
Oakland Community College

Federal Awards Supplemental Information
June 30, 2020

Independent Auditor's Reports

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

Independent Auditor's Report

To the Board of Trustees
Oakland Community College

We have audited the basic financial statements of the Oakland Community College as of and for the year ended June 30, 2020 and have issued our report thereon dated October 9, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 9, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

May 7, 2021

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

Independent Auditor's Report

To Management and the Board of Trustees
Oakland Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Oakland Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2020 and 2019 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 9, 2020. The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic 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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

To Management and the Board of Trustees
Oakland Community College

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 9, 2020

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

Independent Auditor's Report

To the Board of Trustees
Oakland Community College

Report on Compliance for Each Major Federal Program

We have audited Oakland Community College's (the "College") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. 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 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 the College's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020.

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.

To the Board of Trustees
Oakland Community College

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is 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 certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Findings 2020-001 and 2020-002, that we consider to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The College's responses were not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

May 7, 2021

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Federal Expenditures	Provided to Subrecipients
Clusters:				
Student Financial Assistance Cluster -				
U.S. Department of Education:				
Federal Pell Grant Program	84.063	P063P191648	\$ 14,584,483	\$ -
Federal Supplemental Educational Opportunity Grant	84.007	P007A192059	1,081,807	-
Federal Work-Study	84.033	P033A192059	291,959	-
Direct Loan Program	84.268	P268K201648	10,171,195	-
Total Student Financial Assistance Cluster			26,129,444	-
U.S. Department of Labor - WIA Cluster -				
Passed through Oakland County, Michigan:				
Work First - 10/01/18- 09/30/19	17.278	Unknown	52,861	-
Work First - 10/01/19- 09/30/20	17.278	Unknown	152,793	-
Total WIA Cluster			205,654	-
Total clusters			26,335,098	-
Other federal awards:				
U.S. Department of Education:				
COVID-19 - Education Stabilization Fund:				
COVID-19 - Higher Education Emergency Relief Fund - Student Aid	84.425E	P425E201992	1,299,000	-
COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion	84.425F	P425F201563	405,999	-
Total Education Stabilization Fund			1,704,999	-
Passed through the Michigan Department of Education -				
Career and Technical Education - Basic Grants to States:				
Local Annual (Regional Allocation)	84.048A	203510-2021	891,914	-
Local Leadership	84.048A	203510-2021	9,200	-
Total Vocational Education			901,114	-
Total U.S. Department of Education			2,606,113	-
National Science Foundation - Learning Program for Cobots in Advanced Manufacturing Systems	47.076	1601454	53,463	38,216
U.S. Department of Labor - Passed through the				
Southeast Michigan Community Alliance - American				
Apprenticeship Initiative Grant - Advance Michigan Center For Apprenticeship Innovation	17.268, H-1B	AP-28028-15-60-A-26	54,620	-
Total expenditures of federal awards			\$ 29,049,294	\$ 38,216

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Oakland Community College (the "College") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Accounting Policies

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

The College has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S Department of Education, in the year ended June 30, 2020, the College transferred \$149,959 of the 2019-2020 Federal Work-Study Program (84.033) award to the Federal Supplemental Education Opportunity Grant (84.007) award, which it expended in the 2019-2020 award year.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None reported

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

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.063, 84.007, 84.033, and 84.268 84.048A 84.425E, 84.425F	Student Financial Assistance Cluster Vocational Education Grants Higher Education Emergency Relief Funds (HEERF)	Unmodified Unmodified Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$871,479

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None
Reference Number	Finding
Prior Year	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2020-001	<p>CFDA Number, Federal Agency, and Program Name - 84.268, 84.063, and 84.007, Department of Education, Student Financial Aid Cluster</p> <p>Federal Award Identification Number and Year - P268K201648, P063P191648 and P033A192059</p> <p>Pass-through Entity - U.S. Department of Education</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - Yes</p> <p>Prior year reference number: 2019-002</p> <p>Criteria - If a recipient of Title IV grant or loan funds withdraws from a school after beginning attendance, but before he or she has attended 60 percent of the scheduled length of the semester, the school must perform a return of Title IV funds (R2T4) calculation. If the amount disbursed to the student is greater than the amount the student earned, the unearned funds must be returned. A school must return unearned funds for which it is responsible no later than 45 days from the determination of a student's withdrawal (34 CFR 668.22(j)(1)).</p> <p>Condition - Of the calculations for 45 students originally selected for return of Title IV calculation testing, two calculations were not performed after the student's withdrawal. An additional 35 students were identified by management's analysis of the noted condition.</p> <p>An additional sample of 15 students tested after the identification of the condition described above identified a further two calculations that were not performed within 45 days from the determination of the students' withdrawal.</p> <p>Questioned Costs - \$39,058, related to the 37 calculations identified in the first condition above. The second condition identified did not have any questioned costs.</p> <p>Identification of How Questioned Costs Were Computed - The questioned costs were determined by totaling the unearned aid received by the original 2 students, which was not returned timely. Additionally, management performed an analysis to identify other students of the same condition to ultimately determine total known questioned costs.</p> <p>Context - Of the calculations for 45 students selected for return of Title IV calculation testing, two calculations were not performed after the student's withdrawal. An additional 35 students were identified by management's analysis of the noted condition. Total unearned aid not identified by management and not returned timely was \$39,058.</p>	\$39,058

