

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

SINGLE AUDIT REPORT

For the Year Ended
June 30, 2017



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>	1-2
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 the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards.....	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs.....	9-11



**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 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 the business-type activities and the discretely presented component unit of Elgin Community College - Illinois Community College District No. 509 (the College) as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated October 3, 2017. The financial statements of Elgin Community College Educational 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 Elgin Community College Educational Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 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 the 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 College'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
October 3, 2017



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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, Illinois Community College District 509’s (the College) compliance with the types of compliance requirements described on the (*OMB Compliance Supplement*) that could have a direct and material effect on each of the College’s major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of 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 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). Those standards and Uniform Guidance 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, Illinois 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, 2017.

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 the Uniform Guidance, 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.

Purpose of 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 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 of the College as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise of the College's basic financial statements and have issued our report thereon dated October 3, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sikich LLP

Naperville, Illinois
October 3, 2017

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

GRANTOR	Federal CFDA	Grant Number	Grant Periods	Expenditures
MAJOR PROGRAMS				
U.S. Department of Education				
Direct Programs				
Student Financial Aid Cluster				
PELL Grant	84.063	P063P15017	7/1/16 - 6/30/17	\$ 8,658,506
PELL Administrative Allowance	84.063	P063Q150107	7/1/16 - 6/30/17	14,840
SEOG Grant	84.007	P007A151145	7/1/16 - 6/30/17	268,070
SEOG Grant Administrative Allowance	84.007	P007A151145	7/1/16 - 6/30/17	500
College Work Study	84.033	P033A151145	7/1/16 - 6/30/17	151,133
College Work Study Administrative Allowance	84.033	P033A151145	7/1/16 - 6/30/17	10,783
Federal Direct Loans	84.268	P268K160107	7/1/16 - 6/30/17	2,836,459
				<u>11,940,291</u>
Total U.S. Department of Education (Major)				<u>11,940,291</u>
Total Major Programs				<u>11,940,291</u>
NONMAJOR PROGRAMS				
U.S. Department of Education				
TRIO Cluster				
Student Support Services	84.042A	P042A151319-15	9/1/15 - 8/31/16	50,969
Student Support Services	84.042A	P042A151319-16	9/1/16 - 8/31/17	297,707
Student Support Services - ESL	84.042A	P042A151340-15	9/1/15 - 8/31/16	25,688
Student Support Services - ESL	84.042A	P042A151340-16	9/1/16 - 8/31/17	172,331
Upward Bound	84.047A	P047A120747-15	10/1/15 - 9/30/16	110,073
Upward Bound	84.047A	P042A151319-16	10/1/16 - 9/30/17	239,397
Talent Search	84.044A	P044A160920	9/1/16 - 8/31/17	117,464
				<u>1,013,629</u>
Total TRIO Cluster				<u>1,013,629</u>
Title III - Strengthening Institutions	84.031A	P031A160220	9/1/16 - 8/31/17	<u>141,844</u>
Passed Through Illinois Community College Board				
Federal Adult Education	84.002A	F5090117	7/1/16 - 6/30/17	560,740
EL/Civics Program	84.002A	F5090117	7/1/16 - 6/30/17	47,665
				<u>608,405</u>
Total Passed Through Illinois Community College Board				<u>608,405</u>
CTE Pathways to Results: Partnership and Planning for Student Success (year 1)	84.048	PTR1-50917	7/1/16 - 6/30/17	3,676
CTE Special Populations Support	84.048	SPS-50917	7/1/16 - 6/30/17	9,006
Perkins Post Secondary	84.048	CTE50917	7/1/16 - 6/30/17	361,276
				<u>373,958</u>
Total U.S. Department of Education (Nonmajor)				<u>2,137,836</u>
Total U.S. Department of Education				<u>14,078,127</u>

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2017

GRANTOR	Federal CFDA	Grant Number	Grant Periods	Expenditures
NONMAJOR PROGRAMS (Continued)				
U.S. Department of Labor Passed Through Kane County Department of Employment & Education LWIB 5 Youth Services - WIA	17.259	ECC PY2016-ISY-OSY	7/1/16 - 6/30/17	\$ 232,333
Passed Through Workforce Development Council of Northern Cook County LWIB 8 Youth Services - Youth Out of School	17.259	2016-531	7/1/16 - 6/30/17	<u>195,511</u>
Total U.S. Department of Labor				<u>427,844</u>
U.S. Department of Human Services Passed through Illinois Department of Human Services TANF Job Placement	93.558	FCSVG00075	7/1/16 - 6/30/17	<u>62,000</u>
Total U.S. Department of Health and Human Services				<u>62,000</u>
Small Business Administration Passed through the Illinois Department of Commerce and Economic Opportunity Small Business Development Center	59.037	16-801158	1/1/16 - 12/31/16	<u>30,282</u>
Total Small Business Administration				<u>30,282</u>
U.S. Department of Veterans Affairs Post 9/11 GI Bill	64.027	N/A	7/1/16 - 6/30/17	<u>366,649</u>
Total U.S. Department of Veteran Affairs				<u>366,649</u>
Total Nonmajor Programs				<u>886,775</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 14,964,902</u></u>

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

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 the 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, 2017, the College acted as a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$2,836,459.

Note C - Other Information

The College did not receive any federal insurance or federal noncash assistance and did not provide any amounts to subrecipients.

The College did not elect to use the 10% de minimus indirect cost rate.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

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? 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: *unmodified opinion* on Student
Financial Aid Program Cluster

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)? yes no

Identification of major federal programs:

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

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

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, 2017

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Audit Findings

2016-001: 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, 2016

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.

Condition/ Context: During our testing of the Federal Work Study Program we noted four students out of the forty students we tested did not have supervisor approval for the necessary support for eighty-three hours worked during the pay period tested. Total questioned costs in this Single Audit finding is \$685. We consider this finding to be a Significant Deficiency with relation to the Allowable Costs Compliance Requirement. This Single Audit finding is a repeat finding and is also reported in Section IV - Prior Year Audit Findings as Single Audit Finding 2015-001.

Statistical sampling was not used when making sample selections.

Effect: The District did not have proper approval for the eighty-three hours worked by four students under the Federal Work Study Program which is reported as a Significant Deficiency and results in \$685 of questioned costs for the undocumented hours.

Cause: An exception report of unapproved timesheets was created by the College in the Fall of 2015, however, the approval of the payroll for these federal work study students did not occur.

Recommendation: We recommend the District 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.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2017

Section IV - Prior Year Audit Findings (Continued)

2016-001: 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, 2016 (Continued)

Corrective Action Plan: In addition to a report of unapproved timesheets being distributed to senior level administrators for review and follow up, within 90 days of submission of this Corrective Action Plan, an in-depth review of procedures on how to monitor the timesheet approval process will take place. An emphasis will be placed on developing an additional report that shows who has and who has not submitted a timesheet at any time during the year. This additional report will allow further oversight and ensure tighter controls for the manager of the person that is not properly complying with the timesheet review/approval requirement.

We will also explore establishing an Administrative Procedure which will outline the timesheet approval process and/or update the current Administrative Procedure 2.202 - Payroll to include Payroll's responsibilities to comply with the timesheet review/approval requirement.

We will also explore the option of removing federal work study wages from being paid through the Payroll Office to disbursing Federal Work Study wages through the Student Accounts Office. In this scenario, the timesheet approval process will be monitored within the Financial Aid and Student Accounts offices.

2017 Status Update

This finding appears resolved and was not repeated for the year end June 30, 2017.