

Mid Michigan
College



Year Ended
June 30, 2021

Single Audit Act
Compliance

MID MICHIGAN COLLEGE

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

March 25, 2022

To the Board of Trustees
Mid Michigan College
Harrison, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of **Mid Michigan College** (the "College"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 11, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



MID MICHIGAN COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grant Program	84.007	Direct	P007A202047	\$ 137,716
Federal Work Study Program	84.033	Direct	P033A202047	117,632
Federal Pell Grant Program	84.063	Direct	P063P202848	4,573,645
Federal Direct Subsidized & Unsubsidized Loan Program and Federal Direct Parent Loan Program	84.268	Direct	P268K212848	4,803,190
Total Student Financial Assistance Cluster				<u>9,632,183</u>
Higher Education Institutional Aid (10/1/20 - 9/30/2021)	84.031A	Direct	P031A200039	<u>12,856</u>
TRIO Cluster:				
Student Support Services (9/1/20 - 8/31/21)	84.042	Direct	P042A200209-20	175,268
Student Support Services (9/1/19 - 8/31/20)	84.042	Direct	P042A150098-19	51,396
				<u>226,664</u>
Talent Search (9/1/20 - 8/31/21)	84.044A	Direct	P044A160506-20	215,004
Talent Search (9/1/19 - 8/31/20)	84.044A	Direct	P044A160506-19	34,127
				<u>249,131</u>
Total TRIO Cluster				<u>475,795</u>
Vocational Education - Basic Grants to States:				
Regional Allocation	84.048A	MDE	203510	315,899
Local Administration	84.048	MDE	203250	9,200
				<u>325,099</u>
GEAR UP Scholarship	84.334	MDE	-N/A-	<u>4,000</u>
COVID-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Student Aid	84.425E	Direct	P425E200450	1,192,350
COVID-19 - Higher Education Emergency Relief Fund Institutions of Higher Education - Institutional	84.425F	Direct	P425F204160	4,057,778
COVID-19 - Higher Education Emergency Relief Fund Strengthening Institutions Program	84.425M	Direct	P425M200848	711,924
				<u>5,962,052</u>
Total U.S. Department of Education				<u>16,411,985</u>
U.S. Department of Agriculture				
Rural Business Development Grant	10.351	RDA	RD Instruction 4280.417	<u>74,107</u>
U.S. Department of Treasury				
COVID-19 - Coronavirus Relief Fund	21.019	MDE	AUG-2020-MIDMICHIGAN-CRF	<u>581,000</u>

continued...

MID MICHIGAN COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
Small Business Administration				
Small Business Development Center 2021	59.037	GVSU	SBAHQ-21-B-0057	\$ 108,830
Small Business Development Center 2020	59.037	GVSU	SBAHQ-20-B-0049	79,890
				<u>188,720</u>
Total Expenditures of Federal Awards				<u><u>\$ 17,255,812</u></u>

See notes to schedule of expenditures of federal awards.

MID MICHIGAN COLLEGE

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of *Mid Michigan College* (the "College") under programs of the federal government for the year ended June 30, 2021. 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.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

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

3. PASS-THROUGH ENTITIES

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

Pass-through Entity Abbreviation	Pass-through Entity Name
MDE	Michigan Department of Education
RDA	Rural Development Agency
GVSU	Grand Valley State University



**INDEPENDENT AUDITORS' 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***

November 11, 2021

To the Board of Trustees
Mid Michigan College
Harrison, Michigan

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 and the discretely presented component unit of **Mid Michigan College** (the "College"), as of and for the year ended June 30, 2021, 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 11, 2021.

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 a 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. 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 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*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Loham LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 25, 2022

To the Board of Trustees
Mid Michigan College
Harrison, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Mid Michigan College** (the "College") with the types of compliance requirements described 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, 2021. The College's major federal programs are identified in the summary of auditors' 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.

Independent Auditors' 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 each 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 each of the major federal programs. However, our audit does not provide a legal determination of the College's compliance.



Opinion on Each 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 each of its major federal programs for the year ended June 30, 2021.

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 2021-001. 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 schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of 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 did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

The College's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

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.

A handwritten signature in black ink that reads "Rehmann Loborn LLC". The signature is written in a cursive, flowing style.

