Mid Michigan College

Federal Awards Supplemental Information
June 30, 2020

Mid Michigan College

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

Independent Auditor's Report

To the Board of Trustees
Mid Michigan College

We have audited the financial statements of Mid Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 27, 2020, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 27, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 27, 2020

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Mid Michigan College

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 Mid Michigan College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 27, 2020.

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 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 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.*

To Management and the Board of Trustees
Mid Michigan College

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.

Plante & Moran, PLLC

October 27, 2020

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Mid Michigan College

Report on Compliance for Each Major Federal Program

We have audited Mid Michigan College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the College's major federal program for the year ended June 30, 2020. 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 program.

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* (the "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 each major federal program. 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 the major federal program for the year ended June 30, 2020.

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 is described in the accompanying schedule of findings and questioned costs as Finding 2020-001. Our opinion on each 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 the response.

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To the Board of Trustees
Mid Michigan College

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 a combination of deficiencies, in internal control over compliance such that there is 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2020-001 to be a material weakness.

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, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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 Findings 2020-002 and 2020-003 to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit are 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 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.

Plante & Moran, PLLC

October 27, 2020

Mid Michigan College

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
Student Financial Assistance Cluster -				
U.S. Department of Education - Direct Program:				
Federal Pell Grant Program	84.063P	P063P192848	$ -	$ 5,712,759
Federal Work-Study Program	84.033A	P033A192047	-	112,244
Federal Supplemental Employment Opportunity Grant	84.007A	P007A192047	-	129,007
Federal Direct Loan Program	84.268	P268K202848	-	6,681,145
Total Student Financial Assistant Cluster			-	12,635,155
TRIO Cluster - U.S. Department of Education - Direct Program:				
Talent Search (9/1/18 to 8/31/19)	84.044A	P044A160506	-	33,529
Talent Search (9/1/19 to 8/31/20)	84.044A	P044A160506	-	171,034
Student Support Services (9/1/18 to 8/31/19)	84.042	P042A150098-18	-	63,461
Student Support Services (9/1/19 to 8/31/20)	84.042	P042A150098-19	-	161,771
Total TRIO Cluster			-	429,795
Total clusters			-	13,064,950
Other federal awards:				
U.S. Department of Agriculture - Passed through Rural Development Agency - Rural Business Development Grant	10.351	RBDG 10-351	-	1,145
U.S. Department of Labor - Passed through Southeast Michigan Community Alliance - H-1B Job Training Grants - American Apprenticeship	17.268	AP-28028-15-60-A-26	-	67,953
U.S. Department of Education:				
Direct Programs:				
COVID-19 - Higher Education Emergency Relief Fund - Student Aid	84.425E	P425E200450	-	389,500
COVID-19 - Higher Education Emergency Relief Fund - Institutional portion	84.425F	P425E200450	-	102,628
Passed through Michigan Department of Education - Vocational Education - Basic Grants to States:				
Regional Allocation - Post-secondary	84.048A	203510	-	334,181
Local Administration - Post-secondary	84.048A	203250	-	9,200
Total Vocational Education - Basic Grants to States			-	343,381
Passed through Michigan Department of Education - Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S110025	-	4,000
Total U.S. Department of Education			-	839,509
Small Business Administration -				
Passed through Grand Valley State University:				
Small Business Development Center 2019	59.037	SBAHQ-19-B-0059	-	95,064
Small Business Development Center 2020	59.037	SBAHQ-20-B-0049	-	119,910
Total Small Business Administration			-	214,974
Total other federal awards			-	1,123,581
Total expenditures of federal awards			**$ -**	**$ 14,188,531**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

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, 2020. The information in the 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* (the "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.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The College has elected to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Adjustments and Transfers

The College carried forward $74 of the 2019-2020 Supplemental Education Opportunity Grant (84.007) award to the 2020-2021 award year. During the 2019-2020 award year, $11,929 of Supplemental Education Opportunity Grant funds from the 2018-2019 award year was carried forward and spent.

Mid Michigan College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	____ Yes	X No	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported	
Noncompliance material to financial statements noted?	____ Yes	X None reported	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	X Yes	____ No	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X Yes	____ None reported	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	X Yes	____ No	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.063, 84.033, 84.007, 84.268	Student Financial Assistance Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$750,000		
Auditee qualified as low-risk auditee?	____ Yes	X No	

