

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS**

SINGLE AUDIT REPORT

**For the Year Ended
June 30, 2014**

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS
TABLE OF CONTENTS**

	<u>Page(s)</u>
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 <i>Government Auditing Standards</i>	3-4
Independent Auditors’ 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.....	5-7
Schedule of Expenditures of Federal Awards.....	8-9
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs.....	11-13



630.566.8400 // www.sikich.com

1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

**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 the financial statements of the business-type activities and the aggregate discretely presented component unit of Elgin Community College District 509 (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise College's basic financial statements, and have issued our report thereon dated September 19, 2014. We conducted our audit in accordance with the 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 Elgin Community College Foundation (the Foundation) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College'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 College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College'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 College'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 College'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.

Sikich LLP

Naperville, Illinois
September 19, 2014



1415 W. Diehl Road, Suite 400
Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

**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 (the College) 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 College's major federal programs for the year ended June 30, 2014. The College'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 the College'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 Nonprofit 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 the College'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 the College'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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College'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

Management of the College 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 the College'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 College'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.

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

We have audited the financial statements the College as of and for the year ended June 30, 2014, and have issued our report thereon dated September 19, 2014, 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. 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.

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.

Sikich LLP

Naperville, Illinois
September 19, 2014

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

GRANTOR	Federal CFDA Number	Grant Number	Grant Periods	Federal Expenditures
MAJOR PROGRAMS				
U.S. Department of Education				
Direct Programs:				
Student Financial Aid Cluster:				
Federal PELL Grant	84.063	P063P100107	07/01/13 - 06/30/14	\$ 11,380,896
PELL Administrative Allowance	84.063	P063Q100107	07/01/13 - 06/30/14	19,755
Federal Supplemental Educational Opportunity Grants	84.007	P007A101145	07/01/13 - 06/30/14	207,005
Federal Work Study Program	84.033	P033A101145	07/01/13 - 06/30/14	136,796
College Work Study Administrative Allowance	84.033	P033A101145	07/01/13 - 06/30/14	7,024
Federal Direct Student Loans	84.268	P268K110107	07/01/13 - 06/30/14	<u>4,473,357</u>
Total Student Financial Aid Cluster				<u>16,224,833</u>
Perkins Post-Secondary	84.048	CTE50914	07/01/13 - 06/30/14	346,662
CTE - Innovation	84.048	CTEL14509	07/01/13 - 06/30/14	13,247
CTE - STEM CCR Implementation and Mentoring	84.048	CTEL13007	11/16/12 - 08/31/13	<u>50,000</u>
				<u>409,909</u>
Total U.S. Department of Education (major)				<u>16,634,742</u>
U.S. Department of Veterans Affairs				
Post 9/11 Veterans Educational Assistance	64.027		07/01/13 - 06/30/14	<u>372,514</u>
Total U.S. Department of Veteran Affairs				<u>372,514</u>
Total Major Programs				<u>17,007,256</u>
NONMAJOR PROGRAMS				
U.S. Department of Labor				
WIA Cluster				
Passed through Kane County Department of Employment & Education:				
WIA Youth Activities	17.259	ECC 2013-IYSRA-02-IS/00S	07/01/13 - 06/30/14	173,974
Passed through Workforce Development Council of Northern Cook County:				
WIA Youth Activities	17.259	2013-431/2012-531	07/01/13 - 06/30/14	177,141
WIA Youth Activities	17.259	2012-0615019	01/01/13-09/30/13	<u>4,987</u>
Total WIA Cluster				<u>356,102</u>
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-23795-12-60-A-17	10/01/12 - 09/30/16	<u>183,961</u>
Total U.S. Department of Labor				<u>540,063</u>

