

Monroe County Community College

Federal Awards
Supplemental Information

Year Ended June 30, 2023

Monroe County Community College

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Independent Auditor's 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
Monroe County Community College
Monroe, Michigan

We have audited, 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 Monroe County Community College (College) and its discretely presented component unit, Monroe County College Foundation (Foundation), as of and for the year ended June 30, 2023, 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 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003, that we consider to be significant deficiencies.

Report on 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 financial statements. 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*.

College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Andrews Hooper Pavlik PLC

Bloomfield Hills, Michigan
November 27, 2023

Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees
Monroe County Community College
Monroe, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Monroe County Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB 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, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-005, 2023-006, 2023-007, and 2023-008. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-005, 2023-006, and 2023-007, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

We have audited the financial statements of Monroe County Community College and its discretely presented component unit, Monroe County Community College Foundation (Foundation), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Andrews Hooper Pavlik PLC

Bloomfield Hills, Michigan
March 5, 2024

Monroe County Community College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Project/Grant Number	Federal Expenditures
<u>Major Programs</u>			
U.S. Department of Education:			
COVID-19 Higher Education Emergency Relief Funds (HEERF) - Direct Program:			
Institutional	84.425F	P425F202028	\$ 784,660
Strengthening Institutions Program	84.425M	P425M200851	309,903
Total COVID-19 Higher Education Emergency Relief Funds			1,094,563
Student Financial Assistance Cluster - Direct Program:			
Federal Direct Student Loan Program	84.268	P268K221643	3,000,511
Federal Pell Grant Program	84.063	P063P211643	2,436,027
Federal Work-Study Program	84.033	P033A212048	21,060
Federal Supplemental Educational Opportunity Grants Program	84.007	P007A212048	65,745
Total Student Financial Assistance Cluster			5,523,343
TRIO Cluster - Direct Program:			
Upward Bound - Monroe	84.047	P047A170893	348,200
Upward Bound - Airport	84.047	P047A170894	375,413
Upward Bound - Jefferson	84.047	P047A170895	355,705
Total TRIO Cluster			1,079,318
Total U.S. Department of Education			7,697,224
Total Major Programs			7,697,224
<u>Other Federal Awards</u>			
U.S. Department of Education:			
Great Start for Higher Education - Special Education:			
(passed through the University of Toledo)			
Personnel Development to Improve Services and Results for Children with Disabilities	84.325N	H325N180008-20	7,982
Career and Technical Basic Grants to States:			
(passed through the Michigan Department of Education)			
Local Administration	84.048A	2225-18	536
Regional Allocation	84.048A	2221-18	215,272
Total Career and Technical Basic Grants to States			215,808
Title III - Higher Education Institutional First Year Experience Program - Direct Program	84.031A	P031A220120	156,078
Total U.S. Department of Education			379,868
U.S. National Science Foundation:			
Research and Development Cluster:			
Education and Human Resources Welding Grant - Direct Program	47.076	1801078	46,727
(passed through the University of Michigan)			
Welding Grant	47.076	2000730/SUBK00012139	7,406
Total U.S. National Science Foundation			54,133
Total Research and Development Cluster			54,133
U.S. Department of Labor, Employment, and Training Administration			
(passed through Oakland Community College)			
H-1B Job Training Grant	17.268	HG343462060-A-26	55,088
(passed through Southeast Michigan Community Alliance)			
H-1B Job Training Grant	17.268	HG359072160-A-26	87,346
Total U.S. Department of Labor, Employment, and Training Administration			142,434
U.S. Department of Justice:			
COPS - Criminal Justice Grant - Direct Program	16.710	15JCOPS-22-GG-01511-TECP	237,953
Total U.S. Department of Justice			237,953
Total Other Federal Awards			814,388
Total Expenditures of Federal Awards			\$ 8,511,612

See Notes to Schedule of Expenditures of Federal Awards.

Monroe County Community College

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1. Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal awards (schedule) includes the federal grant activity of Community College District of Monroe County, Michigan d/b/a Monroe County Community College (College) under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the schedule are reported on the same basis of accounting as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of the Uniform Guidance. In addition, expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used, in the preparation of the financial statements.

