

Colorado Mountain Junior College District

State of Colorado State-Funded Student
Financial Assistance Programs

Year Ended June 30, 2012

Colorado Mountain Junior College District
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 2012

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Colorado Mountain Junior College District
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2012

Introduction

Colorado Mountain Junior College District (the District) is a state-supported institution of higher education located in Glenwood Springs, Colorado.

The financial and compliance audits of the various state-funded student financial assistance programs at the District for the year ended June 30, 2012 were directed toward the objectives and criteria set forth in the District's financial aid policy. The state-funded student financial assistance programs were audited simultaneously with the federal financial aid programs for the year ended June 30, 2012.

State-Funded Student Financial Assistance Programs

The various state-funded student financial assistance programs at the District include the Colorado Student Grant Program and the Colorado Work-Study Program.

The state-funded student financial assistance awards made by the District were \$697,559 during the fiscal year ended June 30, 2012.

The District's Financial Aid Director is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the District in federal and state financial aid programs. The District's Chief Financial Officer is responsible for the programs' financial management, general ledger accounting, payments, and collections.

In addition to the state-funded student financial assistance awards made during the year, the District obtained authorizations to award federal student financial aid of \$4,228,580 in the Federal Pell Grant Program; \$30,000 in the Federal Supplemental Educational Opportunity Grants Program; and \$40,000 in the Federal Work-Study Program.

During the year ended June 30, 2012, the District was authorized to award Colorado student financial aid funds of \$593,868 in the Colorado Student Grant Program and \$103,691 in the Colorado Work-Study Program.

Colorado Mountain Junior College District
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2012

Report Summary

Purpose and Scope of Audit

Our audit of the state-funded student financial assistance programs were performed in accordance with the financial compliance elements of “Standards for Audits of Governmental Organizations, Programs, Activities and Functions” issued by the Comptroller General of the United States, as revised through 2004. The purpose of the audit was to formulate an opinion on the statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs for the fiscal year ended June 30, 2012 and to determine if these programs were administered in accordance with applicable laws, regulations, and terms of agreements and the District’s financial aid policies.

Our examination included:

- Expressing an opinion on the statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs.
- Evaluation of the policies, procedures and practices used to administer these programs.
- Determination of compliance with applicable sections of Colorado Revised Statutes 23-3.3 et.seq.

Summary of Current Year Comments

The audit covered the period July 1, 2011 through June 30, 2012, and fieldwork was performed during the period August 1, 2012 through October 5, 2012, at the campus Business and Student Financial Aid Offices.

The audit report for the year ended June 30, 2012 contains one finding and recommendation related to state-funded student financial assistance programs.

Summary of Progress in Implementing Prior Audit Recommendations

There were no matters noted in the audit report for the year ended June 30, 2011.

**Independent Auditors' Report on the Statement of
Appropriations, Expenditures and Reversions of the
State-Funded Student Financial Assistance Programs**

Board of Trustees
Colorado Mountain Junior College District
Glenwood Springs, Colorado

We have audited the accompanying statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs of Colorado Mountain Junior College District (the District) for the year ended June 30, 2012. This statement is the responsibility of the District's management. Our responsibility is to express an opinion on this statement based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs. We believe that our audit provides a reasonable basis for our opinion.

As described in the notes to the statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs of Colorado Mountain Junior College District (the Statement), the Statement was prepared in accordance with the format as set forth in the *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education (DHE), and in conformity with the District's policies. The Statement is a summary of cash activity of the state-funded student financial assistance programs with the exception of the Colorado Work-Study program and does not present certain transactions that would be included in the statement of the state-funded student assistance programs if it was presented on the accrual basis of accounting, as prescribed by accounting principles generally accepted in the United States of America. Accordingly, the accompanying statement is not intended to, and does not, present the financial position, changes in financial position or cash flows of the District in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Colorado Mountain Junior College District

In our opinion, the accompanying statement of appropriations, expenditures and reversions of the state-funded student assistance programs of Colorado Mountain Junior College District present fairly, in all material respects, the appropriations, expenditures and reversions of the state-funded student assistance programs of the District for the year ended June 30, 2012, pursuant to the *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education, and in conformity with the provisions of the District's policies.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Board of Trustees and management of Colorado Mountain Junior College District, and the Colorado Department of Higher Education and the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

November 29, 2012

Colorado Mountain Junior College District
Statement of Appropriations, Expenditures and Reversions of the
State-Funded Student Financial Assistance Programs
Year Ended June 30, 2012