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

GRANTOR	Federal CFDA Number	Grant Number	Grant Periods	Federal Expenditures
NONMAJOR PROGRAMS				
U.S. Department of Education				
TRIO_Student Support Services	84.042A	P042A100415-13	09/01/13 - 08/31/14	\$ 306,516
TRIO_Student Support Services	84.042A	P042A100415	09/01/12 - 08/31/13	134,203
TRIO_Student Support Services - ESL	84.042A	P042A10083-13	09/01/13 - 08/31/14	136,867
TRIO_Student Support Services - ESL	84.042A	P042A100883	09/01/12 - 08/31/13	35,609
TRIO_Upward Bound	84.047A	P047A120747-13	10/01/13 - 09/30/14	168,818
TRIO_Upward Bound	84.047A	P047A080846-09	10/01/12 - 09/30/13	44,194
Total TRIO Cluster				<u>826,207</u>
Passed through Illinois Community College Board:				
Federal Adult Education- Basic Grants to States	84.002A	50901	07/01/13 - 06/30/14	416,490
EL/Civics Adult Education- Basic Grants to States	84.002A	50901	07/01/13 - 06/30/14	28,359
Accelerating Opportunity Implementation	84.002A	14A0509	07/01/13 - 06/30/14	62,500
				<u>507,349</u>
Bridging the Gap Curriculum Alignment	84.367A	13CA509	04/08/13 - 5/31/14	9,710
Total U.S. Department of Education (nonmajor)				<u>1,343,266</u>
U.S. Department of Health and Human Services				
Passed through Illinois Department of Human Services:				
Temporary Assistance for Needy Families (TANF)	93.558	FCSSG00075	07/01/13 - 06/30/14	71,347
Total U.S. Department of Health and Human Services				<u>71,347</u>
Small Business Administration				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Small Business Administration	59.037	12-801158	01/01/14 - 12/31/14	61,339
Small Business Administration	59.037	13-801158	01/01/13 - 12/31/13	34,321
Total Small Business Administration				<u>95,660</u>
National Science Foundation				
Education and Human Resources	47.076	0903090	9/15/10 - 08/31/13	52,799
Total National Science Foundation				<u>52,799</u>
Total Nonmajor Programs				<u>2,103,135</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 19,110,391</u></u>

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS**

NOTES TO SCHEDULE OF FEDERAL AWARDS

June 30, 2014

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, 2014, Elgin Community College acted as a pass-through agency for Federal Stafford Loans (subsidized and unsubsidized) to students in the amount of \$4,473,357.

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, 2014

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 no
Significant deficiency(ies) identified not
considered to be material weaknesses? yes no

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: *unmodified opinion* on Student
Financial Aid Program Cluster

unmodified opinion on Career and
Technical Education - Basic Grants
to States

unmodified opinion on Post 9/11
Chapter 33 Veterans Educational
Assistance

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

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509
ELGIN, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section III - Federal Award Findings and Questioned Costs

2014-001: Support for Federal Work Study Wages - Student Financial Aid Cluster - CFDA#s 84.007, 84.033, 84.063, 84.268 - Grant Period - Year Ended June 30, 2014

Condition: During our testing of the Federal Work Study Program we noted one student out of the twenty-five students tested did not have the proper support for twenty-eight hours of worked over two pay periods. The missing support related to the lack of a supervisor's approval of the hours worked by the student. Total questioned costs in this Single Audit finding amounted to \$231. We consider this finding to be an instance of noncompliance with relation to the Allowable Costs Compliance Requirement.

Criteria: According to 34 CFR 675.19, the institution must establish and maintain program and fiscal records that include a certification by the student's supervisor that each student has worked and earned the amount paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day.

Effect: The College did not have proper approval for twenty-eight hours worked by a student under the Federal Work Study Program which is reported as an instance of noncompliance and results in \$231 of questioned costs for the undocumented hours.

Cause: The College's internal controls did not identify the fact that hours worked by this student were not approved by a supervisor.

Recommendation: We recommend the College improve their payroll review process to ensure that all hours worked by Federal Work Study students are approved by a supervisor before students are paid for each payroll period.

Corrective Action Plan: Beginning February 1, 2015, the Payroll Department will run a report of unapproved timesheets on a periodic basis. The report of unapproved timesheets will be distributed electronically to senior level administrators to review the report, forward to any member of their team that has unapproved timesheets and follow up to insure all timesheets have been appropriately approved.

Section IV - Prior Year Audit Findings

None