

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
June 30, 2009

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS
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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

Board of Trustees
Elgin Community College
District Number 509
Elgin, Illinois

We have audited the financial statements of the business-type activities and the discretely presented component unit that comprise the basic financial statements of Elgin Community College District 509 as of and for the year ended June 30, 2009, and have issued our report thereon dated August 27, 2009. We conducted our audit 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 College's discretely presented component unit, Elgin Community College, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Elgin Community College District 509's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Elgin Community College District 509's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Elgin Community College District 509's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Elgin Community College District 509's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Elgin Community College District 509's financial statements that is more than inconsequential will not be prevented or detected by Elgin Community College District 509's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Elgin Community College District 509's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Elgin Community College District 509 in a separate letter dated August 27, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elgin Community College District 509's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 09-01.

We noted certain matters that we reported to management of Elgin Community College District 509, in a separate letter dated August 27, 2009.

Elgin Community College District 509's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Elgin Community College District 509's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sikich LLP". The signature is written in a cursive, flowing style.

Aurora, Illinois
August 27, 2009



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Board of Trustees
Elgin Community College
District Number 509
Elgin, Illinois

Compliance

We have audited the compliance of Elgin Community College - Community College District 509 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Elgin Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Elgin Community College - Community College District 509's management. Our responsibility is to express an opinion on Elgin Community College - Community College District 509's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elgin Community College - Community College District 509's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Elgin Community College - Community College District 509's compliance with those requirements.

In our opinion, Elgin Community College - Community College District 509 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-01.

Internal Control Over Compliance

The management of Elgin Community College - Community College District 509 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Elgin Community College - Community College District 509's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Elgin Community College - Community College District 509's internal control over compliance.

A control deficiency in Elgin Community College - Community College District 509's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Elgin Community College - Community College District 509's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of federal program that is more than inconsequential will not be prevented or detected by the Elgin Community College - Community College District 509's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Elgin Community College - Community College District 509's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Elgin Community College - Community College District 509 as of and for the year ended June 30, 2009, and have issued our report thereon dated August 27, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and the use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aurora, Illinois
August 27, 2009

Sikich LLP

Elgin Community College
 Illinois Community College District No. 509
 Schedule of Expenditures of Federal Awards
 For the Year ended June 30, 2009

| GRANTOR | Federal CFDA Number | Grant Number | Grant Periods | Expenditures as of 6/30/09 |
|---|------------------------|----------------|---------------------|-------------------------------|
| Major Programs | | | | |
| U.S. Department of Education | | | | |
| Direct Programs: | | | | |
| Student Financial Aid Cluster: | | | | |
| PELL Grant | 84.063 | P063P040107 | 07/01/08 - 06/30/09 | \$ 4,394,229 |
| PELL Administrative Allowance | 84.063 | P063Q040107 | 07/01/08 - 06/30/09 | 9,155 |
| SEOG Grant | 84.063 | P007A041145 | 07/01/08 - 06/30/09 | 104,625 |
| SEOG Administrative Allowance | 84.063 | P007A041145 | 07/01/08 - 06/30/09 | 55 |
| College Work Study | 84.033 | P033A041145 | 07/01/08 - 06/30/09 | 114,398 |
| College Work Study Administrative Allowance | 84.033 | P033A041145 | 07/01/08 - 06/30/09 | 8,643 |
| Federal Direct Loans | 84.268 | P268K011271 | 07/01/08 - 06/30/09 | 4,514,076 |
| Academic Competitiveness Grant | 84.375 | P375A070107 | 07/01/08 - 06/30/09 | 54,975 |
| <hr/> | | | | |
| Total Student Financial Aid Cluster | | | | 9,200,156 |
| | | | | |
| TRIO Cluster: | | | | |
| Student Support Services | 84.042A | P042A061335 | 09/01/07 - 08/31/08 | 88,761 |
| Student Support Services | 84.042A | P042A061335 | 09/01/08 - 08/31/09 | 304,102 |
| Upward Bound | 84.047A | P047A080846 | 10/01/07 - 09/30/08 | 47,505 |
| Upward Bound | 84.047A | P047A080846 | 10/01/08 - 09/30/09 | 193,517 |
| <hr/> | | | | |
| Total TRIO Cluster | | | | 633,885 |
| Total Direct Programs | | | | <hr/> |
| Total U.S. Department of Education | | | | |
| <hr/> | | | | |
| Total Major Programs | | | | |
| Nonmajor Programs | | | | |
| U.S. Department of Labor | | | | |
| Passed through Kane County Department of Employment & Education: | | | | |
| LWIB 5 Youth Services | 17.259 | 08 02-992008 Y | 07/01/08 - 06/30/09 | 157,216 |
| LWIB 5 ARRA Summer Youth Program | 17.259 | | | 18,006 |
| Passed through Workforce Development Council of Northern Cook County: | | | | |
| LWIB 8 Youth Services | 17.258 | 2008-0701007 | 07/01/08 - 06/30/09 | 152,266 |
| LWIB 8 ARRA Summer Youth Program | 17.258 | 2009-0501007 | 5/1/09 - 10/30/09 | 25,066 |
| Total WIA Cluster | | | | <hr/> 352,554 <hr/> |

