	97.047	12,269		3,781,825	Emergency Management Agency
Presidential Declared Disaster Assistance to Individuals and Households	97.050	(94,037)		-	Labor
Port Security Grant Program	97.056	208,448		-	Alabama Law Enforcement Agency/ Conservation and Natural Resources
Homeland Security Grant Program	97.067	6,040,605		5,838,466	Alabama Law Enforcement Agency/ Emergency Management
<b><u>Other Federal Assistance</u></b>					
USDHS/US Immigration and Customs Enforcement (ICE)	97.Unknown	83,223		-	Alabama Law Enforcement Agency
Total Department of Homeland Security		<u>16,670,162</u>		<u>58,820,430</u>	
TOTAL FEDERAL AWARDS		<u>\$ 15,588,758,214</u>		<u>\$ 2,912,357,307</u>	

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## ***Notes to the Schedule of Expenditures of Federal Awards***

### ***For the Year Ended September 30, 2023***

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#### **Note 1 – Purpose of the Schedule**

Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program identified by its federal Assistance Listing Number (ALN). Because the Schedule presents only a selected portion of the operations of the State of Alabama, it is not intended to and does not present the financial position, changes in net position or cash flows of the State of Alabama.

#### **Note 2 – Significant Accounting Policies**

- A. **Reporting Entity** – The accompanying schedule includes federal award programs administered by the State of Alabama for the fiscal year ended September 30, 2023. State agencies that receive separate audits in accordance with the *Uniform Guidance* and federal awards received by state colleges and universities are not included in the schedule.
- B. **Basis of Presentation** – The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 of the U. S. *Code of Federal Regulations* Part 200 (*Uniform Guidance*).
1. **Federal Financial Assistance** – Pursuant to the Single Audit Act Amendments of 1996 and the *Uniform Guidance*, federal financial assistance is defined as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
- C. **Basis of Accounting** – The information presented in the Schedule of Expenditures of Federal Awards is presented on the cash basis of accounting, which is consistent with the other federal grant reports. Under this basis, expenditures are recorded when paid, and revenues are recognized when received. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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***Notes to the Schedule of Expenditures of Federal Awards***  
***For the Year Ended September 30, 2023***

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- D. **Expenditures and Expenses** – When monies are received by one state agency and transferred to another state agency either for final expenditure or as a reimbursement for services, the federal financial assistance is reflected in the primary receiving/expending state agency's accounts. This is to avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the State of Alabama.
- E. **De Minimis Indirect Cost Rate** – The State of Alabama elected to use the 10-percent de minimis indirect cost rate as allowed in the *Uniform Guidance* for the following federal program:
- ◆ ALN 10.934 – Feral Swine Eradication and Control Pilot Program

**Note 3 – Other**

- A. Commodities included in the National School Lunch Program (ALN 10.555), Summer Food Service Program for Children (ALN 10.559), Commodity Supplemental Food Program (ALN 10.565), and the Emergency Food Assistance Program (ALN 10.569) are included in the definition of federal financial assistance for the purpose of the accompanying schedule. Commodities, totaling \$63,744,118 were reported in accordance with GASB Statement Number 24 in the basic financial statements of the State of Alabama for the fiscal year ended September 30, 2023.
- B. During the fiscal year ended September 30, 2023, the Alabama Department of Public Health received \$27,754,833 in cash rebates from infant formula manufacturers on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Program (ALN 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefits costs. The rebate contracts allowed the Department to serve 32,195 more persons during the 2022-2023 fiscal year. This number is based on an average gross food package cost of \$71.84.
- C. Total expenditures for the Unemployment Insurance Program (ALN 17.225) include state and federal amounts of \$57,607,571 and \$51,754,311 respectively. The state portion of expenditures includes regular unemployment compensation. The federal portion includes administrative costs and unemployment compensation for ex-service members, former federal employees, and extended benefits for eligible individuals who have exhausted their regular unemployment compensation.
- D. Donation of Federal Surplus Personal Property (ALN 39.003) is valued at 23.34% of the acquisition costs in accordance with a directive from the U. S. General Services Administration.

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***Notes to the Schedule of Expenditures of Federal Awards***  
***For the Year Ended September 30, 2023***

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- E. Interest Income of \$134,353 was earned on the Help America Vote Act Title I funds (ALN 90.404). Interest income of \$4,267 was earned on Help America Vote Act Title II funds (ALN 90.401). These amounts, as well as proceeds from the sale or salvage of unused HAVA equipment of \$1,966 (ALN 90.401), are reported as receipts on the schedule.
- F. Expenditures reported on the schedule include \$5,459,575 of Social Security Administration reimbursements under the Rehabilitation Services - Vocational Rehabilitation Grants to States Program (ALN 84.126).
- G. The amount reported as expenditures for the Immunization Cooperative Agreements (ALN 93.268) includes the value of immunization vaccines received and distributed in the amount of \$78,856,136 during the 2022-2023 fiscal year.

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***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***

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**Independent Auditor's Report**

Honorable Kay Ivey, Governor  
State of Alabama  
Montgomery, Alabama

We have audited, in accordance with 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise State of Alabama's basic financial statements and have issued our report thereon dated March 28, 2024. Our report includes a reference to other auditors who audited the financial statements of agencies and funds, as described in our report on the State of Alabama's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Below is a list which indicates the financial statements of the agencies and funds audited by other auditors.

<b>Agencies/Funds Audited by Other Auditors</b>
Alabama Public Health Care Authority
Alabama State Port Authority
State Employees' Insurance Board
Public Education Employees' Health Insurance Fund
Alabama Housing Finance Authority
Alabama Water Pollution Control Authority
Space Science Exhibit Commission
Alabama Drinking Water Finance Authority
University of Alabama
Auburn University
University of Alabama at Birmingham
University of Alabama at Huntsville
University of South Alabama
University of Montevallo
Athens State University
Alabama Community College System
Retirement Systems of Alabama
Employees' Savings Plans (PEIRAF and RSA-1)
Retired Education Employees' Health Care Trust
Retired State Employees' Health Care Trust
Prepaid Affordable College Tuition Program
Alabama College Education Savings Plan

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# ***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***

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## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the State of Alabama'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Alabama'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 have not been identified. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2023-001 to be a material weakness.

The finding related to information technology is being presented in summary form for security reasons. Details of the finding have been communicated to the affected state agencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Alabama'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***.

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***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***

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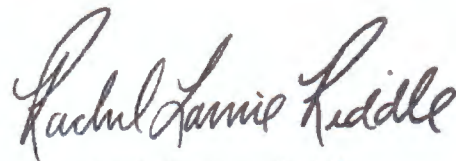
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***The State of Alabama's Response to Finding***

***Government Auditing Standards*** requires the auditor to perform limited procedures on the State of Alabama's response to the finding identified in our audit and described previously. The State of Alabama's response to the finding identified in our audit is described in the accompanying Auditee Response/Corrective Action Plan. The State of Alabama's response was not subjected to 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

March 28, 2024

***Report on Compliance for Each Major Federal Program;  
Report on Internal Control Compliance; and Report on  
the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance***

**Independent Auditor's Report**

Honorable Kay Ivey, Governor  
State of Alabama  
Montgomery, Alabama

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

**Qualified and Unmodified Opinions**

We have audited the State of Alabama’s 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 State of Alabama’s major federal programs for the year ended September 30, 2023. The State of Alabama’s major federal programs are identified in the Summary of Examiner’s Results section of the accompanying Schedule of Findings and Questioned Costs.

The State of Alabama’s basic financial statements include the operations of the Housing Finance Authority, the Water Pollution Control Authority, the Drinking Water Finance Authority, and the State Port Authority. The federal awards expended by these component units are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2023. Our audit, described below, did not include the operations of these component units because other auditors were engaged to perform audits in accordance with the *Uniform Guidance*. The federal programs administered by these component units and the federal funds expended are as follows:

<b>Component Unit</b>	<b>Federal Program</b>	<b>Assistance Listing Number</b>	<b>Federal Expenditures</b>
Housing Finance Authority	Emergency Rental Assistance Program	21.023	\$77,164,267
Housing Finance Authority	Homeowners Assistance Fund	21.026	\$48,746,913
Housing Finance Authority	HOME Investment Partnership Program	14.239	\$19,270,965
Housing Finance Authority	Housing Trust Fund	14.275	\$ 1,337,828
Water Pollution Control Authority	Capitalization Grants for State Revolving Funds	66.458	\$17,643,125
Drinking Water Finance Authority	Capitalization Grants for Drinking Water – State Revolving Funds	66.468	\$14,772,712
State Port Authority	Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	\$ 1,799,739
State Port Authority	Federal Railroad Administration Consolidated Rail Infrastructure and Safety Improvements	21.325	\$ 1,089,966
State Port Authority	Gulf Cost Ecosystem Restoration Council Comprehensive Plan Component Program	87.051	\$ 149,642
State Port Authority	Port Security Grant Program	97.056	\$ 53,727
State Port Authority	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 852,757

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***Report on Compliance for Each Major Federal Program;  
Report on Internal Control Compliance; and Report on  
the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance***

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We have also excluded federal award programs administered by state-supported colleges and universities, which are a part of the financial reporting entity of the State of Alabama and included in the Basic Financial Statements. The Single Audits of the state-supported colleges and universities are performed and issued separately for each institution.

