

# C.S. Mott Community College

Year Ended  
June 30, 2012

Single Audit Act  
Compliance

# C.S. MOTT COMMUNITY COLLEGE

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of Federal Awards	3 - 5
Notes to Schedule of Expenditures of Federal Awards	6 - 7
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 <i>Government Auditing Standards</i>	8 - 9
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	10 - 11
Schedule of Findings and Questioned Costs	12 - 13
Summary Schedule of Prior Audit Findings	14



This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

October 17, 2012

To the Board of Trustees  
C.S. Mott Community College  
Flint, Michigan

We have audited the basic financial statements of the business-type activities and discretely presented component unit of *C.S. Mott Community College* (the "College"), as of and for the year ended June 30, 2012, and have issued our report thereon dated October 17, 2012. Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the College's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



This page intentionally left blank.

# C.S. MOTT COMMUNITY COLLEGE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Award Amount	Federal Expenditures
<b>U.S. Department of Education</b>				
Student Financial Aid Cluster:				
Supplemental Educational Opportunity Grant	84.007	Direct	\$ 372,724	\$ 239,536
Federal Work Study	84.033	Direct	315,163	310,793
Pell Grant	84.063	Direct	30,944,544	30,871,349
Federal Direct Loan Program	84.268	Direct	-	32,582,409
Academic Competitiveness Grant	84.375	Direct	18,068	375
			<u>31,650,499</u>	<u>64,004,462</u>
TRiO Cluster:				
Student Support Services 10/11	84.042A	Direct	364,635	39,314
Student Support Services 11/12	84.042A	Direct	353,331	261,008
Upward Bound - Flint 11/12	84.047	Direct	339,004	353,031
Upward Bound - Flint 12/13	84.047	Direct	367,341	20,788
Upward Bound - Beecher 10/11	84.047	Direct	250,000	63,012
Upward Bound - Beecher 11/12	84.047	Direct	242,250	209,911
			<u>1,916,561</u>	<u>947,064</u>
Career and Technical Education - Basic Grants to State:				
POS - Culinary Arts	84.048A	MDELEG	7,500	1,959
POS - Electronic/Electric	84.048A	MDELEG	7,500	1,723
POS - Graphic Design	84.048A	MDELEG	7,500	2,658
POS - Auto Tech (year 2)	84.048A	MDELEG	10,000	4,400
POS - Graphic Design (year 2)	84.048A	MDELEG	10,000	5,541
Perkins - Local Leadership	84.048	MDE	18,400	18,400
Perkins - CAP - Automotive	84.048	MDE	1,615	1,510
Perkins - CAP - OTA/PTA	84.048	MDE	863	829
Perkins - CAP - Professional Development Auto	84.048	MDE	1,602	1,354
Perkins - CAP - Professional Development Accountin	84.048	MDE	2,022	1,989
Perkins - CAP - CDA Coach Training	84.048	MDE	500	350
Perkins - Regional Allocation	84.048	MDE	873,006	873,006
			<u>940,508</u>	<u>913,719</u>
Fund for the Improvement of Postsecondary Education:				
Center for Advanced Manufacturing FIPSE #2	84.116Z	Direct	190,000	100,667
Center for Advanced Manufacturing FIPSE #3	84.116Z	Direct	200,000	39,533
			<u>390,000</u>	<u>140,200</u>
College Positive Communities	84.378A	MCC	12,000	7,861
<b>Total U.S. Department of Education</b>			<u>34,909,568</u>	<u>66,013,306</u>
<b>U.S. Department of Agriculture</b>				
Supplemental Nutrition Assistance Program (SNAP) Cluster:				
FAET	10.561	CA	121,576	112,060
FAET - Supportive Services	10.561	CA	3,838	1,479
			<u>125,414</u>	<u>113,539</u>

continued...

