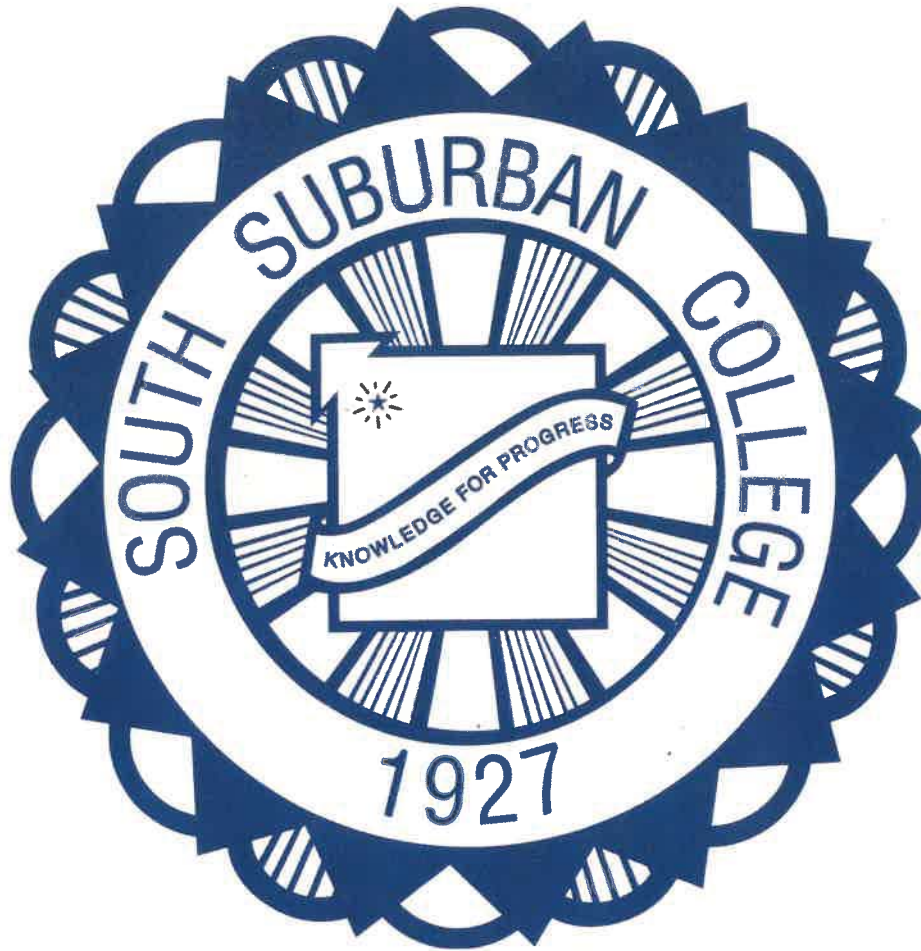


SINGLE AUDIT



Fiscal Year Ended June 30, 2018

South Suburban College
Community College District No. 510
South Holland, Illinois

**SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510**

SINGLE AUDIT REPORT
June 30, 2018

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510

SINGLE AUDIT REPORT

June 30, 2018

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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

To the Board of Trustees
South Suburban College
Community College District No. 510

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 South Suburban College – Community College District No. 510 (the College) as of and for the year ended June 30, 2018, 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 25, 2018. The financial statements of the College's discretely presented component unit, South Suburban College Foundation (the Foundation), were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

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) 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 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 were not identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.



Crowe LLP

Oak Brook, Illinois
October 25, 2018

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

To the Board of Trustees
South Suburban College
Community College District No. 510
South Holland, Illinois

Report on Compliance for Each Major Federal Program

We have audited South Suburban College-Community College District No. 510's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2018. The College's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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* (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 each of its major federal programs for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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.

(Continued)

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

We have audited the financial statements of the business-type activities and the discretely presented component unit of the College as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 25, 2018, 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Oak Brook, Illinois
October 25, 2018

