

Mid Michigan  
College



Year Ended  
June 30, 2022

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

February 20, 2023

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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated February 20, 2023, 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, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Rural Business Development Grant	10.351	RDA	RD Instruction 4280.417	\$ 95,000
<b>Small Business Administration</b>				
Small Business Development Center 2021	59.037	GVSU	SBAHQ-21-B-0057	115,536
Small Business Development Center 2022	59.037	GVSU	SBAHQ-22-B-0058	106,983
				<u>222,519</u>
<b>U.S. Department of Education</b>				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grant Program				
	84.007	Direct	P007A212047	117,321
Federal Work Study Program				
	84.033	Direct	P033A212047	134,520
Federal Pell Grant Program (2021-2022)				
	84.063	Direct	P063P212848	4,631,769
Federal Pell Grant Program (2020-2021)				
	84.063	Direct	P063P212848	5,617
Federal Direct Subsidized & Unsubsidized Loan Program and Federal Direct Parent Loan Program				
	84.268	Direct	P268K212848	3,936,534
Total Student Financial Assistance Cluster				<u>8,825,761</u>
Higher Education Institutional Aid (10/1/20 - 9/30/2021)				
	84.031A	Direct	P031A200039	66,951
Higher Education Institutional Aid (10/1/21 - 9/30/2022)				
	84.031A	Direct	P031A200039-21	227,761
				<u>294,712</u>
TRIO Cluster:				
Student Support Services (9/1/20 - 8/31/21)				
	84.042	Direct	P042A150098-20	53,191
Student Support Services (9/1/21 - 8/31/22)				
	84.042	Direct	P042A200209-21	222,864
				<u>276,055</u>
Talent Search (9/1/20 - 8/31/21)				
	84.044A	Direct	P044A160506-20	72,893
Talent Search (9/1/21 - 8/31/22)				
	84.044A	Direct	P044A160506-21	173,563
				<u>246,456</u>
Total TRIO Cluster				<u>522,511</u>
Vocational Education - Basic Grants to States:				
Regional Allocation				
	84.048A	MDE	203510	358,376
Local Administration				
	84.048	MDE	203250	9,200
				<u>367,576</u>
COVID-19 - Higher Education Emergency Relief Fund				
Institutions of Higher Education - Student Aid				
	84.425E	Direct	P425E200450	5,538,619
COVID-19 - Higher Education Emergency Relief Fund				
Institutions of Higher Education - Institutional				
	84.425F	Direct	P425F204160	2,975,772
				<u>8,514,391</u>
<b>Total U.S. Department of Education</b>				<u>18,524,951</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 18,842,470</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, 2022. 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
GVSU	Grand Valley State University
MDE	Michigan Department of Education
RDA	Rural Development Agency



**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, 2022

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, 2022, 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, 2022.

### **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 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 or significant deficiencies may exist that have not been identified.



## **Report on 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 "Lehmann Lobson 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

February 20, 2023

To the Board of Trustees  
Mid Michigan College  
Harrison, Michigan

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the compliance of **Mid Michigan College** (the "College") 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, 2022. The College's major federal programs are identified in the summary of auditors' 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, 2022.

#### *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 (GAAS); 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 Independent Auditors' 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.

### ***Independent Auditors' 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 GAAS, *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 GAAS, *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 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 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

*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 it.

## **Report on 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 Independent Auditors' 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

## **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 Lohman 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, 2022

### 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                               yes                      X   no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?                               yes                      X   no

Significant deficiency(ies) identified?                               yes                      X   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, 2022

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

# MID MICHIGAN COLLEGE

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### 2022-001 - Timeliness of Student Status Changes (Repeat Finding)

**Finding Type.** Immaterial Noncompliance.

**Program.** Student Financial Assistance Cluster; U.S. Department of Education; Federal Supplemental Educational Opportunity Grants ("FSEOG"), Assistance Listing Number 84.007, Award Number P007A212047; Federal Work Study ("FWS"), Assistance Listing Number 84.033, Award Number P033A212047; Federal Pell Grant Program, Assistance Listing Number 84.063, Award Number P063P212848; 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.** A status change was not updated for one of the students selected for testing who withdrew during the year. The College had a process in place to identify incorrectly submitted withdrawal statuses or dates to National Student Loan Data System (NSLDS), however, this process was not fully followed by an employee who is no longer employed at the College.

**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 follow implemented procedures to include all status changes when reporting status changes to the NSLDS.

**View of Responsible Officials.** Management believes this was an isolated incident and was identified internally during the fiscal year. Subsequent to this issue being found, the College engaged their IT department to look further into the cause of why some students were being reported with wrong dates. The College ended up changing how the Colleague-generated report that is sent to the Clearinghouse pulls withdrawn students so as to ensure these issues occur less often. The College believes that the corrective actions they have taken will be sufficient.

# MID MICHIGAN COLLEGE

## Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2022

### 2021-001 - Timeliness of Student Status Changes

This matter was reported as a repeat finding in 2022.

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



## **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.

### **2022-001 - Timeliness of Student Status Changes**

#### **Background**

Gabrielle Coles was found to be reported to NSLDS for enrollment status change 9 days late, on the 69<sup>th</sup> day. This student officially withdrew from the Fall 2021 semester on November 30, 2021. At the time of the fall withdrawal, the student was also registered for winter term at half time. The original setup of the Colleague system caused the incorrect enrollment status to be reported for the student (as it was not considering the use of the unofficial withdrawal date in the Clearinghouse report file). However, we do have measures in place to review our withdrawn students one by one out in NSLDS to ensure we are compliant. When it was found by the Financial Aid Specialist that an error was reported to NSLDS, the responsible party -the former Registrar- was notified on two separate occasions to have the status updated; both notifications happened prior to the 60-day mark. Despite the notifications, the error was not updated until the 69<sup>th</sup> day.

#### **Issue**

The Colleague system did not correctly pull the withdrawal status or correct date. However, the issue was found well before the 60-day mark by the Financial Aid Specialist who reviews each withdrawn student in NSLDS biweekly. The Specialist did notify the responsible party of the error (twice). Due to human error (as we believe the former Registrar did not notice the fall withdrawal but instead only saw the half time winter registration), the issue was not resolved in time. This individual no longer works at the college.

Subsequent to this issue, IT was engaged to look further into the Colleague report to identify the root cause of why some students were being reported with the wrong dates. After much research, we changed how the report was pulling withdrawn students and their withdrawal date. This change will also prevent issues from occurring in the future.

#### **Resolution**

With the corrective action plan put in place of both the Colleague system considering the unofficial date of withdrawal and the Financial Aid Specialist notifying the responsible party of enrollment status changes that are incorrect at NSLDS, we are confident that the enrollment reporting requirements should now be met.

#### **Responsible Party**

Director of Financial Aid – Sarah Kasabian-Larson

#### **Date of Planned Corrective Action**

Effective immediately. March 2<sup>nd</sup>, 2022

#### **Management Assessment**

We concur with the audit assessment regarding this matter.