***Qualified Opinion on Immunization Cooperative Agreements***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State of Alabama complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Immunization Cooperative Agreements program for the year ended September 30, 2023.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the State of Alabama complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States (***Government Auditing Standards***); 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 State of Alabama 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 State of Alabama's compliance with the compliance requirements referred to above.

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***Report on Compliance for Each Major Federal Program;  
Report on Internal Control Compliance; and Report on  
the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance***

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**Matter Giving Rise to Qualified Opinion on Immunization Cooperative Agreements**

As described in the accompanying Schedule of Findings and Questioned Costs, the State of Alabama did not comply with requirements regarding the Immunization Cooperative Agreements as described in Finding 2023-005 for Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for the State of Alabama to comply with the requirements applicable to that program.

**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 State of Alabama'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 State of Alabama's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, ***Government Auditing Standards***, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State of Alabama's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, ***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 State of Alabama's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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***Report on Compliance for Each Major Federal Program;  
Report on Internal Control Compliance; and Report on  
the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance***

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- ◆ obtain an understanding of the State of Alabama’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 State of Alabama’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 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 and Questioned Costs as Findings 2023-002, 2023-004 and 2023-006. 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 State of Alabama’s response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The State of Alabama’s response to the noncompliance findings identified in our audit is described in the accompanying Auditee Response/Corrective Action Plan. The State of Alabama’s response was not subjected to the 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 weaknesses 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 consider to be material weaknesses and significant deficiencies.

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***Report on Compliance for Each Major Federal Program;  
Report on Internal Control Compliance; and Report on  
the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance***

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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 combination of deficiencies, in internal control over compliance, such that there is 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings 2023-005, 2023-006 and 2023-007 to be material weaknesses.

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 Findings 2023-002 and 2023-003 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 State of Alabama'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 State of Alabama's response to the internal control over compliance findings identified in our audit is described in the accompanying Auditee Response/Corrective Action Plan. The State of Alabama's response was not subjected to the 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.

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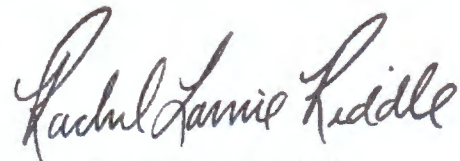
***Report on Compliance for Each Major Federal Program;  
Report on Internal Control Compliance; and Report on  
the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance***

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**Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alabama as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the State of Alabama's basic financial statements. We issued our report thereon dated March 28, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alabama'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 basic 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.



Rachel Laurie Riddle  
Chief Examiner  
Department of Examiners of Public Accounts

Montgomery, Alabama

August 26, 2024, except for our report on the  
Schedule of Expenditures of Federal Awards,  
for which the date is March 28, 2024

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2023***

**Section I – Summary of Examiner's Results**

**Financial Statements**

Type of report the auditor issued on whether the audited financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes             No

Significant deficiencies identified that are not considered to be material weakness(es)?

       Yes        X   None reported

Noncompliance material to financial statements noted?

       Yes        X   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

  X   Yes             No

Significant deficiencies identified that are not considered to be material weakness(es)?

  X   Yes             None reported

Type of opinion issued on compliance for major federal programs:

Unmodified for all major federal programs except for Immunization Cooperative Agreement, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the *Uniform Guidance*?

  X   Yes             No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants and Children
10.558	Child and Adult Care Food Program
10.565, 10.568 and 10.569	Food Distribution Cluster
15.252	Abandoned Mine Land Reclamation (AMLR)
17.225	Unemployment Insurance
20.205	Highway Planning and Construction

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2023***

**Section I – Summary of Examiner's Results**

Identification of major programs continued:

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
20.509	Formula Grants for Rural Areas and Tribal Transit Program
20.933	National Infrastructure Investments
21.027	Coronavirus State and Local Fiscal Recovery Funds
64.005	Grants to States for Construction of State Home Facilities
84.027 and 84.173	Special Education Cluster (IDEA)
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
84.425	Education Stabilization Fund
93.069	Public Health Emergency Preparedness
93.268	Immunization Cooperative Agreements
93.556	MaryLee Allen Promoting Safe and Stable Families Program
93.558	Temporary Assistance for Needy Families
93.575 and 93.596	CCDF Cluster
93.775, 93.777 and 93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish Between Type A and Type B programs:

\$30,000,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

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***Schedule of Findings and Questioned Costs***  
***Department of Finance***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-001  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** None

**Repeat of Prior Year Finding:** 2022-001, 2021-002, 2020-002, 2019-002, 2018-002 and 2014-01 (origination year)

A comprehensive disaster recovery plan which includes all functional units of the Department of Finance including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed.

**Finding**

We reviewed the internal control policies and procedures affecting the ability of the Department of Finance’s State Business Systems Division to be able to continue operations in the event the information technology resources of the Department were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning. A comprehensive disaster recovery plan which includes all functional units of the Department including SBS/STAARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed. These conditions increase the risk that the Department could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

**Recommendation**

The Department of Finance’s State Business Systems Division should update the master disaster recovery plans for all functional units of the Department.

**Views of Responsible Officials**

The Department of Finance’s State Business Systems Division agrees with the finding.

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***Schedule of Findings and Questioned Costs***  
***Department of Education***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-002  
**Compliance Requirement:** Reporting  
**Type of Finding:** Internal Control and Compliance  
**Internal Control Impact:** Significant Deficiency  
**Compliance Impact:** Nonmaterial Noncompliance

**Assistance Listing Number(s) and Title(s):** ALN 84.425 – Education Stabilization Fund  
**Federal Awarding Agency:** U. S. Department of Education  
**Federal Award Number:** S425C210030; S425D210001; S425R210027; S425U210001; S425V210027; and S425W210001

**Pass-through Entity:** None  
**Pass-through Award Number:** None

**Questioned Costs:** None

**The Alabama Department of Education did not have procedures in place to ensure that applicable first-tier subaward information was reported to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).**

**Finding**

The Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred to as the "Transparency Act" that are codified in 2 CFR Part 170, requires recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Education to report applicable first-tier subawards and contracts information as required in the "Transparency Act".

The Alabama Department of Education did not report applicable first-tier subawards and contractors subject to FFATA data for the monitored grants in the FSRS pursuant to Federal Regulations.

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***Schedule of Findings and Questioned Costs***  
***Department of Education***  
***For the Year Ended September 30, 2023***

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The Alabama Department of Education did not have procedures in place to ensure that applicable first-tier subaward information was reported to the FSRS, resulting in a failure to provide a full disclosure to the public of all entities or organizations receiving federal funds during fiscal year 2023.

**Recommendation**

The Alabama Department of Education should develop, maintain, and implement effective procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA).

**Views of Responsible Officials of the Auditee**

The finding reads as if the Alabama State Department of Education (ALSDE) did not report FFATA for the monitored grants. It was explained to us that this was just for 84.425. FFATA was reported for monitored grants with the exception of part of 84.425. There was discrepancy whether it should have been reported. Guidance with the United States Department of Education (USDE) indicated that if the Governor awarded GEER funds to a state agency with an agreement, then the state agency is responsible for reporting. If there is no agreement in place, then the responsibility falls to the Governor's office. The ALSDE takes full responsibility of this finding.

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***Schedule of Findings and Questioned Costs***  
***Department of Human Resources***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-003  
**Compliance Requirement:** Special Test and Provisions  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Significant Deficiency  
**Compliance Impact:** None  
**Assistance Listing Number(s) and Title(s):** 93.558 Temporary Assistance for Needy Families  
**Federal Awarding Agency:** U. S. Department of Health and Human Services  
**Federal Award Number:** 2301ALTANF  
**Pass-through Entity:** None  
**Pass-through Award Number:** None  
**Questioned Costs:** None

**The Department of Human Resources did not consider information obtained from data matching in determining eligibility.**

**Finding**

45 CFR Section 261.63 requires the Alabama Department of Human Resources to submit a Work Verification Plan to the U. S. Department of Health and Human Services (HHS) for approval. The Alabama Department of Human Resources must comply with its approved Work Verification Plan to ensure accuracy in reporting work activities by work-eligible individuals on the Temporary Assistance for Needy Families (TANF) Data Report. Data for work participation activities are used in calculating work participation rates.

During our testing of 25 TANF cases, we found two cases in which the hours reported for an individual participating in a work activity were inaccurate. The Department of Human Resources failed to ensure accuracy of data for work participation activities which may result in an inaccurate work participation rate.

The Department of Human Resources did not have adequate procedures in place to ensure that the information included on the TANF Data Report is accurate.

