OAKTON COMMUNITY COLLEGE
DISTRICT NUMBER 535
DES PLAINES, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
June 30, 2010

Sikich LLP
Certified Public Accountants & Advisors
# Table of Contents

| 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* | 3-4 |
| 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 | 5-6 |
| Schedule of Expenditures of Federal Awards | 7-8 |
| Notes to Schedule of Expenditures of Federal Awards | 9 |
| Schedule of Findings and Questioned Costs | 10-14 |
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
Oakton Community College
District Number 535
Des Plaines, Illinois

We have audited the financial statements of the business-type activities and the discretely presented component unit that comprise the basic financial statements of Oakton Community College District 535 as of and for the year ended June 30, 2010, and have issued our report thereon dated September 23, 2010. 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 College’s discretely presented component unit, Oakton Community College, were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oakton Community College District 535’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 Oakton Community College District 535’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oakton Community College District 535’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 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 would not necessarily 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 above.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oakton Community College District 535’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 matters that we reported to management of Oakton Community College District 535, in a separate letter dated September 23, 2010.

This report is intended solely for the information and use of the Board of Trustees, management 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.

Aurora, Illinois
September 23, 2010
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

Board of Trustees
Oakton Community College
District Number 535
Des Plaines, Illinois

Compliance

We have audited the compliance of Oakton Community College - Community College District 535 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Oakton 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Oakton Community College - Community College District 535’s management. Our responsibility is to express an opinion on Oakton Community College - Community College District 535’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. 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 Oakton Community College - Community College District 535’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. Our audit does not provide a legal determination on Oakton Community College - Community College District 535’s compliance with those requirements.

In our opinion, Oakton Community College - Community College District 535 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-01.
Internal Control Over Compliance

The management of Oakton Community College - Community College District 535 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Oakton Community College - Community College District 535’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 Oakton Community College - Community College District 535’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 the 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.

Oakton Community College - Community College District 535’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Oakton Community College - Community College District 535’s responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Oakton Community College - Community College District 535 as of and for the year ended June 30, 2010, and have issued our report thereon dated September 23, 2010. Our audit was performed for the purpose of forming an opinion on the 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 OMB Circular A-133 and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and the use of the Board of Trustees, management 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.

Aurora, Illinois
September 23, 2010

[Signature]
### MAJOR PROGRAMS

**U.S. Department of Education:**

- **Student Financial Aid Cluster:**
  - Federal Supplemental Educational Opportunity Grants: 84.007 EP007A41248 $143,000
  - Federal Pell Grant Program: 84.063 EP063P42117 6,966,336
  - Federal College Work Study Program: 84.033 EP033A41248 64,780
  - Federal Direct Student Loans: 84.268 N/A 855,590
  - Academic Competitiveness Grant: 84.375 EP033A41248 128,622
    - Total Student Financial Aid Cluster: 8,158,328

- **State Fiscal Stabilization Fund Cluster**
  - ARRA - ESF: 84.394 S397A0900014 157,616
  - ARRA - GSF: 84.397 S397A0900014 41,722
    - Passed Through Illinois Community College Board: 199,338

- **TRIO - Student Support Services (STEPS) 09**
  - 84.042A EP042A30483 41,778

- **TRIO - Student Support Services (STEPS) 10**
  - 84.042A EP042A30483 269,605
    - Total 311,383

- **ICCB CTE Postsecondary Basic - Perkins**
  - 84.048 CTEPG53503 287,157

- **ICCB CTE Innovation Grant**
  - 84.048 CTEI05335 20,694
    - Passed through Illinois Community College Board: 307,851

- **Total U.S. Department of Education (major)**
  - 8,976,900

- **Total major programs**
  - 8,976,900

### NONMAJOR PROGRAMS

**U.S. Department of Education:**

- **Adult Education State Grant Program-Federal Basic**
  - 84.002A 97-48000-00 396,340

- **Adult Education State Grant Program-EL Civics**
  - 84.002A 97-48000-00 24,418
    - Passed through Illinois State Board of Education: 420,758

- **Undergraduate International Studies and Foreign Language Programs**
  - 84.016A PO16A090029 37,383

