

Muskegon Community College
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditors' Reports
June 30, 2009

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BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

**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***

December 1, 2009

Board of Trustees
Muskegon Community College
Muskegon, Michigan

We have audited the financial statements of Muskegon Community College as of and for the year ended June 30, 2009 and have issued our report thereon dated December 1, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Muskegon Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Muskegon Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Muskegon Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in Section II of the accompanying Schedule of Findings and Responses, as Fiscal 2009 Finding No. 1, to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

BRICKLEY DELONG

Board of Trustees
December 1, 2009
Page 2

Compliance

As part of obtaining reasonable assurance about whether the Muskegon Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Muskegon Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Muskegon Community College's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brickley De Long, P.C.

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 1, 2009

Board of Trustees
Muskegon Community College
Muskegon, Michigan

Compliance

We have audited the compliance of Muskegon Community College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Muskegon Community College's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Muskegon Community College's management. Our responsibility is to express an opinion on Muskegon Community College's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Muskegon Community 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. Our audit does not provide a legal determination on Muskegon Community College's compliance with those requirements.

In our opinion, Muskegon Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described as Fiscal 2009 Finding No. 2 in Section III of the accompanying Schedule of Findings and Responses.

Internal Control Over Compliance

The management of Muskegon Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Muskegon Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Muskegon Community College's internal control over compliance.

Board of Trustees
December 1, 2009
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Internal Control Over Compliance—Continued

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity’s internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity’s internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control. We consider certain deficiencies in internal control over compliance described in Section III in the accompanying Schedule of Findings and Responses as Fiscal 2009 Finding Numbers 2 and 3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity’s internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses.

Muskegon Community College’s responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Muskegon Community College’s responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of Muskegon Community College as of and for the year ended June 30, 2009 and have issued our report thereon dated December 1, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brickley De Long, P.C.

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

Federal grantor/pass-through grantor/program title	Federal CFDA number	Entitlement program or award amount	Accrued (deferred) revenue July 1, 2008	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)			Accrued (deferred) revenue June 30, 2009
					Prior year	Current year	Total	
U.S. Department of Labor								
Passed through Ottawa County Michigan Works! Agency Employment Service Cluster								
No Worker Left Behind Employment Services MWLB-MCC01	17.207	\$ 4,766	\$ -	\$ 4,766	\$ -	\$ 4,766	\$ 4,766	\$ -
Wagner-Peyser Employment Services MWLB-MCC01	17.207	261,009	-	252,084	-	261,009	261,009	8,925
Total Employment Service Cluster		265,775	-	256,850	-	265,775	265,775	8,925
WIA Cluster								
Workforce Investment Act Adult MWLB-MCC02	17.258	184,321	-	181,549	-	154,243	154,243	(27,306)
Workforce Investment Act In-School Youth MWLB-MCC02	17.259	19,423	-	17,245	-	18,804	18,804	1,559
Workforce Investment Act Out-of-School Youth MWLB-MCC02	17.259	8,324	-	5,498	-	5,996	5,996	498
National Emergency Grant MWLB-MCC02	17.260	43,713	-	26,276	-	43,713	43,713	17,437
No Worker Left Behind Dislocated Worker MWLB-MCC02	17.260	5,000	-	5,000	-	5,000	5,000	-
Workforce Investment Act Dislocated Worker MWLB-MCC02	17.260	897,218	-	526,325	-	677,922	677,922	151,597
Total WIA Cluster		1,157,999	-	761,893	-	905,678	905,678	143,785
Total U.S. Department of Labor		1,423,774	-	1,018,743	-	1,171,453	1,171,453	152,710
U.S. Department of Transportation								
Direct Programs								
Commercial Motor Vehicle Operators Training DT-07-26-09-G-0000	20.235	80,530	38,981	53,469	66,042	14,488	80,530	-
National Science Foundation								
Direct Programs								
Muskegon Scholars DUE-0726745	47.076	473,310	15,552	68,098	25,268	81,873	107,141	29,327

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—CONTINUED
For the year ended June 30, 2009

