

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
June 30, 2013



ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

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 government activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Elgin Community College District 509 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Elgin Community College District 509's basic financial statements, and have issued our report dated September 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Elgin Community College District 509's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Elgin Community College District 509's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elgin Community College District 509'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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Naperville, Illinois
September 16, 2013

A handwritten signature in black ink, appearing to be 'J. J. J.', is located to the right of the date.

INDEPENDENT AUDITOR'S 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 OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Elgin Community College District 509's compliance with the types of compliance requirements described on the (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of Elgin Community College District 509's major federal programs for the year ended June 30, 2013. Elgin Community College District 509's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Elgin Community College District 509's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Elgin Community College District 509's compliance.

Opinion of Each Major Federal Program

In our opinion, Elgin Community College District 509 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Elgin Community College District 509 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Elgin Community College District 509's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Elgin Community College District 509's internal control over compliance.

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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Elgin Community College District 509 as of and for the year ended June 30, 2013, and have issued our report thereon dated September 16, 2013, 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 OMB Circular A-133 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 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.

Naperville, Illinois
September 16, 2013

A handwritten signature in black ink, appearing to be 'MJP', is written in a cursive style.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

GRANTOR	Federal	Grant Number	Grant Periods	Federal
Major Programs				
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster:				
Federal PELL Grant	84.063	P063P100107	07/01/12 - 06/30/13	\$ 11,601,909
PELL Administrative Allowance	84.063	P063Q100107	07/01/12 - 06/30/13	20,630
Federal Supplemental Educational Opportunity Grants	84.007	P007A101145	07/01/12 - 06/30/13	204,936
SEOG Administrative Allowance	84.007	P007A101145	07/01/12 - 06/30/13	-
Federal Work Study Program	84.033	P033A101145	07/01/12 - 06/30/13	164,145
College Work Study Administrative Allowance	84.033	P033A101145	07/01/12 - 06/30/13	8,195
Federal Direct Student Loans	84.268	P268K110107	07/01/12 - 06/30/13	5,414,316
Total Student Financial Aid Cluster				17,414,131
Total U.S. Department of Education (major)				17,414,131
U.S. Department of Labor				
WIA Cluster				
Passed through Workforce Development Council of Northern Cook County:				
WIA Youth Program	17.259	2012-431-8-2/2012-531-8-2	07/01/12 - 12/31/12	85,646
WIA Adult Program	17.259	2012-431-8-2	01/01/13 - 06/30/13	80,362
WIA Adult Program	17.258	2012-0615019	07/01/12 - 12/31/12	24,031
Passed through Kane County Department of Employment & Education:				
WIA Youth Activities	17.259	ECC-2012YSR2R-01-OOS	07/01/12- 06/30/13	174,152
Total WIA Cluster				364,191
Total U.S. Department of Labor (major)				364,191
Total Major Programs				17,778,322
Nonmajor Programs				
U.S. Department of Education				
TRIO_Student Support Services	84.042A	P042A100415	09/01/12 - 08/31/13	321,467
TRIO_Student Support Services	84.042A	P042A100415-11	09/01/11 - 08/31/12	44,355
TRIO_Student Support Services	84.042A	P042A100883	09/01/12 - 08/31/13	182,099
TRIO_Student Support Services	84.042A	P042A100883-11	09/01/11 - 08/31/12	48,331
TRIO_Upward Bound	84.047A	P047A080846-09	10/01/12 - 09/30/13	258,067
TRIO_Upward Bound	84.047A	P047A080846-11	10/01/11 - 09/30/12	53,014
Total TRIO Cluster				907,333
Passed through Illinois Community College Board:				
Federal Adult Education- Basic Grants to States	84.002A	50901	07/01/12- 06/30/13	410,647
EL/Civics Adult Education- Basic Grants to States	84.002A	50901	07/01/12- 06/30/13	26,896
Accelerating Opportunity Implementation	84.002A	13A0509	07/01/12- 06/30/13	62,500
				500,043
Perkins Post-Secondary	84.048	CTE50913	07/01/12- 06/30/13	369,412
CTE - Innovation	84.048	CTEL13509	07/01/12- 06/30/13	12,507
CTE - STEM CCR Implementation and Mentoring	84.048	CTEL13007	11/16/12 - 08/31/13	21,568
				403,487
Bridging the Gap Curriculum Alignment	84.367A	13CA509	04/08/13 - 09/30/13	139
Title VI International Studies and Foreign Language	84.016A	P016A100049-11	07/01/12 - 06/30/13	4,836
Total U.S. Department of Education (nonmajor)				1,815,838

(This schedule is continued on the following page.)