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Agency Grant Identification #	Federal Expenditures
Major Programs:			
U.S. Department of Education:			
Student Financial Aid Program Cluster:			
Federal Pell Grant Program	84.063		\$ 7,832,993
Federal Supplemental Educational Opportunity Grant program	84.007		163,127
Federal Work Study Program	84.033		134,341
Administrative Cost Allowances	84.063		14,235
Total Student Financial Aid Program Cluster			<u>8,144,696</u>
Total U.S. Department of Education			<u>8,144,696</u>
Total Major Programs			<u>8,144,696</u>
Nonmajor Programs:			
U.S. Department of Labor:			
Passed through the Chicago Cook Workforce Partnership:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	2017-225	71,992
WIA Adult Program	17.258	2016-225	23,482
WIA Youth Activities	17.259	2017-525	234,090
WIA Youth Activities	17.259	2016-525	1,645
WIA Dislocated Workers	17.278	2017-325	71,048
WIA Dislocated Workers	17.278	2016-325	23,431
Total WIA Cluster			<u>425,688</u>
Total U.S. Department of Labor			<u>425,688</u>
U.S. Department of Education:			
PBI - Predominantly Black Institutions Program	84.382A		224,252
PBI - Predominantly Black Institutions Program	84.382A		194,427
Total 84.382A			<u>418,679</u>
Passed through Illinois Community College Board:			
Carl D. Perkins Vocational Education - Basic Grants to States Program	84.048	CTE51017	1,233
Carl D. Perkins Vocational Education - Basic Grants to States Program	84.048	CTE51018	567,050
Total 84.048			<u>568,283</u>
Adult Education - Federal Basic Program	84.002	5100118	381,670
Bridging the Gap	84.367A	BTG51018	6,493
Total U.S. Department of Education			<u>1,375,125</u>
U.S. Department of Health and Human Services:			
Passed through Chicago State University			
Step Up Health Careers (HPOG)	93.093	90FX0052-01-00	226,943
Step Up Health Careers (HPOG)	93.093	90FX0052-01-00	327,625
Total 93.093			<u>554,568</u>
Total U.S. Department of Health and Human Services			<u>554,568</u>
Total Non-Major Programs			<u>2,355,381</u>
Total Federal Expenditures			<u>\$ 10,500,077</u>

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) summarizes the federal awards expended by South Suburban College-Community College District No. 510 (the College) for the year ended June 30, 2018.

For the purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the College and agencies and departments of the federal government. The College has classified all awards into major and nonmajor programs in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Major programs include the following:

Student Financial Aid Program Cluster – Includes certain awards to provide financial assistance to students, primarily under the Federal Pell Grant (Pell), Federal Supplementary Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS) programs of the Department of Education.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule has been prepared on the accrual basis of accounting.

Expenditures for federal student financial aid programs are recognized as incurred and include Pell program grants to students, the federal share of students' FSEOG program grants, FWS program earnings, and administrative cost allowances, where applicable.

Expenditures for other federal awards of the College are determined using the cost accounting principles and procedures set forth in the Uniform Guidance. Under these cost principles, certain expenditures are not allowable or are limited as to reimbursement.

The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

MAJOR PROGRAMS

In accordance with the Uniform Guidance, major programs for the College are individual programs or a cluster of programs determined by using a risk-based analysis. The threshold for distinguishing Type A and Type B programs was \$750,000 and \$187,500, respectively. Student Financial Aid programs are designated as clusters of programs.

NON-CASH ASSISTANCE

The College had no non-cash assistance during the year.

FEDERAL INSURANCE

The College had no Federal Insurance in force during the year.

SOUTH SUBURBAN COLLEGE
 COMMUNITY COLLEGE DISTRICT NO. 510
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of report the auditor issued whether on the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516a? Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Department of Education
	Student Financial Aid Program Cluster:
84.063	Pell Grant Program
84.063	Pell Administrative Cost Allowance
84.007	Supplemental Educational Opportunity Grant Program
84.033	College Work Study Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

(Continued)

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

(Continued)

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS

FINDING 2018-001 – CONTROLS AND NONCOMPLIANCE OVER VERIFICATION – SPECIAL TESTS AND PROVISIONS

Federal Department: Department of Education
CFDA Number(s): 84.063, 84.007, 84.033
Program Name(s): Student Financial Aid Cluster
Questioned Costs: None

Criteria

Federal regulations dictate an institution not participating under a U.S. Department of Education approved Quality Assurance Program is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. Such an institution shall require each applicant whose application is selected by the U.S. Department of Education to verify the information required for the Verification Tracking Group to which the applicant is assigned.

Condition

Students that are flagged by the U.S. Department of Education on their Institutional Student Information Record (ISIR) form for verification require verification to be performed. During our testing we noted the following:

- One student selected had a variance identified in the verification documents for education credits that was not correctly timely and resubmitted to the U.S. Department of Education.

Context

A sample of 60 students were selected for testing. Verification worksheets and supporting documentation were included in the student folders to show that the verification process took place. For the above exception, the College initially verified the information with the student and adjusted the student record in the College's record system. After the above exception was noted, the College did make the correction to the student record, but the change was not timely reported to the U.S. Department of Education. It was noted that the adjusted student record did not require an adjustment to the aid awarded to the student.

Repeat Finding Status

This was previously reported as a finding in the College's Single Audit report for the year ended June 30, 2017, specifically finding 2017-002.

Effect

Without proper verification and reporting, the College could overlook important information that should be taken into account when determining if a student is eligible for aid.

