



Federal Awards Report in Accordance
with Uniform Guidance
June 30, 2020

Rogue Community College

Compliance Section

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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 Education
Rogue Community College
Grants Pass, Oregon

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 Rogue Community College (the College) and its discretely presented component unit, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated December 9, 2020. Our report includes a reference to other auditors who audited the financial statements of Rogue Community College Foundation, as described in our report on the College’s financial statements. The audit of the financial statements of the Foundation were not performed 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 that are reported on separately by those auditors of Rogue Community College Foundation.

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. 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
December 9, 2020



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Education
Rogue Community College
Grants Pass, Oregon

Report on Compliance for Each Major Federal Program

We have audited Rogue Community College’s (the College) compliance with the types of compliance requirements described 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, 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 the 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* (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 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 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, 2020.

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 item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The College's response to the noncompliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

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.

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 and significant deficiencies may exist that have not been 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 item 2020-001 that we consider to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of Rogue Community College, and its discretely presented component unit, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 9, 2020, 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 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Boise, Idaho

February 1, 2021, except for our report on the schedule of expenditures of federal awards, for which the date is December 9, 2020

Rogue Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Direct Grants			
Financial Aid Cluster:			
Pell Grant Program	84.063		\$ 9,527,398
Federal Work-Study Program	84.033		184,878
Direct Loan Program	84.268		5,222,767
Supplemental Educational Opportunity Grants Program	84.007		198,365
	Total Financial Aid Cluster		15,133,408
COVID-19 - Higher Education Emergency Relief Funds - Student Share	84.425E		1,261,641
	Total Education Stabilization Fund		1,261,641
TRIO Cluster:			
TRIO - Student Support Services	84.042A		529,818
TRIO - Educational Opportunity Center	84.066A		258,859
TRIO - Talent Search	84.044A		337,563
	Total TRIO Cluster		1,126,240
Passed through Oregon Department of Education:			
Perkins Vocational Education	84.048	52510	420,622
Passed through Southern Oregon Education Service District:			
Perkins Vocational Education	84.048	none available	26,748
	Total Perkins		447,370
Passed through Oregon Higher Education Coordinating Commission:			
Adult Basic Skills WIOA Title II Adult Education & Family Literacy	84.002	18-141	552,431
Learning Standards Trainers	84.002	18-061	2,668
	Total Title II		555,099
Total U.S. Department of Education			18,523,758
U.S. Department of Health and Human Services			
Direct Grants:			
Southern Oregon Health Occupations Poverty Elimination Project (SOHOPE)	93.093	90FX0049-02-00 & 90FX0049-03-00	1,750,066
Total U.S. Department of Health and Human Services			1,750,066

Rogue Community College
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Small Business Administration			
Passed through Oregon Small Business Development Center Network:			
Small Business Assistance	59.037	SBA-2018-153	16,500
Small Business Assistance	59.037	SBA-2019-153	16,500
Small Business Assistance	59.037	SBAHQ-20-C-0074-153	4,587
Total U.S. Small Business Administration			37,587
U.S. Department of Housing and Urban Development			
Passed through City of Grants Pass:			
Community Development Block Grant - Josephine County Microenterprise Assistance Program	14.218	M13009	1,620
Total U.S. Department of Housing and Urban Development			1,620
			<u>\$ 20,313,031</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rogue Community College (the College), under programs of the federal government for the years ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the 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 financial position, changes in net position, or cash flows of the College.

Note 2 – Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures, or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The College has elected not to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

Note 4 – Federal Student Loan Programs

The College does not directly administer any of the Federal Direct Loans that the students utilize at the College. Therefore, only the value of the loans made during the year are represented on the schedule of expenditures of federal awards.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiency identified not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	
with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
U. S. Department of Education Direct Programs	
Student Financial Aid Cluster	
Pell Grant Program	84.063
Federal Work-Study Program	84.033
Direct Loan Program	84.268
Supplemental Educational Opportunity Grants Program	84.007
COVID-19 - Higher Education Emergency Relief Funds - Student Share	84.425E
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

2020-001

Direct Programs – Department of Education
CFDA# 84.063, 84.007, 84.268, 84.033
Student Financial Aid Cluster
Special Test and Provisions: Enrollment Reporting
Significant Deficiency in Internal Control Over Compliance

Criteria:

34 CFR Section 690.83(b)(2), 34 CFR 682.610, and 34 CFR 685.309 states that institutions are responsible for the timely and accurate review, updates, and verification of student enrollment statuses, program information, and effective dates.

Condition:

During our testing of compliance with Enrollment Reporting, there were 5 instances out of 120 where the College failed to report the effective date of a student's withdrawal from courses at the College.

Cause:

The College's existing control procedures for reporting the effective date of a student's change in enrollment status to the NSLDS, via the National Student Clearinghouse (NSC) timely and accurately were not sufficiently designed to identify all inaccuracies.

Effect:

The College reported the incorrect withdrawal date as required by the NSLDS Reporting Guide to NSLDS.

Questioned Costs:

None reported

Context/Sampling:

A nonstatistical sample of 120 students out of 3,056 who received Title IV aid were selected for Enrollment Reporting testing.

Repeat Finding from Prior Year:

Yes

Recommendation:

The College should review the current control process over the Enrollment Reporting process, specifically focusing on those students who withdraw from courses, to ensure the effective date of the student's change in enrollment status is accurately reported to the NSLDS.

Management's Response:

Management agrees with the finding.

2020-002

Direct Programs – Department of Education

CFDA# 84.425E

COVID-19 – Higher Education Emergency Relief Funds – Student Share

Cash Management

Other Noncompliance

Criteria:

31 CFR Section 205.33 states that an agency must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for a Federal Program purpose. The timing and amount of funds transfers must be as close as is administratively feasible to an agency's actual cash outlay for direct program costs.

Condition:

During our testing of compliance with Cash Management, there was 1 instance out of 1 tested where the College drew down funds from the Federal government on April 28, 2020, and did not disburse the funds to students until June 4, 2020.

Cause:

At the time that the HEERF funding became available to distribute to students, the College staff was spread thin in trying to work in a remote environment as well as working through a system implementation. Because of system issues, getting correct reporting to know what students were eligible and trying to meet the guidance provided by the Department of Education to get the funds distributed to students as soon as possible, the funds were drawn down from the G5 system prior to distribution to students.

Effect:

The College drew down the funds and did not disburse the aid to students in a timely manner.

Questioned Costs:

None reported

Context/Sampling:

None

Repeat Finding from Prior Year:

No

Recommendation:

The College should review their current practices and policies for drawing down aid from the Federal government and devising a plan to disburse that aid in a time frame that is determined as being administratively feasible.

Management's Response:

Management agrees.