

Muskegon Community College
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
June 30, 2016



Muskegon Community College

Muskegon Community College

C O N T E N T S

FINANCIAL REPORT AND INDEPENDENT AUDITOR'S REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.....1

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE.....3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....6

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....9

SCHEDULE OF FINDINGS AND RESPONSES10

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS14

CORRECTIVE ACTION PLAN15

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 11, 2016

Board of Trustees
Muskegon Community College
Muskegon, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Muskegon Community College and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Muskegon Community College's basic financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Muskegon Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Muskegon Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Muskegon Community 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses, as **Findings 2016-001 and 2016-002**.

BRICKLEY DELONG

Board of Trustees
Muskegon Community College
November 11, 2016
Page 2

Compliance or Other Matters

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

Muskegon Community College’s Response to Findings

Muskegon Community College’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Muskegon Community College’s response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity’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.



Muskegon, Michigan

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

November 11, 2016

Board of Trustees
Muskegon Community College
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

We have audited Muskegon Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Muskegon Community College's major federal programs for the year ended June 30, 2016. Muskegon Community College's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Responses.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Muskegon Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Muskegon Community College's compliance.

BRICKLEY DELONG

Board of Trustees
Muskegon Community College
November 11, 2016
Page 2

Opinion on Each Major Federal Program

In our opinion, Muskegon Community 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, 2016.

Report on Internal Control Over Compliance

Management of Muskegon Community 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 Muskegon Community 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 Muskegon Community 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, material weaknesses may exist that have not been identified.

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.

BRICKLEY DELONG

Board of Trustees
Muskegon Community College
November 11, 2016
Page 3

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

We have audited the financial statements of Muskegon Community College and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Muskegon Community College's basic financial statements. We issued our report thereon dated November 11, 2016, 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 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 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Muskegon, Michigan

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2016

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2015	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2016	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education</i>									
Direct Programs:									
Student Financial Assistance Cluster									
Federal Supplemental Educational Opportunity Grants									
	84.007	\$ 214,264	\$ 54,264	\$ -	\$ 54,264	\$ 214,264	\$ -	\$ -	\$ -
		204,306	-	-	140,000	-	204,306	64,306	-
		418,570	54,264	-	194,264	214,264	204,306	64,306	-
Federal Work-Study Program									
	84.033	173,162	-	-	173,162	-	173,162	-	-
Federal Pell Grant Program									
	84.063	6,457,224	45,930	(672)	46,646	6,456,508	716	-	-
		5,538,492	-	-	5,400,000	-	5,538,492	138,492	-
		9,645	-	-	8,970	-	9,645	675	-
		12,005,361	45,930	(672)	5,455,616	6,456,508	5,548,853	139,167	-
Total Student Financial Assistance Cluster		12,597,093	100,194	(672)	5,823,042	6,670,772	5,926,321	203,473	-
TRIO—Upward Bound									
	84.047	1,244,425	39,090	-	255,057	658,635	245,132	29,165	-
Total Direct Programs		13,841,518	139,284	(672)	6,078,099	7,329,407	6,171,453	232,638	-

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2016

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2015	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2016	Passed through to subrecipients
						Prior year(s)	Current year		
<i>U.S. Department of Education—Continued</i>									
Passed through Michigan Workforce Development Agency:									
Career and Technical Education—Basic Grants to States									
Local Leadership									
153250-152520	84.048	\$ 18,250	\$ 5,231	\$ -	\$ 5,231	\$ 18,250	\$ -	\$ -	\$ -
163250-162520		18,400	-	-	13,500	-	18,400	4,900	-
		<u>36,650</u>	<u>5,231</u>	<u>-</u>	<u>18,731</u>	<u>18,250</u>	<u>18,400</u>	<u>4,900</u>	<u>-</u>
Local Annual									
153510-152120	84.048	227,735	75,842	-	75,842	227,735	-	-	-
163510-162120		207,615	-	-	120,000	-	207,615	87,615	-
		<u>435,350</u>	<u>75,842</u>	<u>-</u>	<u>195,842</u>	<u>227,735</u>	<u>207,615</u>	<u>87,615</u>	<u>-</u>
CAP Leadership									
153670-152420	84.048	3,125	318	-	318	3,125	-	-	-
153670-152420-2		5,400	5,338	-	5,338	5,338	-	-	-
153670-152420-2-2		1,300	1,300	-	1,300	1,300	-	-	-
		<u>9,825</u>	<u>6,956</u>	<u>-</u>	<u>6,956</u>	<u>9,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total passed through Michigan Workforce Development Agency		<u>481,825</u>	<u>88,029</u>	<u>-</u>	<u>221,529</u>	<u>255,748</u>	<u>226,015</u>	<u>92,515</u>	<u>-</u>
Total U.S. Department of Education		14,323,343	227,313	(672)	6,299,628	7,585,155	6,397,468	325,153	-

