

Bay de Noc
Community
College



Year Ended
June 30, 2024

Single Audit Act
Compliance

Rehmann

BAY DE NOC COMMUNITY COLLEGE

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

March 6, 2025

Board of Trustees
Bay de Noc Community College
Escanaba, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of **Bay de Noc Community College** (the "College") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated November 8, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those financial statements that collectively comprise the basic financial statements. We did not audit the financial statements of the Bay de Noc Community College Foundation, the discretely presented component unit. Those 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 Bay de Noc Community College Foundation, is based solely on the report of the other auditors. 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



BAY DE NOC COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grant				
2022/2023 Grant Year	84.007	Direct	P007A221980	\$ 4,728
2023/2024 Grant Year	84.007	Direct	P007A231980	89,092
				<u>93,820</u>
Federal Work-Study Program				
2023/2024 Program Year	84.033	Direct	P033A231980	138,087
Federal Pell Grant Program				
2022/2023 Grant Year	84.063	Direct	P063P221624	69,401
2023/2024 Grant Year	84.063	Direct	P063P231624	2,654,472
				<u>2,723,873</u>
Federal Direct Student Loans				
2022/2023 Grant Year	84.268	Direct	P268K231624	33,976
2023/2024 Grant Year	84.268	Direct	P268K241624	2,719,338
				<u>2,753,314</u>
Total Student Financial Assistance Cluster				<u>5,709,094</u>
TRIO Cluster:				
TRIO Student Support Services				
2023/2024 Services	84.042A	Direct	P042A200604	375,504
Career and Technical Education - Basic Grants to States:				
Regional Allocation	84.048A	MDE	243510	189,589
Local Leadership	84.048A	MDE	243250	9,152
				<u>198,741</u>
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities				
PTE The University of Toledo	84.325N	Direct	H325N180008-21	11,923
Total U.S. Department of Education				<u>6,295,262</u>
U.S. Department of Agriculture				
Higher Education - Institution Challenge Grants Program				
2023/2024 Grant Year	10.217	MSU	2020-70003-32298	37,213
U.S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds:				
ADN-to-BSN Completion Grant Program	21.027	LEO	SLFRP0127	521,457
Michigan Reconnect Age Expansion Grant	21.027	MILEAP	SLFRP0127	95,848
Academic Catch-Up Program	21.027	MCCA	SLFRP0127	100,140
Total U.S. Department of Treasury				<u>717,445</u>
Total Expenditures of Federal Awards				<u>\$ 7,049,920</u>

See notes to schedule of expenditures of federal awards.

BAY DE NOC 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 *Bay de Noc Community College* (the "College") under programs of the federal government for the year ended June 30, 2024. 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 funded \$27,528 of the 2023/2024 Emergency FSEOG that is a part of the Federal Supplemental Educational Opportunity Grant (84.007) by transferring it out of the 2023-2024 Federal Work-Study Program (84.033).

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
LEO	Michigan Department of Labor and Economic Opportunity
MCCA	Michigan Community College Association
MDE	Michigan Department of Education
MiLEAP	Michigan Department of Lifelong Education, Advancement, and Potential
MSU	Michigan State University



**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***

November 8, 2024

Board of Trustees
Bay de Noc Community College
Escanaba, 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 **Bay de Noc Community College** (the "College"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 8, 2024. The financial statements of Bay de Noc Community College Foundation (the "Foundation"), the College's discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Our report includes a reference to other auditors who audited the financial statements of Bay de Noc Community College Foundation, as described in our report on the College'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.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2024-001, that we consider to be a significant deficiency.

Report on 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 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*.

Bay de Noc Community College's Response to Finding

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

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.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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

March 6, 2025

Board of Trustees
Bay de Noc Community College
Escanaba, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of **Bay de Noc 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, 2024. 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, 2024.

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.



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 instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, 2024-004, and 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

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

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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-003, 2024-004, and 2024-005 to be significant deficiencies.

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

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.