MID MICHIGAN COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' 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 X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for each major program

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

84.007/84.033/84.063/84.268
84.425

Student Financial Assistance Cluster
COVID-19 - Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

 \$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

MID MICHIGAN COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

MID MICHIGAN COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 - Timeliness of Student Status Changes

Finding Type. Immaterial Noncompliance / Significant Deficiency in Internal Control over Compliance (Special Tests and Provisions).

Program. Student Financial Assistance Cluster; U.S. Department of Education; Federal Supplemental Educational Opportunity Grants ("FSEOG"), Assistance Listing Number 84.007, Award Number P007A202047; Federal Work Study ("FWS"), Assistance Listing Number 84.033, Award Number P033A202047; Federal Pell Grant Program, Assistance Listing Number 84.063, Award Number P063P202848; and Federal Direct Student Loans Program, Assistance Listing Number 84.268, Award Number P268K212848.

Criteria. The Compliance Supplement states that a College must report student status changes within 60 days of the status change.

Condition. A status change was not updated for one of the forty students selected for testing who unofficially withdrew during the fiscal year.

Cause. The student was registered as full-time, with one class being a module course which only ran the first eight weeks of the semester. The student completed the module course but unofficially withdrew from all remaining courses in the semester. The College's system did not recognize this student as unofficially withdrawn, due to the completion of the module class.

Effect. As a result of this condition, the College did not fully comply with the requirements to report all student status changes and as a result of this condition, the College was exposed to not consistently reporting all student status changes correctly.

Questioned Costs. No costs were required to be questioned as a result of this finding.

Recommendation. We recommend that the College implement procedures to include all status changes when reporting status changes to the National Student Loan Data System.

View of Responsible Officials. Management believes this was an isolated incident and has prepared a Corrective Action Plan.

MID MICHIGAN COLLEGE

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2021

2020-001 - Timely Reporting to the National Student Loan Data System

This matter was reported as a repeat finding in 2021.

2020-002 - Adequate Notification of Loan Disbursements

This matter was corrected by management and not repeated as a finding in 2021.

2020-003 - Time Elapsing Between Transfer of Funds and Disbursement of Those Funds

This matter was corrected by management and not repeated as a finding in 2021.



CORRECTIVE ACTION PLAN

The compliance audit identified one finding, which is described in the Schedule of Findings and Questioned Costs. We evaluated this matter, as described below, and have outlined our corrective actions as a result.

2021-001 - Timeliness of Student Status Changes

Background. The finding of the student status change is an isolated and very unique incident. The student began the Winter 2021 term as a full-time student. The student was registered for four classes; three classes were 16-week courses, and one course was a first eight-week course. The student completed the first eight-week course, earning a D grade. The student then stopped attending the other three courses, at different times, but was not an official withdrawal. After the term concluded, an unofficial withdrawal was completed. See below for the last dates of attendance for the three 16-week courses that the student did not complete:

BUS.151 received D in course with end date of 03/05/2021
ACC.201.M01 had a grade of F with LDA of 02/23/2021 (16-week course)
ECO.202.W02 had a grade of F with LDA of 02/24/2021 (16-week course)
MAT.212.M02 had a grade of F with LDA of 03/26/2021 (16-week course)

No indication of late grade submissions or incompletes that converted to Fs.

Issue. Due to the student completing the first eight-week module course and earning a D grade, but ceasing enrollment thereafter, the system did not recognize the student had withdrawn (unofficial). Consequently, the system continued to report the student as full time. To explain further, the system saw that this student earned a grade in the semester and saw it as essentially a student that finished the term. This is not accurate as the student stopped attending completely as of March 26, 2021.

Return of funds was calculated at the end of the term correctly (as this is reviewed manually), however, the system reported to the Clearinghouse incorrect information.

Planned Corrective Action. Currently, the College is reviewing how the system views module courses and how that plays into the withdrawal (official and unofficial) process. A change to the system report has been identified that may switch a student in this unique situation to withdrawn appropriately; further testing is currently being done to verify this change. In the meantime, when a very unique situation such as this occurs, where a student completes a first eight-week course but subsequently ceases enrollment and is found during the return of funds process, Financial Aid will make a manual update to Clearinghouse and notification will be sent to the Registrar to make sure reporting is correct.

Responsible Party. Sarah Kasabian-Larson, Director of Financial Aid.

Date of Planned Corrective Action. Effective immediately - March 2nd, 2022.

Management Assessment. We concur with the audit assessment regarding this matter.