(This schedule is continued on the following page.)

| GRANTOR | Federal CFDA Number | Grant Number | Grant Periods | Expenditures as of 6/30/09 |
|--|----------------------------|------------------------|--|-----------------------------------|
| Passed through Employment and Training Administration: Community Based Job Training | 17.269 | CB-17320-08-60-A-17 | 04/1/2008 - 03/31/11 | 239,572 |
| Passed through Illinois Community College Board: Adult Education Bridge Program | 17.267 | AEB509 | 07/01/08 - 06/30/09 | 35,000 |
| Total U.S. Department of Labor | | | | 627,126 |
| U.S. Department of Health and Human Services Passed through Illinois Department of Human Services: TANF Job Placement | 93.558 | 81XK994000 | 07/01/08 - 06/30/09 | 102,695 |
| Total U.S. Department of Health and Human Services | | | | 102,695 |
| U.S. Department of Education Passed through Illinois Community College Board: Federal Adult Education EL/Civics Program | 84.002A 84.002A | 50901 50901 | 07/01/08 - 06/30/09 07/01/08 - 06/30/09 | 172,679 24,953 |
| | | | | 197,632 |
| Perkins Post Secondary | 84.048 | CTE50909 | 07/01/08 - 06/30/09 | 280,369 |
| CTE - Innovation | 84.048 | CTEL09509 | 07/01/08 - 06/30/09 | 23,635 |
| Academic Alignment Pilot Program | 84.048 | CTEL09008 | 07/01/08 - 06/30/09 | 100,000 |
| | | | | 404,004 |
| Partnership College and Career Success | 84.243 | 09PCCSS090 | 07/01/08 - 06/30/09 | 96,169 |
| Total Passed through the Illinois Community College Board | | | | 697,805 |
| Total U.S. Department of Education | | | | 697,805 |
| Small Business Administration Passed through the Illinois Department of Commerce and Economic Opportunity: Small Business Development Center- July 1, 2008 - December 31, 2008 Small Business Development Center- January 1, 2009 - December 31, 2009 | 59.037 59.037 | 09-181158 09-181158 | 07/01/08 - 12/31/08 01/01/09 - 06/30/09 | 61,442 24,302 |
| Total Passed through Illinois Department of Commerce and Economic Opportunity | | | | 85,744 |
| Total Small Business Administration | | | | 85,744 |
| Total Nonmajor programs | | | | 1,513,370 |
| Total Expenditures of Federal Awards | | | | \$ 11,347,411 |

The accompanying notes are an integral part of this statement.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

NOTES TO SCHEDULE OF FEDERAL AWARDS

June 30, 2009

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards has been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). It is a summary of the activity of Elgin Community College's federal awards program prepared on the accrual basis of accounting. Accordingly, expenditures are recognized when the liability has been incurred and revenues are recognized when the qualifying expenditure has been incurred.

Note B - Federal Loan Program

For the year ended June 30, 2009, Elgin Community College acted as a pass-through agency for Federal Stafford Loans (subsidized and unsubsidized) to students in the amount of \$4,514,076.

Note C - Other Information

Elgin Community College did not receive any federal insurance or federal non-cash assistance and did not provide any amounts to sub-recipients.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified not
considered to be material weaknesses? 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 not
considered to be material weaknesses? yes no

Type of auditor's report issued on compliance
for major programs: *unqualified opinion on Student
Financial Aid Program Cluster*
unqualified opinion on TRIO Cluster

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section .510(a)? yes no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------------------|---|
| 84.033, 84.063, 84.268, 84.375 | Student Financial Aid Program Cluster |
| 84.042, 84.047 | TRIO Cluster |

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 340,422

Auditee qualified as low-risk auditee? yes no

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2009

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

09-01 Student Financial Aid Cluster - Direct Loan Program - CFDA#84.268
Grant Period - Year Ended June 30, 2009

Condition: Out of the forty students selected for file testing, one student was noted as not being notified of the requirement of exit counseling for their federal student loan within the thirty day requirement.

Criteria: All students who receive federal student loans must participate in an exit counseling conference after they leave the institution. The College is required to notify these students within thirty days after ceasing attendance regarding the need for exit counseling.

Effect: This finding did not result in any questioned costs, however, under the Special Tests and Provisions Compliance Requirement for Direct Loans, an instance of non-compliance occurred when the student was not notified and therefore did not complete the exit counseling procedure.