A handwritten signature in black ink that reads "Rehman Rohan LLC". The signature is written in a cursive style with a large, looping 'R' at the beginning.

BAY DE NOC COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

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? X yes 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

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 and type of auditors' report issued on compliance for each major program:

Assistance

Listing

<u>Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
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21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified
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84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster	Unmodified
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Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

BAY DE NOC COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 - Internal Controls Over Financial Applications

Finding Type. Significant Deficiency in Internal Control Over Financial Reporting

Criteria. The College should have defined processes to identify the IT risks arising from the use of third-party service providers and ensure appropriate controls are in place to mitigate IT risk, and also to review user accounts and entitlements for in-scope financial applications.

Condition. The in-scope third-party application's Systems and Organization Controls (SOC) Reports (SOC1 Type 2) have not been obtained and reviewed to assess the controls in place within the vendor's IT environments to mitigate risks and ensure that Information Technology General Controls (ITGCs) are adequately designed, tested, and operating effectively at the service organization. Additionally, Management has not reviewed the SOC report to understand its responsibilities within the report's Complementary User Entity Controls (CUECs) section to ensure processes/controls have been appropriately instituted, to ensure there are no carve outs or limitations on the usage of the SOC report, to ensure no exceptions are noted within SOC reports that may have a direct impact on Management's data or use of the application, and to ensure no additional risk arising from the use of Sub-Service providers. We also observed that the in-scope users and their roles/access rights have not been obtained and reviewed to assess the appropriateness of access retained by users in the system.

Cause. The condition above appears to be caused by a lack of a defined process to identify IT risks and ensure mitigating controls are in place while also lacking a defined process to review user accounts and entitlements for in-scope financial applications.

Effect. As a result of this condition, the College is at a greater risk of allowing improper access to its applications by users that should no longer have access to reports and unwarranted IT-related misstatements caused by third-party service providers.

Recommendation. We recommend the College implement a defined process to obtain and review third-party service providers' SOC 1 Type 2 reports while also establishing mitigating controls to reduce IT risk, as well as implementing a defined process to review user accounts and entitlements for in-scope financial applications.

View of Responsible Officials. Management will further clarify procedures to detail our annual process, in response to this recommendation. In April each year, and as a requirement when vetting new financial services vendors, the Director of IT will request and review the appropriate SOC reports for third-party vendors providing in-scope financial services. SOC 1 Type 2 reports will be requested for financial reporting, whereas SOC 2 Type 2 reports are requested for information security reporting.

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-002 - Cost of Attendance Input Error

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Eligibility).

Program. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A221980, P007A231980, P033A231980, P063P221624, P063P231624, P268K231624, and P268K241624.

Criteria. The total aid awarded is not to exceed the student's financial need or cost, as specified by the 34 CFR 668.42 (FWS), 34 CFR 673.5 and 673.6 (FSEOG); and 34 CFR 685.301 (Direct Loan) per the Compliance Supplement.

Condition. There was an input error in the summer transportation component of the cost of attendance calculation. Instead of the on-campus students being designated with their own rate (\$405), it was instead set to "All students 2023-2024."

Cause. The College does not have a review process in place for ensuring the inputs used in the cost of attendance determination are accurate.

Effect. As a result of this condition, eight students received more aid than they were eligible to receive, resulting in loan adjustments of \$2,858. It is our understanding that on September 23, 2024, the College updated and sent the changes to the Common Origination and Disbursement (COD) system.

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 implement a review process to ensure the inputs used in the cost of attendance determination are accurate and that the COA calculation is being reviewed by an independent second individual.

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

BAY DE NOC COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-003 - Michigan Reconnect Expansion Calculation Error

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Program. Coronavirus State and Local Fiscal Recovery Funds; U.S. Department of Treasury; Assistance Listing Number 21.027; Award Number SLFRP0127.

Criteria. As outlined in State of Michigan's Michigan Reconnect Expansion program guide, the Reconnect scholarship program is a last-dollar scholarship, which is equal to the difference between in-district tuition and fees (i.e., tuition, contact hours and mandatory fees) and any Pell Grant and any state tuition-restricted scholarships or awards that a student receives following the packaging order.