Muskegon Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended June 30, 2016

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Federal CFDA number	Entitlement program or award amount	Accrued (unearned) revenue July 1, 2015	Adjustments and transfers	Cash or payments in kind received (cash basis)	Expenditures (accrual basis)		Accrued (unearned) revenue June 30, 2016	Passed through to subrecipients
						Prior year(s)	Current year		
U.S. Department of Agriculture									
Passed through Michigan Department of Education: Summer Food Service Program for Children	10.559								
150900		\$ 2,361	\$ -	\$ -	\$ 2,361	\$ -	\$ 2,361	\$ -	\$ -
151900		210	-	-	210	-	210	-	-
Total U.S. Department of Agriculture		2,571	-	-	2,571	-	2,571	-	-
U.S. Department of Labor									
Passed through Northern Virginia Community College: Trade Adjustment Assistance Community College and Career Training Grants TC-23776-12-60-A-51	17.282	615,458	104,887	-	199,677	499,369	116,089	21,299	-
National Science Foundation									
Passed through Grand Valley State University: Education and Human Resources DUE1125331	47.076	2,100	-	-	2,100	-	2,100	-	-
Passed through Finger Lakes Community College: Education and Human Resources 1118679 1524353	47.076	14,970 17,893	12,158 -	- -	12,158 -	14,970 -	- 10,928	- 10,928	- -
		32,863	12,158	-	12,158	14,970	10,928	10,928	-
Passed through Western Michigan University: Education and Human Resources DUE-1140348	47.076	3,999	704	-	704	3,999	-	-	-
Total National Science Foundation		38,962	12,862	-	14,962	18,969	13,028	10,928	-
TOTAL FEDERAL ASSISTANCE		\$ 14,980,334	\$ 345,062	\$ (672)	\$ 6,516,838	\$ 8,103,493	\$ 6,529,156	\$ 357,380	\$ -

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, 2016

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2016. 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 or change in net position of the College.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Management has utilized the Michigan Department of Education Cash Management System Grant Auditor Report (Grant Auditor Report) in preparing the Schedule of Expenditures of Federal Awards.
4. Accrued revenue as of July 1, 2015 was overstated by \$672 due to returned Pell funds for prior period student financial aid award adjustments.
5. The value of Guaranteed Student Loans for the year ended June 30, 2016 was \$3,039,794.
6. The value of Federal PLUS Loans for the year ended June 30, 2016 was \$27,248.
7. 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, 2016 financial statements	
Restricted Fund	<u><u>\$ 6,529,156</u></u>
Expenditures per single audit report	
Schedule of Expenditures of Federal Awards	<u><u>\$ 6,529,156</u></u>

Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES
 Year ended June 30, 2016

SECTION I—SUMMARY OF AUDITOR’S RESULTS

A. Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**
2. Internal control over financial reporting:
 - Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified? yes X none reported
3. Noncompliance material to financial statements noted? yes X no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified? yes X none reported
2. Type of auditors' report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

4. Identification of major programs:

CFDA Number(s)

Name of Federal Program/Cluster

U.S. Department of Education

84.007, 84.033 and 84.063

Student Financial Assistance Cluster

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? yes X no

Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2016-001: MATERIAL WEAKNESS—Account Balance Reconciliations

Criteria: Balance sheet and income statement account balances should be reconciled to detailed supporting documentation on a timely basis.

Condition: There were a significant number of general ledger account balances that were not reconciled to supporting documentation on a timely basis during the fiscal year, resulting in year-end client and audit adjusting journal entries.

Context: During our year-end substantive testing, we noted that a significant number of financial statement account balances were not timely reconciled to supporting schedules or analyzed for unusual activity during the year, thus causing a number of material adjustments at year end.

Cause: The College experienced staffing shortages and turnover within the accounting function during the year and also oversaw several large construction projects, which caused some reconciliations to not be completed timely.

Effect: Failure to reconcile account balances timely can adversely affect the accuracy of internally-prepared monthly financial statements, and correspondingly, adversely affect the analysis of conclusions as to the College's financial position and results of operations by management and other users of such monthly financial statements. Additionally, this condition significantly increases the amount of year-end general ledger account analysis and adjusting journal entries by College personnel, causing significant delays in closing fiscal year financial records and issuing audited financial statements.

Repeat Finding: A similar finding was reported during the single audit for the year ended June 30, 2015.

Recommendation: The utilization of a monthly closing checklist with signoffs and dating, along with written procedures, would encourage personnel to review the accuracy of month-end balances through analysis of account activity, comparison to supporting documentation, and/or reconciliation with detailed schedules and make necessary journal entries on a timely basis.