Because the schedule presents only a selected portion of the operations of Monroe County Community College, it is not intended to, and does not present the financial position, changes in net position, or cash flows, of Monroe County Community College.

The College's reporting entity is defined in Note 1 to the College's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

Note 2. Federal Family Education Loans

The Federal Family Education Loans (Assistance Listing #84.032) reported on the schedule of expenditures of federal awards is comprised of the following at June 30, 2023:

<u>Federal Program</u>	<u>Amount</u>
Stafford subsidized	\$ 1,122,439
Stafford unsubsidized	1,855,055
Plus	<u>23,017</u>
	<u>\$ 3,000,511</u>

Note 3. Indirect Cost Allocation

For purposes of charging indirect costs to federal awards, the College has elected not to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weakness?	<u> X </u> Yes	<u> </u> None reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards

Internal control over major programs:			
Material weakness identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency identified not considered to be material weakness?	<u> X </u> Yes	<u> </u> None reported	
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	<u> X </u> Yes	<u> </u> No	

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Cluster and Federal Programs</u>
	Student Financial Assistance Cluster:
84.063	Federal Pell Grant Program
84.033	Federal Work Study
84.007	Federal Supplemental Educational Opportunity Grants
	TRIO Cluster:
84.047A	Upward Bound
	COVID-19 Higher Education Emergency Relief Funds (HEERF):
84.425F	Institutional
84.425M	Strengthening Institutions Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>		
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No	

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II – Financial Statement Findings

Reference Number	Finding
2023-001	<p data-bbox="370 554 854 585"><i>Finding Type</i> – Significant deficiency</p> <p data-bbox="370 627 1435 695"><i>Criteria</i> – Proper approval of manual journal entries should be established to ensure proper financial reporting.</p> <p data-bbox="370 737 1435 842"><i>Condition</i> – During the audit, we noted that there is no formal review and approval process for manual journal entries. The College allows certain individuals the right to prepare and post journal entries without any review or approval.</p> <p data-bbox="370 884 1435 951"><i>Cause</i> – This condition is the result of a lack of a process that provides segregation of duties and proper approval.</p> <p data-bbox="370 993 1435 1060"><i>Effect</i> – Journal entries were posted in error and may cause improper financial reporting if undetected.</p> <p data-bbox="370 1102 1435 1312"><i>Recommendation</i> – We recommend the College create a formal journal entry review and approval process that will detail an authorized approval signature for every manual journal entry made into the Colleague system. Also, we recommend the College set up controls in which employees who create, review, and approve journal entries do not also have the capabilities to enter journal entries into the software.</p> <p data-bbox="370 1354 1435 1864"><i>Views of Responsible Officials and Planned Corrective Actions</i> – During the fiscal year, the review and approval functions were carried out by the Director of Financial Services, albeit less formal, but consistently. Notably, this occurred prior to when the entries were posted to the general ledger and were posted by persons other than the approver, the Accounting Associate. Subsequent to the end of the fiscal year, the former Director resigned and the Assistant Director, Denise Lindemann, stepped forward to execute various functions of the office in a laudable way. We are fortunate for her interim leadership, as we seek to fill this vacancy, but recognize that during this time we prioritized differently. Upon filling the position, the informal process will be formalized to underscore consistency, maintain separation of duties, and provide formal evidence of approval, though these important functions <i>were</i> being carried out. In addition, we are considering how to automate journal entries within the Colleague system, as we have done so with the approval process for another area.</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II – Financial Statement Findings (continued)