**Recommendation**

The Department of Human Resources should establish and maintain effective internal controls to ensure accuracy in reporting work activities by work-eligible individuals on the TANF Data Report.

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***Schedule of Findings and Questioned Costs***  
***Department of Human Resources***  
***For the Year Ended September 30, 2023***

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**Views of Responsible Officials of the Auditee**

We disagree. The finding statement declares that the Department of Human Resources failed to ensure accuracy of data for work participation activities which may result in an inaccurate work participation rate. This is a significant deficiency in internal controls. The Department of Human Resources did not have adequate procedures in place to ensure that the information included on the TANF Data Report is accurate.

We do agree with the findings of two cases “in which the hours reported for an individual participating in a work activity were inaccurate.” We agree that the 2 of the 25 cases selected had the incorrect frequency for the number of employment hours entered which could potentially affect the work participation rate for Alabama.

**Examiners’ Concluding Remarks**

We have considered the reasons for the Department of Human Resources’ disagreement noted above; however, we reaffirm our finding.

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***Schedule of Findings and Questioned Costs***  
***Department of Transportation***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-004  
**Compliance Requirement:** Allowable Costs/Cost Principles  
**Type of Finding:** Compliance  
**Internal Control Impact:** None  
**Compliance Impact:** Nonmaterial Noncompliance

**Assistance Listing Number(s) and Title(s):** ALN 20.509 – Formula Grants for Rural Areas and Tribal Transit Program  
**Federal Awarding Agency:** U. S. Department of Transportation  
**Federal Award Number:** 20166012; 20196016; and 20206007  
**Pass-through Entity:** None  
**Pass-through Award Number:** None

**Questioned Costs:** \$94,123.56

**The Alabama Department of Transportation reimbursed a subrecipient for expenses based on altered documents that were submitted.**

**Finding**

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, dated May 2023, stipulates for a cost to be allowable under federal awards certain general criteria must be met, including costs that are adequately documented and necessary and reasonable for the performance of the federal award. The Alabama Department of Transportation (the “Department”) passed through a portion of the Formula Grants for Rural Areas and Tribal Transit Program federal award to subrecipients. One of the subrecipients requested and received reimbursement of program expenses. Subsequent to the payments of the invoices, the Department received information alleging that falsified or altered documents related to expenditures were submitted by a subrecipient. Upon receipt of these allegations, the Department initiated a review of the supporting documents which had been submitted by the subrecipient. The review consisted of obtaining documents from vendors and comparing those documents to the ones submitted by the subrecipient. The results of this comparison indicated that the amounts owed and the description of goods and services provided columns had been changed. We reviewed, recalculated, verified and reperformed the comparisons made by the Department of Transportation and did not note any differences. Nine of ten supporting documents for meeting expenses submitted for reimbursement by the subrecipient during the audit period were altered and were not true and accurate. These altered supporting documents totaled \$94,123.56. The Alabama Department of Transportation reimbursed the subrecipient based on the altered documents and, therefore, improperly expended Formula Grants for Rural Areas and Tribal Transit Program federal award funds.

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***Schedule of Findings and Questioned Costs***  
***Department of Transportation***  
***For the Year Ended September 30, 2023***

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**Recommendation**

The Alabama Department of Transportation should take actions to ensure that all reimbursements of expenses are adequately documented, based on true and accurate supporting documentation, and to ensure costs are allowable under the federal award.

**Views of Responsible Officials of the Auditee**

We agree that there appears to have been falsified supporting documentation submitted by a subrecipient.

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***Schedule of Findings and Questioned Costs***  
***Department of Public Health***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-005  
**Compliance Requirement:** Allowable Costs/Cost Principles  
**Type of Finding:** Internal Control and Compliance  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** Material Noncompliance  
**Assistance Listing Number(s) and Title(s):** 93.268 Immunization Cooperative Agreements  
**Federal Awarding Agency:** U. S. Department of Health and Human Services  
**Federal Award Number:** 19NH23IP922582  
19NH23IP922582C3  
20NH23IP922582C3  
20NH23IP922582C5  
20NH23IP922582C6  
20NH23IP922582VWCC6  
20NH23IP922582UDSPC5  
20NH23IP922582IISC6  
20NH23IP922582UKR  
**Pass-through Entity:** None  
**Pass-through Award Number:** None  
**Questioned Costs:** \$8,480,632.39

**The Alabama Department of Public Health did not have policies and procedures in place to ensure that costs were adequately documented and were necessary and reasonable for the performance of a federal award.**

**Finding**

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, dated May 2023, stipulates for a cost to be allowable under federal awards certain general criteria must be met, including costs that are adequately documented and necessary and reasonable for the performance of the federal award. The Alabama Department of Public Health (ADPH) passed through a portion of the Immunization Cooperative Agreement federal award to subrecipients. During our audit, the ADPH's Office of Program Integrity (OPI) notified us that based on its investigation a subrecipient was not submitting adequate supporting documentation for reimbursement requests. A total of thirteen subrecipients requested and received reimbursement of program expenses during the fiscal year. Based upon procedures performed, we noted that of the 13 subrecipients who received federal award reimbursements, six did not provide adequate detailed documentation to support their requests for reimbursement. In addition, forty-eight of the sixty-three invoices submitted for reimbursement by the subrecipients did not have adequate documentation resulting in questioned costs of \$8,478,032.39 and one of the invoices included an improper payment of \$2,600.00 for a total question cost of \$8,480,632.39.

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***Schedule of Findings and Questioned Costs***  
***Department of Public Health***  
***For the Year Ended September 30, 2023***

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The ADPH did not have adequate policies and procedures in place to ensure that all requests for reimbursement were supported by adequate detailed documentation to ensure all costs are allowed under the federal award.

**Recommendation**

The Alabama Department of Public Health should take action to ensure that all reimbursements of expenses are adequately documented, based on true and accurate invoices, and to ensure costs are allowable under the federal award.

**Views of Responsible Officials of the Auditee**

We agree with the Examiners' finding; adequate documentation did not exist at the time of the audit to substantiate payments that resulted in questioned costs and improper payments. However, we do not concur with the total amount of the questioned costs cited in the report. ADPH's Office of Program Integrity initiated its own ongoing investigation. As this process continues, we are requesting additional documentation from the subrecipients, which will affect the questioned costs of this program.

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-006  
**Compliance Requirement:** Special Test and Provisions  
**Type of Finding:** Internal Control and Compliance  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** Nonmaterial Noncompliance  
**Assistance Listing Number(s) and Title(s):** 17.225 – Unemployment Insurance  
**Federal Awarding Agency:** U. S. Department of Labor  
**Federal Award Number:** 23A55UB000005  
23A60UB000035  
23A60UB000089  
23A60UD000002  
23A60UR000034  
UI346982055A1  
UI356332155A1  
UI359282160A1  
UI370492155A1  
UI372082255A1  
UI372652255A1  
UI379662260A1  
UI380372255A1  
UI392522355A1  
UI393072355A1  
**Pass-through Entity:** None  
**Pass-through Award Number:** None  
**Questioned Costs:** \$8,111.00

**The Alabama Department of Labor’s policies and procedures for its Reemployment Services and Eligibility Assessments (RESEA) program did not operate as designed to prevent payments to ineligible claimants.**

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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**Finding**

According to the *Uniform Guidance*, 2 CFR 200.303(a), non-Federal entities receiving Federal awards must establish and maintain effective internal controls over these awards. These controls must provide reasonable assurance that the entity manages the Federal award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the award.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Labor to operate a Worker Profiling and Reemployment Services (WPRS) or Reemployment Services and Eligibility Assessments (RESEA) program. The Alabama Department of Labor operates a RESEA program. Under the RESEA program, Alabama Department of Labor staff must be promptly and appropriately notified of any eligibility issues identified during any review of a claimant's information. Claimants are also required to attend appointments for reemployment to maintain their eligibility status.

The Alabama Department of Labor has controls in place to provide notification of claimants who failed to report to scheduled RESEA appointments, however those controls were not operating as designed. While reviewing 25 claimant's information, we noted that 8 claimants failed to report to their scheduled appointments for reemployment. These failures to appear are reported to staff at the Alabama Department of Labor and should prompt a stop of benefit payments; however, the Alabama Department of Labor did not stop payment on these 8 claimants which resulted in overpayments totaling \$8,111.00. There was also one instance where Alabama Department of Labor could not provide documentation to support staff was appropriately notified of the eligibility status for a claimant.

The Alabama Department of Labor's policies and procedures did not operate as designed to prevent payments to ineligible claimants. Because the Alabama Department of Labor's internal controls were not operating as designed, this caused benefits to be paid to ineligible claimants.

**Recommendation**

The Alabama Department of Labor should ensure internal controls are operating as designed to help ensure payments are not made to ineligible claimants.

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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**Views of Responsible Officials of the Auditee**

ADOL does not agree with this finding as explained in the Request for Views CAP letter, which is shown below and is included as part of its Corrective Action Plan.