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2020-001	**CFDA Number, Federal Agency, and Program Name** - Student Financial Assistance Cluster, U.S. Department of Education, Federal Direct Loan Program (84.268) **Federal Award Identification Number and Year** - NA **Pass-through Entity** - NA **Finding Type** - Material weakness and material noncompliance with laws and regulations **Repeat Finding** - Yes - 2019-002 **Criteria** - Changes in a student's status are required to be reported to the National Student Loan Data System (NSLDS) or the guarantee agency within 30 days of the change or included in a student status confirmation report sent to NSLDS within 60 days of the status change (34 CFR Section 682.610). **Condition** - The College did not report certain student status changes in a timely manner. **Questioned Costs** - None **Context** - Of the 40 students selected for status change testing, 1 student did not have a status change reported in a timely manner. **Cause and Effect** - A control was not in place to ensure the College's graduation report was complete. As a result, certain graduates' status was not updated timely. **Recommendation** - We recommend the College review the process and controls over the graduation and withdrawal report completeness. **Views of Responsible Officials and Corrective Action Plan** - During the 2019-2020 audit, one student from the 2018-2019 academic year was discovered to have their graduation date reported past the required deadline. The corrective action from the 2018-2019 audit was added to the double-check process and fully implemented in 2019-2020. However, because the 2019-2020 audit included a student from the 2018-2019 academic year, this student’s record was not part of the fully implemented 2019-2020 process, and the error pertaining to the 2018-2019 academic year was not detected in a timely manner. The corrective action plan from the 2018-2019 audit, fully implemented in 2019-2020, has resolved this issue from recurring.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2020-002	**CFDA Number, Federal Agency, and Program Name** - Student Financial Assistance Cluster, U.S. Department of Education, Federal Direct Loan Program (84.268) **Federal Award Identification Number and Year** - NA **Pass-through Entity** - NA **Finding Type** - Significant deficiency **Repeat Finding** - No **Criteria** - The College must notify a student of the amount of loan funds that the student or his or her parent can expect to receive, which funds are from subsidized loans and which are from unsubsidized loans, and how and when those funds will be disbursed. The notification should also include the date and amount of the disbursement, and the student's right or parent's right to cancel all or a portion of that loan disbursement. The College must send the notification in writing within 30 days prior to or after crediting the student's account at the institution (34 CFR Section 668.165(a)(2) and 34 CFR Section 668.165(a)(3)). **Condition** - The College did not provide adequate notification of loan disbursements and the right to cancel all or a portion of the loans to students or parents. **Questioned Costs** - None **Context** - Of the 23 students selected for notification testing, 1 of these students did not receive notification in a timely manner. **Cause and Effect** - Due to the disruption of college operations as a result of the COVID-19 pandemic, a student did not receive timely notification. **Recommendation** - The College should implement a process to ensure all students or parents of loan disbursements receive timely notification. **Views of Responsible Officials and Planned Corrective Actions** - During the College's closure due to COVID-19, the associate director of financial aid (AD) took over from financial aid analyst (FAA) performance of the pretransmittal process during the month of April. This was during a period of time where remote work was required, and the FAA who performed the pretransmittal process had unreliable internet service for conducting critical processing remotely. (The FAA was deemed an essential worker in May 2020 and resumed pretransmittal processing on campus.) There was a step left off of the financial aid office processing calendar (though it was on the FAA's personal calendar) that served as a reminder to send out EFT emails to students regarding their loans (as described in the finding) as part of the pretransmittal process. Therefore, during the period of time that AD did the pretransmittal process for FAA, she did not do the EFT emails, as she was following process reminders from the financial aid processing calendar. We resolved this situation by adding the reminder to the processing calendar, and the student services specialist is now the individual responsible for performing the process that sends the EFT email notifications on a weekly basis. FAA is backup support for processing the email notifications.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2020-003	**CFDA Number, Federal Agency, and Program Name** - 84.425, U.S. Department of Higher Education, Higher Education Emergency Relief Funds (HEERF) **Federal Award Identification Number and Year** - NA **Pass-through Entity** - NA **Finding Type** - Significant deficiency **Repeat Finding** - No **Criteria** - The College must minimize the time elapsing between the transfer of funds from the United States Treasury to the College and the disbursement of those funds. 2 CFR Section 200.305(b) **Condition** - The College drew down all of the student grant portion of the HEERF funds allowed without minimizing the time between the transfer of funds and the disbursement of those funds. **Questioned Costs** - None **Context** - The College drew down $1,320,530 despite only expending $389,500 of these student grant funds as of June 30, 2020. **Cause and Effect** - The College was not aware of the cash management requirements under the Uniform Guidance, which resulted in an excess of funds drawn down. **Recommendation** - We recommend the College implement a process to ensure that the College minimizes the time elapsing between the transfer of funds from the United States Treasury to the College and the disbursement of those funds. **Views of Responsible Officials and Planned Corrective Actions** - We discovered guidance in early October 2020 that stated 2 CFR § 200.305(b) of the Uniform Guidance applies to the HEERF funds. Following this guidance, we returned unspent funds via the G5 application and will redraw the funds as we disburse them, just as we do other grants.