Reference Number	Finding
2023-001 (continued)	Finally, it is worth noting that our process of Journalizing is one that was established and maintained for an appreciable period before, and inclusive this audit period, as well. However, we support and embrace the auditors' recommendation as a way to improve our process.
2023-002	<p><i>Finding Type</i> – Significant deficiency</p> <p><i>Criteria</i> – The Information Technology environment of the College should be reviewed to ensure policies and procedures are up to date.</p> <p><i>Condition</i> – During the audit, we noted the College does not have a formal Information Security Program, user access is not reviewed on an annual basis, and there is no formal Disaster Recovery or Business Continuity Plan in place.</p> <p><i>Cause</i> – This condition is the result of proper policies and procedures not being in place.</p> <p><i>Effect</i> – Without an Information Security Program, Disaster Recovery Plan, and a Business Continuity Plan, the College may be unaware of risk surrounding the Information Technology environment. When user access controls are not monitored, unauthorized users may have access to software modules or other information technology applications that they should be restricted from.</p> <p><i>Recommendation</i> – We recommend that the College develop a formal information Security Program, review user access annually, and develop a formal Disaster Recovery and Business Continuity Plan.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> – From Risk Management, (e.g., Michigan Community College Risk Management Authority, MCCRMA, in which the College is a member among 20 other state colleges), the Information and Technology (IT) Department obtained a generic document as the basis for a formal Disaster Recovery and Business Continuity Plan. We are reviewing and aligning it with our policies and procedures, to be submitted through the College's protocols for updating policy and gaining approval.</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II – Financial Statement Findings (continued)

Reference Number	Finding
2023-002 (continued)	<p>In regard to the Information Security Program. This is something that has been discussed and worked on in an informal way over the years. When speaking with Risk Management, we have come to the conclusion that working toward a Security Framework was an acceptable practice and that is what we have been doing, and are continuing to build on this with MCCRMA as a resource. For instance, we have identified a shelf policy already in our IT library that is under review and should fit the requirement. Upon completion of review, again, we will submit through the College’s protocols for updating policy and gaining approval.</p> <p>The final item is to review user access annually. Depending on the scope that is needed for this request it could become a very large task as the College has a whole host of IT resources that have access controls. As a long-term goal, we can pursue in delineated stages where we focus efforts and funding, accordingly.</p>
2023-003	<p><i>Finding Type</i> – Significant deficiency</p> <p><i>Criteria</i> – Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles.</p> <p><i>Condition</i> – During the audit, we noted that due to/from accounts did not balance, which caused grant funds to be out of balance; the deferred outflow of resources for pensions was misstated by \$1.7 million during the prior year; and state grant receipts were being applied to wrong accounts, causing a \$721,000 overstatement of receivables and deferred revenue in the prior year.</p> <p><i>Cause</i> – This condition is a result of a lack of proper procedures around account reconciliations related to due to/from accounts and grant accounts, and proper year-end accounting for pensions in accordance with GASB 68.</p> <p><i>Effect</i> – Audit adjustments were identified to correct the due to/from accounts; these audit adjustments had no impact on net income. Audit adjustments were also made for the deferred outflow of resources for pensions by restating the prior year financial statements and reclassifying the receivables and deferred revenue in the prior year financial statements.</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II – Financial Statement Findings (continued)

Reference Number	Finding
2023-003 (continued)	<p><i>Recommendation</i> – We recommend the College establish a review process to review the journal entries made during the year to the due to/from accounts and the grant funds, to ensure that the due to/from accounts balance to zero at all times and that the individual grant funds balance. We also recommend the College properly review and reconcile the pension accounts at year end to ensure that items after the measurement date, such as contributions received, are properly deferred until the next fiscal year. And lastly, we recommend that the College reconcile pass-through scholarship accounts to ensure that they are being reimbursed accurately and that they are reporting the correct receivable balances for each program. In addition, deferred revenue accounts should not be used for transactions when no revenue is going to be subsequently recognized.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> – We concur with the auditors’ 3-part recommendation to incorporate and maintain a review process that reconciles periodically as prescribed, the named accounts, i.e., interfund accounts, pension accounts, and passthrough scholarship accounts. Understandably, the process of periodically and consistently reconciling these particular accounts, better ensures balances are accurately recorded and properly reflected in the related accounting period and account.</p> <p>Notwithstanding, to underscore the auditors’ finding, the outflows for pension that needed adjusting, related to the prior year period.</p>

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2023-004	<p><i>Identification of Federal Program</i> – 84.063 Federal Pell Grant; Department of Education; P063P211643</p> <p><i>Criteria</i> – The College is to accurately calculate return of Title IV funds for withdrawn students who began attendance, allocate the return of Title IV funds as required, return Title IV funds timely, and notify borrowers of returned loans. (34 CFR section 668)</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs (continued)