The vendor (GEOSOL) software service/system (AlabamaWorks!) used by ADOL Career Centers and other State agencies to record and report various employment services provided to individuals seeking jobs, training, and/or other services throughout the state experienced a cyberattack in June 2022. Because ADOL Employment Services uses this system to also record RESEA information for qualified applicants who are receiving unemployment benefits to confirm required job search activities, the referral of claimants to the Career Centers for profiling was suspended, temporarily, when the attack first occurred. GEOSOL was unable to correct issues as they first promised. ADOL mailed letters to unemployment recipients in June for July appointments at various Career Centers. Letters were also mailed in July for August appointments. The electronic file (FTR) received from AlabamaWorks! to update unemployment claimant records in the UI Benefits system (Data Station) was unable to be received during the time of the system outage. GEOSOL was not able to get their system back up until October 2022. Disqualifications for claimants was also suspended during the system downtime from June to October 2022. Although ADOL Unemployment Division was receiving some data from the Career Centers to continue processing claims, the AlabamaWorks! created more than 1700 (seventeen hundred) erroneous disqualifications when it was brought back online on October 4, 2022 and FTR files were transmitted to ADOL Unemployment system. A manual process to retrieve the correct data was implemented on October 5, 2022 between ADOL Unemployment and Employment Services staff. However, this was a tedious process and took time to review and manually update claims.

Upon review of the sampling noted by the Examiner's Office, the headers on the documentation spreadsheet provided appear to come from AlabamaWorks! not Data Station. After reviewing Data Station which is the system of record for benefit payments, we'd like to further clarify and notate additional information relating to the claims noted in the \$8,884.00 cited as possible questioned costs.

- ◆ Claimant [Burt] (\$1,145.00) cited for Failure to Report (FTR) on 07/20/2022 with payments being made on 08/05/2022 and 08/09/2022 and having two payments made on 07/10/2023 but no overpayment reported – The payments made in July 2023 were not related to the claim associated with the FTR noted in AlabamaWorks! for July 2022. This was a different claim, and no overpayment for claimant has occurred. Therefore, ADOL disagrees with the questioned costs for this claim.

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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- ◆ Claimant [Walker] (\$275.00) cited for FTR 01/12/2023 and payment made 02/09/2023 and overpayment was established – As noted, overpayment was established. Claimant was not shown on FTR file received from GEOSOL to set the issue in January 2023. A later FTR received 4/26/2023 indicated the appointment issue and overpayment was established on 4/27/2023.
- ◆ Claimant [Lolley] (\$2,200.00) cited for having payments between August 2022 and September 2022 marked and classified as overpayments on 10/07/2022 but payment in December 2022 not classified as overpayment – The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued for August and September in error. As noted, overpayment was established on 10/07/2022 shortly after FTR file received when system was back up. However, ADOL disagrees with the questioned costs associated with December 2022 payment. The payment in December was a different claim not associated with the claim payments made in August and September 2022 and was not an overpayment.
- ◆ Claimant [Delbridge] (\$585.00) cited for FTR 08/04/2022 and overpayments established for 9 (nine) payments on 10/09/2022 – The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued in error. As noted, overpayment was established on 10/09/2022 shortly after FTR file received and system was back up.
- ◆ Claimant [Parks] (\$1,592.00) cited for FTR 12/14/2022 and payments made after failure to report with no overpayment established - Claimant was not on FTR file received from GEOSOL in December to set the issue. Additionally, claimant has never been documented on future FTR files to indicate an issue be set to cause an overpayment to be established.
- ◆ Claimant [Phillips] (\$960.00) cited for FTR 12/14/2022 and payments made after failure to report with overpayment established 3/17/2023 – Claimant was not on FTR file received from GEOSOL in December to set the issue. When reviewed manually, overpayment was noted.
- ◆ Claimant [Tyus] (\$1,375.00) cited for FTR 8/31/2022 and overpayment established - The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued in error. As noted, overpayment was established on 10/11/2022 shortly after FTR file received when system was back up.
- ◆ Claimant [Pitts] (\$752.00) cited for FTR 08/03/2022 and overpayment established - The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued in error. As noted, overpayment was established on 10/05/2022 shortly after FTR file received when system was back up.
- ◆ Claimant [Doster] not properly documented to indicate eligibility status – Claimant has never been reported on FTR file received to set issue. Therefore, there’s nothing to document.

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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**Examiners' Concluding Remarks**

We have considered the reasons for the Department of Labor's disagreement, specifically that the issues noted were mainly the result of cyberattacks on one of its vendors and systems; however, it is the Department of Labor's responsibility to ensure compliance with all applicable program requirements even when the processing of the requirements has been delegated to its vendors, therefore we reaffirm our finding.

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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

**Reference Number:** 2023-007  
**Compliance Requirement:** Special Test and Provisions  
**Type of Finding:** Internal Control  
**Internal Control Impact:** Material Weakness  
**Compliance Impact:** None  
**Assistance Listing Number(s) and Title(s):** 17.225 – Unemployment Insurance  
**Federal Awarding Agency:** U. S. Department of Labor  
**Federal Award Number:** UI393072355A1-01-01  
23A03UI039307-01-02  
23A03UI039307-01-03  
23A55UI039307-01-04  
23A55UI039307-01-05  
**Pass-through Entity:** None  
**Pass-through Award Number:** None  
**Questioned Costs:** None

**The Alabama Department of Labor did not have policies and procedures in place to document the review and approval of the employer experience rated tax rates.**

**Finding**

According to the *Uniform Guidance*, 2 CFR 200.303 (a), non-Federal entities receiving Federal awards must establish and maintain effective internal controls over these awards. These controls must provide reasonable assurance that the entity manages the Federal award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the award. A fundamental objective of an effective internal control system is to ensure that information is accurate and reliable, which includes a thorough review and approval process.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Labor to ensure an employer’s experience rating is properly applied, as the employer’s “experience” with the unemployment of former employees is the dominant factor in the computation of the employer’s annual state Unemployment Insurance tax rate.

The Alabama Department of Labor was unable to provide audit documentation to support their review and approval of employer experience rated tax rates.

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***Schedule of Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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The Alabama Department of Labor did not have policies and procedures in place to document the review and approval of the employer experience rated tax rates. As a result, the employer experience related tax rates could be incorrect, resulting in potential overpayments or underpayments of taxes.

**Recommendation**

The Alabama Department of Labor should develop and document internal controls over employer experience rated tax rates to help ensure they are accurate and properly applied.

**Views of Responsible Officials of the Auditee**

ADOL does not agree with this finding as explained in the Request for Views CAP letter, which is shown below and is included as part of its Corrective Action Plan.

ADOL Unemployment Division does have a process in place where staff in the Experience Rating Section verify the tax rates for employers that are generated by the system before employers are notified through electronic posting or notices mailed. This section receives a sampling of approximately 500 Tax Rate Notices. The sampling is distributed and reviewed by staff within this section to determine accuracy in computation compared to applicable schedules and legibility. Communication between the staff and the supervisor is performed to discuss or notate any discrepancies. Once the verification is completed, the section supervisor notifies the appropriate person to generate the final notice through the Unemployment system and notify employers. The documentation of the samplings was not kept only the email confirmation of accuracy and to issue notices between the supervisor and UI system responsible person was kept for this review. However, procedures have been noted for support document retention and implemented for upcoming and future reviews.

**Examiners' Concluding Remarks**

We have considered the reasons for the Department of Labor's disagreement; however, we reaffirm our finding.

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*Summary Schedule of Prior Audit Findings*



**STATE OF ALABAMA**  
**Office of Information Technology**

64 North Union Street, Suite 200  
 Montgomery, AL 36130  
 Telephone (334) 242-3800  
 Email: daniel.urquhart@oit.alabama.gov



**KAYIVEY**  
 Governor

**DANIEL URQUHART**  
 Secretary

***Summary Schedule of Prior Audit Findings***  
***Department of Finance***  
***For the Year Ended September 30, 2023***

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Alabama Office of Information Technology has prepared and hereby submits the following Summary Schedule of Prior Audit Findings for the Alabama Department of Finance as of September 30, 2023.

Finding Ref.	Status of Prior Audit Finding
2022-001	<i>This is a repeat finding previously reported as Finding 2021-002, 2020-002, 2019-002, 2018-002, 2017-002 and 2014-002 which indicates 2014 as the year the finding originally occurred.</i>

**Finding - Disaster Recovery and Contingency Planning- Material Weakness**

We reviewed the internal control policies and procedures affecting the ability of the Department Finance's State Business Systems Division to be able to continue operations in the event the information technology resources of the Department were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning. A comprehensive disaster recovery plan which includes all functional units of the Department including SBS/ST AARS (State Business Systems/State of Alabama Accounting and Resource System) has not been completed. These conditions increase the risk that the Department could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

**Corrective Action Planned:** The Office of Information Technology (OIT) has completed the work to host IT systems at the disaster recovery (OR) site. OIT, along with other state agencies, maintains resources at the DR location. OIT will collaborate with the Alabama Department of Finance - State Business Systems (SBS) and our industry partner(s) to identify any requirements to be addressed to resolve this finding. SBS is responsible for defining the necessary requirements and building the financial systems at the DR facility.

