

PRATT COMMUNITY COLLEGE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2019
WITH
INDEPENDENT AUDITOR'S REPORT



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PRATT COMMUNITY COLLEGE

SINGLE AUDIT REPORT

Year Ended June 30, 2019

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A copy of the Pratt Community College's financial statements, year ended June 30, 2019, accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
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This is a copy of the College's annual financial statements reproduced from an electronic file. An original copy of this document is available at the College's office.

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*

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pratt Community College
Pratt, Kansas

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 activity and the discretely presented component unit of Pratt Community College (College) as of and for the year ended June 30, 2019, 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 13, 2019.

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) to determine the 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 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

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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2019
Wichita, Kansas

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 THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pratt Community College
Pratt, Kansas

Report on Compliance for Each Major Federal Program

We have audited Pratt Community College's (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 Pratt Community College's major federal programs for the year ended June 30, 2019. 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 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 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 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 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, 2019.

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 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

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 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 or 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 did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

The College'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 College's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

We have audited the financial statements of the business-type activity and the discretely presented component unit of the College as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 13, 2019, 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 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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 13, 2019
Wichita, Kansas

PRATT COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S 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 weaknesses identified? Yes No
Significant deficiencies identified? Yes None reported
Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes No
Significant deficiencies identified? X Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 516(a)? X Yes No

Table with 3 columns: CFDA Number, NAME OF FEDERAL PROGRAM, Opinion. Row 1: 84.007/84.033/84.063/84.268, Student Financial Aid Cluster, Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

PRATT COMMUNITY COLLEGE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)**

Year Ended June 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRATT COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2019

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding #: 2019-001 - Significant Deficiency:

CFDA #84.063: Student Financial Aid Cluster (Federal Pell Grant Program), U.S. Department of Education, all open grant awards

Condition: One student's status was not updated and reported within the required 60 days to the National Student Clearing House (NSC).

Criteria: Under, 34 CFR 690.83 (b)(2), 34 CFR 682.610, and 34 CFR 685.309, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the National Student Loan Data System (NSLDS) website. At minimum, schools are required to certify enrollment every 60 days, and respond within 15 days of the date that the NSLDS sends a roster file to the school or its third-party servicer.

Questioned Costs: None were noted.

Context: One of the 16 students selected for testing who graduated, received a certificate and/or withdrew during the 2018-2019 school year, or one of 152 total students with status changes during the 2018-2019 school year.

The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample.

Cause: The student was not included in the initial roster submission of May 2019 graduates only file to NSC. Since the student was not reported, the NSC converted the status of the student to withdrawn after the Fall 2019 first-of-term enrollment roster was submitted. Once the incorrect recorded status was identified, the College corrected the student's status at the NSLDS website.

Effect: Failure to report the status of a student within 60 days could result in inappropriate decisions or communications regarding student financial aid.

Recommendations: We recommend the College implement controls to ensure timeliness of reporting student's change in status to the NSLDS website.

Views of Responsible Officials/Corrective Action Plan (Unaudited): Award postings to the National Student Clearing House (NSC) will be reviewed on a monthly basis by the Data Coordinator to ensure NSC reporting is timely and accurate. The Data Coordinator will audit the awards posted each month, when the monthly enrollment files are compiled. The Data Coordinator will provide monthly to Financial Aid for review the enrollment files prior to submission to the NSC and provide a copy of the monthly audit of awards.

PRATT COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2019

Finding #: 2018-001 - Significant Deficiency:

CFDA #84.063: Student Financial Aid Cluster (Federal Pell Grant Program), U.S. Department of Education, all open grant awards

Condition: One student was awarded a Pell Grant amount that was less than what the needs test calculated for the spring semester.

Criteria: Under, 34 CFR 690.62 (a), Calculation of a Federal Pell Grant, the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.

Status: Pratt Community College has provided additional training on Pell Grant Awards to all financial aid staff involved with Pell Grant Awards. Additionally, Pratt Community College has developed and instituted a monthly report that shows any changes to a student's Pell Grant Award that is not a result of an R2TF calculation. This report is provided to the Pratt Community College Financial Aid Director and the Vice President of Finance and Operations each month. Any entries on this report will be investigated and corrected as needed by the Financial Aid Director or staff.

PRATT COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

<u>Federal Grantor/Pass Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Funds Expended</u>
Institute of Museum and Library Services Passed through State Library of Kansas Library Services and Technology Act State Grants	45.310	LS-00-18-0017-18	\$ <u>554</u>
U.S. Department of Education Direct assistance:			
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant Program	84.007		18,592
Federal Work-Study Program	84.033		28,459
Federal Pell Grant Program	84.063		1,532,108
Federal Pell Grant Program - Administration	84.063		1,945
Guaranteed Loans:			
Federal Direct Student Loans	84.268		<u>1,422,917</u>
Total Student Financial Aid Cluster			<u>3,004,021</u>
Passed through Kansas State Department of Education			
Vocational Education - Carl Perkins Grant Program Improvement	84.048	V048A150016	<u>94,849</u>
Total U.S. Department of Education			<u>3,098,870</u>
Total Federal Assistance			<u>\$ 3,099,424</u>

The accompanying notes are an integral part of this schedule.

PRATT COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pratt Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Guaranteed Student Loans

Guaranteed student loans, including subsidized and unsubsidized Stafford loans and PLUS loans, are presented on the basis of the amount of the loans awarded and are made by the Secretary of Education rather than by the College. Due to this program being a transaction between the student and loan origination center, these loans are not recorded in the College's financial statements. Due to the College's responsibility for determining eligibility and administering the loans, they have been included in the schedule of expenditures of federal awards.

Note 3. Indirect Cost Rate

The College has elected not to use the 10-percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.