Condition. The amount of scholarship a student is eligible to receive from the Michigan Reconnect Expansion grant is dependent on the total cost of tuition and fees as well as other financial aid received (Pell and Tuition Restricted Scholarships). When performing the calculation, the College mistakenly included tuition related to welding programs in with the fees.

Cause. The College performs a review by selecting a group of students who are manually reviewed before they disburse funds for the semester. The overpayment of Michigan Reconnect Expansion scholarship funds was missed during the review of the calculation, as the two students with errors were not a part of the manual review.

Effect. As a result of this condition, two students' scholarship calculations were incorrect, resulting in an overpayment of \$3,054 to those students. It is our understanding that on October 30, 2024, the College refunded this amount to the Michigan Department of Treasury for those affected by this calculation error.

Questioned Costs. No costs were required to be questioned as a result of this finding insomuch as our testing did not reveal any unallowed costs over the \$25,000 threshold.

Recommendation. We recommend that the College follow the review processes they have in place and include formal documentation showing the preparer is a separate individual from the reviewer.

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

BAY DE NOC COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-004 - Michigan Reconnect Expansion Refund Calculation Error

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Program. Coronavirus State and Local Fiscal Recovery Funds; U.S. Department of Treasury; Assistance Listing Number 21.027; Award Number SLFRP0127.

Criteria. As outlined in State of Michigan's Michigan Reconnect Expansion program guide, the Reconnect scholarship program is a last-dollar scholarship, which is equal to the difference between in-district tuition and fees (i.e., tuition, contact hours and mandatory fees) and any Pell Grant and any state tuition-restricted scholarships or awards that a student receives following the packaging order.

Condition. The student development fees and the technology fees that were required to be included in the scholarship refund calculation were missed for one student.

Cause. The College does not have a formal review process where a second individual looks over the refund calculation to ensure errors are caught before the returns are processed.

Effect. As a result of this condition, one refund calculation for the grant was incorrect, resulting in an underpayment of \$752. It is our understanding that on December 16, 2024, the College refunded this amount to the Michigan Department of Treasury for those affected by this calculation error.

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 over the \$25,000 threshold.

Recommendation. Management has already taken appropriate corrective action by updating the returns for the student impacted by the refund calculation error. However, we recommend that the College implement a review process to ensure that any correction is being reviewed by an independent second individual.

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

BAY DE NOC COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-005 - Untimely Report Submission

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Reporting).

Program. Coronavirus State and Local Fiscal Recovery Funds; U.S. Department of Treasury; Assistance Listing Number 21.027; Award Number SLFRP0127.

Criteria. The Academic Catch-Up program Memorandum of Understanding between Michigan Community College Association (MCCA) and Bay de Noc Community College outlines the submission of required reporting to MCCA on a quarterly basis by certain dates.

Condition. The Academic Catch-Up program quarterly reports were not submitted timely by required deadlines.

Cause. The College does not have a process to track when reports are due.

Effect. As a result of this condition, two of the four quarterly reports submitted in fiscal year 2024 were after the required deadline.

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

Recommendation. We recommend that the College develop procedures to track when reports are due and have an independent second individual perform a review to ensure accurate and timely submissions.

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



BAY DE NOC COMMUNITY COLLEGE

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

2023-001 – Return of Title IV (R2T4) Calculation Error

It was noted that sixty students receiving federal financial aid had the wrong amount returned to them due to the R2T4 calculation using the incorrect number of break days. This matter has been corrected during the current year.

2023-002 – Gramm Leach Bliley Missing Compliance Requirements

It was noted that the College's written information security policy failed to address the implementation of safeguards to control the risks the institution identifies through its risk assessment, through its testing or monitoring of the effectiveness of the safeguards implemented, and through its evaluation and adjustment of its information security program in light of the results of the required testing and monitoring, as outlined in the Gramm Leach Bliley Act. This matter has been corrected during the current year.