Reference Number	Finding
2023-004 (continued)	<p><i>Condition</i> – During the audit, we selected 21 students that had return of funds during the 2022-2023 fiscal year. Although the calculation of return of funds appeared accurate, the return of funds was never applied to one student in our sample.</p> <p><i>Cause</i> – This condition is a result of a review not being performed to ensure that all student accounts that required a return of funds, were actually posted.</p> <p><i>Effect</i> – The student received 100% of the federal funds even though they had withdrawn and were not eligible for the total amount.</p> <p><i>Context</i> – During our audit procedures where we verified that the return of funds was applied to the students’ account, we were unable to verify the return of funds for the one student identified above. College management was not able to provide an explanation why the return of funds was not applied.</p> <p><i>Recommendation</i> – We recommend the College establish a review process to ensure that all return of funds are applied to the students’ account.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> – The Financial Aid Office is in the process of updating all processes and procedures to create checks and balances to ensure that all return of funds are processed appropriately.</p>
2023-005	<p><i>Identification of Federal Program</i> – 84.063 Federal Pell Grant; Department of Education; P063P211643</p> <p><i>Criteria</i> – The College is to accurately calculate return of Title IV funds for withdrawn students who began attendance, allocate the return of Title IV funds as required, return Title IV funds timely, and notify borrowers of returned loans. (34 CFR section 668)</p> <p><i>Condition</i> – During the audit, we selected eight students that withdrew after the completion of greater than 60% of the semester to determine that a return of funds was not required in the 2022-2023 fiscal year. Of that sample, two students withdrew more than 60% of the way through the semester but a return of funds was applied to the student’s account.</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs (continued)

Reference Number	Finding
2023-005 (continued)	<p><i>Cause</i> – This condition is a result of a review not being performed to ensure that all students that withdraw after more than 60% of the semester is completed do not have return of funds applied to their account.</p> <p><i>Effect</i> – The return of funds amounts were applied to the student’s account even though they had completed more than 60% of the semester.</p> <p><i>Context</i> – During our audit procedures where we verified that the return of funds was not applied to the students’ account if they had completed more than 60% of the semester, we noted that there was a return of funds charge for the two students identified above. College management was not able to provide an explanation why the return of funds were applied.</p> <p><i>Recommendation</i> – We recommend the College establish a review process to ensure that when return of funds are not required, they are not applied to the student’s account.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> – The Financial Aid Office is currently working on updating the Return of Funds procedures, that includes steps to ensure calculations are being processed properly.</p>
2023-006	<p><i>Identification of Federal Program</i> – 84.063 Federal Pell Grant; Department of Education; P063P211643 and 84.268 Federal Direct Student Loan Program; Department of Education; P268K221643</p> <p><i>Criteria</i> – The College is to notify the Department of Education of changes in student enrollment information at the Campus Level and Program Level in a timely and accurate manner. (34 CFR section 690.2 and section 685.309)</p> <p><i>Condition</i> – During the audit, we selected 25 students that had status changes during the 2022-2023 fiscal year, specifically for the time frame after February 28, 2023 due to the National Student Loan Data System (NSLDS) conversion issues occurring through that date. The following items were noted during our testing: 1) for three students in our sample (2 Pell and 1 Direct Student Loan), the status change date documented by the College did not agree with the status change date reported by NSLDS; 2) for one student in our sample (Direct Student Loan), the status change date was March 30, 2023 but the National Student Clearinghouse reported September 5, 2023, indicating that the notification of status change was</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs (continued)