***Reason for the Recurrence:*** OIT has finalized the agreement and technical specifications with the industry partner(s) and has successfully onboarded IT equipment for other agencies at this location. OIT is prepared to start discussions with SBS to add their system to the DR facility.

***Anticipated Completion Date:*** February 28, 2025.

***Contact Person:*** Willie Fields  
Deputy Secretary of Information Technology

***Signature of Responsible Official:***

Daniel Uzubart



**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2023**

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Department of Labor has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2023.

**Finding**

**Ref.**

**No.**

**Status of Prior Audit Finding**

**2022-002**

**FINDING:**

The Uniform Guidance, 2 CFR 200.303, requires non-Federal entities receiving Federal Awards (i.e., auditee management) to establish and maintain effective internal controls over the Federal Award that provide reasonable assurance that the non-Federal entity is managing the Federal Award in compliance with Federal statutes, regulations, and terms and conditions of the Federal Award.

20 CFR 604.3(a) requires a State to only pay an individual who is able to work and available for work for the week which Unemployment Compensation (UC) is claimed.

Based on work performed on unemployment compensation payments at the Alabama Department of Labor, for the period of October 1, 2021, through September 30, 2022, we identified 243 payments, totaling \$58,809.00, which were made to 22 deceased claimants. We also identified an additional 186 payments, totaling \$42,276.00, which were made to 27 incarcerated claimants. The combined improper payments to deceased or incarcerated claimants total \$101,085.00 for the Unemployment Insurance Program.

The Alabama Department of Labor did not have internal controls in place which were adequately designed to identify deceased or incarcerated claimants in a timely manner, in order to help prevent and/or detect improper payments.



State of Alabama

**2022-002 (Continued)**

The lack of a well-designed system of internal controls, to identify deceased or incarcerated claimants, could cause the Alabama Department of Labor to continue to pay benefits to claimants who are deceased or incarcerated.

**RECOMMENDATION:**

The Alabama Department of Labor should establish and maintain effective internal controls to help ensure payments are not made to deceased or incarcerated claimants.

**RESPONSE/VIEWS:**

ADOL now utilizes IDV (Identity Verification) through the Integrity Data Hub (IDH) for death crossmatch and giving ADOL the capability to crossmatch all claimants through IDV. The sending and receiving of data as it relates to death crossmatch, multistate crossmatch, and identity verification services of IDH was fully automated as of quarter ending December 31, 2023. Business requirements and the development of new issue codes that will be used when a crossmatch hit is identified was completed as of the quarter ending March 31, 2024.



Kay Ivey  
Governor

State of Alabama  
Department of Human Resources

Gordon Persons Building  
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P.O. Box 304000  
Montgomery, AL 36130-4000  
(334) 242-1310  
dhr.alabama.gov



Nancy T. Buckner  
Commissioner

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2023**

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Alabama Department of Human Resources has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2023.

**Finding  
Ref.  
No.**

**Status of Prior Audit Finding**

**2022-003**

***Finding:***

The Uniform Guidance, 2 CFR Part 200 provides for state public agencies to submit a cost allocation plan to cognizant agent for review, negotiation, and approval. Charges to federal awards should be in accordance with the approved public assistance cost allocation plan.

The Department of Human Resource's Public Assistance Cost Allocation Plan provides a summary of the allocation methodologies utilized by the Department to allocate allowable administrative costs to benefiting state and federal programs. Based on allocation methodologies, the Department prepares quarterly allocation schedules to set up cost allocation step percentages and codes for the allocation process.

The Department did not provide allocation schedules for the second, third, and fourth quarters; therefore, we could not verify that costs were allocated in accordance with the approved Cost Allocation Plan. This is a significant deficiency in internal controls.

**Corrective Action:**

Corrective action was taken.

**Contact Person(s):** Stan Landers

**Signature of Responsible Official:**

*Stan Landers, Acting CFO*



KAY IVEY  
GOVERNOR

STATE OF ALABAMA  
**EMERGENCY MANAGEMENT AGENCY**

5898 COUNTY ROAD 41 • P.O. DRAWER 2160 • CLANTON, ALABAMA 35046-2160  
(205) 280-2200 FAX # (205) 280-2495



JEFF SMITHERMAN  
DIRECTOR

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***Summary Schedule of Prior Audit Findings***  
***Emergency Management Agency***  
***For the Year Ended September 30, 2023***

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As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511, the Alabama Emergency Management Agency has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 2023.

<b>Finding Ref. No.</b>	<b>Status of Prior Audit Finding</b>
2022-004	<p>The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, requires recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).</p> <p>The Uniform Guidance, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2022, requires the Alabama Emergency Management Agency to report applicable first-tier subawards and contracts information as required in the "Transparency Act".</p> <p>The Alabama Emergency Management Agency (EMA) failed to provide the requested subaward letters and FSRS reports containing key data elements for the sample population of fourteen (14) first-tier subawards.</p> <p>The Alabama Emergency Management Agency did not have procedures in place to ensure that applicable first-tier subaward information was reported to the FSRS, resulting in a failure to provide a full disclosure to the public of all entities or organizations receiving federal funds during fiscal year 2022.</p> <p><b>Status of Corrective Action:</b> Corrective action was taken. Alabama Emergency Management Agency is now up to date on all FATA reporting.</p>

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*Auditee Response/Corrective Action Plan*  
*Section II – Financial Statement Findings (GAGAS)*



**State of Alabama**  
**Department of Finance**  
**State Business Systems**

100 North Union Street, Suite 500  
 Montgomery, AL 36130-1410  
 Telephone (334) 242-4775



Kay Ivey  
 Governor

Valisha Kirkland  
 Acting SBS Director

Bill Poole  
 Director of Finance

***Auditee Response/Corrective Action Plan***  
***Section II – Financial Statement Findings (GAGAS)***  
***Department of Finance***  
***For the Year Ended September 30, 2023***

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Alabama Office of Information Technology has prepared and hereby submits the following Corrective Action Plan for the Department of Finance for the finding which will be included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

**Finding**  
**Ref.**  
**No.**

**Corrective Action Plan Details**

**2023-001**      *This is a repeat of Findings 2022-001, 2021-002, 2020-002, 2019-002, 2018-002, 2017-002 and 2014-001 which indicates 2014 as the year the finding originally occurred.*

***Disaster Recovery and Contingency Planning – Material Weakness***

We reviewed the internal control policies and procedures affecting the ability of the Department of Finance State Business Systems Division to be able to continue operations in the event the information technology resources of the Department were adversely affected by man-made or natural disasters. Critical information technology resources and the related government functions served by those resources are at risk because of weaknesses in the control policies and procedures affecting contingency planning. A comprehensive disaster recovery plan which includes all functional units of the Department including SBS/STAARS (State

Business Systems/State of Alabama Accounting and Resource System) has not been completed. These conditions increase the risk that the Department could incur major disruptions in service if there is a catastrophic event at or near its primary data processing center.

***Response/Views:***

We agree with the finding.

**Status of Corrective Action:**

The Department of Finance and the Office of Information Technology (OIT) are planning the development and testing of a Disaster Recovery solution that will provide a Recovery Point Objective (RPO) of 24 Hours and a Recovery Time Objective (RTO) of 72 hours. The Office of Information Technology has completed the process of facilitating a Disaster Recovery Center located in Birmingham Alabama. The Department of Finance will enter a partnership with OIT for usage of the Birmingham facility for Disaster Recovery purposes. Documentation will be developed which details the backup, recovery and workflow of Disaster Recovery Procedures. Upon initial configuration the Department of Finance will coordinate and perform periodic testing of the Disaster recovery processes as needed to establish confidence in the newly established process. After implementation it is intended for these tests to be performed annually.

***Reason for the Recurrence:***

The Department of Finance had a limitation of resources due to restructuring of server platforms and transition of software to newer technologies. Also, the Office of Information Technology was in the process of finalizing a suitable Disaster Recover location.

***Anticipated Completion Date:***

December 31, 2024. The Office of Information Technology has the new Disaster Recovery Datacenter established. The Department of Finance anticipates it will take 8 months to configure equipment as needed, test Disaster Recovery processes and develop the necessary documentation for successful completion of the solution.

