

JOLIET JUNIOR COLLEGE –  
COMMUNITY COLLEGE DISTRICT NO. 525

REPORTS REQUIRED BY  
OMB CIRCULAR A-133 AND  
*GOVERNMENT AUDITING STANDARDS*

YEAR ENDED JUNE 30, 2010

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# McGladrey & Pullen

Certified Public Accountants

## **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***

Members of the Board of Trustees  
Joliet Junior College –  
Community College District No. 525  
Joliet, Illinois

We have audited the financial statements of the governmental activities, the business-type activities and the aggregate discretely presented component unit (the Foundation), each major fund, and the aggregate remaining fund information of Joliet Junior College – Community College District No. 525 as of and for the year ended June 30, 2010, which collectively comprise Joliet Junior College – Community College District No. 525's basic financial statements and have issued our report thereon dated September 28, 2010. Our report includes a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the Foundation, as described in our report on Joliet Junior College – Community College District No. 525'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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Joliet Junior College – Community College District No. 525's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Joliet Junior College – Community College District No. 525's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Joliet Junior College – Community College District No. 525's internal control over financial reporting.

*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 combination of control 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Joliet Junior College – Community College District No. 525'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 and 2010-2.

We also noted certain matters that we reported to management of Joliet Junior College – Community College District No. 525 in a separate letter dated September 28, 2010.

Joliet Junior College – Community College District No. 525's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Joliet Junior College – Community District No. 525's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Trustees, and others within the entity, and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Chicago, Illinois  
September 28, 2010

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Members of the Board of Trustees  
Joliet Junior College –  
Community College District No. 525  
Joliet, Illinois

### Compliance

We have audited the compliance of Joliet Junior College – Community College District No. 525 with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on each of Joliet Junior College – Community College District No. 525's federal programs for the year ended June 30, 2010. Joliet Junior College – Community College District No. 525's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Joliet Junior College – Community College District No. 525's management. Our responsibility is to express an opinion on Joliet Junior College – Community College District No. 525's compliance based on our audit.

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 Joliet Junior College – Community College District No. 525'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. Our audit does not provide a legal determination on Joliet Junior College – Community College District No. 525's compliance with those requirements.

As described in items 2010-1 and 2010-2 in the accompanying Schedule of Findings and Questioned Costs, Joliet Junior College – Community College District No. 525 did not comply with requirements regarding eligibility and special tests and provisions that are applicable to one of its major federal programs, the Student Financial Assistance Cluster. Compliance with such requirements is necessary, in our opinion, for Joliet Junior College – Community College District No. 525 to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Joliet Junior College – Community College District No. 525 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, 2010.

#### Internal Control Over Compliance

The management of Joliet Junior College – Community College District No. 525 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Joliet Junior College – Community College District No. 525's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Joliet Junior College – Community College District No. 525's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

*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 or 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 2010-2 to be a significant deficiency.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and the discretely presented component unit of Joliet Junior College – Community College District No. 525 as of and for the year ended June 30, 2010, and have issued our report thereon dated September 28, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Joliet Junior College – Community College District No. 525's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Joliet Junior College – Community College District No. 525's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Joliet Junior College – Community College District No. 525's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management and the Board of Trustees, others within the entity, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Chicago, Illinois  
September 28, 2010

Joliet Junior College -  
Community College District No. 525

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2010

Federal Grantor/ Pass Through Agency/ Program Title	CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Passed Through Illinois State Board of Education Child and Adult Care Food Program	10.558	<u>\$ 3,100</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
Workforce Investment Act Cluster		
WIA Adult Program	17.258	
Passed Through Will County		
WIA Work Certified		296,303
Passed Through Kankakee County		
ARRA - Grundy 1B Adult		58,551
WIA Title IB - Grundy County Adult		131,532
Total WIA Adult Program		<u>486,386</u>
WIA Youth Activities	17.259	
Passed Through Will County		
ARRA - Will County Youth services		244,009
WIA Title IB - Will County Youth Program		467,542
Passed Through Kankakee County		
ARRA - Grundy County Youth services		40,321
WIA Title 1Y - Grundy County Youth Services		181,949
WIA Title IB - Grundy County Youth		27,163
Total WIA Youth Activities		<u>960,984</u>
WIA Dislocated Workers	17.260	
Passed Through Will County		
WIA Work Certified		296,304
Passed Through Kankakee County		
WIA Title IB - High Speed Internet Access		5,253
American Recovery and Reinvestment Act - DWAC		146,042
WIA Title IB - Grundy County DWAC		191,610
WIA Title ID - Grundy County DWAC		45,511
ARRA - Building a Regional Workforce DWAC		56,188
Total WIA Dislocated Workers		<u>740,908</u>
Passed through Illinois Community College Board Local Foods Program	17.267	81,058
Total Workforce Investment Act Cluster		<u>2,269,336</u>