Reference Number	Finding
2023-006 (continued)	<p data-bbox="370 556 1432 657">not timely (within 60 days of status change); and 3) for one student in our sample (Direct Student Loan), the status change did not appear to have been reported to NSLDS.</p> <p data-bbox="370 699 1432 766"><i>Cause</i> – This condition is a result of a review not being performed to ensure that student status changes are reported accurately and timely.</p> <p data-bbox="370 808 1432 875"><i>Effect</i> – The student’s status changes are not being reported to NSLDS accurately or timely and may cause over/under federal funding in subsequent years.</p> <p data-bbox="370 917 1432 1131"><i>Context</i> – During our audit procedures, we verified that changes in the student status were reported accurately and timely to the NSLDS. For three students, we were unable to determine the accurate date of the status change, for one student the status change was not reported timely, and for one student the status change was not reported. College management was not able to provide an explanation why the status change dates were different, late, and not reported.</p> <p data-bbox="370 1173 1432 1241"><i>Recommendation</i> – We recommend the College establish a review process to ensure that all status changes are reported accurately and timely to the NSLDS.</p> <p data-bbox="370 1283 1432 1459"><i>Views of Responsible Officials and Planned Corrective Actions</i> – The Registrars Office and Financial Aid Office are reviewing all current processes to ensure that status changes are being reported accurately. This includes students who may have requested a Refund Exception Appeal, which could have an impact on the date of determination the withdrawal occurred.</p>
2023-007	<p data-bbox="370 1505 1432 1644"><i>Identification of Federal Program</i> – 84.425F COVID-19 Higher Education Emergency Relief Funds – Institutional; Department of Education; P425F202028 and 84.425M COVID-19 Higher Education Emergency Relief Funds – Strengthening Institutions Program; Department of Education; P425M200851</p> <p data-bbox="370 1686 1432 1787"><i>Criteria</i> – Quarterly Higher Education Emergency Relief Fund (HEERF) reports are to be publicly posted, accurate, and filed timely. (2 CFR section 200.328 and section 200.329)</p> <p data-bbox="370 1829 1432 1938"><i>Condition</i> – During the audit, we reviewed the four quarterly reporting dates for fiscal year 2022-2023 and noted that the fourth quarter report (June 30, 2023) was not filed or publicly posted.</p>

Monroe County Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section III – Federal Award Findings and Questioned Costs (continued)

Reference Number	Finding
2023-007 (continued)	<p><i>Cause</i> – This condition is a result of policies and procedures not being in place to accurately monitor due dates for HEERF reporting.</p> <p><i>Effect</i> – The fourth quarter report was not available for public review.</p> <p><i>Context</i> – During our audit procedures, we verified that quarterly reports were publicly published on the College’s website. The fourth quarter (June 30, 2023) report was not listed. Management informed us that the report was not completed for the fourth quarter and was therefore not publicly published.</p> <p><i>Recommendation</i> – We recommend the College establish policies and procedures to ensure that timely completion, filing, and public publication of the HEERF quarterly reports are performed.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions</i> – For the first three quarters of the fiscal year, the reports were timely completed and published online, per the grant requirements with a direct link to the documents. The fourth quarter has now been completed and published there, as well. There was a change in the Business Office, where the person responsible for management of this series of awards resigned from the College. We are actively searching to fill the position, Director of Finance, whose responsibilities will include grant management, overall. Though the awards are fully spent and ended at, June 30, 2023, still responsibilities to the grant for record-keeping and final annual reporting, exist. We acknowledge this and have incorporated these items into the calendar of reporting events for these awards.</p>
2023-008	<p><i>Identification of Federal Program</i> – All programs listed on the Schedule of Expenditure of Federal Awards, see that schedule for identification of federal program information.</p> <p><i>Finding</i> – As noted in Section II – Financial Statement Findings of this report, proper approval of manual journal entries should be established to ensure proper financial reporting. This finding could impact Federal Awards and is therefore considered a finding in Section III – Federal Award Findings and Questioned Costs. Refer to Reference Number 2023-001 for further details of this finding and the views of responsible officials and planned corrective actions.</p>

Monroe County Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Reference Number	Finding
2022-001	<p><i>Finding Type</i> – Material weakness</p> <p><i>Criteria</i> – Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).</p> <p><i>Condition</i> – During the audit, significant adjustments were identified and proposed (which were approved and posted by management) to adjust the College's general ledger to the appropriate balances.</p> <p><i>Context</i> – The College did not have proper procedures in place to ensure cutoff of expenditures at June 30, 2022. This resulted in three adjustments which were identified by the auditors and posted by management; an entry in the amount of \$149,844 to increase prepaid expenses and decrease administration expenses to account for a multi-year contract that had been expensed in full (and also decrease HEERF revenue and increase unearned revenue), an entry in the amount of \$304,924 to increase due to general fund and decrease TRIO grant expenditures in order to properly account for internal balances, and an entry in the amount of \$2,620,508 to increase HEERF grant revenue and increase student service expense to properly account for the student aid portion of the HEERF grant.</p> <p><i>Cause</i> – This condition was the result of lack of oversight and lack of proper procedures around the cutoff of expenditures in the College's books and records.</p> <p><i>Effect</i> – Audit adjustments were identified and recorded by management, resulting in material impact to the financial statements.</p> <p><i>Recommendation</i> – Management has taken appropriate corrective action for the current year by reviewing and approving the proposed audit adjustments. For future periods, we recommend that management implement procedures to ensure that all general ledger accounts are appropriately reconciled and adjusted at year-end, including implementing more robust procedures to evaluate proper cutoff of payables and expenditures.</p> <p><i>Current Status</i> – During the current year, we found misclassifications within certain grant receivable accounts that had no impact on the financial statements. Additional errors were found in the prior year's financial statements, which were restated and reclassified. Continued focus on proper financial reporting and reconciliation is still recommended. See the current year financial statement finding 2023-03 for current year significant deficiency and recommendations.</p>