(Continued)

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS (Continued)

FINDING 2018-001 –CONTROLS AND NONCOMPLIANCE OVER VERIFICATION – SPECIAL TESTS AND PROVISIONS (CONTINUED)

Federal Department: Department of Education
CFDA Number(s): 84.063, 84.007, 84.033
Program Name(s): Student Financial Aid Cluster
Questioned Costs: None

Cause

The cause appears to be an error in the processing of the completed verification documentation in the student file folder, as the College correctly modified the student record with the proper information but did not select the correct reporting feature within its software to submit the information to the U.S. Department of Education.

Recommendation

We recommend that the College review its established procedures to ensure that changes in student records that are captured during the verification process are timely reported to the U.S. Department of Education.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510
STATUS OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

FINDING 2017-001 – DOCUMENTATION OF CONTROLS OVER ADJUSTING JOURNAL ENTRIES AND BANK ACCOUNT RECONCILIATIONS

Criteria

The principles of internal control include segregation of duties over significant financial reporting operations, including the preparation and review of adjusting journal entries and monthly bank account reconciliations. The operation of such controls should be documented so that it is clear that the functionality behind the designed control took place.

Condition

During our review of the internal control over adjusting journal entries posted by management to the College's General Ledger, as well as monthly bank account reconciliations, we noted proper signatures of review management were not always evident.

Context

During our testing, all adjusting journal entries prepared by the College Treasurer did not have documentation that they were reviewed prior to posting by the Vice President of Administration/Chief Financial Officer. In our control corroboration of bank account reconciliations, the 2 bank account reconciliations for June 2017 were not signed off by the reviewer.

Current Year Follow-up

During our testing for the year ended June 30, 2018, no errors were noted in the adjusting journal entries testing that required reporting. As such, this finding is not repeated.

FINDING 2017-002 – CONTROLS AND NONCOMPLIANCE OVER VERIFICATION – SPECIAL TESTS AND PROVISIONS

Federal Department:	Department of Education
CFDA Number(s):	84.063, 84.007, 84.033
Program Name(s):	Student Financial Aid Cluster
Questioned Costs:	None

Criteria

Federal regulations dictate an institution not participating under a U.S. Department of Education approved Quality Assurance Program is required to establish written policies and procedures that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. Such an institution shall require each applicant whose application is selected by the U.S. Department of Education to verify the information required for the Verification Tracking Group to which the applicant is assigned.

Condition

Students that are flagged by the U.S. Department of Education on their Institutional Student Information Record (ISIR) form for verification require verification to be performed. During our testing we noted the following:

- One student selected did not have verification performed as required.
 - One student selected had a variance identified in the verification documents for base income that was not reported to the U.S. Department of Education.
 - Three students selected had a variance identified in the verification documents for family members in the household that was not reported to the U.S. Department of Education.
 - Two students selected had a variance identified in the verification documents for family members attending post-secondary education institutions as half-time students that was not reported to the U.S. Department of Education.
-

(Continued)

SOUTH SUBURBAN COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 510
STATUS OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2018

- One student selected a variance in the tax return above the U.S. Department of Education's investigation threshold that was not reported to the U.S. Department of Education.

Context

A sample of 60 students were selected for testing. Verification worksheets and supporting documentation were included in the student folders to show that the verification process took place. For the above exceptions where the College performed the verification, the College timely verified the information and adjusted the student records in the College's record system. However, the change was not reported to the U.S. Department of Education. It was noted that the adjusted student records did not require an adjustment to the aid awarded to the students. For the student record that did not have verification take place, it was determined that the student initially applied for aid in FY16, but a change in the student income for FY17 caused the file to be flagged for verification by the U.S. Department of Education

Current Year Follow-up

During our testing for the year ended June 30, 2018, errors were noted in the verification testing. As such, this finding is repeated as finding 2018-001.

(Continued)



SOUTH SUBURBAN COLLEGE

15800 S. State St.
South Holland, IL
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College President

Our Mission
Is to **S**erve our
Students and
the **C**ommunity
Through Lifelong
Learning.

FINDING 2018-001 – CONTROLS AND NONCOMPLIANCE OVER VERIFICATION – SPECIAL TESTS AND PROVISIONS

Management's Response

The College agrees with the finding that one of 60 student files selected had a variance identified in the verification documents that was not identified, corrected, and timely resubmitted to the U.S. Department of Education. While this finding, as stated, is classified as a repeat finding, corrective action measures from last year have proven successful in that only one student file had a verification discrepancy. As noted, no question costs or return of funds are warranted.

Plan

The College will continue looking at ways to ensure that 100% compliance is achieved during the verification process. Extra measures will be taken starting with the Manager of Financial Aid reviewing all student files in and making corrections to the Department of Education in a timely manner.

Anticipated Date of Completion

7/31/18

Name of Contact Person

John Semple