

WIPFLI

John Wood Community College District #539

Federal Compliance Report

For the Year Ended June 30, 2025



John Wood Community College District #539

Year Ended June 30, 2025

Table of Contents

Independent Accountant’s Report on Compliance and on Internal Control over Compliance Required by the Uniform Guidance.....	1
Schedule of Expenditures of Federal Awards.....	5
Notes to Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings and Questioned Costs.....	7
Corrective Action Plan.....	10
Summary Schedule of Prior Audit Findings.....	11

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
John Wood Community College District #539
Quincy, Illinois

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited John Wood Community College District #539'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 its major federal programs for the year ended June 30, 2025. John Wood Community College District #539's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, John Wood Community College District #539 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Student Financial Assistance Cluster* for the year ended June 30, 2025.

Unmodified Opinion on TRIO Cluster

In our opinion, John Wood Community College District #539 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questions for the year ended June 30, 2025.

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 John Wood Community College District #539 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 John Wood Community College District #539's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, John Wood Community College District #539 did not comply with requirements regarding Student Financial Assistance Cluster as described in finding number 2025-001 for Special Tests and Provisions.

Compliance with such requirements is necessary, in our opinion, for John Wood Community College District #539 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 John Wood Community College District #539's federal programs.

Auditor's Responsibility 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 John Wood Community College District #539'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 John Wood Community College District #539'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 John Wood Community College District #539's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of John Wood Community College District #539'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 John Wood Community College District #539's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the business-type activities and the discretely presented component unit John Wood Community College District #539 for the year ended June 30, 2025, and issued our report thereon dated November 7, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP

Sterling, Illinois
March 9, 2026

John Wood Community College District #539

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2025

<i>Federal Grantor / Pass-Through Grantor / Program Title</i>	Federal Assistance Listing Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed Through to Subrecipients
U.S. Department of Energy				
Passed through Illinois Community College Board				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance				
IL Advancing Clean Energy	81.117	684-00-3448	\$16,615	0
U.S. Department of Education				
Direct Award:				
Student Financial Assistance Cluster:				
SEOG Grant Program (m)	84.007	P007AXX4750	76,764	0
Federal Work Study Program (m)	84.033	P033AXX4750	67,252	0
Pell Program (m)	84.063	P063PXX3576	4,086,536	0
Federal Direct Loan Program (m)	84.268	P268KXX3576	1,155,695	0
Total Student Financial Assistance Cluster			5,386,247	0
Direct Award:				
TRIO Cluster:				
Student Support Services (m)	84.042A	P042AXX0015	340,181	0
Talent Search (m)	84.044A	P047AXX0006	355,796	0
Upward Bound (m)	84.047A	P047AXX0088	364,579	0
Total TRIO Cluster			1,060,556	0
Passed through Illinois Community College Board:				
Career and Technical Education - Basic Grants to States:				
Perkins Postsecondary	84.048	CTE539-25	167,780	0
Passed through Illinois Community College Board:				
Adult Education - Basic Grants to States:				
Federal Basic Adult Education	84.002A	5390125	84,652	0
Total Department of Education			6,699,235	0
U.S. Department of Health and Human Services				
Child Care Development Fund Cluster:				
Passed through Illinois Student Assistance Commission:				
Early Childhood Access Consortium for Equity	93.575	not provided	4,831	0
			4,831	0
Corporation For National and Community Service				
Direct Program:				
Retired Senior Volunteer Program	94.002	19SRNIL007	119,822	0
Total federal awards expended			\$6,840,503	\$0

(m) Denotes major program

See Notes to Schedule of Expenditures of Federal Awards.

John Wood Community College District #539

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1: General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of John Wood Community College District #539 under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of John Wood Community College District #539, it is not intended to and does not present the financial position, changes in net position or cash flows of John Wood Community College District #539.

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

John Wood Community College District #539 has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Loan Program

For the year ended June 30, 2025, the College acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$1,155,695.

Note 5: Non-Cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2025.

Note 6: Other Federal Award Information

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2025.

John Wood Community College District #539

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major programs:
Cluster

Qualified Student Financial Assistance

Unmodified TRIO Cluster

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

Yes No

Identification of major programs

<u>ALN Number(s)</u>	<u>Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.042, 84.044, 84.047	TRIO Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes No

John Wood Community College District #539

Schedule of Findings and Questioned Costs (Continued)

Section II - Audit Findings in Relation to Financial Statements

No findings related to the financial statements.

Section III - Audit Findings and Questioned Costs in Relation to Federal Awards

2025-001 Special Tests and Provisions - Return of Title IV Funds

Federal Program Information:

Funding agency: US Department of Education
Title: Student Financial Assistance Cluster
AL number: 84.007, 84.033, 84.063, 84.268
Award year: 2025

Criteria or Specific Requirement: In accordance with 34 CFR 668.22, institutions are required to correctly calculate and return Title IV funds for students who withdraw from the institution. Additionally, 2 CFR 200.303 requires nonfederal entities to establish and maintain effective internal controls to ensure compliance with federal statutes, regulations, and program requirements.

