



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

SINGLE AUDIT REPORT

For the Year Ended June 30, 2019

A decorative background image showing a perspective view of a modern building's interior or exterior with a grid of lines and geometric shapes, overlaid with a semi-transparent teal and grey pattern.

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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
Corrective Action.....	12

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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 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, 2019, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 26, 2019. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
September 26, 2019

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**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 in 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, 2019. 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 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 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 the 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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.

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, 2019 and the related notes to financial statements, which collectively comprise of the College's basic financial statements and have issued our report thereon dated September 26, 2019 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
September 26, 2019

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

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	P063P180107	07/01/18 - 6/30/19	\$ 9,346,825
PELL Administrative Allowance	84.063	P063Q180107	07/01/18 - 6/30/19	<u>15,160</u>
				<u>9,361,985</u>
SEOG Grant	84.007	P007A181145	07/01/18 - 6/30/19	<u>290,567</u>
College Work Study	84.033	P033A181145	07/01/18 - 6/30/19	180,637
College Work Study Administrative Allowance	84.033	P033A181145	07/01/18 - 6/30/19	<u>11,603</u>
				<u>192,240</u>
Federal Direct Loans	84.268	P268K190107	07/01/18 - 6/30/19	<u>2,540,838</u>
Total Student Financial Aid Cluster				<u>12,385,630</u>
Total U.S. Department of Education (Major)				<u>12,385,630</u>
Total Major Programs				<u>12,385,630</u>
NONMAJOR PROGRAMS				
U.S. Department of Education				
TRIO Cluster				
Student Support Services	84.042A	P042A151319-19	9/01/18 - 08/31/19	360,028
Student Support Services	84.042A	P042A151319-18	9/01/17 - 08/31/18	50,468
Student Support Services - ESL	84.042A	P042A151340-19	9/01/18 - 08/31/19	166,138
Student Support Services - ESL	84.042A	P042A151340-18	9/01/17 - 08/31/18	<u>28,843</u>
				<u>605,477</u>
Upward Bound	84.047A	P047A170578-19	10/01/18 - 09/30/19	247,081
Upward Bound	84.047A	P047A170578-18	10/01/17 - 09/30/18	98,676
Upward Bound	84.047A	P047A170289-19	9/01/18 - 08/31/19	248,723
Upward Bound	84.047A	P047A170289-18	9/01/17 - 08/31/18	<u>82,210</u>
				<u>676,690</u>
Talent Search Grant	84.044A	P044A160920-19	09/01/18 - 08/31/19	<u>255,616</u>
Total TRIO Cluster				<u>1,537,783</u>

**ELGIN COMMUNITY COLLEGE
DISTRICT NUMBER 509**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2019

GRANTOR	Federal CFDA	Grant Number	Grant Periods	Expenditures
NONMAJOR PROGRAMS (Continued)				
U.S. Department of Education (Continued)				
ICAPS Strengthen Inst. Pathways	84.031A	P031A160220-19	10/01/18 - 09/30/19	\$ 271,969
ICAPS Strengthen Inst. Pathways	84.031A	P031A160220-18	10/01/17 - 09/30/18	<u>93,246</u>
				<u>365,215</u>
Passed Through Illinois Community College Board				
Federal Adult Education	84.002A	F5090119	7/1/18 - 6/30/19	529,465
EL/Civics Program	84.002A	F5090119	7/1/18 - 6/30/19	<u>60,000</u>
Total Passed Through Illinois Community College Board				<u>589,465</u>
Perkins Post Secondary	84.048	CTE50919	07/01/18 - 06/30/19	<u>377,599</u>
Total U.S. Department of Education				<u>2,870,062</u>
U.S. Department of Labor				
WIOA Cluster				
Passed Through Kane County Department of Employment & Education				
LWIB 5 Youth Services - WIA	17.259	ECC PY2017-ISY-OSY	7/1/18 - 6/30/19	350,451
Elgin Dream Academy - Expansion/Augmentation to original Kane contract	17.259	ECCPY3027-1SY-OSY	6/30/18 - 7/31/18	6,519
Passed Through Workforce Development Council of Northern Cook County				
LWIB 8 Youth Services - Youth Out of School	17.259	2017-531	7/1/18 - 6/30/19	<u>218,894</u>
Total WIOA Cluster				<u>575,864</u>
Total U.S. Department of Labor				<u>575,864</u>
National Endowment for the Arts				
Arts Midwest Touring Fund	45.025	1809891-61-18	10/21/18 - 11/15/18	<u>1,254</u>
Total National Endowment for the Arts				<u>1,254</u>
U.S. Department of Veterans Affairs				
Post 9/11 GI Bill	64.027	N/A	07/01/18 - 06/30/19	<u>297,496</u>
Total U.S. Department of Veteran Affairs				<u>297,496</u>
Total Nonmajor Programs				<u>3,744,676</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 16,130,306</u></u>