Monroe County Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Reference Number	Finding
2022-002	<p data-bbox="370 478 813 510"><i>Finding Type</i> – Material weakness</p> <p data-bbox="370 552 1440 800"><i>Criteria</i> – The timely preparation and issuance of audited financial statements in accordance with generally accepted accounting principles requires a coordinated effort between management and the external auditors. This places the burden on the College to properly prepare for the audit, including timely closing of the accounting records, reconciling internal accounts (namely due to/due from and transfers in/out), and preparation of workpapers to support the significant account balances.</p> <p data-bbox="370 846 1440 947"><i>Condition</i> – The completion of the audit was delayed due to errors in the general ledger that were discovered during audit fieldwork and internal accounts balances that were not reconciled.</p> <p data-bbox="370 993 1440 1060"><i>Context</i> – The College did not provide the external audit team with closed books, reconciled balances, and workpapers to support these balances in a timely manner.</p> <p data-bbox="370 1106 1440 1241"><i>Cause</i> – As it related to the closing of the books and audit preparation, the College did not have proper procedures in place to ensure that this process was completed timely. Proper procedures are necessary to prepare audit support that is free from material errors and to prevent late filing.</p> <p data-bbox="370 1287 1440 1354"><i>Effect</i> – As a result, the College's financial statements and audit report were filed eight days past the deadline.</p> <p data-bbox="370 1400 1440 1501"><i>Recommendation</i> – We recommend that information is provided to the external audit team much sooner in future years to ensure all parties involved have a sufficient amount of time to review the financial statements prior to submission.</p> <p data-bbox="370 1547 1440 1862"><i>Current Status</i> – The College experienced turnover in the accounting and finance department, as well as other departments around campus, during the timing of the audit. Workpapers and financial statements were supplied at that time but subsequent requests for support and responses to auditor questions were delayed. The audited financial statements were again submitted late by management. Workpapers and financial statements were initially provided to the auditors timely; therefore, we consider this finding closed but have verbally communicated to management the need for more timely responses to auditor inquires and timely reporting to the State. We will monitor timeliness during the subsequent audits.</p>

Monroe County Community College

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

Reference Number	Finding
2022-003	<p><i>CFDA Number, Federal Agency, and Program Name</i> – ALN 84.425E and 84.425F, Department of Education, COVID-19 - Education Stabilization Fund; 84.047A, Department of Education, TRIO Cluster - Upward Bound; and 84.425N, Great Start for Higher Education</p> <p><i>Federal Award Identification Number and Year</i> – P425E202505, P425F202028, P425M200851, P047A170893, P047A170894, P047A170895, H325N180008-20</p> <p><i>Pass-through Entity</i> – N/A for ALN 84.425E and 84.047A, which were direct funded; and ALN 84.425N was passed through the University of Toledo</p> <p><i>Finding Type</i> – Material weakness</p> <p><i>Repeat Finding</i> – No</p> <p><i>Criteria</i> – 2 CFR 200.510(b) requires organizations to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the Auditee’s financial statements, which must include the total federal awards expended as determined in accordance with 2 CFR 200.502. While not required, the auditee may choose to provide information requested by federal awarding agencies and pass-through entities to make the schedules easier to use.</p> <p><i>Condition</i> – The original SEFA provided by the College was not complete and accurate. The audit team identified numerous errors throughout the course of our procedures which were brought to management’s attention. Management made the appropriate corrections to adjust the SEFA to the appropriate balances and presentation.</p> <p><i>Questioned Costs</i> – None</p> <p><i>Identification of How Questioned Costs Were Computed</i> – N/A</p> <p><i>Current Status</i> – The College provided a current year SEFA that was materially accurate and therefore, this is no longer considered a finding.</p>