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2020-001 (Continued)	<p>Cause and Effect - Controls over the review of calculations performed were inadequate to ensure the population of students requiring calculations was complete and controls were insufficient to ensure that all required calculations were performed timely. As a result, the return of funds for 37 students was not completed prior to the identification of the noted condition by the audit. Additionally, for other calculations, though funds were ultimately returned prior to identification of the noted condition, certain calculations were not performed timely.</p> <p>Recommendation - The College should implement additional controls to ensure all necessary return of Title IV calculations are completed and that such calculations and returns are done so in a timely manner.</p> <p>Views of Responsible Officials and Corrective Action Plan - The College agrees with the finding identified and has instituted plans to prevent future occurrence.</p> <p>It is accepted by community college financial aid departments, the Return to Title IV (R2T4) federal requirement demands a high level of continuous, focused attention. The College has dedicated staff members and provided training to ensure compliance. The financial aid manager charged with this responsibility has earned the National Association of Student Financial Aid Administrators (NASFAA) credential in R2T4 and possesses an additional 11 NASFAA credentials for other financial aid programs. The financial aid specialists working in this area have also earned the NASFA credential in R2T4. The plan is to bring these three qualified staff members together in a centralized location to collaborate and focus on the accuracy and details required for compliance.</p> <p>In addition, the College has employed a third-party consultant to review the financial aid department staffing, processes, and procedures. We will use the recommendations from this report to improve operational procedures and create efficiencies throughout the department.</p> <p>The College wants to acknowledge the challenges presented to the financial aid department as a result of the pandemic. Beginning on March 13, 2020, the financial aid department began a journey down an uncharted path of multiple federal changes and waivers to current regulations. At the same time, the College prepared to quickly transition to a remote environment because of COVID-19. On March 24, 2020, Michigan's Governor Whitmer issued the stay-at-home executive order, and by March 27, 2020, the full financial aid office had become virtual.</p>	

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2020-002	<p>CFDA Number, Federal Agency, and Program Name - 84.268, 84.063, and 84.007, Department of Education, Student Financial Aid Cluster</p> <p>Federal Award Identification Number and Year - P268K201648, P063P191648, and P033A192059</p> <p>Pass-through Entity - U.S. Department of Education</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - Yes - 2019-001</p> <p>Criteria - An institution shall submit, in accordance with deadline dates established by the secretary, through publication in the Federal Register, other reports and information the secretary requires and shall comply with the procedures the secretary finds necessary to ensure that the reports are correct (34 CFR 690.83(b)(2) and 34 CFR 685.309).</p> <p>A school must update the National Student Loan Data System (NSLDS) within 30 days of a student status change, unless the school expects to submit its next enrollment report to the NSLDS within 60 days (34 eCFR 685.309).</p> <p>Condition - The student status changes for certain students with status changes (graduated students, an official withdrawal, and a status change from full time to less than half time) were not reported within 60 days.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs Were Computed - N/A</p> <p>Context - Of the sample of 40 student status changes selected for enrollment reporting testing, 4 students (relating to graduation status changes following the winter semester) were not reported within the required 60-day period. In addition, 1 student who officially withdrew and 1 student whose status changed from full time to less than half time were not reported within the required 60-day period.</p> <p>Cause and Effect - Controls were inadequate to ensure all student status changes were reported in a timely fashion. As a result, status changes were reported late.</p> <p>Recommendation - The College should implement controls to ensure timely student status change reporting.</p>	None

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2020-002 (Continued)	<p>Views of Responsible Officials and Planned Corrective Actions - The College agrees, with slight reservation, with the finding identified and has plans to prevent future occurrence.</p> <p>Following the finding in last year's audit, Oakland Community College implemented steps to improve processes for enrollment and degree reporting. The National Student Clearinghouse's (NSC) two-pronged verification process for graduation reporting continues to complicate reporting to the National Student Loan Data System (NSLDS) due to the lengthy and complex validation process that must occur through the NSC website.</p> <p>In order to gain a greater understanding of the College's reporting responsibilities and timeline, the registrar's office initiated several communications with the NSC Audit Resource Center to gain their experiences and professional interpretation of Department of Education guidelines. Following their expertise and guidance, the College instituted new measures to ensure graduations were reported to NSLDS with 60 days from the date the College identified graduation requirements had been completed. The interpretation of continuous summer term enrollment and when graduations requirements had been completed has been a point of debate. In the future, the College will take the more conservative interpretation, as defined by our audit firm.</p> <p>The College continues to work on process and technology improvements and continues to engage in regular discussion with the experts at the NSC Audit Resource Center. Additionally, the College has initiated discussions with peer institutions to share best practices and identify process efficiencies to ensure timely reporting of all enrollment and graduation status changes.</p>	