Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards........................................................................................................................................ 1-2


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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
Richland Community College
Community College District #537
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 Richland Community College, Community College District #537 (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2015. Our report includes a reference to other auditors who audited the financial statements of the Richland 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 Richland 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 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 the internal control was for the limited purpose described in the first paragraph 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.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District’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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Springfield, Illinois
October 15, 2015
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Richland Community College
Community College District #537
Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited Richland Community College - Community College District #537 (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 on each of the District’s major federal programs for the year ended June 30, 2015. 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 each of its major 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. However, our audit does not provide a legal determination on the District’s compliance.
Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002. Our opinion on each major federal program is not modified with respect to these matters.

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

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, we considered the District’s internal control over compliance with 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 our 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, and therefore, material weakness 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 weakness. However, we identified a certain deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2015-002 that we consider to be a significant deficiency.
The District’s response to the internal control over compliance finding 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.

This 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.

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

We have audited the basic financial statements of the Richland Community College, Community College District #53 (the District) as of and for the year ended June 30, 2015, and have issued our report thereon dated October 15, 2015, which contained an unmodified opinion on the basic financial statements. Our audit was conducted for the purpose of forming an opinion on the District’s basic financial statements. We did not audit the financial statements of Richland Community College Foundation, the discretely presented component unit. The component unit financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of other auditors. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 basic 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 basic financial statements as a whole.

Springfield, Illinois
October 15, 2015
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Richland Community College, Community College District #537 (the "District") and is presented on 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.

2. LOANS AND LOAN GUARANTEES

For the year ended June 30, 2015, Richland Community College acted as a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of $1,452,269.

3. OTHER

The District did not receive any non-cash assistance through federal award programs during the year ended June 30, 2015. In addition, there was no insurance in effect during the year which came through federal sources.
Section I – Summary of Auditors’ Results

Financial Statements
Type of auditor’s report issued: Unmodified opinion on basic financial statements of Richland Community College
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 federal programs:
- Material weakness(es) identified?  Yes  x  No
- Significant deficiency(ies) identified?  x  Yes  None reported
Type of auditor’s report issued on compliance for major federal programs: Unmodified opinion for major federal 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 federal programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007, 84.033, 84.063, 84.268</td>
<td>Student Financial Aid Cluster (Federal Supplemental Educational Opportunity Grant, Federal Work Study, Pell, Direct Loan)</td>
</tr>
<tr>
<td>17.282</td>
<td>Trade Adjustment Assistance Community College and Career Training (TAACCT Grants)</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $300,000
Auditee qualified as low-risk auditee?  x  Yes  No
Section II – Financial Statement Findings

None
Section III – Federal Awards Findings and Questioned Costs


Criteria: 34 CFR 668.(a)(1) – (a)(1)(ii) states “The Secretary considers excess cash to be any amount of title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution – (i) Received those funds from the Secretary, (ii) Deposited or transferred to its Federal account previously disbursed title IV, HEA program funds received from the Secretary, such as those resulting from award adjustments, recoveries, or cancellations.”

34 CFR 668.(b) states “an institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period.”

Condition: The District did not timely return excess cash.

Questioned Costs: $9,090

Cause and Effect: Monitoring processes within the administration of Pell grants did not timely identify the excess cash on hand. Excess cash was not returned within a timely manner.

Recommendation: We recommend the District monitor their cash management processes in order to identify excess cash in a timely manner.

Response and Corrective Action Plan: The District will monitor the Department of Education’s Common Origination and Disbursement (COD) website weekly to determine if changes in Pell awards require a return of excess cash. Any excess cash will be returned within the required seven-day tolerance period. The $9,090 noted above was returned to the Department of Education on September 10, 2015.
Section III – Federal Awards Findings and Questioned Costs (Continued)

2015-002 – Student Financial Aid Cluster – CFDA No. 84.007, 84.033, 84.063, and 84.268, Year Ended June 30, 2015

Criteria: 34 CFR 690.83(b)(2) which states the 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 685.309(b) which states a school shall “(1) Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report and return the report to the Secretary – (i) in the manner and format prescribed by the Secretary; and (ii) within the timeframe proscribed by the Secretary. (2) Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that – (i) A loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time or failed to enroll on at least a half-time basis for the period for which the loan was intended…”

Condition: For 5 students out of a 20 sampled (25%) the District did not report enrollment information within 30 days whenever attendance changed for students or within 60 days when a roster was submitted. The District did not report a student’s attendance status correctly, for 2 students out of a 20 student sample (10%). We consider this to be a significant deficiency of internal control over compliance relating to the Reporting compliance requirement.

Questioned Costs: None

Cause and Effect: Updates to software used to prepare reporting caused an incomplete Summer 2014 graduate submission. This caused incorrect graduate information to be reported. Also, the review process did not detect the reported incorrect student’s attendance status.

Recommendation: We recommend the District implement an effective review process for reporting the status of graduates and active students.

Response and Corrective Action Plan: The District has worked with the software provider to correct the enrollment and degree reports generated. As of August 2015, the District revised its reporting calendar to ensure enrollment updates are sent within the required 30 day period. The District has also updated their reporting procedures to include a review of the reports submitted to the Clearinghouse. Upon instruction from the Clearinghouse, the District will submit the corrected Summer 2014 information.
## Section IV – Summary of Prior Year financial Statement and Federal Award Findings

<table>
<thead>
<tr>
<th>Prior Finding</th>
<th>Condition</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-001</td>
<td>A Return of Title IV funds calculation was not completed for one student out of a sample of twenty-five who received all F’s and ceased attendance prior to 60 percent.</td>
<td>Not Repeated</td>
</tr>
<tr>
<td>2014-002</td>
<td>Return of Title IV funds calculations for the spring semester did not use the correct number of days in the term. The District did not properly exclude weekend days for a break of more than five consecutive days.</td>
<td>Not Repeated</td>
</tr>
<tr>
<td>2014-003</td>
<td>One student in a sample of forty was over awarded for Federal Direct Student Loans. The annual loan limit for a second year undergraduate student is $6,500, the student in our sample received loans of $6,722, an over award of $222.</td>
<td>Not Repeated</td>
</tr>
</tbody>
</table>