OAKTON COMMUNITY COLLEGE
DISTRICT NUMBER 535
DES PLAINES, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended
June 30, 2011
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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, 2011, and have issued our report thereon dated September 9, 2011. 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 9, 2011.

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 9, 2011
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, 2011. 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, 2011. 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 11-01 through 11-03.
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, 2011, and have issued our report thereon dated September 9, 2011. 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 9, 2011
### MAJOR PROGRAMS

#### U.S. Department of Education:
- **Student Financial Aid Cluster**
  - Federal Supplemental Educational Opportunity Grants
    - Federal CFDA Number: 84.007
    - Contract Number: EP007A41248
    - Federal Expenditures: $119,700
  - Federal Pell Grant Program
    - Federal CFDA Number: 84.063
    - Contract Number: EP063P42117
    - Federal Expenditures: $8,462,983
  - Federal Work Study Program
    - Federal CFDA Number: 84.033
    - Contract Number: EP033A41248
    - Federal Expenditures: $64,775
  - Federal Direct Student Loans
    - Federal CFDA Number: 84.268
    - Contract Number: N/A
    - Federal Expenditures: $1,069,887
  - Academic Competitiveness Grant
    - Federal CFDA Number: 84.375
    - Contract Number: EP033A41248
    - Federal Expenditures: $111,732

**Total Student Financial Aid Cluster**
- Federal Expenditures: $9,829,077

**Total U.S. Department of Education (major)**
- Federal Expenditures: $9,829,077

#### National Science Foundation:
- Education and Human Resources - NSF STEP/CPS (Year 4 of 5)
  - Federal CFDA Number: 47.076
  - Contract Number: DUE-0622329
  - Federal Expenditures: $23,806
- Education and Human Resources - NSF STEP/CPS (Year 5 of 5)
  - Federal CFDA Number: 47.076
  - Contract Number: DUE-0622329
  - Federal Expenditures: $166,721
- Education and Human Resources - NSF Scholarship S-STEM/CPS (Year 3 of 5)
  - Federal CFDA Number: 47.076
  - Contract Number: DUE-0728432
  - Federal Expenditures: $5,360
- Education and Human Resources - NSF Scholarship S-STEM/CPS (Year 4 of 5)
  - Federal CFDA Number: 47.076
  - Contract Number: DUE-0728432
  - Federal Expenditures: $166,267

**Total National Science Foundation**
- Federal Expenditures: $362,154

#### U.S. Department of Veteran Affairs
- Post-9/11 Veterans Educational Assistance
  - Federal CFDA Number: 64.028
  - Contract Number: N/A
  - Federal Expenditures: $386,433

**Total major programs**
- Federal Expenditures: $10,577,664

### NONMAJOR PROGRAMS

#### U.S. Department of Education:
- Adult Education State Grant Program-Federal Basic
  - Federal CFDA Number: 84.002A
  - Contract Number: 97-48000-00
  - Federal Expenditures: $521,327
- Adult Education State Grant Program-EL Civics
  - Federal CFDA Number: 84.002A
  - Contract Number: 97-48000-00
  - Federal Expenditures: $26,707

**Passed through Illinois State Board of Education**
- Federal CFDA Number: 84.390
- Contract Number: N/A
- Federal Expenditures: $3,101

- **ARRA - Vocational Rehabilitation Grants to States**
  - Federal CFDA Number: 84.042A
  - Contract Number: EP042A30483
  - Federal Expenditures: $48,113
- **TRIO_Student Support Services (STEPs) 10**
  - Federal CFDA Number: 84.042A
  - Contract Number: EP042A30483
  - Federal Expenditures: $254,572
- **TRIO_Student Support Services (STEPs) 11**
  - Federal CFDA Number: 84.042A
  - Contract Number: EP042A30483
  - Federal Expenditures: $302,685

- **Care and Technical Education - Basic Grants to States - CTE Postsecondary**
  - Federal CFDA Number: 84.048
  - Contract Number: CTEP053503
  - Federal Expenditures: $270,866
- **Career and Technical Education - Basic Grants to States - CTE Innovation**
  - Federal CFDA Number: 84.048
  - Contract Number: CTEL10535
  - Federal Expenditures: $20,694

