

**Moraine Valley Community
College – Community College
District Number 524**

Reports required by the Uniform Guidance and
Government Auditing Standards

Year Ended June 30, 2017

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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

The Board of Trustees
Moraine Valley Community College –
Community College District Number 524
Palos Hills, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Moraine Valley Community College – Community College District Number 524 (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 26, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
September 26, 2017

Independent Auditor’s Report On Compliance For the Major Federal Program; Report on Internal Control Over Compliance; and Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

The Board of Trustees
Moraine Valley Community College –
Community College District Number 524
Palos Hills, Illinois

Report on Compliance for the Major Federal Program

We have audited Moraine Valley Community College – Community College District Number 524’s (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College’s major federal program for the year ended June 30, 2017. The College’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the College’s compliance.

Opinion on the Major Federal Program

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 its major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The College's response to the internal control finding is described in the accompanying corrective action plan. The College's response was not subjected to the audited 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 the business-type activities of the College as of and for the year ended June 30, 2017, and have issued our report thereon dated September 26, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
September 26, 2017

**Moraine Valley Community College –
Community College District Number 524**

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

Federal Grantor/Pass-through Grant Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor:			
Pass-through programs from:			
Chicago Cook Workforce Partnership:			
Workforce Innovation and Opportunity Act (WIOA):			
WIOA Dislocated Worker Formula Grants	17.278	2016Q-321	\$ 25,776
WIOA Adult Program	17.258	2016Q-221	19,765
WIOA Dislocated Worker Formula Grants	17.278	2016-321	74,263
WIOA Adult Program	17.258	2016-221	68,754
WIOA Youth Activities	17.259	2016-521	222,283
WIOA Youth Activities	17.259	2016-421	10,156
Total Workforce Innovation and Opportunity Act (WIOA) Cluster			<u>420,997</u>
Total Department of Labor			<u>420,997</u>
U.S. Department of Education:			
Direct Programs:			
Office of Federal Student Aid:			
Federal Pell Grant Program	84.063	E-P063P162988	17,185,624 *
Federal Supplemental Educational Opportunity Grant Program	84.007	E-P007A161227	260,951 *
Federal Work-Study Program	84.033	E-P033A161227	217,432 *
Federal Direct Student Loan Program	84.268	P268K172988	5,560,386 *
Total Federal Student Aid Cluster			<u>23,224,393</u>
Office of Postsecondary Education:			
Institutional Service:			
Title III Part A Programs - Strengthening Institutions	84.031A	P031A160217	277,956
TRIO:			
TRIO Student Support Services Program	84.042A	P042A150459-16	235,348
TRIO Talent Search Program	84.044A	P044A110500-15	34,594
TRIO Talent Search Program	84.044A	P044A160770	220,801
TRIO Upward Bound Program	84.047A	P047A120505-16	268,648
Total TRIO Cluster			<u>759,391</u>
Total Direct Programs			<u>24,261,740</u>
Pass-through programs from:			
Illinois Community College Board:			
Career and Technical Education:			
Career and Technical Education - Basic Grants to States	84.048	CTE52417	581,859
Career and Technical Education - Special Populations Support	84.048	SPS-52417	9,429
Total Career and Technical Education			
Adult Education - Basic Grants to States	84.002	F5240117	463,460
Total Pass-through programs			<u>1,054,748</u>
Total Department of Education			<u>25,316,488</u>

* Denotes a Major Program

** Research and Development Grant Expenditures

See Notes to the Schedule of Expenditures of Federal Awards

**Moraine Valley Community College –
Community College District Number 524**

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

<u>Federal Grantor/Pass-through Grant Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Veterans Affairs: Veterans Benefits Administration: Post-9/11 Veterans Educational Assistance	64.028	-	\$ 457,995
Total Department of Veterans Affairs			<u>457,995</u>
U.S. Department of Justice: Bureau of Justice Assistance: Bulletproof Vest Partnership Program	16.607	-	3,316
Total Department of Justice			<u>3,316</u>
National Science Foundation: Direct Programs: Education and Human Resources: EAGER: The Midwest CyberCenter	47.076	DGE - 1445384	72,832 **
SFS: Capacity: A Streamlined Cyber-Security & Intelligence Pathway	47.076	DGE - 1623591	44,976 **
Center for Systems Security and Information Assurance (CSSIA)	47.076	DUE - 1465163	493,460 **
Pass-through programs from: University of Illinois at Chicago: GP-IMPACT: Establishing Partnerships to Recruit Geoscience Undergraduates from Urban Chicago	47.050	ICER - 1600508	15,277 **
Total National Science Foundation			<u>626,545</u>
National Endowment for the Arts: Pass-through programs from: Arts Midwest: Arts Midwest Touring Fund - Paul Taylor Dance Company	45.025	00018327	4,000
Total National Endowment for the Arts			<u>4,000</u>
U.S. Department of Defense: Direct Programs: National Security Agency: CAE-2Y Pilot Grant Program - CAE Development of CAE Regional Resource Centers (CRRCs)	12.902	H98230-16-1-0347	91,632
2017 GenCyber Teacher/Student Grant	12.903	H98230-17-1-0254	11,471
CyberSecurity Workforce Education	12.905	H98230-17-1-0187	2,156
Pass-through programs from: University of Texas at San Antonio: Basic and Applied Scientific Research	12.300	326020115L	10,900
Total Department of Defense			<u>116,159</u>
Total Expenditures of Federal Awards			<u>\$ 26,945,500</u>

