

C.S. Mott Community College

**Federal Awards
Supplemental Information
June 30, 2017**

Independent Auditor's Reports:

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Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
C.S. Mott Community College

We have audited the basic financial statements of C.S. Mott Community College (the "College") and its discretely presented component unit of as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 7, 2017, which contained unmodified opinions on the financial statements of the College and its discretely presented component unit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 7, 2017.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 basic 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 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.

Plante & Moran, PLLC

November 7, 2017

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*

Independent Auditor's Report

To Management and the Board of Trustees
C.S. Mott Community College

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 C.S. Mott Community College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 7, 2017. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered C.S. Mott Community 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 College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Trustees
C.S. Mott Community College

Compliance and Other Matters

As part of obtaining reasonable assurance about whether C.S. Mott Community 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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 7, 2017

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
C.S. Mott Community College

Report on Compliance for Each Major Federal Program

We have audited C.S. Mott Community College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2017. C.S. Mott Community 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's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of C.S. Mott Community 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* (the "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 C.S. Mott Community 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 C.S. Mott Community College's compliance.

To the Board of Trustees
C.S. Mott Community College

Opinion on Each Major Federal Program

In our opinion, C.S. Mott Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding 2017-001. Our opinion on the major federal programs is not modified with respect to these matters.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

To the Board of Trustees
C.S. Mott Community College

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2017-001 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2017-002 to be a significant deficiency.

C.S. Mott Community College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. C.S. Mott Community College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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.

Plante & Moran, PLLC

November 7, 2017

C.S. Mott Community College

Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Passed Through	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
Child and Adult Care Food Programs:					
Food Program 15/16	10.558	Direct	N/A	\$ -	\$ 12,491
Food Program 16/17	10.558	Direct	N/A	-	65,585
				<u>-</u>	<u>78,076</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
FAET Genesee 15/16	10.561	MW	165-FAET-16	-	32,013
FAET Genesee 16/17	10.561	MW	165-FAET-17	-	113,149
FAET Support Services Genesee 15/16	10.561	MW	165-FAETSS-16	-	45
FAET Support Services Genesee 16/17	10.561	MW	165-FAETSS-17	-	3,119
				<u>-</u>	<u>148,326</u>
Total U.S. Department of Agriculture				<u>-</u>	<u>226,402</u>
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	Direct	N/A	-	643
U.S. Department of Labor					
Employment Services Cluster:					
Employment Services WP - Shiawassee 16/17	17.207	MW	165-ES-17	-	136,438
Employment Services WP - Genesee 16/17	17.207	MW	420-ES-17	-	442,236
				<u>-</u>	<u>578,674</u>
Trade Adjustment Assistance (TAA):					
TAA - Case Management Genesee	17.245	MW	165-ES-16	-	9,329
TAA - Case Management Shiawassee	17.245	MW	420-ES-16	-	6,812
				<u>-</u>	<u>16,141</u>
Workforce Investment Act (WIA) Cluster:					
Youth - Out of School 16/17	17.259	MW	165-WIY-17	-	72,238
Youth - In School 16/17	17.259	MW	165-WOY-16	-	20,000
				<u>-</u>	<u>92,238</u>
Trade Adjustment Assistance Community College and Career Training (TAACCT):					
TAACCT MCAM (RTC)	17.282	MACC	TC-25070-13-60-A-26	-	72,943
TAACCT MCAM (WFD)	17.282	MACC	TC-25070-13-60-A-26	-	584,972
				<u>-</u>	<u>657,915</u>
Total U.S. Department of Labor				<u>-</u>	<u>1,344,968</u>
U.S. Environmental Protection Agency					
Environmental Workforce Development and Jobs Training Cooperative Agreements	66.815	Direct	N/A	-	22,166
U.S. Department of Education					
Student Financial Assistance Cluster:					
Federal Supplemental Educational Opportunity Grant	84.007	Direct	N/A	-	346,108
Federal Work Study	84.033	Direct	N/A	-	248,115
Federal Pell Grant	84.063	Direct	N/A	-	14,561,258
Federal Direct Loan Program	84.268	Direct	N/A	-	20,323,844
				<u>-</u>	<u>35,479,325</u>

C.S. Mott Community College

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2017

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Passed Through	Pass-through Entity Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Education (Continued)					
TRIO Cluster:					
Student Support Services 15/16	84.042	Direct	N/A	\$ -	\$ 48,929
Student Support Services 16/17	84.042	Direct	N/A	-	248,685
Upward Bound - Flint 15/16	84.047	Direct	N/A	-	60,587
Upward Bound - Flint 16/17	84.047	Direct	N/A	-	284,809
Upward Bound - Flint 17/18	84.047	Direct	N/A	-	34,890
Upward Bound - Beecher 15/16	84.047	Direct	N/A	-	49,189
Upward Bound - Beecher 16/17	84.047	Direct	N/A	-	203,323
				-	930,412
Career and Technical Education - Basic Grants to States - Perkins - Regional Allocation 16/17	84.048	MDE	163510	-	857,257
Child Care Access Means Parents in School (CCAMPIS):					
CCAMPIS 15/16	84.335A	Direct	P335A130166	-	6,957
CCAMPIS 16/17	84.335A	Direct	P335A130166	-	82,468
				-	89,425
Total U.S. Department of Education				-	37,356,419
U.S. Department of Health and Human Services					
Temporary Assistance for Needy Families (TANF) Cluster:					
Career Pathways Bridges 16/17	93.558	MW	N/A	-	12,458
Financial Opportunity Center 16/17	93.558	MW	N/A	-	11,208
Total U.S. Department of Health and Human Services				-	23,666
National Science Foundation					
Research and Development Cluster -					
Education and Human Resources	47.076	UM	N/A	-	1,206
Total Expenditures of Federal Awards				\$ -	\$ 38,975,470