**Undergraduate International Studies and foreign Language Programs**
- Pathways to South Asia Yr 1
  - Federal CFDA Number: 84.016
  - Contract Number: N/A
  - Federal Expenditures: $11,134
- Pathways to South Asia Yr 2
  - Federal CFDA Number: 84.016
  - Contract Number: N/A
  - Federal Expenditures: $65,983

**Total U.S. Department of Education (Nonmajor)**
- Federal Expenditures: $1,222,497

(This schedule is continued on the following page.)
<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>NONMAJOR PROGRAMS (Continued)</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>U.S. Department of Agriculture:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech-Prep Education - ISBE Child &amp; Adult Care Food Program (CACFP) FY 10</td>
<td>10.558</td>
<td>14-016-5350-51</td>
<td>$ 3,449</td>
</tr>
<tr>
<td>ISBE Child &amp; Adult Care Food Program (CACFP) FY 11</td>
<td>10.558</td>
<td>14-016-5350-51</td>
<td>10,069</td>
</tr>
<tr>
<td>Passed through Illinois State Board of Education</td>
<td></td>
<td></td>
<td>13,518</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Agriculture</strong></td>
<td></td>
<td></td>
<td>13,518</td>
</tr>
<tr>
<td><strong>National Science Foundation - Education and Human Resources:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mathematical and Physical Science - NSF URC (Yr 3 of 5)</td>
<td>47.049</td>
<td>DUE-0629174</td>
<td>27,255</td>
</tr>
<tr>
<td>Mathematical and Physical Science - NSF URC (Yr 4 of 5)</td>
<td>47.049</td>
<td>DUE-0629174</td>
<td>17,617</td>
</tr>
<tr>
<td><strong>Total National Science Foundation - Education and Human Resources</strong></td>
<td></td>
<td></td>
<td>44,872</td>
</tr>
<tr>
<td><strong>U.S. Department of Homeland Security:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonprofit Security Program - Urban Area Security Initiative (UASI)</td>
<td>97.008</td>
<td></td>
<td>10,445</td>
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<tr>
<td>Passed through Illinois Emergency Management Agency (IEMA)</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Disaster Grant - Public Assistance (Presidentially Declared Disaster)</td>
<td>97.036</td>
<td></td>
<td>26,442</td>
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<tr>
<td>Passed through Illinois Emergency Management Agency (IEMA)</td>
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</tr>
<tr>
<td><strong>Total U.S. Department of Homeland Security</strong></td>
<td></td>
<td></td>
<td>36,887</td>
</tr>
<tr>
<td><strong>Federal Mediation and Conciliation Service:</strong></td>
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<td></td>
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</tr>
<tr>
<td>Labor Management Cooperation</td>
<td>34.002</td>
<td>09-IL/PS-004</td>
<td>45,692</td>
</tr>
<tr>
<td><strong>Total Federal Mediation and Conciliation Service</strong></td>
<td></td>
<td></td>
<td>45,692</td>
</tr>
<tr>
<td><strong>U.S. Department of Labor:</strong></td>
<td></td>
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<td></td>
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<tr>
<td>WIA Cluster</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC Core and Intensive Services Grant</td>
<td>17.258</td>
<td>2011-0101003</td>
<td>95,308</td>
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<tr>
<td>WIA Youth Activities - ETIP - WIA State Sector Initiatives</td>
<td>17.259</td>
<td>09-674094</td>
<td>16,109</td>
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<tr>
<td>Passed through Illinois Department of Commerce and Economic Opportunity</td>
<td>17.260</td>
<td>2010-0101003</td>
<td>162,417</td>
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<tr>
<td>WIA Dislocated Workers - Ready to Work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total WIA Cluster</strong></td>
<td></td>
<td></td>
<td>274,834</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Labor</strong></td>
<td></td>
<td></td>
<td>274,834</td>
</tr>
<tr>
<td><strong>Total nonmajor programs</strong></td>
<td></td>
<td></td>
<td>1,638,300</td>
</tr>
<tr>
<td><strong>Total expenditures of federal awards</strong></td>
<td></td>
<td></td>
<td>$ 12,215,964</td>
</tr>
</tbody>
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The accompanying notes are an integral part of this statement.
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, 2011, Oakton Community College acted as a pass-through agency for Federal Stafford Loans (subsidized and unsubsidized) to students in the amount of $1,069,887.