***Contact Person(s):***

Valisha Kirkland

***Signature of Responsible Official:***



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*Auditee Response/Corrective Action Plan*  
*Section III – Federal Awards Findings and Questioned Costs*



STATE OF ALABAMA  
DEPARTMENT OF EDUCATION



Eric G. Mackey, Ed.D.  
State Superintendent of Education

Alabama  
State Board  
of Education

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Belinda McRae  
District VII

Wayne Reynolds, Ed.D.  
District VIII

Eric G. Mackey, Ed.D.  
Secretary and  
Executive Officer

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***Auditee Response/Corrective Action Plan***  
***Section III – Federal Awards Findings and Questioned Costs***  
***Department of Education***  
***For the Year Ended September 30, 2023***

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As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Alabama State Department of Education (ALSDE) has prepared and hereby submits the following Corrective Action Plan for the finding, which is included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

<b>Finding Ref. No.</b>	<b>Corrective Action Plan Details</b>
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**2023-002**

***Finding:***

The *Federal Funding Accountability and Transparency Act* (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred to as the “Transparency Act” that is codified in 2 CFR Part 170, requires recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the ALSDE to report applicable first-tier subawards and contract information as required in the “Transparency Act.”

The ALSDE did not report applicable first-tier subawards and contractors subject to FFATA data for the monitored grants in the FSRS pursuant to Federal Regulations.

The ALSDE did not have procedures in place to ensure that applicable first-tier subaward information was reported to the FSRS, resulting in a failure to provide a full disclosure to the public of all entities or organizations receiving federal funds during the fiscal year 2023.

**Recommendation**

The ALSDE should develop, maintain, and implement effective procedures to ensure compliance with the FFATA.

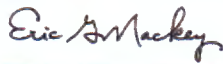
**Response/Views:** The finding reads as if the ALSDE did not report FFATA for the monitored grants. It was explained to us that this was just for 84.425. FFATA was reported for monitored grants with the exception of part of 84.425. There was a discrepancy in whether it should have been reported. Guidance with the United States Department of Education (USDE) indicated that if the Governor awarded GEER funds to a state agency with an agreement, then the state agency is responsible for reporting. If there is no agreement in place, then the responsibility falls to the Governor's office. The ALSDE takes full responsibility for this finding.

**Corrective Action Planned:** Steps are being taken to ensure all are aware of the ALSDE's responsibility to treat 84.425 just as all other Federal awards required for FFATA reporting. These awards will be reported as we are currently doing per FSRS and Federal Regulations.

**Anticipated Completion Date:** The ALSDE will have this corrected no later than 10/31/24.

**Contact Person(s):** Lynn Shows, Accounting Director, [lshows@alsde.edu](mailto:lshows@alsde.edu), 334-699-4472

**Signature of Responsible Official:**



Date: September 18, 2024

Eric G. Mackey  
Eric G. Mackey  
State Superintendent of Education



Kay Ivey  
Governor

# State of Alabama Department of Human Resources

Gordon Persons Building  
50 N. Ripley St.  
P.O. Box 304000  
Montgomery, AL 36130-4000  
(334) 242-1310  
dhr.alabama.gov



Nancy T. Buckner  
Commissioner

## ***Auditee Response/Corrective Action Plan*** ***Section III – Federal Awards Findings and Questioned Costs*** ***Department of Human Resources*** ***For the Year Ended September 30, 2023***

As required by the ***Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards***, 2 CFR 200.511(c), the Alabama Department of Human Resources has prepared and hereby submits the following Corrective Action Plan for the finding which is included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

**Finding  
Ref.  
No.**

**Corrective Action Plan Details**

**2023-003**

***Finding:***

45 CFR Section 261.63 requires the Alabama Department of Human Resources to submit a Work Verification Plan to the U.S. Department of Health and Human Services (HHS) for approval. The Alabama Department of Human Resources must comply with its approved Work Verification Plan to ensure accuracy in reporting work activities by work-eligible individuals on the Temporary Assistance for Needy Families (TANF) Data Report. Data for work participation activities are used in calculating work participation rates.

During our testing of 25 TANF cases, we found two cases in which the hours reported for an individual participating in a work activity were inaccurate. The Department of Human Resources failed to ensure accuracy of data for work participation activities which may result in an inaccurate work participation rate. This is a significant deficiency in internal controls.

The Department of Human Resources did not have adequate procedures in place to ensure that the information included on the TANF Data Report is accurate.

***Recommendation:***

The Department of Human Resources should establish and maintain effective internal controls to ensure accuracy in reporting work activities by work-eligible individuals on the TANF Data Report.

***Response/Views:***

We disagree. The finding statement declares that the Department of Human Resources failed to ensure accuracy of data for work participation activities which may result in an inaccurate work participation rate. This is a significant deficiency in internal controls. The Department of Human Resources did not have adequate procedures in place to ensure that the information included on the TANF Data Report is accurate.

We do agree with the findings of two cases "in which the hours reported for an individual participating in a work activity were inaccurate." We agree that the 2 of the 25 cases selected had the incorrect frequency for the number of employment hours entered which could potentially affect the work participation rate for Alabama.

***Corrective Action Planned:*** The two cases which involved an error in the frequency of the hours reported appear to be isolated and inadvertent in nature. Our policy requires verification and calculation of employment hours at the beginning of employment and reverification and calculation of employment hours in the fifth month of employment. Based on our JOBS policy, your review of 25 cases, potentially represents up to 200 calculations and your findings indicate only 2 calculation errors. Furthermore, our research indicates that the errors in the two cases addressed in your findings did not have an affect on the State's overall Work Participation Rate.

Additionally, we believe our supervisory reviews as well as a percentage of record re-reviews remain the best way to monitor accuracy of information entered in our system while basic and refresher training remains the course of prevention for information prior to entry into the system. Basic training for each new employee involves two weeks of intense, in person, interactive training. Refresher training or one to one support is provided as needed or requested by county staff. The official policy and automation helpdesk are staffed by specialists, who responds to questions daily. County consultants also perform re-reviews of the county's reviews and provide guidance as observed or requested. The stated purpose of these processes is to ensure systematic review of the work done in the family assistance program; to identify worker problems; to identify error trends and concentrations; and to monitor program performance.

At the county level information from that process can be used for worker performance assessment, local corrective action, to train new workers, to identify areas of strengths and weaknesses of staff. At the State level the process provides information to monitor program performance to include identifying problems and error trends by county, region and statewide. Analysis of this data provides a way to determine training needs and to evaluate performance standards and the impact of program changes.

The Division case record re-review process of the work of the supervisor provides yet another level of oversight to address the issues. Resulting corrective action from these reviews both at the County and State Office level can include additional individual worker or general staff training, program clarifications, as well as attention to the specific cases identified. Longstanding practice of such activity and experience tells us the process does prevent, detect, and correct errors. These errors have been discussed with the county worker and supervisor for case corrective action.

Finally, DHR is in the final stages of development of a new TANF and JOBS system and we have requested that the hours of participation field require a question regarding the frequency of hours listed.

***Anticipated Completion Date:*** December 31, 2024

***Contact Person(s):*** Fannie Ashley or Tessa Mitchell

***Signature of Responsible Official:*** *Amy A. Bunker* 9-6-24



# ALABAMA DEPARTMENT OF TRANSPORTATION

1409 Coliseum Boulevard  
Montgomery, Alabama 36110  
Finance and Audit Bureau  
Telephone: 334.242.6360



Kay Ivey  
Governor

John R. Cooper  
Transportation Director

***Auditee Response/Corrective Action Plan***  
***Section III – Federal Awards Findings and Questioned Costs***  
***Department of Transportation***  
***For the Year Ended September 30, 2023***

As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Alabama Department of Transportation has prepared and hereby submits the following Corrective Action Plan for the finding which is included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

**Finding  
Ref.  
No.**

**Corrective Action Plan Details**

**2023-004**

***Finding:***

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, dated May 2023, stipulates for a cost to be allowable under federal awards certain general criteria must be met, including costs that are adequately documented and necessary and reasonable for the performance of the federal award. The Alabama Department of Transportation (the “Department”) passed through a portion of the Formula Grants for Rural Areas and Tribal Transit Program federal award to subrecipients. One of the subrecipients requested and received reimbursement of program expenses. Subsequent to the payments of the invoices, the Department received information alleging that falsified or altered documents related to expenditures submitted by a subrecipient. Upon receipt of these allegations, the Department initiated a review of the supporting documents which had been submitted by the subrecipient. The review consisted of obtaining documents from vendors and comparing those documents to the ones submitted by the subrecipient. The results of this comparison indicated that the amounts owed and the description of goods and services provided columns had been changed. Nine of ten supporting documents for meeting expenses submitted for reimbursement by the subrecipient

during the audit period were altered and were not true and accurate. These altered supporting documents totaled \$94,123.56. The Alabama Department of Transportation reimbursed the subrecipient based on the altered documents and, therefore, improperly expended Formula Grants for Rural Areas and Tribal Transit Program federal award funds.

**Recommendation**

The Alabama Department of Transportation should take actions to ensure that all reimbursements of expenses are adequately documented, based on true and accurate supporting documentation, and to ensure costs are allowable under the federal award.

***Response/Views:***

We agree that there appears to have been falsified supporting documentation submitted by a subrecipient.