Joliet Junior College -  
Community College District No. 525

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2010

Federal Grantor/ Pass Through Agency/ Program Title	CFDA Number	Expenditures
<b>NATIONAL SCIENCE FOUNDATION</b>		
Education and Human Resources	47.076	
Direct Program		
nTIPERs - Tools for Learning		\$ 32,375
Passed Through Governors State University		
CPATH CB: Content and Context: Building Collaborative Partnerships		12,737
Total Education and Human Resources		<u>45,112</u>
<b>SMALL BUSINESS ADMINISTRATION</b>		
Passed Through Illinois Department of Commerce and Economic Opportunity		
Small Business Development Center	59.037	
Joliet Junior College SBDC		44,102
Total Small Business Development Center		<u>44,102</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Student Financial Aid Cluster		
Direct Programs		
Federal Supplemental Educational Opportunity Grants	84.007	<u>103,149</u>
Federal Work-Study Program	84.033	
College Work Study		86,807
ARRA - College Work Study		30,562
America Reads		40,131
Job Location and Development		17,500
Total Work-Study Program		<u>175,000</u>
Federal Pell Grant Program	84.063	10,388,804
Federal Direct Student Loans	84.268	6,464,708
Academic Competitiveness Grant	84.375	<u>78,407</u>
Total Student Financial Aid Cluster		<u>17,210,068</u>
Adult Education - State Grant Program	84.002	
Passed Through State of Illinois Community College Board		
Federal Basic		464,966
EL/Civics		54,269
Total Adult Education		<u>519,235</u>

Joliet Junior College -  
Community College District No. 525

Schedule of Expenditures of Federal Awards (Continued)  
Year Ended June 30, 2010

Federal Grantor/ Pass Through Agency/ Program Title	CFDA Number	Expenditures
Direct Program		
TRIO - Student Support Services	84.042	
Project Achieve		\$ 336,198
Project Achieve		<u>68,293</u>
Total Project Achieve		<u>404,491</u>
Child Care Access Means Parents in School	84.335A	14,896
Passed Through State of Illinois Community College Board		
Vocational Education - Basic Grants to States	84.048	
Postsecondary Basic: Carl Perkins III		391,612
Special Populations Professional Development and Technical Assistance		3,135
CTE Innovation		<u>30,172</u>
Total Vocational Education		<u>424,919</u>
Passed Through State of Illinois Community College Board		
Tech-Prep Education	84.243	<u>133,890</u>
Passed Through Illinois State Board of Education		
Education Stabilization Fund	84.394	202,478
Government Services Fund	84.397	<u>53,597</u>
Total Base Operating and Equalization		256,075
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed Through State of Illinois Department of Human Services		
Temporary Assistance for Needy Families	93.558	<u>178,521</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 21,503,745</u>

See Note to Schedule of Expenditures of Federal Awards.

## Joliet Junior College – Community College District No. 525

### Note to Schedule of Expenditures of Federal Awards

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#### Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Joliet Junior College – Community College District No. 525 and 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 financial statements. No funds were identified as having been provided to subrecipients by Joliet Junior College – Community College District No. 525 under the meaning of Sections 105 and 210 of OMB of Circular A-133, and accordingly, no funds identified in the Schedule of Expenditures of Federal Awards are attributable to subrecipient entities as required under Section 310(b) of OMB Circular A-133. There were no federal awards expended for non-cash assistance, insurance or loan guarantees outstanding at year-end.

Basis of accounting: The schedule has been prepared using the accrual basis of accounting which is the same basis used in preparing the basic financial statements of the District.

Joliet Junior College – Community College District No. 525

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

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I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that is not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that is not considered to be material weakness(es)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount Expended</u>
17.258, 17.259, 17.260, 17.267	Workforce Investment Act Cluster	\$ 2,269,336
84.007, 84.033, 84.063, 84.268, & 84.375	Student Financial Assistance Cluster	\$ 17,210,068

Dollar threshold used to distinguish between type A and type B programs	\$645,112
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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**II. FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings required to be reported in accordance with generally accepted government auditing standards.