MONROE COUNTY COMMUNITY COLLEGE

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March 22, 2024
Corrective Action Plan
Fiscal Year Ended June 30, 2023

Finding Number: 2023-001 and 2023-008 – Approval of Manual JE's

Condition: During the audit, significant deficiency was identified and proposed that there is not proper approval for manual journal entries to ensure proper financial reporting.

Planned Corrective Action: During the fiscal year, the review and approval functions were carried out by the Director of Financial Services, albeit less formal, but consistently. Notably, this occurred prior to when the entries were posted to the general ledger and were posted by persons other than the approver, the Accounting Associate. Subsequent to the end of the fiscal year, the former Director resigned and the Assistant Director, Denise Lindemann, stepped forward to execute various functions of the office in a laudable way. We are fortunate for her interim leadership, as we seek to fill this vacancy, but recognize that during this time we prioritized, differently. Upon filling the position, the informal process will be formalized to underscore consistency, maintain separation of duties, and provide formal evidence of approval, though these important functions *were* being carried out. In addition, we are considering how to automate journal entries within the Colleague system, as we have done so with the approval process for another area.

Finally, it is worth noting that our process of Journalizing is one that was established and maintained for an appreciable period before, and inclusive this audit period, as well. However, we support and embrace the auditors' recommendation as a way to improve our process.

Contact persons responsible for corrective actions: Curtis E. Creagh, VP of Finance and Administration; Denise Lindemann, Assistant Director of Financial Services

Anticipated Completion Date: May 1, 2024

Finding Number: 2023-002 – Information Technology Plans

Condition: During the audit, significant deficiency was identified and proposed that the college does not have a formal Information Security Program, user access is not reviewed on an annual basis, and there is no formal Disaster Recovery or Business Continuity Plan in place.

Planned Corrective Action: From Risk Management, (e.g., Michigan Community College Risk Management Authority, MCCRMA, in which the College is a member among 20 other state colleges), the Information and Technology (IT) Department obtained a generic document as the basis for a formal Disaster Recovery and Business Continuity Plan. We are reviewing and aligning it with our policies and procedures, to be submitted through the College's protocols for updating policy and gaining approval. In regard to the Information Security Program. This is something that has been discussed and worked on in an informal way over the years. When speaking with Risk Management, we have come to the

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conclusion that working toward a Security Framework was an acceptable practice and that is what we have been doing, and are continuing to build on this with MCCRMA as a resource. For instance, we have identified a shelf policy already in our IT library that is under review and should fit the requirement. Upon completion of review, again, we will submit through the College's protocols for updating policy and gaining approval.

The final item is to review user access annually. Depending on the scope that is need for this request it could become a very large task as the college has a whole host of IT resources that have access controls. As a long-term goal, we can pursue in delineated stages where we focus efforts and funding, accordingly.

Contact persons responsible for corrective actions: John Wyrabkiewicz, Chief Information Officer

Anticipated Completion Date: June 30, 2024

Finding Number: 2023-003 – Management Responsibilities for Maintaining Accounting Records

Condition: During the audit, significant deficiency was identified and proposed that due to/from accounts did not balance, which caused grant funds to be out of balance; the deferred outflow of resources for pensions was misstated by \$1.7 million during the prior year; and state grant receipts were being applied to wrong accounts, causing a \$721,000 overstatement of receivables and deferred revenue in the prior year.

Planned Corrective Action: We concur with the auditors' 3-part recommendation to incorporate and maintain a review process that reconciles periodically as prescribed, the named accounts, i.e., interfund accounts, pension accounts, and passthrough scholarship accounts. Understandably, the process of periodically and consistently reconciling these particular accounts, better ensures balances are accurately recorded and properly reflected in the related accounting period and account. Notwithstanding, to underscore the auditors' finding, the outflows for pension that needed adjusting, related to the prior year period.