C.S. MOTT COMMUNITY COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Award Amount	Federal Expenditures
U.S. Department of Defense				
IOFIS #2	12.420	USAMRAA	\$ 699,000	\$ 516,390
TACOM:				
TACOM - RPDDP	12.431	ARMY	2,050,000	151,052
TACOM - IAMMS #1	12.431	ARMY	1,968,000	667,936
TACOM - IAMMS #2	12.431	ARMY	1,079,923	31,663
			<u>5,097,923</u>	<u>850,651</u>
REAP - 2011	12.431	Direct	26,000	682
Total U.S. Department of Defense			<u>5,822,923</u>	<u>1,367,723</u>
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	Direct	5,603	1,423
ARRA - COPS Hiring recovery	16.710	Direct	166,401	50,472
Total U.S. Department of Justice			<u>172,004</u>	<u>51,895</u>
U.S. Department of Labor				
Employment Services Cluster:				
Earn & Learn	17.207	CA	90,000	55,475
Wagner Peysen	17.207	CA	39,000	39,000
Employment Services	17.207	CA	198,064	(23,574)
Employment Services	17.207	CA	157,665	193,212
			<u>484,729</u>	<u>264,113</u>
Trade Adjustment Assistance:				
TAA - Case Management Funds	17.245	CA	64,040	60,124
TAA - Emergency Claimants	17.245	CA	27,593	9,840
Trade	17.245	CA	183,936	183,936
			<u>275,569</u>	<u>253,900</u>
Workforce Investment Act (WIA) Cluster:				
Adult - Genesee	17.258	CA	136,654	136,654
Adult - Shiawassee	17.258	CA	77,035	77,035
Adult	17.258	CA	198,235	198,235
Dislocated - Genesee	17.278	CA	101,485	101,485
NWLB - Shiawassee	17.278	CA	2,441	2,441
ECAR - WIA/GJI	17.258/17.259/17.260	CA	72,702	33,048
NWLB - Genesee	17.258/17.259/17.260	CA	307,408	307,408
NWLB - Genesee	17.258/17.259/17.260	CA	(124,792)	(124,792)
Earn & Learn - SWA	17.258/17.259/17.278	CA	200,000	194,174
WIA Admin	17.258/17.259/17.278	CA	41,000	41,000
			<u>1,012,168</u>	<u>966,688</u>
Community Based Job Training	17.269	SC4	268,047	268,047

continued...

C.S. MOTT COMMUNITY COLLEGE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2012

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Award Amount	Federal Expenditures
Youth Build:				
Youth Build 1	17.274	METRO	\$ 135,750	\$ 88,890
Youth Build 2	17.274	METRO	150,000	30,494
			<u>285,750</u>	<u>119,384</u>
Program of Competitive Grants for Worker Training and Placement:				
ARRA - Pathways Out of Poverty	17.275	Direct	3,662,403	1,933,122
ARRA - SESP	17.275	CA	333,755	177,854
			<u>3,996,158</u>	<u>2,110,976</u>
Workforce Investment Act (WIA) National Emergency Grant:				
NEG	17.277	CA	813,155	172,150
NEG - OJT	17.277	CA	30,000	2,987
			<u>843,155</u>	<u>175,137</u>
Total U.S. Department of Labor			<u>7,165,576</u>	<u>4,158,245</u>
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF) Cluster:				
Jet - Subsidized	93.558	CA	209,500	189,652
Jet - VET	93.558	CA	107,750	88,501
			<u>317,250</u>	<u>278,153</u>
Total Expenditures of Federal Awards			<u>\$ 48,512,735</u>	<u>\$ 71,982,861</u>

See notes for schedule of expenditures of federal awards.



# C.S. MOTT 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 C.S. Mott Community College (the "College") under programs of the federal government for the year ended June 30, 2012. 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 financial position, changes in net assets 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### 3. ADJUSTMENTS AND TRANSFERS

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2012, the College transferred \$93,181 of the 2011-2012 federal Supplemental Education Opportunity Grant (84.007) to the 2011-2012 Federal work Study Program (84.003) award, which it spent in the 2011-2012 award year.

### 4. GRANT AUDITOR REPORT

Management has utilized Form R-710 and the Cash Management System (CMS) Grant Auditor Report in preparing the Schedule. Unreconciled differences, if any, have been disclosed to the auditor.