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Finding 2010-1: Disbursement of Financial Aid to an Individual in Default on Federal Student Loans  
Federal Program: Student Financial Assistance Cluster**

Criteria or specific requirement:

Students currently in default on a federal student loan are not eligible to receive aid under the Student Financial Assistance Cluster.

Condition:

The District disbursed Pell funds to a student who was in default on federal student loans.

Questioned Costs:

\$984

Context:

The National School Loan Data System (NSLDS) Financial Aid History page on the student's Institutional Student Information Record (ISIR) was viewed in the student's financial aid file.

Effect:

In this one instance, the District did not comply with the compliance requirement prohibiting awarding federal student financial aid to students who are in default on federal student loans.

Cause:

Due to an error made by the District's financial aid personnel, the District did not identify that this student was ineligible to receive Pell funds.

Recommendation:

The District should make appropriate revisions to its policies and procedures to ensure additional instances of noncompliance do not occur.

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2010

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**Finding 2010-2: Reconciliation of Direct Loans**  
**Federal Program: Student Financial Assistance Cluster**

Criteria or specific requirement:

Colleges that participate in the Direct Loan program are required to perform a monthly reconciliation of funds that have been drawn from the G5 system for purposes of awarding Direct Loans to students, with the actual disbursement records having been transmitted to the Common Origination and Disbursement (COD) system and to its internal accounting and financial aid receipt and disbursement records.

Condition:

The District participates in the Direct Loan Program and did not consistently complete the reconciliation process each month. Additionally, documentation to support each reconciliation was not retained by the District.

Questioned Costs:

None

Context:

The District was unable to provide documentation to indicate that reconciliations were performed each month throughout the school year. However, the District was able to provide evidence that all amounts were appropriately reconciled at year end.

Effect:

The District did comply with the monthly reconciliation requirements related to its Direct Loan program.

Cause:

Due to recent turnover in program personnel, the District's procedures related to the Direct Loan reconciliation process were not sufficient to ensure reconciliations were performed monthly and documentation to support those reconciliations was retained.

Recommendation:

The District should improve its procedures to ensure that monthly Direct Loan reconciliations are performed and retained.

**Joliet Junior College – Community College District No. 525**

**Corrective Action Plan  
Year Ended June 30, 2010**

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The following is management's corrective action plan for each finding:

**Finding 2010-1: Disbursement of Financial Aid to an Individual in Default on Federal Student Loans**

Condition:

The District disbursed Pell funds to a student who was in default on their student loans.

Plan: In order to address this situation the Financial Aid/Veterans Office will take the following action:

1. We have strengthened the Communication Management rules in Colleague to recognize students that have been reported on the ISIR as being in default on a student loan. Once a student is flag, the student will be notified to submit documentation showing that the default has been cleared. Unless this requirement is satisfied the student will not be able to be awarded.
2. We are in the process of assigning packaging rules that will also identify students that are in default according to the ISIR as an additional safe guard to prevent awarding.

Anticipated Date of Completion: Step one has been completed as of March 2010. Step two will be complete in October 2010

Contact Person: David Seward, Director of Financial Aid/Veterans

**Finding 2010-2: Reconciliation of Direct Loans**

Condition:

The District participates in the Direct Loan Program and did not consistently complete the reconciliation process each month. Additionally, documentation to support each reconciliation that was prepared was not retained by the District.

Plan: In order to address this situation the Financial Aid/Veterans Office will take the following action:

1. The Financial Aid/Veterans Office will run the following monthly Direct Loan reconciliation reports from the college's software system: DSRR—this compares the imported School Account Statement (SAS) from COD to Colleague data on AIDE-AR-COD, CDMR—insures that we have received all our responses from COD, DCRR—allows us to pinpoint rejected records and correct them, and DLVR—allows us to see records that are out of sync with COD. These reports will be retained in order that we may show that the monthly reconciliation is taking place.
2. The Financial Aid Advisor responsible for reconciliation of loans will provide copies of all reports generated each month for loan reconciliation to the Financial Aid Director.
3. The Financial Aid/Veterans Office will provide an update to Financial Services that the reconciliation process has been completed each month.

Anticipated Date of Completion: Step one has been in place since March 2010, Step two and three will begin September 2010.

Contact Person: David Seward, Director of Financial Aid/Veterans

Joliet Junior College – Community College District No. 525

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2010

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The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior year's Summary of Prior Audit Findings.