Cause: The College's procedures for notifying all students of the requirement for exit counseling did not capture all the students who ceased attendance.

Recommendation: We recommend the College institute a policy to identify all students with loans who either transfer out of the College or fail to return to the College within a timely basis to comply with Department of Education regulations.

Corrective Action Plan

As part of our Default Management Plan, we have included a process to run a report that identifies those students who received a loan in the previous term and are not enrolled in the current term. The Advisors will run this report twice per year:

- Run in February to catch students who received a loan in fall, but haven't enrolled in spring term.
- Run in September to catch students who received a loan in spring, but haven't enrolled in fall term.
- Summer is optional.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2009

Section III - Federal Award Findings and Questioned Costs (Continued)

09-01 Student Financial Aid Cluster - Direct Loan Program - CFDA#84.268
Grant Period - Year Ended June 30, 2009 (Continued)

Corrective Action Plan (Continued)

The Technical Specialist will continue to monitor loan students who register and then drop their classes.

The Assistant Director also reviews "transmittal". This report will list those loans that aren't transmitting due to enrollment rule failure. The Assistant Director will then send the Advisors the names of those students who, in turn, require exit interviews.

Section IV - Prior Year Audit Findings

08-01 Student Financial Aid Cluster - CFDA#84.007, 84.033, 84.063, 84.268, 84.375
Grant Period - Year Ended June 30, 2008

Condition: During Title IV financial aid eligibility testing of the Student Financial Aid Cluster IV, one student out of a sample of forty did not give the College permission to credit their account with Title IV financial aid.

Criteria: Each student that is awarded federal financial aid must give the College permission to credit their account with the financial aid. A student is permitted to refuse any financial aid that is awarded to that student.

Effect: This Single Audit Finding would be considered a matter of non-compliance with respect to the Eligibility compliance requirement. This Single Audit Finding was reported in the Schedule of Findings and Questioned Costs for the year ended June 30, 2007 as Single Audit Finding 07-04.

Cause: The College did not review the student's file to note that a permission form was not signed by the student.

Recommendation: We recommend the College review each student's permission form giving the College permission to credit the student's account with Title IV financial aid prior to disbursing the financial aid.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2009

Section IV - Prior Year Audit Findings (Continued)

08-01 Student Financial Aid Cluster - CFDA#84.007, 84.033, 84.063, 84.268, 84.375
Grant Period - Year Ended June 30, 2008 (Continued)

Corrective Action Plan

A procedure has been put in place to review the *Institutional Aid Application*, which includes the *Permission to Credit* section, during the file intake and preparation processes. Since the file intake and file preparation duties are assigned to two different individuals, the *Permission to Credit* section will be reviewed by two individuals at two different times during the financial aid process.

A procedure has been agreed upon between the Financial Aid office and the Bookstore whereas when we receive a *Permission to Credit* form that is not signed, we will notify the Bookstore Manager immediately via email. The Bookstore Manager will then notify the Bookstore's front-line staff in order to prevent the student from charging books to their financial aid.

2009 Update

During our financial aid file test work performed in the current year we found no exceptions therefore it appears this finding from the prior year has been resolved.

08-02 Student Financial Aid Cluster - Academic Competiveness Grant CFDA#84.375,
Grant Period - Year Ended June 30, 2008

Condition: During the eligibility testing of the Academic Competiveness Grant (ACG) it was discovered that one student out of the entire population of eleven students who received the grant was not eligible to receive the first year grant of \$750. The student had graduated high school before January 1, 2006 and should not have received the ACG award.

Criteria: The Academic Competiveness Grant is awarded to students who have graduated high school after January 1, 2006.

Effect: This Single Audit Finding would be considered a matter of non-compliance with respect to the Eligibility compliance requirement and \$750 would be considered a questioned cost.

Cause: The College did not properly note the student's high school graduation date before awarding the Academic Competiveness Grant.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2009

Section IV - Prior Year Audit Findings (Continued)

**08-02 Student Financial Aid Cluster - Academic Competiveness Grant CFDA#84.375,
Grant Period - Year Ended June 30, 2008 (Continued)**

Recommendation: We recommend the College carefully review all Pell Grant recipients who are recent high school graduates to properly determine all ACG eligible students.

Corrective Action Plan

A point person has been selected within the Financial Aid office to review ACG eligibility for all students who self-certify through the application process or directly to the school. The point person has attended training sessions specifically designed for awarding ACG and will continue to seek guidance in this area.

The point person has recently developed an ACG eligibility checklist taken directly from the Federal Student Aid Handbook. A procedure has been put into place whereas the Registrar's office reviews and signs off on the "rigorous program of study" requirement. The financial aid point person is responsible for checking all other required criteria for ACG eligibility.

2009 Update

During our financial aid file test work performed in the current year we found no exceptions therefore it appears this finding from the prior year has been resolved.