C.S. Mott Community College

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Note 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 under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of C.S. Mott Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of C.S. Mott Community College.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

C.S. Mott Community College has elected not to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Pass-through Entities

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

MACC - Macomb Community College
MDE - Michigan Department of Education
MW - Michigan Works!
UM - University of Michigan

C.S. Mott Community College

Schedule of Findings and Questioned Costs 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 that are not considered to be material weaknesses? 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 that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.007, 84.033, and 84.268	Student Financial Assistance Cluster

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

C.S. Mott Community College

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Section III - Federal Program Audit Findings

Reference

Number

Finding

2017-001 **CFDA Number, Federal Agency, and Program Name** - 84.063, 84.007, 84.033, and 84.268 Student Financial Assistance Cluster

Federal Award Identification Number and Year - N/A

Pass-through Entity - N/A

Finding Type - Material weakness and material noncompliance with laws and regulations

Repeat finding - No

Criteria - 34 CFR § 668.16 (e), *Standards of Administrative Capability*, states that for the purposes of determining student eligibility for assistance under a Title IV, HEA program, the College shall establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program.

34 CFR. § 668.32 (f), states that the student should maintain satisfactory academic progress in his or her course of study according to the College's published standards of satisfactory academic progress that meet the requirements of § 668.34.

When satisfactory academic progress is not met, the College should place a student on probation or make the student ineligible for aid. 34 CFR § 668.16 (e) 5 states, the College should provide specific procedures under which a student may appeal a determination that the student is not making satisfactory academic progress. The College must have an appeals policy in place and adhere to that policy.

Condition - The College did not consistently apply its satisfactory academic progress appeals policy when granting appeals to students.

Questioned Costs - \$22,481 (CFDA 84.063, Federal Pell Grant Program), \$55,429 (CFDA 84.268, Federal Direct Student Loans), \$292 (CFDA 84.007, Federal Supplemental Educational Opportunity Grants)

Identification of How Questioned Costs Were Computed - The questioned costs were determined by totaling the financial aid received by the six students included in our sample. Those students were granted appeals, but the appeal conditions were not in compliance with the College's appeal policy.

C.S. Mott Community College

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-001 (Cont.)	<p>Context - Of the 31 students selected for financial aid eligibility testing, six students were granted appeals, but the appeal conditions were not in compliance with the College's appeal policy.</p> <p>Cause and Effect - The appeal policy was not consistently followed when granting satisfactory academic progress appeals to students who were not meeting satisfactory performance. As a result, financial aid was disbursed to students who were not eligible.</p> <p>Recommendation - The College should implement controls surrounding the appeals process to ensure that the policy is being followed and is consistently applied.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The College agrees with this finding. The published Satisfactory Academic Progress Policy (SAP), including the appeal provisions, was updated to be in line with the allowances granted within 34 CFR §668.16 (e). Additionally, the internal operational SAP Appeal Review Policy has been revised to strengthen controls and ensure that appeals are handled in a consistent fashion. The College will conduct a self-review, with the assistance of an outside third party, of all appeals granted from July 1, 2015 to May 31, 2017.</p>

Reference Number	Finding
2017-002	<p>CFDA Number, Federal Agency, and Program Name - 84.063, 84.007, 84.033, and 84.268 Student Financial Assistance Cluster</p> <p>Federal Award Identification Number and Year - N/A</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat finding - No</p> <p>Criteria - The College has 45 days from the date the College determines a student's withdrawal date to calculate a return to Title IV refund calculation for the student and return the funds. Withdrawal dates are defined as the time when the student officially withdraws or expresses notification to withdraw or, if the student does not officially withdraw, the date that the College determines the student is no longer in attendance.</p>

C.S. Mott Community College

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2017-002 (Cont.)	<p>Condition - Of the 40 students selected for return of Title IV funds testing, one of the students did not have the correct return of Title IV funds refunded within the allotted 45-day timeframe.</p> <p>Questioned Costs - \$467</p> <p>Identification of How Questioned Costs Were Computed - Questioned costs were computed by taking the difference between the correct calculation of \$727 and the amount refunded by the College of \$260 (CFDA 84.063, Federal Pell Grant Program).</p> <p>Context - One refund of Title IV funds was not calculated properly and returned within 45 days of withdrawal.</p> <p>Cause and Effect - The College completed a return of Title IV funds calculation and incorrectly determined \$260 was to be returned. The return calculation was not reviewed and thus the error was not identified.</p> <p>Once the error was identified through the audit process, the College returned the additional \$467.</p> <p>Recommendation - The College should implement review procedures to verify that all returns are processed and calculated properly as instructed and return of funds is completed within the required timeframe.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The College agrees with this finding. A review of the return of Title IV procedures is being conducted to ensure that all returns are processed and accurately calculated within the allowable timeframes of the applicable regulations.</p>