Federal grantor/pass-through grantor/program title	Federal CFDA number	Entitlement program or award amount	Accrued (deferred) revenue July 1, 2008	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)			Accrued (deferred) revenue June 30, 2009
					Prior year	Current year	Total	
U.S. Department of Education								
Direct Programs								
Student Financial Assistance Cluster								
Supplemental Education Opportunity Grant P007A082052	84.007	\$ 86,567	\$ -	\$ 85,778	\$ -	\$ 86,567	\$ 86,567	\$ 789
College Work Study P033A082052	84.033	126,329	-	126,329	-	126,329	126,329	-
Pell Grant P063P071645 P063P081645	84.063	3,668,613 5,003,318 8,671,931	23,436 - 23,436	23,079 4,894,309 4,917,388	3,668,613 - 3,668,613	- 5,003,318 5,003,318	3,668,613 5,003,318 8,671,931	357 109,009 109,366
Academic Competitiveness Grant P375A071645 P375A081645	84.375	55,500 43,913 99,413	3,900 - 3,900	3,900 45,213 49,113	55,500 - 55,500	- 43,913 43,913	55,500 43,913 99,413	- (1,300) (1,300)
Total Student Financial Assistance Cluster		8,984,240	27,336	5,178,608	3,724,113	5,260,127	8,984,240	108,855
TRIO - Upward Bound P047A070135A	84.047A	1,000,000	62,917	260,999	182,244	231,423	413,667	33,341
Total direct programs		9,984,240	90,253	5,439,607	3,906,357	5,491,550	9,397,907	142,196
Passed through the Michigan Department of Education								
Carl D. Perkins Vocational Education Act								
Local Administration 083250-802520 093250-902520	84.048A	18,400 18,400 36,800	1,400 - 1,400	1,400 17,520 18,920	18,400 - 18,400	- 18,106 18,106	18,400 18,106 36,506	- 586 586
Fast Track Professional Development 083290-802920 093290-902920	84.048A	2,914 2,872 5,786	2,914 - 2,914	2,914 - 2,914	2,914 - 2,914	- 2,872 2,872	2,914 2,872 5,786	- 2,872 2,872
Regional Allocation 083510-802120 093510-902120	84.048A	265,725 255,789 521,514	190,325 - 190,325	190,325 134,349 324,674	265,725 - 265,725	- 255,789 255,789	265,725 255,789 521,514	- 121,440 121,440
Total Carl D. Perkins Vocational Education Act		564,100	194,639	346,508	287,039	276,767	563,806	124,898
Total U.S. Department of Education		10,548,340	284,892	5,786,115	4,193,396	5,768,317	9,961,713	267,094
TOTAL FEDERAL ASSISTANCE		\$ 12,525,954	\$ 339,425	\$ 6,926,425	\$ 4,284,706	\$ 7,036,131	\$ 11,320,837	\$ 449,131

The accompanying notes are an integral part of this schedule.

Muskegon Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

1. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule.
2. The value of Guaranteed Student Loans for the year ended June 30, 2009 was \$2,784,668.
3. The value of Federal PLUS Loans for the year ended June 30, 2009 was \$15,326.
4. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2009
financial statements

Restricted Fund	\$ <u>7,036,131</u>
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Expenditures per single audit report

Schedule of Expenditures of Federal Awards	\$ <u>7,036,131</u>
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Muskegon Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

1. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule.
2. The value of Guaranteed Student Loans for the year ended June 30, 2009 was \$2,784,668.
3. The value of Federal PLUS Loans for the year ended June 30, 2009 was \$15,326.
4. Reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per June 30, 2009
financial statements

Restricted Fund	\$ <u>7,036,131</u>
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Expenditures per single audit report

Schedule of Expenditures of Federal Awards	\$ <u>7,036,131</u>
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Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES
 Year ended June 30, 2009

SECTION I—SUMMARY OF AUDITORS' RESULTS

A. Financial Statements

1. Type of auditors' report issued: **Unqualified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes **X** no
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? **X** yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes **X** no

B. Federal Awards

1. Internal control over major programs:
 - Material weakness(es) identified? _____ yes **X** no
 - Significant deficiency(ies) identified that are not considered to be material weaknesses? **X** yes _____ none reported
2. Type of auditors' report issued on compliance for major programs: **Unqualified**
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? **X** yes _____ no

4. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program/Cluster</u>
17.258, 17.259 and 17.260	U.S. Department of Labor WIA Cluster
84.007, 84.033, 84.063 and 84.375	U.S. Department of Education Student Financial Assistance Cluster

5. Dollar threshold used to distinguish between type A and type B programs: **\$300,000**
6. Auditee qualified as low-risk auditee? **X** yes _____ no

Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES—CONTINUED
Year ended June 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

COMPLIANCE

There were *no* compliance findings in relation to the financial statements audit.

SIGNIFICANT DEFICIENCIES

Fiscal 2009 Finding No. 1: Credit Card Transaction Procedures

Criteria: All credit card transactions should receive review and documented approval and should have adequate documentation as to the business purpose.

Condition: During our detailed testing, we noted that not all credit card transactions received review and documented approval and/or did not have adequate documentation as to the business purpose.

Cause: Certain credit card transactions did not receive review and documented approval and/or did not have adequate documentation as to the business purpose, as required by College policy.

Effect: Noncompliance with College policy on credit card transactions could have resulted in expenditures not consistent with College policies or the misappropriation of funds. However, no such conditions were noted.