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

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, 2019, the College acted as a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$2,540,838.

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 minimis indirect cost rate.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

2019-001 Incorrect Pell Disbursement - Student Financial Aid Cluster CFDA 84.007, 84.033, 84.063, 84.268, Grant Period - Year Ended June 30, 2019

Criteria: According to 34 CFR 690.63 students may qualify for a maximum Pell Grant award of \$6,095 for an award year. 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 a reduced Pell award.

Condition: During our student file testing we noted one student out of forty had verification completed incorrectly which affected their Pell grant eligibility. The student did not have the correct amount of household income reported that caused an incorrect EFC which resulted in an incorrect Pell award. Based on the students' enrollment status and need, the College over awarded the student by \$600. We consider the over award of \$600 to be an instance of noncompliance relating to the Eligibility Compliance Requirement.

Statistical sampling was not used when making sample selections.

Sample Description	Sample		Population from which the Sample was drawn		
	OPEID	Students Receiving Pell (#)	Pell Disbursed (\$)	Students Receiving Pell (#)	Pell Disbursed (\$)
Eligibility Sample	00167500	36	\$88,029	3,079	\$9,346,825

**ELGIN COMMUNITY COLLEGE
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2019

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

2019-001 Incorrect Pell Disbursement - Student Financial Aid Cluster CFDA 84.007, 84.033, 84.063, 84.268, Grant Period - Year Ended June 30, 2019

Finding Number	Student Identifier	OPEID	Pell Disbursed (\$)	Pell Under-payment (\$)	Pell Over-payment (\$)
2019-001	33	00167500	\$5,445		\$600

Questioned Costs: \$600

Effect: One student received an over award of Pell in the amount of \$600, which would be considered a questioned cost and will need to be returned to the U.S. Department of Education.

Cause: The College's internal controls did not identify that incorrect amounts of Pell was awarded to the student. According to the Department of Education's Pell matrix chart, the student was over awarded Pell Grants in the amount of \$600.

Recommendation: We recommend the institution review awards to students to assure the proper amount of award is provided to the student.

Views of Responsible Officials: Management agrees with this finding and response is included in Corrective Action Plan.

Section IV - Prior Year Audit Findings

None

ELGIN COMMUNITY COLLEGE

Corrective Action Plan

For the Year Ended June 30, 2019

2019-001 Incorrect Pell Disbursement - Student Financial Aid Cluster CFDA 84.007, 84.033, 84.063, 84.268, Grant Period - Year Ended June 30, 2019Condition Found

During our student file testing we noted one student out of forty had verification completed incorrectly which affected their Pell grant eligibility. The student did not have the correct amount of household income reported that caused an incorrect EFC which resulted in an incorrect Pell award. Based on the students' enrollment status and need, the College over awarded the student by \$600. We consider the over award of \$600 to be an instance of noncompliance relating to the Eligibility Compliance Requirement.

Corrective Action Plan

The Financial Aid Advisor that reviewed the verification documents made a clerical error when reporting the household income which then led to an incorrect PELL award being disbursed to the student.

All Financial Aid Advisors are well seasoned and have been properly trained on how to complete the verification process. Management has discussed the importance of attention to detail when awarding financial aid with the Financial Aid Advisor that made the error as well as all staff in the Financial Aid Office.

After review of the Policies and Procedures Manual as well as discussion with staff, we do not feel this is a systemic issue that needs further internal controls in place, rather an isolated incident of a clerical error.

The error was immediately corrected and the correct amount of PELL was awarded.

Responsible Person for Corrective Action Plan

Amy Perrin

Implementation Date of Corrective Action Plan

May 13, 2019