Macomb Community College

Year Ended
June 30, 2023

Single Audit Act Compliance

Rehmann

MACOMB COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

September 27, 2023

Board of Trustees
Macomb Community College
Warren, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of ***Macomb Community College*** (the "College") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 27, 2023, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

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MACOMB COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Education					
Student Financial Assistance Cluster:					
Federal Supplemental Educational Opportunity Grants	84.007	Direct	P007A222037	$ -	$ 970,410
Federal Work Study Program	84.033	Direct	P033A222037	-	29,324
Federal Pell Grant Program	84.063	Direct	P063P220561	-	19,609,588
Federal Direct Loan Program	84.268	Direct	P268K230561	-	5,212,246
Total Student Financial Assistance Cluster				-	25,821,568
Fund for the Improvement of Postsecondary Education	84.116	Direct	P116Z220116	-	378,516
Career and Technical Education - Basic Grants to States:					
Regional Allocation - Post Secondary	84.048A	MDE	233510-2321	-	1,437,028
Local Leadership - Post Secondary	84.048A	MDE	233250-2325	-	9,088
				-	1,446,116
Vocational Rehabilitation Grants to States	84.126	Direct	3312	-	4,335
COVID-19 - Higher Education Emergency Relief Fund					
Institutions of Higher Education - Institutional	84.425F	Direct	P425F201903	-	1,598,816
Total U.S. Department of Education				-	29,249,351
U.S. Department of Defense					
Cost Sharing Cooperative Agreement:					
2022-2023	12.002	Direct	SP4800-22-2-2217	-	475,938
2021-2022	12.002	Direct	SP4800-21-2-2117	-	59,057
Total U.S. Department of Defense				-	534,995
U.S. Department of Housing and Urban Development					
Community Development Block Grant Cluster	14.218	CSH	B-22-MC-26-0014	-	11,304
U.S. Department of Justice					
Law Enforcement Agencies Seeking Accreditation Grant	16.710	Direct	15JCOPS-22-66-04581	-	11,831
U.S. Department of Labor					
WIOA Cluster:					
MI Electric Vehicle Academy	17.258, 17.259, 17.278	SEMCA	MSC221030-CV and EV Academy 2022 SEMCA	-	132,362
H-1B Job Training Grant - American Apprenticeship Initiative	17.268	SEMCA	HG-35907-21-60-A-26	-	46,080
H-1B Job Training Grant - American Apprenticeship Initiative	17.268	OCC	HG-34346-20-60-A-26	-	48,768
				-	94,848
Apprenticeship USA Grants	17.285	SEMCA	AP-38901-22-60-A-26	-	1,127
Community Project Funding/Congressionally Directed Spending	17.289	Direct	CP-39362-23-60-A-26	-	80,966
Total U.S. Department of Labor				-	309,303
National Science Foundation					
Research and Development Cluster:					
Improving Welding Outcomes	47.076	UM	2000730	-	4,637
Automotive Manufacturing Technical Education Collaborative	47.076	Direct	1902369	-	207,580
Total National Science Foundation				-	212,217
Total Expenditures of Federal Awards				$ -	$ 30,329,001

See notes to schedule of expenditures of federal awards.

MACOMB COMMUNITY COLLEGE

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of ***Macomb Community College*** (the "College") under programs of the federal government for the year ended June 30, 2023. 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 net position, changes in net position, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the College has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. ADJUSTMENTS AND TRANSFERS

The College transferred $424,400 of the 2022-2023 Federal Work-Study Program (84.033) award to the Federal Supplemental Educational Opportunity Grant (84.007) award, which it expended in the 2022-2023 award year.

4. PASS-THROUGH ENTITIES

The College receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Entity Abbreviation	Pass-through Entity Name
CSH	City of Sterling Heights
MDE	Michigan Department of Education
OCC	Oakland Community College
SEMCA	Southeast Michigan Community Alliance
UM	University of Michigan

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

September 27, 2023

Board of Trustees
Macomb Community College
Warren, 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 *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 ***Macomb Community College*** (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 27, 2023. The financial statements of Macomb Community College Foundation, the College's discretely presented component unit, were not audited in accordance with *Government Auditing Standards.*

Report on 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) as a basis for designing 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 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.

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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 or significant deficiencies may exist that have not been identified.

Report on 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 financial statements. 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

September 27, 2023

Board of Trustees
Macomb Community College
Warren, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of ***Macomb Community College*** (the "College") with the types of compliance requirements identified as subject to audit 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, 2023. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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.



MACOMB COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.048	Vocational Education Basic Grants
84.425	COVID-19 Higher Education Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 909,870	
Auditee qualified as low-risk auditee?	X yes	____ no

MACOMB COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

MACOMB COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001 Special Tests and Provisions - Enrollment Reporting

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests and Provisions).

Program. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A222037, P033A222037, P063P220561, and P268K230561.

Criteria. The Uniform Guidance Compliance Supplement provides guidance that a College should report status changes to the National Student Loan Data System (NSLDS) within 30 days whenever a student's attendance changes, unless a roster will be submitted within 60 days.

Condition. We noted that one student out of a testing population of two was not reported timely to NSLDS and did not have the correct status change reported.

Cause. This condition was caused by an oversight in applying the College's enrollment reporting procedures.

Effect. As a result of this condition, the College was exposed to an increased risk that incorrect and untimely information would be reported to NSLDS.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs.

Recommendation. We recommend that the College consistently apply their enrollment reporting procedures to prevent untimely status change reporting in the future.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

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MACOMB COMMUNITY COLLEGE

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2023

No matters were reported.

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Macomb Community College
Education • Enrichment • Economic Development
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Corrective Action Plan

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in the **Macomb Community College** Single Audit Act Compliance report for the year ended June 30, 2023, and corrective actions to be completed.

2023-001 Special Tests and Provisions - Enrollment Reporting

Auditor Description of Condition and Effect. We noted that one out student of a testing population of two was not reported timely to NSLDS and did not have the correct status change reported. As a result of this condition, the College was exposed to an increased risk that incorrect and untimely information would be reported to NSLDS.

Auditor Recommendation. We recommend that the College consistently apply their enrollment reporting procedures to prevent untimely status change reporting in the future.

Corrective Action. This situation occurred because the student graduated during a term in which they were not enrolled. This is connected to our upload to the National Student Clearinghouse which did not mark the student as graduated (G Not Applied) in our degree verify file. There is a known defect in our student information system that causes this issue. We are currently working collaboratively with our information technology department to resolve this defect which will ensure that we capture students in this situation in the future.

Responsible Person. Registrar/Director of Enrollment Services

Anticipated Completion Date. June 30, 2024