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?  
___ yes  ___ no

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?  
___ yes  ___ no

Type of auditor’s report issued on compliance for major programs:  
*unqualified opinion on Student Financial Aid Program Cluster*

*unqualified opinion on Education and Human Resources Grant*

*unqualified opinion on Post 9/11 Veterans Educational Assistance*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?  
___ yes  ___ no
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>47.076</td>
<td>Education and Human Resources Grant</td>
</tr>
<tr>
<td>64.028</td>
<td>Post 9/11 Veterans Educational Assistance</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee?  

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<tbody>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
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</table>

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

11-01 ACADEMIC COMPETITIVENESS GRANT ELIGIBILITY
STUDENT FINANCIAL AID CLUSTER – ACADEMIC COMPETITIVENESS GRANT CFDA#84.375, GRANT PERIOD - YEAR ENDED JUNE 30, 2011

Condition: During the student file testing for eligibility on the Academic Competitiveness Grant (ACG) it was discovered that three students out of a sample of forty students were eligible to receive the grant, but were not awarded the ACG by the College. We consider this Single Audit Finding to be an instance of non-compliance with the Eligibility Compliance Requirement.

Criteria: For all students who self-certify that they meet the ACG eligibility requirements described at 34 CFR section 691.15, the College must determine and document the student’s eligibility before awarding this grant.

Effect: Three students were eligible to receive the ACG in the amount of $3,187 but were not awarded these Title IV funds.
Section III - Federal Award Findings and Questioned Costs (Continued)

11-01 ACADEMIC COMPETITIVENESS GRANT ELIGIBILITY
STUDENT FINANCIAL AID CLUSTER – ACADEMIC COMPETITIVENESS GRANT
CFDA#84.375, GRANT PERIOD - YEAR ENDED JUNE 30, 2011 (Continued)

_Cause_: The College’s internal control system within the financial aid department did not detect that three eligible students who should have received an ACG award.

_Recommendation_: We recommend that the Financial Aid Department review all students who self-certify that they may be eligible for the Academic Competitiveness Grant.

_Corrective Action Plan:_

Financial aid advisors routinely review financial aid applications for Academic Competitiveness Grant (ACG) when awarding federal, state, and institutional funds. However, as an open admission community college, some students submit their high school transcripts after federal Pell Grant eligibility has been determined. This requires the financial aid advisor to regularly monitor federal Pell Grant students who self-certify ACG eligibility throughout the year. Unfortunately, the amount of time available to monitor students who submitted high school transcripts to the registrar’s office, after federal Pell Grant eligibility was determined, was more limited in 2010-11 due to the significant increase in financial aid applications over prior years. Thus, the College is continuing to monitor financial aid application volume, student service, and compliance in order to determine appropriate staffing. In addition, if the ACG program is reinstated in the future, the College will implement a process whereby the Registrar’s Office aids in the monitoring of the receipt of high school transcripts in order to ensure all students who self-certify ACG are routinely considered for eligibility.

11-02 LATE POST-WITHDRAWAL DISBURSEMENT
STUDENT FINANCIAL AID CLUSTER –CFDAs#84.007, 84.033, 84.063, 84.268, and 84.375, GRANT PERIOD - YEAR ENDED JUNE 30, 2011

_Condition_: One student out of a sample of twenty-five selected for Return of Title IV testing did not receive a post-withdrawal disbursement within the required forty-five days from the date the College determined the student withdrew. We consider this to be an instance of noncompliance with respect to the Special Tests and Provisions Compliance Requirement.
Section III - Federal Award Findings and Questioned Costs (Continued)

11-02 LATE POST-WITHDRAWAL DISBURSEMENT
STUDENT FINANCIAL AID CLUSTER –CFDAs#84.007, 84.033, 84.063, 84.268, and 84.375, GRANT PERIOD - YEAR ENDED JUNE 30, 2011 (Continued)

Criteria: In a situation where a student has earned Title IV funds that exceed the amount of funds disbursed, the student is entitled to a post-withdrawal disbursement. According to 34 CFR 668.22 the institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student’s account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution’s determination that the student withdrew.

