



Washtenaw Community College

Year Ended
June 30, 2015

Single Audit Act
Compliance

WASHTENAW COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133

October 22, 2015

Board of Trustees
Washtenaw Community College
Ann Arbor, Michigan

We have audited the financial statements (not presented herein) of the business-type activities and the discretely presented component unit of *Washtenaw Community College* (the "College") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 22, 2015, which contained unmodified opinions 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 OMB Circular A-133 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.

Rehmann Robson LLC

WASHTENAW COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Education				
Student Financial Assistance:				
Supplemental Educational Opportunity Grant Program	84.007	Direct	P007A142100	\$ 274,062
Federal Work Study Program	84.033	Direct	P033A142100	226,594
Pell Grant Program	84.063	Direct	P063P140244	16,235,004
Pell Grant Administrative Allowance	84.063	Direct	P063Q140244	28,510
Federal Direct Student Loan Program	84.268	Direct	P268K150244	16,250,776
				<u>33,014,946</u>
Vocational Education Basic:			V048A140022	
Vocational Education Administrative Program	84.048A	MDE	153250/ 1525-27 V048A140022	17,411
Vocational Education Menu Program	84.048A	MDE	153510/ 1521-27 V048A140022	498,051
Michigan Post-Secondary Special POPS Council	84.048A	MDE	153290/ 1529-4 V048A140022	4,045
Michigan Community College Data and Evaluation Committee-15	84.048A	MDE	153360/ 1526	114,032
				<u>633,539</u>
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325N	UT	F-2015-103	3,262
Adult Basic Education - Basic Grants to States Program	84.002A	MDCD	151130-151437	144,936
Total U.S. Department of Education				<u>33,796,683</u>
U.S. Agency For International Development				
Higher Education For Development Programs-Awards	98.012	ACE	HED144-9722-JOR- 12-04	92,471

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WASHTENAW COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2015

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Small Business Administration				
Michigan Small Business Development Center - 2014	59.037	GVSU	SBA HQ-14-B-0024	127,477
Michigan Small Business Development Center - 2015	59.037	GVSU	SBA HQ-15-B-0051	147,517
Total U.S. Small Business Administration				274,994
U.S. Department of Labor				
Job Seekers - ES Washtenaw County - 2015	17.207	WCOCED	CR 43579/RFP 6699	286,769
Job Seekers - Trade Washtenaw County - 2015	17.207	WCOCED	CR 43579/RFP 6699	14,986
Job Seekers - Trade 2 Washtenaw County - 2015	17.207	WCOCED	CR 43579/RFP 6699	59,968
				361,723
Trade Adjustment Assistance Community College & Career Training	17.282	Direct	TC-23792-12-60-A- 26	1,014,886
Total U.S. Department of Labor				1,376,609
U.S. Department for Health and Human Services				
Job Seekers - PATH Washtenaw County	93.558	WCOCED	G-1302MITANF/ CR44407	7,495
Chafee Foster Care Independence Program	93.674	MDHHS	YIT 15-99002	362
Total U.S. Department for Health and Human Services				7,857
U.S. Department of Transportation				
Motorcycle Safety 2014	20.616	MDS	500012	4,973
Motorcycle Safety 2015	20.616	MDS	500012	1,715
Total U.S. Department of Transportation				6,688
Total Expenditures of Federal Awards				\$ 35,555,302

concluded.

See notes to schedule of expenditures of federal awards.

WASHTENAW COMMUNITY COLLEGE

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Washtenaw Community College (the "College") under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the net position, changes in net position or cash flows of the College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. OTHER FEDERAL REVENUE

The College had the following loan balances outstanding at June 30, 2015. These loan balances are not included in the federal expenditures presented in the Schedule.

Cluster/Program Title	CFDA Number	Amount Outstanding
Federal Perkins Loan Program	84.038	\$ 30,523

4. OTHER ADJUSTMENTS

During the year ended June 30, 2015, the College carried forward \$14,989 from the 2014-2015 Supplemental Educational Opportunity Grant Program (84.007) to the 2015-2016 award year. During the year ended June 30, 2015, the College carried forward \$23,191 from the 2014-2015 Federal Work Study Program (84.033) to the 2015-2016 award year.