* Denotes a Major Program

** Research and Development Grant Expenditures

See Notes to the Schedule of Expenditures of Federal Awards

**Moraine Valley Community College –
Community College District Number 524**

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Moraine Valley Community College – Community College District Number 524 (the College) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College. No funds were identified as having been provided to subrecipients by the College, and accordingly, no funds identified in the Schedule are attributable to subrecipient entities. There are no federal awards expended for non-cash assistance or insurance at year-end.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Federal Direct Student Loan Program

During the fiscal year ended June 30, 2017, the College issued new loans to students under the Federal Direct Student Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans and Parent PLUS loans for undergraduate students. The value of loans issued for the FDLP is based on disbursed amounts. The loan amounts issued during the year are disclosed on the Schedule. The College is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the College's basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of the College at June 30, 2017.

**Moraine Valley Community College –
Community College District Number 524**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2017**

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	___	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	___	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted?	___	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> X </u>	Yes	___	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<u> X </u>	Yes	___	No
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Federal Student Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grant Program
84.033	Federal Work-Study Program
84.268	Federal Direct Student Loan Program
84.063	Federal Pell Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$808,365

Auditee qualified as low-risk auditee?	___	Yes	<u> X </u>	No
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**Moraine Valley Community College –
Community College District Number 524**

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

Section II. FINANCIAL STATEMENT FINDINGS

No matters to report.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Significant deficiency and compliance finding identified is as follows:

Finding 2017-001: Report submission - Data Collection Form (Form SF-SAC) and reporting package
Federal Program: Federal Student Aid Cluster (CFDA Nos 84.063, 84.007, 84.033 and 84.268)
Award Year: 2015 - 2016

Criteria: Under the Uniform Grant Guidance, Section 200.512, *Report Submission*, the audit must be completed and the data collection form and reporting package described must be submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.

Condition and Context: The College submitted its June 30, 2016 data collection form on December 05, 2016 which was more than 30 days after the receipt of the audit.

Questioned Costs: None

Prevalence: The entire reporting package required to be submitted under Uniform Guidance.

Cause: The College does not have compensating controls in place over timely submission of the federal reporting package.

Effect: The federal reporting package was not received timely by the Federal Audit Clearinghouse.

Recommendation: To ensure compliance with federal regulations, we recommend the College develops additional controls so all elements of the federal reporting package are submitted on a timely basis.

Management's Response: Management will update the year-end closing calendar and audit procedures to include the requirement to complete the data collection form and submit the reporting package within 30 calendar days after receipt of the auditor's report, when earlier than 9 months after the end of the audit period.

**Moraine Valley Community College –
Community College District Number 524**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017**

FINANCIAL STATEMENT FINDINGS

No matters noted.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters noted.



MORAIN VALLEY COMMUNITY COLLEGE

CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2017

Identifying Number: 2017-001

Finding: The data collection form for the audit year ended June 30, 2016 was not submitted to the Federal Audit Clearinghouse (FAC) on a timely basis.

Per 2 CFR part 200, subpart F (2 CFR section 200.512): (a) *General.* (1) The audit must be completed and the data collection form and reporting package described must be submitted within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Corrective Actions Taken or Planned: Management will update the year-end closing calendar and audit procedures to include the requirement to complete the data collection form and submit the reporting package within 30 calendar days after receipt of the auditor's report, when earlier than 9 months after the end of the audit period.

Anticipated Completion Date: September 15, 2017

Responsible Person(s):

Mr. Darren Howard, Manager of Grants Accounting & Compliance
howardd46@morainevalley.edu
(708) 974-5789

Sincerely,

Robert J. Sterkowitz
Chief Financial Officer/Treasurer