# C.S. MOTT COMMUNITY COLLEGE

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### 5. PASS-THROUGH AGENCIES

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 Agency Abbreviation	Pass-through Agency Name
CA	Career Alliance
ARMY	United States Army
MCC	Michigan Campus Compact
MDE	Michigan Department of Education
MDELEG	Michigan Department of Energy, Labor and Economic Growth
METRO	Metro Housing Partnership
SC4	St. Clair County Community College
USAMRAA	United States Army Medical Research Acquisition Activity



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 17, 2012

To the Board of Trustees  
C.S. Mott Community College  
Flint, Michigan

We have audited the financial statements (not presented herein) of the business-type activities and the aggregate discretely presented component unit of *C.S. Mott Community College* (the "College"), as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the College, and have issued our report thereon dated October 17, 2012. We conducted our audit 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 Foundation for Mott Community College, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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*.

We noted certain other matters that we reported to management of the College in a separate letter dated October 17, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lehmann Johnson".

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

October 17, 2012

To the Board of Trustees  
C.S. Mott Community College  
Flint, Michigan

Compliance

We have audited *C.S. Mott Community College's* (the "College") compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2012. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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 and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, the College complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, 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 2012-SA-01.

## Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-SA-01. 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.

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Trustees, others within the organization, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



# C.S. MOTT COMMUNITY COLLEGE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unqualified

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 major programs: Unqualified

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

12.420  
17.275

Military Medical Research and Development - IOFIS  
ARRA - Program of Competitive Grants for Workers  
Training and Placement

84.007/84.033/84.063/84.268/84.375  
84.042A/84.047

Student Financial Aid Cluster  
TRiO Cluster

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

# C.S. MOTT COMMUNITY COLLEGE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

### SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### 2012-SA-01 - Pell Funding Disbursements

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

**Program.** Student Financial Aid Cluster; U.S. Department of Education; CFDA Numbers 84.007, 84.033, 84.063, 84.268, and 84.375.

**Criteria.** The institution has discretion in disbursing funds within a payment period, but must disburse the full amount before the end of the payment period. A payment period is defined as academic terms (semesters, trimesters or quarters).

**Condition.** In our sample of 60 student files, there was one students (two instances) for which the student's Pell funds were not disbursed at the correct amount and the correction of the student's funding was not made timely, within the academic period.

**Cause.** This condition appears to be the result of the lack of the College's review of the Pell disbursements and the appropriate tracking of the student's registration during the academic period in order to determine the appropriate amount of funds were disbursed to the student.

**Effect:** As a result of this condition, the College awarded the student with the incorrect amount of Pell funds (1 instance of over-funded and 1 instance of under-funded) during the academic term. The correction to the student's account was not performed in a timely manner, including one of the instances which was unnoticed until the file was selected for review during the audit.

**Questioned Costs:** \$693, net of both instances.

**Recommendation.** We recommend that the College ensure that procedures are in place to verify that all students are receiving the appropriate amount of financial aid as established in the Federal Pell Grant Program Payment Schedules.

**View of Responsible Officials.** The College acknowledges and accepts responsibility for this finding. Upon researching further, we discovered this was due to a system error known to both the software provider and the financial aid staff. We have developed an alternate process for these instances that will insure that the proper amounts are awarded. This includes changing the data input process so that the intended subroutine will control the award instead of a manual process. In addition, we plan on improving the process for reviewing accounts for manual over/under awarding situations by monitoring a newly created report in order to correct such situations in a timely manner.



## C.S. MOTT COMMUNITY COLLEGE

### **SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

For the Year Ended June 30, 2012

Finding 2011-1 - Eligibility - CFDA # 84.042 - TRiO Cluster

This finding has been corrected for the 2012 fiscal year.

Finding 2011-2 - Allowable Costs - CFDA # 84.042 - TRiO Cluster

This finding has been corrected for the 2012 fiscal year.

Finding 2011-3 - Disbursement of Funds - CFDA # 84.007 - Student Financial Aid Cluster

This finding has been corrected for the 2012 fiscal year.

■ ■ ■ ■ ■