Effect: One student did not receive their entitled post-withdrawal disbursement until day 57 which exceeds the maximum time period of 45 days as allowed by the U.S. Department of Education.

Cause: The College’s internal control system within the financial aid department did not detect that one student was due a post-withdrawal disbursement within the forty-five day time requirement.

Recommendation: We recommend that the Financial Aid Department review all students who are owed a post-withdrawal disbursement and make sure these disbursements are offered to the students within forty-five days of the date the College determined the student withdrew from their classes.

Corrective Action Plan:

Existing processes include generating a weekly list of students who need a Return of Title IV funds calculated; financial aid advisors calculating the appropriate amount of financial aid; and the technical specialist confirming the calculation was performed correctly, adjusting financial aid on student accounts, and reporting financial aid to the Department of Education. As a result of this audit, the College is adding to our processes the expectation that the financial aid advisor will perform all Return of Title IV calculations within 5 business days from the date the weekly list is generated. This will allow more time for the technical specialist to review work and update records. In addition, the financial aid staff has attended a webinar provided by NASFAA that details the changes made to the Return of Title IV calculations as part of the program integrity rules in order to incorporate these changes to the College’s current practices. Staff receive continual training and updates on Return of Title IV regulations at regularly scheduled staff meetings.
Section III - Federal Award Findings and Questioned Costs (Continued)

11-03 STUDENT VERIFICATION
STUDENT FINANCIAL AID CLUSTER –CFDAs#84.007, 84.033, 84.063, 84.268, and 84.375, GRANT PERIOD - YEAR ENDED JUNE 30, 2011

Condition: One student’s file out of a sample of forty student files selected for testing contained incorrect data on the number of family members attending college that was not detected by the College during their verification procedures. A student included their parent as a family member attending college which is not permitted. The error in number of family members reported affected the Expected Family Contribution and caused an overaward of the Pell Grant in the amount of $1,524. We consider this overaward of Pell to be a questioned cost and instance of noncompliance with respect to the Eligibility Compliance Requirement.

Criteria: According to instructions on the Free Application for Federal Student Aid student’s are not permitted to include parents as family members attending college. Students may only enter themselves and the number of siblings who are attending college at least half time.

Effect: Due to the fact the incorrect number of family members attending college was used to calculate the Expected Family Contribution a Pell overaward in the amount of $1,524 was given to the student. We consider the $1,524 to be a questioned cost.

Cause: The College’s internal control system over verification did not catch the error in the number of family members attending college.

Recommendation: We recommend that the Financial Aid Department develop a process to review a sample of students each term who report additional family members attending college in order to test the number used in the calculation of expected family contribution.
Section III - Federal Award Findings and Questioned Costs (Continued)

11-03 STUDENT VERIFICATION
STUDENT FINANCIAL AID CLUSTER –CFDAs#84.007, 84.033, 84.063, 84.268, and 84.375, GRANT PERIOD - YEAR ENDED JUNE 30, 2011

Corrective Action Plan:

First, the College returned the $1,524 of federal funds cited in the audit report on July 18, 2011 and discussed the error with the financial aid staff members. Secondly, the College currently verifies all students selected through the federal edit system and all students who meet institutional determined edits in order to ensure application data is accurate when awarding financial aid funds. In 2010-11, 69% of students who completed a FAFSA and submitted documents to the College’s financial aid office were verified. Additionally, the College’s financial aid office has an existing annual process to randomly check the financial aid advisors’ verification of student files.

In order to improve compliance, the College will add to the annual review of financial aid advisor work a purposeful review of student files who report 2 or more in college. It is anticipated that 1,300 student files selected for verification will report 2 or more in college in 2011-12. The College will purposefully sample 10% (130 student files) as part of its annual review of financial aid advisor work in 2011-12 to ensure only siblings attending at least half-time are counted as family members enrolled in college. In addition, the College is vested in providing the best financial aid service and compliance to students. Not only do we take steps to ensure that staff receive professional development and training opportunities, but the College will also be a site location for a regional training event sponsored by the state financial aid association.
SECTION IV - PRIOR YEAR AUDIT FINDINGS

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.

**2011 Update**

This finding was not repeated for the Year Ended June 30, 2011.