Condition: The examination disclosed 5 students, out of 9 withdrawn student files tested, in which their Return of Title IV calculation was performed incorrectly.

Student A – According to the R2T4 calculation the date of determination is 3/25/25 which is before the date of withdrawal of 4/10/25. No funding was effected.

Student B – According to the R2T4 calculation the date of determination is 3/3/25 which is before the date of withdrawal of 3/31/25. The student was only eligible for 50% of their Title IV aid based on the College’s policies and procedures. The College should return \$808 to Pell.

Student C – According to the R2T4 calculation the date of determination is 2/20/25 which is before the date of withdrawal of 3/31/25. No funding was effected.

Student D – According to the R2T4 calculation the date of determination is 3/11/25 which is before the date of withdrawal of 4/17/25. The student is only eligible for 50% of Title IV funds according to the College’s policies and procedures, \$1,386.5 of Pell should be returned.

Student E – According to the R2T4 calculation the date of determination is 2/20/25 which is before the date of withdrawal of 2/21/25. No funding was effected.

Context: The errors were identified in a sample of withdrawn student files selected for compliance testing.

Questioned Costs: None. Known questioned costs totaled \$2,195. Based on sample results, likely questioned costs were evaluated and did not exceed the \$25,000 reporting threshold under 2 CFR §200.516.

Effect: As a result of the incorrect R2T4 calculations, the College returned an incorrect amount of Title IV funds.

John Wood Community College District #539

Schedule of Findings and Questioned Costs (Continued)

Cause: The College did not have sufficient controls in place to ensure the accuracy of data used in the R2T4 calculations, including the review and verification of calculation inputs prior to finalizing the return amount.

Repeat: No

Auditor's Recommendation: We recommend that the College strengthen its internal controls over the Return of Title IV process, including implementing additional review procedures to ensure R2T4 calculations are accurate and compliant with federal requirements prior to submission and return of funds.

View of Responsible Officials: Management acknowledges the finding and has prepared a corrective action plan.



Corrective Action Plan for Current Year Findings

2025-001 Special Tests & Provisions – Return of Title IV Funds

This Corrective Action Plan has been established by the Financial Aid and Registrar's Offices to resolve findings related to **Return of Title IV (R2T4)** calculation errors. The goal of this plan is to ensure 100% data integrity through enhanced system logic, multi-tier manual verification, and cross-departmental reconciliation.

Identify and Analyze Errors: The institution conducted a root-case analysis of the identified findings and determined the following:

R2T4 Transposition Errors: For five (5) student records, the "Date of School's Determination" (DOD) and the "Date of Withdrawal/Last Date of Engagement" (LDE) were inadvertently switched during manual entry into the COD system.

Corrective Standard: The **Withdrawal Date** must be verified as the actual Last Date of Engagement (LDE), while the **Date of Determination** must remain the Banner-stamped withdrawal date.

Develop and Implement Data Verification Processes: To prevent recurrence, the following "intrusive checks and balances" system has been implemented:

Multi-Tier R2T4 Review (Financial Aid) - A four-point verification process is now mandatory for all Pro-rata calculations:

- a. **Preparation:** Financial Aid Specialist calculates the return based on Banner data.
- b. **Validation:** Financial Aid Coordinator validates the LDE and DOD against the academic record.
- c. **Confirmation:** Financial Aid Manager reviews and confirms previous calculations based on LDE and Banner data.
- d. **Final Oversight:** The Director of Financial Aid performs the final verification check before and after the data is committed to the Common Origination and Disbursement (COD) system.
- e. **Standardization:** All calculations must include employee initials and date within the Pro-rata Calculation Form, based on the 4-point verification process above, to ensure internal record reconciliation.

Person(s) Responsible: Christine Genenbacher-Leinbach, Director of Financial Aid
Brittany McKeown, Head of Enrollment, Registrar, Financial Aid Services

Timing for Implementation: Currently implemented, as well as a retroactive check of prior R2T4 submissions, starting September 1, 2025. New verification tiers are active as of the current term to ensure immediate compliance without further incidents.

John Wood Community College District #539

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

The following summarizes the prior audit findings and corrective action taken:

June 30, 2024

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

II. Findings and Questioned Costs for Federal Awards

Finding 2024-001

Special Tests and Provisions - Enrollment Reporting

Funding Agency: US Department of Education

Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063, 84.268

Summary of prior audit finding: The College did not correctly report 6 out of 25 tested students' change in enrollment status to the NSLDS.

Status: This matter has been resolved.

June 30, 2023

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

II. Findings and Questioned Costs for Federal Awards

None