- **Total U.S. Department of Education (Nonmajor)**
  - 458,141

**U.S. Department of Agriculture:**

- **Tech-Prep Education -**
  - ISBE Child & Adult Care Food Program (CACFP) FY 09: 10.558 14-016-5350-51 1,882
  - ISBE Child & Adult Care Food Program (CACFP) FY 10: 10.558 14-016-5350-51 6,277
    - Total U.S. Department of Agriculture: 8,159

**National Science Foundation - Education and Human Resources:**

- NSF STEP/CPS (Yr 3 of 4): 47.076 DUE-0622329 33,912
- NSF STEP/CPS (Yr 4 of 4): 47.076 DUE-0622329 206,531
    - Total National Science Foundation: 240,463

- NSF URC ( Yr 2 of 5)
  - 47.049 DUE-0625174 28,939
- NSF URC ( Yr 3 of 5)
  - 47.049 DUE-0625174 17,327
- NSF Scholarship S-STEM ( Yr 2 of 5)
  - 47.049 DUE-0625174 2,171
- NSF Scholarship S-STEM ( Yr 3 of 5)
  - 47.049 DUE-0625174 134,184
    - Total National Science Foundation: 182,621

(This schedule is continued on the following page.)
### NONMAJOR PROGRAMS (Continued)

<table>
<thead>
<tr>
<th>Federal grantor / pass-through grantor / program or cluster title</th>
<th>Federal CFDA number</th>
<th>Contract Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Homeland Security:</strong></td>
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<tr>
<td>Urban Area Security Initiative (UASI) Nonprofit Security Grant</td>
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<td>$11,156</td>
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<tr>
<td>Passed through Illinois Emergency Management Agency (IEMA)</td>
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<tr>
<td>Total U.S. Department of Homeland Security</td>
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<td>11,156</td>
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<tr>
<td><strong>National Endowment of the Humanities:</strong></td>
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<tr>
<td>Promotion of the Humanities, Public Programs</td>
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<td>LS-20134-08</td>
<td>2,500</td>
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<td>Total National Endowment of the Humanities</td>
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<td>2,500</td>
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<tr>
<td><strong>Federal Mediation and Conciliation Service:</strong></td>
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<tr>
<td>Labor Management Cooperation</td>
<td>34.002</td>
<td>09-IL/PS-004</td>
<td>107</td>
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<tr>
<td>Total Federal Mediation and Conciliation Service</td>
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<td></td>
<td>107</td>
</tr>
<tr>
<td><strong>U.S. Department of Labor:</strong></td>
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<tr>
<td>WIA Cluster</td>
<td>17.258/17.260</td>
<td>10-0101003</td>
<td>20,080</td>
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<tr>
<td>Total U.S. Department of Labor</td>
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<td>20,080</td>
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<td><strong>U.S. Department of Veteran Affairs:</strong></td>
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<td>Post 9/11 GI Bill Chapter 33</td>
<td>64.028</td>
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<td>236,830</td>
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<tr>
<td>Total U.S. Department of Veteran Affairs</td>
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<td>236,830</td>
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<tr>
<td>Total nonmajor programs</td>
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<td>1,160,057</td>
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<tr>
<td>Total expenditures of federal awards</td>
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<td></td>
<td>$10,136,957</td>
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</tbody>
</table>

The accompanying notes are an integral part of this statement.
OAKTON COMMUNITY COLLEGE  
DISTRICT NUMBER 535  
DES PLAINES, ILLINOIS  

NOTES TO SCHEDULE OF FEDERAL AWARDS  

June 30, 2010  

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 Oakton Community 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, 2010, Oakton Community College acted as a pass-through agency for Federal Stafford Loans (subsidized and unsubsidized) to students in the amount of $855,590.  

Note C - Other Information  

Oakton Community College did not receive any federal insurance or federal non-cash assistance and did not provide any amounts to sub-recipients.
Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified not yes no
considered to be material weaknesses?

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 not yes no
considered to be material weaknesses?