***Corrective Action Planned:***

Once we were made aware of the allegation, we began a thorough review of the subrecipient's invoices. Based on the information discovered during our review, we notified the Federal Transit Administration, Alabama Attorney General's Office, Alabama Ethics Commission, and the Alabama Department of Examiners of Public Accounts.

The Office of Inspector General for the U.S. Department of Transportation is currently investigating the case.

The subrecipient involved in this matter is no longer associated with our Transit Program. The duties that they performed were either moved to another subrecipient or in-house.

We have modified our invoice review process, and the changes have been applied to all subrecipients for the Transit Program.

***Anticipated Completion Date:***

We have taken the steps outlined above as of August 28, 2024.

***Contact Person(s):***

Jeff Hornsby, Chief Financial Officer



Scott Harris, M.D., M.P.H.  
STATE HEALTH OFFICER

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***Auditee Response/Corrective Action Plan***  
***Section III – Federal Awards Findings and Questioned Costs***  
***Department of Public Health***  
***For the Year Ended September 30, 2023***

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As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Alabama Department of Public Health has prepared and hereby submits the following Corrective Action Plan for the finding which is included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

**Finding  
Ref.  
No.**

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**Corrective Action Plan Details**

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**2023-005**

***Finding:***

*The Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, dated May 2023, stipulates for a cost to be allowable under federal awards certain general criteria must be met, including costs that are adequately documented and necessary and reasonable for the performance of the federal award. The Alabama Department of Public Health (ADPH) passed through a portion of the Immunization Cooperative Agreement federal award to subrecipients. During our audit, the ADPH's Office of Program Integrity (OPI) notified us that based on its investigation a subrecipient was not submitting adequate supporting documentation for reimbursement requests. A total of thirteen subrecipients requested and received reimbursement of program expenses during the fiscal year. Based upon procedures performed, we noted that of the 13 subrecipients who received federal award reimbursements, six did not provide adequate detailed documentation to support their requests for reimbursement. In addition, Forty-eight of the sixty-three invoices submitted for reimbursement by the subrecipients did not have adequate documentation resulting in questioned costs of \$8,478,032.39 and one of the invoices included an improper payment of \$2,600.00 for a total question cost of \$8,480,632.39.

***Recommendation:***

The Alabama Department of Public Health should take action to ensure that all reimbursements of expenses are adequately documented, based on true and accurate invoices, and to ensure costs are allowable under the federal award.

***Response/Views:***

We agree with the Examiners' finding; adequate documentation did not exist at the time of the audit to substantiate payments that resulted in questioned costs and improper payments. However, we do not concur with the total amount of the questioned costs cited in the report. ADPH's Office of Program Integrity initiated its own ongoing investigation. As this process continues, we are requesting additional documentation from the subrecipients, which will affect the questioned costs of this program.

***Corrective Action Planned:***

As noted, ADPH's Office of Program Integrity (OPI) has initiated its own internal on-going investigation. As part of that investigation, the Federal Grantor was notified of the situation and OPI is requesting supporting documentation from the sub grantees.

ADPH is strengthening the internal control system for grants management. ADPH has and will continue to develop internal grant training for all employees who handle any phase of grant activities or have managerial responsibility for a grant. ADPH is working to make this training mandatory. In addition, the Centers for Disease Control has grant training available which will be utilized. The Bureau of Financial Services is establishing a Grants Management Office and has distributed grant tools such as a standard Risk Assessment Form for grant program use.

Corrective action within the Immunization Division will include hiring additional staff to support the grant review and monitoring process. Immunization will implement the following procedures:

- Grant guidance will be reviewed semi-annually, or when updated, with program grant monitoring staff to ensure compliance.
- Invoices and supporting documentation for source documents will be reviewed against grant guidance as received by program staff and approved by Operations Manager or Division Director to ensure costs to the grant are reasonable, allowable, allocable, and consistently applied.
- Grant monitoring staff will ensure that all reimbursements of expenses are adequately documented, based on true and accurate invoices, and costs are allowable under the federal award.
- Invoices or vague requests requiring additional documentation will be held until the necessary information is provided.

- Ensure all program grant staff have access to and attend all available Finance and Grant training courses.
- Engage assigned Grant Accountant quarterly or as needed.
- Conduct a Risk Assessment on all new subrecipients within 30 days of a signed grant agreement which will be forwarded to OPI for review.
- Immunization staff will conduct a Risk Assessment on all current subrecipients within 60 days which will be forwarded to OPI for review.
- Immunization staff, along with Finance and OPI, will develop a subrecipient monitoring plan based on the Risk Assessment of each subrecipient. The monitoring plan will be completed within 30 days of the receipt of the completed Risk Assessment.
- Copies of all completed monitoring activities, as outlined in the monitoring plan, will be forwarded to OPI.

***Anticipated Completion Date:***

April 1, 2025

***Contact Person(s):***

Immunization:


Denise Strickland, Immunization Division Director  
Anitra Daniels, Immunization Operations Manager  
Harrison Wallace, Director, Bureau of Communicable Disease

Bureau of Financial Services

Shaundra B. Morris, Chief Accountant

Office of Program Integrity

Debra S. Thrash, Director



**Catherine M. Donald**  
**CFO & Public Health Administrative Officer**

Sep 23, 2024

**Date**



State of Alabama

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***Auditee Response/Corrective Action Plan***  
***Section III – Federal Awards Findings and Questioned Costs***  
***Department of Labor***  
***For the Year Ended September 30, 2023***

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As required by the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 2 CFR 200.511(c), the Alabama Department of Labor has prepared and hereby submits the following Corrective Action Plan for the findings which are included in the Schedule of Findings and Questioned Costs for the year ended September 30, 2023.

**Finding  
Ref.  
No.**

**Corrective Action Plan Details**

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**2023-006**

***Finding:***

According to the *Uniform Guidance*, 2 CFR 200.303(a), non-Federal entities receiving Federal awards must establish and maintain effective internal controls over these awards. These controls must provide reasonable assurance that the entity manages the Federal award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the award.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Labor to operate a Worker Profiling and Reemployment Services (WPRS) or Reemployment Services and Eligibility Assessments (RESEA) program. The Alabama Department of Labor operates a RESEA program. Under the RESEA program, Alabama Department of Labor staff must be promptly and appropriately notified of any eligibility issues identified during any review of a claimant’s information. Claimants are also required to attend appointments for reemployment to maintain their eligibility status.

The Alabama Department of Labor has controls in place to provide notification of claimants who failed to report to scheduled RESEA appointments, however those controls were not operating as designed. While reviewing 25 claimant’s information, we noted that 8 claimants failed to report to their scheduled

appointments for reemployment. These failures to appear are reported to staff at the Alabama Department of Labor and should prompt a stop of benefit payments; however, the Alabama Department of Labor did not stop payment on these 8 claimants which resulted in overpayments totaling \$8,884.00. There was also one instance where Alabama Department of Labor could not provide documentation to support staff was appropriately notified of the eligibility status for a claimant.

The Alabama Department of Labor's policies and procedures did not operate as designed to prevent payments to ineligible claimants. Because the Alabama Department of Labor's internal controls were not operating as designed, this caused benefits to be paid to ineligible claimants.

***Recommendation:***

The Alabama Department of Labor should ensure internal controls are operating as designed to help ensure payments are not made to ineligible claimants.

***Response/Views:***

ADOL does not agree with this finding as explained in the Request for Views CAP letter.

***Corrective Action Planned:***

Issues reported were beyond ADOL control due to another system shared by multiple state agencies being brought down due to cyberattack. The shared system is not the system of record for UI benefit payments. UI claim records were manually reviewed by UI staff and noted accordingly upon review. Additional measures and procedures have already been implemented in case of future occurrences.

***Anticipated Completion Date:***

Already corrected. System processes implemented in October 2023

***Contact Person(s):***

Thomas Daniel, ADOL Unemployment Compensation Division Director

**2023-007**

***Finding:***

According to the *Uniform Guidance*, 2 CFR 200.303 (a), non-Federal entities receiving Federal awards must establish and maintain effective internal controls over these awards. These controls must provide reasonable assurance that the entity manages the Federal award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the award. A fundamental objective of an effective internal control system is to ensure that information is accurate and reliable, which includes a thorough review and approval process.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Labor to ensure an employer's

experience rating is properly applied, as the employer's "experience" with the unemployment of former employees is the dominant factor in the computation of the employer's annual state Unemployment Insurance tax rate.

The Alabama Department of Labor was unable to provide audit documentation to support their review and approval of employer experience rated tax rates.

The Alabama Department of Labor did not have policies and procedures in place to document the review and approval of the employer experience rated tax rates. As a result, the employer experience related tax rates could be incorrect, resulting in potential overpayments or underpayments of taxes.

***Recommendation:***

The Alabama Department of Labor should develop and document internal controls over employer experience rated tax rates to help ensure they are accurate and properly applied.

***Response/Views:***

ADOL does not agree with this finding as explained in the Request for Views CAP letter.

