

LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SPRINGFIELD, ILLINOIS

SINGLE AUDIT REPORT

For the Year Ended June 30, 2013



LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SPRINGFIELD, ILLINOIS
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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
Lincoln Land Community College
Community College District #526
Springfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Lincoln Land Community College, Community College District #526 (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2013. Our report includes a reference to other auditors who audited the financial statements of the Lincoln Land Community College Foundation, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Lincoln Land Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 District'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*.

We noted certain other matters that we reported to management of the District in a separate letter dated October 9, 2013.

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.



Springfield, Illinois
October 9, 2013

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 OMB CIRCULAR A-133

To the Board of Trustees
Lincoln Land Community College
Community College District #526
Springfield, Illinois

Report on Compliance for Each Major Federal Program

We have audited Lincoln Land Community College - Community College District #526 (the District) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect each of the District's major federal programs for the year ended June 30, 2013. The District'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 District'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 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 the District'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District 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 District'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 OMB Circular A-133, 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 District'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.

Report on Schedule of Expenditure of Federal Awards Required by OMB Circular A-133

We have audited the basic financial statements of Lincoln Land Community College, Community College District #526 (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October XX, 2013 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinion 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 OMB Circular A0133 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Springfield, Illinois
October 9, 2013

LINCOLNLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SPRINGFIELD, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal PELL Grant Program	84.063		\$ 8,627,778
Federal Supplemental Educational Opportunity Grants	84.007		131,250
Federal Work-Study Program	84.033		68,389
Federal Direct Student Loans	84.268		6,144,611
Total Student Financial Aid Cluster			<u>14,972,028</u> *
Fund for the Improvement of Postsecondary Education	84.116Z	P116Z100199	<u>118,552</u>
Total Direct Programs			<u>15,090,580</u>
Pass-through programs from:			
Illinois Community College Board			
Tech-Prep Education - Regional Network	84.243		<u>16,903</u>
Career and Technical Education - Basic Grants to States			
Carl Perkins Applied Tech Grant	84.048	CTE52613	339,282
Programs of Study Grant	84.048	CTEL 13 POSI 526	9,668
Career and Technical Education - Innovation Grant	84.048	CTEL 13 526	6,460
Total Career and Technical Education			<u>355,410</u>
Adult Education - Basic Grants to States			
Federal Basic	84.002A		116,142
EL/Civics Program	84.002A		81,867
Total Adult Education			<u>198,009</u>
Total Illinois Community College Board			<u>570,322</u>
Total U.S. Department of Education			<u>15,660,902</u>
Small Business Administration			
Pass-through programs from:			
Illinois Department of Commerce and Economic Opportunity			
Small Business Development Centers	59.037	13-181129	31,798
Small Business Development Centers	59.037	12-561129	30,107
Total Small Business Development Centers			<u>61,905</u>
Total Small Business Administration			<u>61,905</u>
Department of Veterans Affairs			
Direct Programs:			
Post-9/11 Veterans Educational Assistance	64.028		130,918
U.S. Department of Transportation			
Pass-through programs from:			
Illinois Community College Board			
Highway Planning and Construction	20.205	HCCTP526	<u>327,660</u> *
Total U.S. Department of Transportation			<u>327,660</u>

(continued)

LINCOLNLAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SPRINGFIELD, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor			
Direct Programs:			
WIA Pilots, Demonstrations, and Research Projects	17.261	EA-21261-11-60-A-17	150,995
Pass-through programs from:			
Sangamon County Land of Lincoln Workforce Alliance			
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	GJ-19961-10-60-A-17	97,796
College of Lake County			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-22517-11-60-A-17	209,125
William Rainey Harper College			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	TC-23795-12-60-A-17	51,937
Total Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants			261,062
Total U.S. Department of Labor			509,853
U.S. Department of Agriculture			
Direct Programs:			
Child and Adult Care Food Program	10.558		23,316
Pass-through programs from:			
Illinois Department of Human Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	80001490B	3,330
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	804081900	59,500
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			62,830
Total U.S. Department of Agriculture			86,146
U.S. Department of Health and Human Services			
Pass-through programs from:			
Illinois Department of Human Services			
Child Care and Development Block Grant	93.575	01001490B	3,251
Total U.S. Department of Health and Human Services			3,251
Total Expenditures of Federal Awards			\$ 16,780,635
			(concluded)

* - Major Program

LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Lincoln Land Community College, Community College District #526 (the District).