Views of Responsible Officials: The College agrees with this finding.

Finding 2016-002: MATERIAL WEAKNESS—Bank Reconciliation Procedures

Criteria: Bank reconciliations should be timely prepared and reviewed and any variances noted should be followed up on and corrected in a timely manner.

Condition: General Fund bank accounts were not being reconciled and reviewed on a timely basis.

Context: During the audit, we noted bank reconciliations selected for testing were not prepared and reviewed timely.

Cause: The College accounting department was understaffed, and personnel were unable to perform and review the bank reconciliations in a timely manner.

Muskegon Community College
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2016-002: MATERIAL WEAKNESS—Bank Reconciliation Procedures—Continued

Effect: College accounting records could have been misstated during the year, and errors or the misappropriation of funds could have occurred without timely detection.

Repeat Finding: This is **not** a repeat finding.

Recommendation: Bank reconciliations should be timely prepared and reviewed and any reconciliation discrepancies should be followed up on in a timely manner.

Views of Responsible Officials: The College agrees with this finding.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings reported in relation to major federal awards.

CLIENT DOCUMENTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 11, 2016

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, 2015 dated December 10, 2015.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2015-001: MATERIAL WEAKNESS—Account Balance Reconciliations

Criteria: Balance sheet and income statement account balances should be reconciled to detailed supporting documentation on a timely basis.

Condition: There were a significant number of general ledger account balances that were not reconciled to supporting documentation on a timely basis during the fiscal year, resulting in year-end client and audit adjusting journal entries.

Recommendation: The utilization of a monthly closing checklist with signoffs and dating, along with written procedures, would encourage personnel to review the accuracy of month-end balances through analysis of account activity, comparison to supporting documentation, and/or reconciliation with detailed schedules and make necessary journal entries on a timely basis.

Current Status: See **Finding 2016-001** for a similar finding noted during the single audit for the year ended June 30, 2016.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were *no* findings reported in relation to major federal award programs during the single audit for the year ended June 30, 2015.

Sincerely,



Kenneth Long
Director of Financial Services

CORRECTIVE ACTION PLAN

November 11, 2016

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

Muskegon Community College respectfully submits the following Corrective Action Plan for the year ended June 30, 2016.

Name and address of independent public accounting firm:

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

Audit period: June 30, 2016

The findings from the Schedule of Findings and Responses for the year ended June 30, 2016 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2016-001: MATERIAL WEAKNESS—Account Balance Reconciliations

Recommendation: The utilization of a monthly closing checklist with signoffs and dating, along with written procedures, would encourage personnel to review the accuracy of month-end balances through analysis of account activity, comparison to supporting documentation, and/or reconciliation with detailed schedules and make necessary journal entries on a timely basis.

Action Taken: The College experienced turnover in a key accounting position in 2015. Combined with a workload increase in the Accounting Department, this resulted in some items not being reconciled in a timely fashion. The College addressed the Accounting Department’s understaffing concern by adding a new position in 2016, but the complexity of systems and accounts required significant training. Unfortunately, there were still some unreconciled accounts as of June 30, 2016. However, as of November 2016, the majority of accounts are now reconciled to the current date. Moreover, the Accounting Department will be adding another position in early 2017 to further distribute the workload. The College will continue to implement processes and procedures to ensure general ledger account balances are reconciled accurately and timely. This may include the utilization of a monthly checklist.

Responsible Person and Anticipated Completion Date: Director of Financial Services, January 1, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS—Continued

Finding 2016-002: MATERIAL WEAKNESS—Bank Reconciliation Procedures

Recommendation: Bank reconciliations should be timely prepared and reviewed and any reconciliation discrepancies should be followed up on in a timely manner.

Action Taken: The College experienced turnover in a key accounting position in 2015. Combined with a workload increase in the Accounting Department, this resulted in some bank accounts not being reconciled in a timely fashion. The College addressed the Accounting Department’s understaffing concern by adding a new position in 2016, but the complexity of systems and accounts required significant training. Unfortunately, there were still some delays in reconciling bank accounts as of June 30, 2016. However, as of November 2016, all of the bank accounts are reconciled to the current date. Moreover, the Accounting Department will be adding another position in early 2017 to further distribute the workload. The College will continue to implement processes and procedures to ensure bank reconciliations are timely. This may include the utilization of a monthly checklist.

Responsible Person and Anticipated Completion Date: Director of Financial Services, Completed

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were **no** findings reported in relation to major federal awards.

If the U.S. Department of Education has questions regarding this plan, please call Kenneth Long at (231) 777-0560.

Sincerely,



Kenneth Long
Director of Financial Services