Type of auditor's report issued on compliance yes no
for major programs:
unqualified opinion on Student Financial Aid Program Cluster
unqualified opinion on TRIO Cluster
unqualified opinion on CTE Post-Secondary - Perkins
unqualified opinion on State Fiscal Stabilization Fund

Any audit findings disclosed that are required yes no
to be reported in accordance with
Circular A-133, Section .510(a)?
Section I - Summary of Auditor’s Results (Continued)

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007, 84.033, 84.063, 84.268, 84.375</td>
<td>Student Financial Aid Program Cluster</td>
</tr>
<tr>
<td>84.042A</td>
<td>TRIO Cluster</td>
</tr>
<tr>
<td>84.048</td>
<td>CTE Postsecondary Basic - Perkins</td>
</tr>
<tr>
<td>84.394, 84.397</td>
<td>State Fiscal Stabilization Fund</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee?  
� yes  □ no

Section II - Financial Statement Findings

None
Section III - Federal Award Findings and Questioned Costs

10-01 TRIO Cluster - CFDA# 84.042A
Grant Period - Year Ended June 30, 2010

Condition: Two expenditures out of forty tested were not supported by adequate documentation to support the charge to the TRIO Cluster grant. We considered this Single Audit finding to be an instance of noncompliance with respect to the Allowable Cost compliance requirement.

Criteria: In order for a cost to be allowable, it must be supported by adequate documentation, for an allowable activity, net of applicable credits or refunds, an actual not budgeted cost, calculated in conformity with GAAP, given accounting treatment in the proper period, and charged to the proper general ledger account.

Effect: The Student Support Services Grant of the TRIO Cluster was incorrectly charged for two expenditures in the amount of $102 which will be considered total questioned costs.

Cause: The College’s internal control procedures including the review and approval of expenditures did not detect the incomplete supporting documentation.

Recommendation: We recommend the College continue to monitor and review all expense reimbursement requests to assure each request of reimbursement is properly supported by adequate documentation such as receipts or invoices.

Corrective Action Plan

The College’s current payment practice requires expenses to be supported with proper documentation. The two payments in question appear to be isolated incidents whereby one expense was paid on the basis of the employee’s credit card statement. The other is the result of a mathematical error on the payment request by the employee. However, management will make appropriate changes to the current payment process so that all payments are properly supported by adequate documentation. In addition, we will remind our accounts payable employees that all payment requests are to be properly reviewed and supported before a payment is made.
Section IV - Prior Year Audit Findings

09-01  Student Financial Aid Cluster - Direct Loan Program - CFDA#84.268
Grant Period - Year Ended June 30, 2010

Condition: Out of the forty students selected for file testing, one student was noted as not being notified of the requirement of exit counseling for their federal student loan within the thirty day requirement.

Criteria: All students who receive federal student loans must participate in an exit counseling conference after they leave the institution. The College is required to notify these students within thirty days after ceasing attendance regarding the need for exit counseling.

Effect: This finding did not result in any questioned costs, however, under the Special Tests and Provisions Compliance Requirement for Direct Loans, an instance of non-compliance occurred when the student was not notified and therefore did not complete the exit counseling procedure.

Cause: The College’s procedures for notifying all students of the requirement for exit counseling did not capture all the students who ceased attendance.

Recommendation: We recommend the College institute a policy to identify all students with loans who either transfer out of the College or fail to return to the College within a timely basis to comply with Department of Education regulations.

Corrective Action Plan

As part of our Default Management Plan, we have included a process to run a report that identifies those students who received a loan in the previous term and are not enrolled in the current term. The Advisors will run this report twice per year:

- Run in February to catch students who received a loan in fall, but haven’t enrolled in spring term.
- Run in September to catch students who received a loan in spring, but haven’t enrolled in fall term.
- Summer is optional.

The Technical Specialist will continue to monitor loan students who register and then drop their classes.
Section IV - Prior Year Audit Findings (Continued)

Corrective Action Plan (Continued)

The Assistant Director also reviews “transmittal.” This report will list those loans that aren’t transmitting due to enrollment rule failure. The Assistant Director will then send the Advisors the names of those students who, in turn, require exit interviews.

2010 Update

This finding was not repeated for the Year Ended June 30, 2010.