WASHTENAW COMMUNITY COLLEGE

Notes to Schedule of Expenditures of Federal Awards

5. PASS-THROUGH ENTITIES

The College receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Entity Abbreviation	Pass-through Entity Name
ACE	American Council on Education
GVSU	Grand Valley State University
MDCD	Michigan Department of Career Development
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MDS	Michigan Department of State
UT	University of Toledo
WCOCED	Washtenaw County Office of Community and Economic Development

6. SUBRECIPIENTS

The College administers certain federal awards programs through subrecipients. Those subrecipients are not considered part of the College's reporting entity. Of the federal expenditures presented in the Schedule, the College provided federal awards to subrecipients as follows:

Program Title	CFDA Number	Amount Provided to Subrecipients
Higher Education For Development:		
William Davidson Institute	98.012	\$ 30,750
Al Quds College	98.012	26,460
		<u>\$ 57,210</u>

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INDEPENDENT AUDITORS' 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*

October 22, 2015

Board of Trustees
Washtenaw Community College
Ann Arbor, Michigan

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 *Washtenaw Community College* (the "College"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 22, 2015.

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

Rehmann Lohorn LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

October 22, 2015

Board of Trustees
Washtenaw Community College
Ann Arbor, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of *Washtenaw Community College* (the "College") with the types of compliance requirements described in the *2 CFR 200 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, 2015. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Independent Auditors' 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 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 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 on Each Major Federal Program

In our opinion, the College 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, 2015.

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 2015-001. 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 it.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The College's response to the internal control over compliance 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 it.

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.

Rehmann Lobson LLC

WASHTENAW COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes

X no

Significant deficiency(ies) identified?

_____ yes

X none reported

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?

X yes

_____ none reported

Type of auditors' report issued on compliance for the major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?

X yes

_____ no

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.007/84.033/84.063/84.268
84.048A

Student Financial Assistance Cluster
Vocational Education Basic Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

X yes

_____ no

WASHTENAW COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

WASHTENAW COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-001 - Reporting Disbursement of Pell Grants

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests and Provisions).

Program. Student Financial Aid Cluster; U.S. Department of Education; CFDA Number 84.063; Award Number P063P140244.

Criteria. Per OMB Circular A-133, institutions must report student payment data through the Common Origination and Disbursement (COD) System within 30 calendar days after the school makes a payment to a student; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 30 calendar days, bi-weekly, weekly or may set up their own system to ensure that changes are reported in a timely manner.

Condition. The College reported Pell disbursements for 6 students who received Pell grants between July 1, 2014 and June 30, 2015 after the 30 day deadline.

Cause. The College's submission of Pell origination records for six students had been initially rejected by COD. As a result of this initial rejection, the College's transmission of the student's disbursement record was not processed by COD. The College detected that these disbursement records were not processed by COD when it reconciled the funds that it disbursed to students with the total disbursements reported to COD. The College subsequently corrected the origination record, which was accepted by COD, and the disbursement record was properly transmitted at that time. This correction of the origination record and resubmission of the disbursement record did not occur within 30 days of the disbursements to these six students, however.

Effect: As a result of this condition, the College did not report the Pell disbursements timely to COD for certain Pell recipients.

Questioned Costs: No costs have been questioned as a result of this finding inasmuch as no disallowed costs were identified.

Recommendation. We recommend that the College put in place procedures and controls to monitor and track records rejected by COD to ensure that they are corrected in a timely manner.

View of Responsible Officials. The college has implemented three internal control strategies to ensure all rejected Pell origination records were identified, corrected and accepted by COD within the required timeframe:

- 1) The College submits Pell origination and disbursement records to COD two times per week to ensure timely reporting of transactions. A response file is then received back by the College from COD. That file contains information on all reported transactions, including rejected Pell origination records. The College now has an improved process by which rejected origination records will be identified in the response file. The reason for the reject will be corrected and resubmitted to COD by the next submission. These Pell records will be monitored to ensure the origination is accepted by COD.

WASHTENAW COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- 2) A companion report has also been created that identifies students who have a rejected Pell origination record in Banner. This report contains the date of the rejection which will help to ensure timely reporting to COD.
- 3) Improvements have been made to the monthly reconciliation process in Banner to include all rejected origination records. While the Pell account will continue to be reconciled monthly, the College will run the Banner process twice per month to identify and correct student records with a rejected Pell origination.

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WASHTENAW COMMUNITY COLLEGE

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2015

Finding 2014-SA-01 Immaterial Non-Compliance/ Significant Deficiency in Internal Control Over Compliance.
Student Financial Aid Cluster; received directly from the U.S. Department of Education; CFDA
Numbers 84.007, 84.033, 84.063, and 84.269
Special Tests and Provisions

The College did not report graduation status changes to NSLDS within the time requirements of the Student Financial Aid program. The College updated its procedure for reporting graduates to the Clearinghouse, so that the 60 day requirement would be met. There were no incidents of late reporting of graduates noted in the current year.

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