Contact persons responsible for corrective actions: Curtis E. Creagh, VP of Finance and Administration; Denise Lindemann, Assistant Director of Financial Services

Anticipated Completion Date: May 1, 2024

Finding Number: 2023-004 – Identification of Federal Program – 84.063 Federal Pell Grant; Department of Education; P063P211643



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Condition: During the audit, it was identified and proposed that the auditors selected 21 students that had return of funds during the 2022-2023 fiscal year. Although the calculation of return of funds appeared accurate, the return of funds was never applied to one student in our sample.

Planned Corrective Action: The Financial Aid Office is in the process of updating all processes and procedures to create a checks and balances to ensure that all returns of funds are processed appropriately.

Contact persons responsible for corrective actions: Nickie Hampsher, Director of Financial Aid

Anticipated Completion Date: June 30, 2024

Finding Number: 2023-005 – Identification of Federal Program – 84.063 Federal Pell Grant; Department of Education; P063P211643

Condition: During the audit, it was identified and proposed that the auditors selected eight students that withdrew after the completion of greater than 60% of the semester to determine that a return of funds was not required in the 2022-2023 fiscal year. Of that sample, two students withdrew more than 60% of the way through the semester but a return of funds was applied to the student's account.

Planned Corrective Action: The Financial Aid Office is in the process of updating the Return of Funds procedures, that includes steps to ensure calculations are being processed properly.

Contact persons responsible for corrective actions: Nickie Hampsher, Director of Financial Aid

Anticipated Completion Date: June 30, 2024

Finding Number: 2023-006 – Identification of Federal Program – 84.063 Federal Pell Grant; Department of Education; P063P211643 and 84.268 Federal Direct Student Loan Program; Department of Education; P268K221643

Condition: During the audit, it was identified and proposed that the auditors we selected 25 students that had status changes during the 2022-2023 fiscal year, specifically for the time frame after February 28, 2023 due to the National Student Loan Data System (NSLDS) conversion issues occurring through that date. The following items were noted during out testing: 1) for three students in our sample (2 Pell and 1 Direct Student Loan), the status change date documented by the College did not agree with the status change date reported by NSLDS; 2) for one student in our sample (Direct Student Loan), the status change date was March 30, 2023 but the National Student Clearinghouse reported September 5, 2023, indicating that the notification of status change was not timely (within 60 days of status change); and 3)

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for one student in our sample (Direct Student Loan), the status change did not appear to have been reported to NSLDS.

Planned Corrective Action: The Registrar's Office and Financial Aid Office are reviewing all current processes to ensure that status changes are being reported accurately. This includes students who may have requested a Refund Exception Appeal, which could have an impact on the date of determination the withdrawal occurred.

Contact persons responsible for corrective actions: Sarah Mason, Registrar; Nickie Hampsher, Director of Financial Aid

Anticipated Completion Date: June 30, 2024

Finding Number: 2023-007 – Identification of Federal Program – 84.425F COVID-19 Higher Education Emergency Relief Funds – Institutional; Department of Education; P425F202028 and 84.425M COVID-19 Higher Education Emergency Relief Funds – Strengthening Institutions Program; Department of Education; P425M200851

Condition: During the audit, it was identified and proposed that Quarterly Higher Education Emergency Relief Fund (HEERF) reports are to be publicly posted, accurate, and filed timely. (2 CFR section 200.328 and section 200.329)

Planned Corrective Action: For the first three quarters of the fiscal year, the reports were timely completed and published online, per the grant requirements with a direct link to the documents. The fourth quarter has now been completed and published there, as well. There was a change in the Business Office, where the person responsible for management of this series of awards resigned from the College. We are actively searching to fill the position, Director of Finance, whose responsibilities will include grant management, overall. Though the awards are fully spent and ended at, June 30, 2023, still responsibilities to the grant for record-keeping and final annual reporting, exist. We acknowledge this and have incorporated these items into the calendar of reporting events for these awards.

Contact persons responsible for corrective actions: Curtis E. Creagh, VP of Finance and Administration

Completion Date: March 22, 2024



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If additional information is required on behalf of the College, please notify me.

Regards,

Curtis E. Creagh

VP of Finance and Administration

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