***Corrective Action Planned:***

Procedures were in place to ensure accuracy of information. However, the support documentation of this verification was not retained during the time of this review.

***Anticipated Completion Date:***

Additional processes to retain support documentation of this verification have already been implemented.

***Contact Person(s):***

Thomas Daniel, ADOL Unemployment Compensation Division Director

***Signature of Responsible Official:***

Fitzgerald  
Washington

Digitally signed by Fitzgerald  
Washington  
Date: 2024.09.12 12:47:24  
-05'00'



State of Alabama

September 10, 2024

James Hall, State Audit Division Director  
Examiners of Public Accounts  
50 North Ripley Street, Room 3201  
Montgomery, AL 36104-3833

Dear Mr. Hall:

Please find below my official response to the findings related to the Alabama Department of Labor (ADOL) as shown in the letter received for the period October 1, 2022 through September 30, 2023.

The findings and recommendations included in the audit report are as follows:

**Finding 2023-006:**

According to the *Uniform Guidance*, 2 CFR 200.303(a), non-Federal entities receiving Federal awards must establish and maintain effective internal controls over these awards. These controls must provide reasonable assurance that the entity manages the Federal award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the award.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Labor to operate a Worker Profiling and Reemployment Services (WPRS) or Reemployment Services and Eligibility Assessments (RESEA) program. The Alabama Department of Labor operates a RESEA program. Under the RESEA program, Alabama Department of Labor staff must be promptly and appropriately notified of any eligibility issues identified during any review of a claimant's information. Claimants are also required to attend appointments for reemployment to maintain their eligibility status.

The Alabama Department of Labor has controls in place to provide notification of claimants who failed to report to scheduled RESEA appointments, however those controls were not operating as designed. While reviewing 25 claimant's information, we noted that 8 claimants failed to report to their scheduled appointments for reemployment. These failures to appear are reported to staff at the Alabama Department of Labor and should prompt a stop of benefit payments; however, the Alabama Department of Labor did not stop payment on these 8 claimants which resulted in overpayments totaling \$8,884.00. There was also one instance where Alabama Department of Labor could not provide documentation to support staff was appropriately notified of the eligibility status for a claimant.

The Alabama Department of Labor's policies and procedures did not operate as designed to prevent payments to ineligible claimants. Because the Alabama Department of Labor's internal controls were not operating as designed, this caused benefits to be paid to ineligible claimants.

***Recommendation***

The Alabama Department of Labor should ensure internal controls are operating as designed to help ensure payments are not made to ineligible claimants.

***Views of Responsible Officials:***

The vendor (GEOSOL) software service/system (AlabamaWorks!) used by ADOL Career Centers and other State agencies to record and report various employment services provided to individuals seeking jobs, training, and/or other services throughout the state experienced a cyberattack in June 2022. Because ADOL Employment Services uses this system to also record RESEA information for qualified applicants who are receiving unemployment benefits to confirm required job search activities, the referral of claimants to the Career Centers for profiling was suspended, temporarily, when the attack first occurred. GEOSOL was unable to correct issues as they first promised. ADOL mailed letters to unemployment recipients in June for July appointments at various Career Centers. Letters were also mailed in July for August appointments. The electronic file (FTR) received from AlabamaWorks! to update unemployment claimant records in the UI Benefits system (Data Station) was unable to be received during the time of the system outage. GEOSOL was not able to get their system back up until October 2022. Disqualifications for claimants was also suspended during the system downtime from June to October 2022. Although ADOL Unemployment Division was receiving some data from the Career Centers to continue processing claims, the AlabamaWorks! created more than 1700 (seventeen hundred) erroneous disqualifications when it was brought back online on October 4, 2022 and FTR files were transmitted to ADOL Unemployment system. A manual process to retrieve the correct data was implemented on October 5, 2022 between ADOL Unemployment and Employment Services staff. However, this was a tedious process and took time to review and manually update claims.

Upon review of the sampling noted by the Examiner's Office, the headers on the documentation spreadsheet provided appear to come from AlabamaWorks! not Data Station. After reviewing Data Station which is the system of record for benefit payments, we'd like to further clarify and notate additional information relating to the claims noted in the \$8,884.00 cited as possible questioned costs.

- Claimant [Burt] (\$1,145.00) cited for Failure to Report (FTR) on 07/20/22 with payments being made on 08/05/22 and 08/09/22 and having two payments made on 07/10/23 but no overpayment reported – The payments made in July 2023 were not related to the claim associated with the FTR noted in AlabamaWorks! for July 2022. This was a different claim, and no overpayment for claimant has occurred. Therefore, ADOL disagrees with the questioned costs for this claim.
- Claimant [Walker] (\$275.00) cited for FTR 01/12/23 and payment made 02/09/23 and overpayment was established – As noted, overpayment was established. Claimant was not shown on FTR file received from GEOSOL to set the issue in January 2023. A later FTR received 4/26/23 indicated the appointment issue and overpayment was established on 4/27/23.

- Claimant [Lolley] (\$2,200.00) cited for having payments between August 2022 and September 2022 marked and classified as overpayments on 10/07/22 but payment in December 2022 not classified as overpayment – The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued for August and September in error. As noted, overpayment was established on 10/07/22 shortly after FTR file received when system was back up. However, ADOL disagrees with the questioned costs associated with December 2022 payment. The payment in December was a different claim not associated with the claim payments made in August and September 2022 and was not an overpayment.
- Claimant [Delbridge] (\$585.00) cited for FTR 08/04/22 and overpayments established for 9 (nine) payments on 10/09/2022 – The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued in error. As noted, overpayment was established on 10/09/22 shortly after FTR file received and system was back up.
- Claimant [Parks] (\$1,592.00) cited for FTR 12/14/22 and payments made after failure to report with no overpayment established - Claimant was not on FTR file received from GEOSOL in December to set the issue. Additionally, claimant has never been documented on future FTR files to indicate an issue be set to cause an overpayment to be established.
- Claimant [Phillips] (\$960.00) cited for FTR 12/14/22 and payments made after failure to report with overpayment established 3/17/23 – Claimant was not on FTR file received from GEOSOL in December to set the issue. When reviewed manually, overpayment was noted.
- Claimant [Tyus] (\$1,375.00) cited for FTR 8/31/22 and overpayment established - The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued in error. As noted, overpayment was established on 10/11/22 shortly after FTR file received when system was back up.
- Claimant [Pitts] (\$752.00) cited for FTR 08/03/22 and overpayment established - The issue with the GEOSOL system being down, profiling and disqualifications suspended, and FTR’s being erroneously reported caused some payments to be issued in error. As noted, overpayment was established on 10/05/22 shortly after FTR file received when system was back up.
- Claimant [Doster] not properly documented to indicate eligibility status – Claimant has never been reported on FTR file received to set issue. Therefore, there’s nothing to document.

**Finding 2023-007**

According to the *Uniform Guidance*, 2 CFR 200.303 (a), non-Federal entities receiving Federal awards must establish and maintain effective internal controls over these awards. These controls must provide reasonable assurance that the entity manages the Federal award in compliance with applicable Federal statutes, regulations, and the terms and conditions of the award. A fundamental objective of an effective internal control system is to ensure that information is accurate and reliable, which includes a thorough review and approval process.

The *Uniform Guidance*, 2 CFR Part 200, Appendix XI Compliance Supplement, May 2023, requires the Alabama Department of Labor to ensure an employer’s experience rating is properly applied, as the employer’s “experience” with the unemployment of former employees is the dominant factor in the computation of the employer’s annual state Unemployment Insurance tax rate.

The Alabama Department of Labor was unable to provide audit documentation to support their review and approval of employer experience rated tax rates.

The Alabama Department of Labor did not have policies and procedures in place to document the review and approval of the employer experience rated tax rates. As a result, the employer experience related tax rates could be incorrect, resulting in potential overpayments or underpayments of taxes.

**Recommendation**

The Alabama Department of Labor should develop and document internal controls over employer experience rated tax rates to help ensure they are accurate and properly applied.

**Views of Responsible Officials:**

ADOL Unemployment Division does have a process in place where staff in the Experience Rating Section verify the tax rates for employers that are generated by the system before employers are notified through electronic posting or notices mailed. This section receives a sampling of approximately 500 Tax Rate Notices. The sampling is distributed and reviewed by staff within this section to determine accuracy in computation compared to applicable schedules and legibility. Communication between the staff and the supervisor is performed to discuss or notate any discrepancies. Once the verification is completed, the section supervisor notifies the appropriate person to generate the final notice through the Unemployment system and notify employers. The documentation of the samplings was not kept only the email confirmation of accuracy and to issue notices between the supervisor and UI system responsible person was kept for this review. However, procedures have been noted for support document retention and implemented for upcoming and future reviews.

Sincerely,

Fitzgerald  
Washington

Fitzgerald Washington  
Secretary

Digitally signed by Fitzgerald  
Washington  
Date: 2024.09.12 12:30:27  
-05'00'