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C. Sub-recipients

Of the federal expenditures presented in the schedule, the District did not provide any federal awards to sub-recipients.

D. Loans and Loan Guarantees

For the year ended June 30, 2013, Lincoln Land Community College acted as a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$6,144,611.

E. Other Information

The District did not receive any federal insurance or federal non-cash assistance.

LINCOLN LAND COMMUNITY COLLEGE
 COMMUNITY COLLEGE DISTRICT #526
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified opinion on basic financial statements of Lincoln Land Community College

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ Yes X No

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

_____ Yes X No

_____ Yes X None reported

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

unmodified opinion for major programs

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

 X Yes _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
84.007	Student Financial Aid Cluster – Federal Supplemental Educational Opportunity Grants
84.268	Student Financial Aid Cluster – Federal Direct Student Loans

LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued

June 30, 2013

Identification of major programs: (Continued)

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.033	Student Financial Aid Cluster – Federal Work Study Program
84.063	Student Financial Aid Cluster – Federal PELL Grant Program

Dollar threshold used to distinguish between
type A and type B programs:

 \$300,000

Auditee qualified as low-risk auditee?

 Yes X No

LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued

June 30, 2013

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

2013-001 – Highway Planning and Construction – CFDA No. 20.205, Grant No. HCCTP526,
Year Ended June 30, 2013

Condition: During our audit we noted a professional staff member was charged 100% to the program and no annual certification was completed or activity reports maintained. Further, we noted an employee had a portion of their payroll charged to the Highway Planning and Construction program and there were no after the fact activity reports prepared and approved to support the distribution of payroll charges.

Criteria: 2 CFR 220, Appendix A, J. 10. c. Examples of Acceptable Methods for Payroll Distribution: (1) Plan-Confirmation: Under this method, the distribution of salaries and wages of professorial and professional staff applicable to sponsored agreements is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. A plan-confirmation system used for salaries and wages charged directly or indirectly to sponsored agreements will meet the following standards...(e) At least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed.

2 CFR 220, Appendix A, J. 10. c. (2) After-the-fact Activity Records: Under this system the distribution of salaries and wages by the institution will be supported by activity reports as prescribed below. (a) Activity reports will reflect the distribution of activity expended by employees covered by the system (compensation for incidental work as described in subsection a need not be included). (b) These reports will reflect an after-the-fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records. (c) Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.

LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued

June 30, 2013

Section III – Federal Award Findings – Continued

2013-001 – Highway Planning and Construction – CFDA No. 20.205, Grant No. HCCTP526,
Year Ended June 30, 2013 – Continued

Questioned Costs: The amount of questioned costs cannot be determined without the preparation and analysis of activity reports in accordance with 2 CFR 220.

Population and Items Test: A sample of 6 payroll transactions totaling \$19,165 were tested, 4 of which were found in noncompliance.

Effect: Non-compliance with 2 CFR 220 could result in improper charges to the grant program.

Cause: Initially, the employee's time was allocated based on the budget. Subsequent to the transactions selected for testing, the employee whose time was allocated began maintaining a time sheet to ensure that time charged to each of the grant programs worked on was accurate.

Recommendation: We recommend that activity reports or other equivalent documentation as outlined in 2 CFR 220 be prepared for employees whose time is charged to multiple activities. Employees who work 100% on a federal activity should sign a certification or complete activity reports.

Response & Corrective Action Plan: The College has already implemented the process of obtaining proper documentation of wages charged to a Federal program.

LINCOLN LAND COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT #526
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

June 30, 2013

Section IV – Summary of Prior Year financial Statement and Federal Award Findings

Prior Finding	Condition	Status
12-1	Material audit adjustments were required to present financial statements in accordance with generally accepted accounting principles	Not Repeated