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

GRANTOR	Federal	Grant Number	Grant Periods	Federal
U.S. Department of Veterans Affairs				
Post 9/11 Veterans Educational Assistance	64.028		07/01/12- 06/30/13	\$ 386,972
Total U.S. Department of Veteran Affairs				<u>386,972</u>
U.S. Department of Housing & Urban Development				
Hispanic Serving Institutions Assisting Communities	14.514	HSIAC-09-IL-24	07/01/12 - 8/31/12	<u>38,329</u>
Total U.S. Department of Housing & Urban Development				<u>38,329</u>
U.S. Department of Labor				
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-23795-12-60-A-17	10/01/12 - 09/30/16	<u>96,853</u>
Total U.S. Department of Labor (nonmajor)				<u>96,853</u>
U.S. Department of Health and Human Services				
Passed through Illinois Department of Human Services: Temporary Assistance for Needy Families (TANF)	93.558	81XL994000	07/01/12- 06/30/13	<u>72,402</u>
Total U.S. Department of Health and Human Services				<u>72,402</u>
Small Business Administration				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Small Business Administration	59.037	12-801158	07/01/12 - 12/31/12	32,620
Small Business Administration	59.037	13-801158	01/01/13 - 12/31/13	<u>47,804</u>
Total Small Business Administration				<u>80,424</u>
National Science Foundation				
Education and Human Resources	47.076	0903090	9/15/10 - 08/31/13	<u>65,735</u>
Total National Science Foundation				<u>65,735</u>
Total Nonmajor Programs				<u>2,556,553</u>
Total Expenditures of Federal Awards				<u>\$ 20,334,875</u>

The accompanying notes are an integral part of this statement.

ELGIN COMMUNITY COLLEGE
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NOTES TO SCHEDULE OF FEDERAL AWARDS

June 30, 2013

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 Direct Loan Program

For the year ended June 30, 2012, Elgin Community College acted as a pass-through agency for Federal Stafford Loans (subsidized and unsubsidized) to students in the amount of \$5,414,316.

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
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unmodified*

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

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes x no
Significant deficiency(ies) identified not
considered to be material weaknesses? _____ yes x no

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

unmodified opinion on Workforce
Investment Act Cluster

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

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

Section I - Summary of Auditor's Results (Continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268, 17.258, 17.259	Student Financial Aid Program Cluster Workforce Investment Act Cluster

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

12-01 MISSING EXIT COUNSELING DOCUMENTATION – STUDENT FINANCIAL AID CLUSTER - CFDA#s 84.007, 84.033, 84.063, 84.268, GRANT PERIOD - YEAR ENDED JUNE 30, 2012

Condition: During our student file testing we noted one student out of forty did not have documentation in their file to verify that exit counseling occurred after student ceased attendance. We consider the missing exit counseling to be an instance of non-compliance with the Eligibility Compliance Requirement.

Criteria: According to 34 CFR section 685.305 educational institutions awarding Title IV Direct Loans (Subsidized or Unsubsidized) must inform a student the need for exit counseling for any student who ceases attendance or officially withdraws from the institution. Exit counseling must be conducted either in person, by audiovisual presentation, or by interactive electronic means.

Effect: The College did not timely inform the student of responsibility to pay back their student loans during the required exit counseling interview.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section IV - Prior Year Audit Findings (Continued)

12-01 MISSING EXIT COUNSELING DOCUMENTATION – STUDENT FINANCIAL AID CLUSTER - CFDA#s 84.007, 84.033, 84.063, 84.268, GRANT PERIOD - YEAR ENDED JUNE 30, 2012 (Continued)

Cause: The College's internal controls did not timely detect the missing exit interview for the student.

Recommendation: We recommend the institution closely monitor all students who do not enroll in the following semester and students where a Return of Title IV aid is required to make sure all students who cease attendance receive notification of required exit counseling.

Corrective Action Plan:

We have sent an exit counseling letter to the one student reported in the above finding. For the Fall 2012 term, we have created an excel spreadsheet that tracks all Direct Loan students who do not return in the following term. We will use this spreadsheet to ensure that all non-returning students are sent the proper exit counseling information.

2013 Update

This Single Audit Finding was not repeated for the year ended June 30, 2013.

12-02 INCORRECT PELL DISBURSEMENT AMOUNT – STUDENT FINANCIAL AID CLUSTER - CFDA#s 84.007, 84.033, 84.063, 84.268, GRANT PERIOD - YEAR ENDED JUNE 30, 2012

Condition: During our student file testing we noted one student out of our sample of forty was not disbursed the correct amount of Pell Grant. This student changed their enrollment status from a half-time student to a three-quarter time student from the fall term to the spring term. As a result of this change the student was entitled to an additional Pell grant amount of \$693. We consider the incorrect disbursement amount to be an instance of non-compliance with the Eligibility Compliance Requirement.

Criteria: If a student is Pell eligible, they may qualify for a maximum Pell Grant award of \$5,550. The maximum amount is awarded to students with a zero Expected Family Contribution (EFC) and full-time enrollment status. Students with less than full-time enrollment or more than a zero EFC are eligible for an award less than the maximum.

Effect: The College did not identify the change in enrollment status which resulted in the student receiving \$693 less in their Pell Grant than the amount they were entitled.

ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section IV - Prior Year Audit Findings (Continued)

12-02 INCORRECT PELL DISBURSEMENT AMOUNT – STUDENT FINANCIAL AID CLUSTER - CFDA#s 84.007, 84.033, 84.063, 84.268, GRANT PERIOD - YEAR ENDED JUNE 30, 2012 (Continued)

Cause: The College's internal controls did not identify the change in enrollment status when the student enrolled for an additional course.

Recommendation: We recommend the institution closely monitor all changes to a student's enrollment status to ensure all students receiving financial aid are disbursed the correct amount.

Corrective Action Plan:

The PELL disbursement due to the student in the above single audit finding was disbursed to the student on May 7, 2012. For the Fall 2012 term, we have created a report that lists student's award, and enrollment status. We will run this report at the end of each term to ensure all awards match the student's enrollment status.

2013 Update

This Single Audit Finding was not repeated for the year ended June 30, 2013.