Recommendation: Controls surrounding credit card transactions should be improved.

College Response: A policy has been put in place on the procedures and proper documentation required on credit card transactions. The policy on credit card use has been sent to all card holders and will be monitored for proper documentation.

Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES—CONTINUED
Year ended June 30, 2009

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

COMPLIANCE

U.S. Department of Labor

Fiscal 2009 Finding No. 2: WIA Cluster Time and Effort Reconciliation Procedures
Pass-through entity: Ottawa County Michigan Works! Agency
CFDA: 17.258, 17.259 and 17.260
Award Numbers: MWLB-MCC02
Award Year Ends: June 30, 2009

Specific Requirement: Allowable Costs/Cost Principles

Criteria: The cost principle of OMB Circular A-87 requires, "At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent. The budget estimates or other distribution percentages must be revised at least quarterly, if necessary to reflect changed circumstances."

Condition: During our detailed testing of the WIA cluster, we noted that comparisons of actual costs to budgeted payroll distributions based on the time activity reports is not occurring. All ten WIA employees whose wages and benefits were charged to the various grants within the cluster had proper time and effort documentation. The budgeted distribution percentages were not revised at least quarterly, if necessary, to reflect the changed circumstances.

Cause: The College did not compare the activity reports for WIA employees to their budgeted distributions at any point during the year.

Questioned Costs: None as all of the WIA employees worked exclusively in MI Works! federal grant programs. All of the costs were reimbursable since none of these grants were overspent.

Context: The matter appears to be a systemic condition as the College did not compare the activity reports for WIA employees to their budgeted distributions at any point during the year.

Recommendation: Procedures should be implemented to compare the activity reports to the budgeted payroll distribution percentages and revise them at least quarterly, if necessary, to reflect changed circumstances.

College Response: Muskegon Community College now adjusts budgeted payroll distributions to actual time worked in each program on a monthly basis.

Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES—CONTINUED
Year ended June 30, 2009

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

SIGNIFICANT DEFICIENCIES

See Fiscal 2009 Finding No. 2 in Section III above.

U.S. Departments of Labor and Education

Fiscal 2009 Finding No. 3: WIA Cluster and Student Financial Assistance Cluster Cash Management Review and Approval Procedures

Pass-through entity: Ottawa County Michigan Works! Agency; None-Direct Award

CFDA: 17.258, 17.259 and 17.260; 84.007, 84.033, 84.063 and 84.375

Award Numbers: MWLB-MCC02; P007A082052, P033A082052, P063P081645 and P375A081645

Award Year Ends: June 30, 2009

Specific Requirement: Cash Management

Criteria: Per OMB Circular A-133 §____.105 Definitions, internal control is a process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: 1) Effectiveness and efficiency of operations, 2) Reliability of financial reporting, and 3) Compliance with applicable laws and regulations.

Condition: There are no internal control procedures in place requiring a documented review and approval of requests for funds under the WIA cluster and Student Financial Assistance cluster programs cash management functions.

Cause: Management was unaware of the requirement that the review and approval process be documented.

Questioned Costs: None

Context: The above compliance area did not have documented review procedures, and there were no compliance findings.

Recommendation: Documented review and approval procedures should be implemented for the WIA cluster and Student Financial Assistance cluster programs cash management function.

College Response: The requests for WIA funds are now sent to financial services to review and approve prior to submission. The approval of Student Financial Assistance requests for funds will now be documented.

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 1, 2009

U.S. Department of Education
Washington, D.C.

Muskegon Community College respectfully submits the following summary of the current status of prior audit findings contained in the single audit report for the year ended June 30, 2008 dated December 1, 2008.

SECTION II – FINANCIAL STATEMENT FINDINGS

COMPLIANCE

There were *no* compliance findings in relation to the financial statement audit.

SIGNIFICANT DEFICIENCIES

Fiscal 2008 Finding No. 1: Credit Card Transaction Procedures

Condition: During our detailed testing, we noted that not all credit card transactions received review and documented approval and/or did not have adequate documentation as to the business purpose.

Recommendation: Controls surrounding credit card transactions should be improved

Current Status: See Fiscal 2009 Finding No. 1 for similar finding reported during the single audit for the year ended June 30, 2009.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

COMPLIANCE

U.S. Department of Education

Fiscal 2008 Finding No. 2: Student Financial Aid Cluster

CFDA: 84.007, 84.033, 84.063 and 84.375

Award Numbers: P033A072052, P063P081645, P007A082052 and
P375A071645

Award Year Ends: 2008-2009

Specific Requirement: Cash Management

Condition: During our detailed testing, we noted that the Supplemental Education Opportunity Grant (SEOG) was over-requested during the year ended June 30, 2008, with the overage not being spent for 2 ½ months. By the end of the fiscal year, grant revenues equaled expenditures.

Recommendation: All requests for federal grant reimbursements should be reviewed with documented approval by an appropriate individual prior to submission to ensure that federal funds are not over-requested.

Current Status: The recommendation was implemented during the year ended June 30, 2009. *No* similar finding was reported during the single audit for the year ended June 30, 2009.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

COMPLIANCE—Continued

U.S. Department of Education

Fiscal 2008 Finding No. 3: Carl D. Perkins Vocational Education Act

CFDA: 84.048A

Award Numbers: 083250-802520, 083290-802920 and 083510-802120

Award Year Ends: September 30, 2008

Specific Requirement: Allowable Costs/Cost Principles

Condition: During our detailed testing, we noted one employee whose wages and benefits were charged partially to the grant that did not have proper time and effort documentation. Either time studies or semi-annual time certifications were not prepared for these employees to support their time charged to the grant, or their time studies were not adequate in relation to federal requirements.

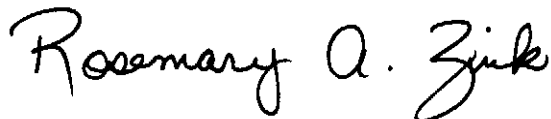
Recommendation: The College should require all employees, who fall under OMB Circular A-87 requirements for documenting time charged to federal award programs, to prepare the required documentation.

Current Status: The recommendation was implemented during the year ended June 30, 2009. *No* similar finding was reported during the single audit for the year ended June 30, 2009.

SIGNIFICANT DEFICIENCIES

There were *no* significant deficiencies reported in relation to major federal award programs.

Sincerely,



Rosemary Zink
Associate Vice President of Administration

CORRECTIVE ACTION PLAN

December 1, 2009

U.S. Department of Education
Washington, D.C.

Muskegon Community College respectfully submits the following Corrective Action Plan for the year ended June 30, 2009.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, Michigan 49443

Audit period: June 30, 2009

The findings from the Schedule of Findings and Responses for the year ended June 30, 2009 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION II – FINANCIAL STATEMENT FINDINGS

COMPLIANCE

There were *no* compliance findings in relation to the financial statements audit.

SIGNIFICANT DEFICIENCIES

Fiscal 2009 Finding No. 1: Credit Card Transaction Procedures

Recommendation: Controls surrounding credit card transactions should be improved.

Action Taken: A policy has been put in place on the procedures and proper documentation required on credit card transactions. The policy on credit card use has been sent to all card holders and will be monitored for proper documentation.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

COMPLIANCE

U.S. Department of Labor
Fiscal 2009 Finding No. 2:

WIA Cluster Time and Effort Reconciliation Procedures
Pass-through entity: Ottawa County Michigan Works! Agency
CFDA: 17.258, 17.259 and 17.260
Award Numbers: MWLB-MCC02
Award Year Ends: June 30, 2009

Specific Requirement: Allowable Costs/Cost Principles

Criteria: The cost principle of OMB Circular A-87 requires, "At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent. The budget estimates or other distribution percentages must be revised at least quarterly, if necessary to reflect changed circumstances."

Recommendation: Procedures should be implemented to compare the activity reports to the budgeted payroll distribution percentages and revise them at least quarterly, if necessary, to reflect changed circumstances.

Action Taken: Muskegon Community College now adjusts budgeted payroll distributions to actual time worked in each program on a monthly basis.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS—Continued

SIGNIFICANT DEFICIENCIES

See Fiscal 2009 Finding No. 2 in Section III above.

U.S. Departments of Labor and Education

Fiscal 2009 Finding No. 3: WIA Cluster and Student Financial Assistance Cluster Cash Management Review and Approval Procedures

Pass-through entity: Ottawa County Michigan Works! Agency; None-Direct Award

CFDA: 17.258, 17.259 and 17.260; 84.007, 84.033, 84.063 and 84.375

Award Numbers: MWLB-MCC02; P007A082052, P033A082052, P063P081645 and P375A081645

Award Year Ends: June 30, 2009

Specific Requirement: Cash Management

Criteria: Per OMB Circular A-133 §___ .105 Definitions, internal control is a process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: 1) Effectiveness and efficiency of operations, 2) Reliability of financial reporting, and 3) Compliance with applicable laws and regulations.

Recommendation: Documented review and approval procedures should be implemented for the WIA cluster and Student Financial Assistance cluster programs cash management function.

Action Taken: The requests for WIA funds are now sent to financial services to review and approve prior to submission. The approval of Student Financial Assistance requests for funds will now be documented.

If the U.S. Department of Education has questions regarding this plan, please call Rosemary Zink at (231) 777-0314

Sincerely,



Rosemary Zink
Associate Vice President of Administration