	Colorado Student Grant Program	Colorado Work- Study	Total Colorado Financial Aid
Appropriations			
Original	\$ 593,868	\$ 103,691	\$ 697,559
Allocation adjustment	-	-	-
Total Appropriations	<u>593,868</u>	<u>103,691</u>	<u>697,559</u>
Expenditures	<u>593,868</u>	<u>103,691</u>	<u>697,559</u>
Reversions to State General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Statement of Appropriations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs

Colorado Mountain Junior College District
Notes to Statement of Appropriations, Expenditures and Reversions of the
State-Funded Student Financial Assistance Programs
Year Ended June 30, 2012

Note 1: Summary of Significant Accounting Policies

The District's accounting system is structured and administered in accordance with the accounting principles promulgated by the Governmental Accounting Standards Board.

The statement of appropriations, expenditures and reversions of the state-funded student assistance programs of Colorado Mountain Junior College District have been prepared in accordance with the format as set forth in the *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Department of Higher Education and in conformity with the District's policies.

All student aid is expensed on a cash basis, except for the College Work-Study Program (CWS). The CWS is on the accrual basis in that the expense is recognized when the services are performed.

Note 2: Other – Required Statements, Comments and Recommendations

The District's packaging priority for need-based financial aid applicants is required to give the highest priority to the neediest students. Students with the lowest expected family contribution and the earliest date of filing a completed application are given top priority for available funds. Priority is not given on the basis of new or continuing student status but on the date the application is completed. The student catalog further outlines additional eligibility requirements set forth for specific federal and state assistance programs, including U.S. citizenship, Colorado residency and meeting satisfactory academic progress guidelines.

The District's policies do not allow the transfer of funds between those programs.

Note 3: Contingent Liabilities

The state-funded student financial assistance program is subject to periodic program reviews. If disallowances should occur as a result of the program reviews, the District would be required to repay the disallowed amounts.

Independent Auditors' Report on Compliance and Internal Control Over Compliance with Requirements That Could Have a Direct and Material Effect on Each State-Funded Student Assistance Program

Board of Trustees
Colorado Mountain Junior College District
Glenwood Springs, Colorado

Compliance

We have audited Colorado Mountain Junior College District's (the District) compliance with the types of compliance requirements described in the *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Department of Higher Education (DHE) that could have a direct and material effect on each of the District's state-funded student assistance programs for the year ended June 30, 2012. The District's state-funded student assistance programs are identified in the accompanying statement of appropriations, expenditures and reversions of the state-funded student financial assistance programs. Compliance with the requirements of laws, regulations, terms of agreements and District policies applicable to each of its state-funded student financial assistance programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District'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 the *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the DHE. Those standards and audit guide 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 state-funded student assistance program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Colorado Mountain Junior College District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its state-funded student assistance programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements and which is described in the accompanying schedule of findings and questioned costs as item 2012-01.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, terms of agreements and District policies applicable to state-funded student financial assistance programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a state-funded student financial assistance program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the audit requirements of the DHE, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state-funded student financial assistance 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 state-funded student financial assistance program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we considered to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-01. 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 state-funded student assistance 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.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Trustees and management of Colorado Mountain Junior College District, and the Colorado Department of Higher Education and the Colorado Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

November 29, 2012

Colorado Mountain Junior College District
State of Colorado State-Funded Student Financial Assistance Programs
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Reference Number	Finding
2012-01	Finding: Colorado Work-Study Program

Criteria: The *2011-12 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Department of Higher Education (DHE) indicates that the District should have policies and procedures in place to assure that all payments received by students awarded Colorado Work-Study financial assistance be supported by time sheets that are (a) signed by the student and certified by the responsible official and (b) reflect the actual hours worked by the student. Furthermore, audit procedures require confirmation of student participation and salary earned in the Colorado Work-Study program which, per School policies and procedures, is evidenced by a Student Employment Eligibility Sheet that is required to be signed by the student and direct supervisor.

Condition: Of the 15 students selected for Colorado Work-Study procedures we noted the following:

1. One instance in which the time sheet did not have a supervisor's approval and signature. The amount paid for the time period in question totaled \$269.
2. One instance in which the Student Employment Eligibility Sheet was signed by the supervisor but not the student. The total work-study paid to this student for Fiscal Year 2011-2012 totaled \$410.

Questioned Costs: \$679.

Context: Colorado Mountain Junior College District had total expenditures of \$103,691 under the Colorado Work-Study Program for the year ended June 30, 2012. We reviewed 15 students who earned Colorado Work-Study in the amount of \$31,592.

Effect: Failure to comply with signature requirements of the Colorado Work-Study Program could result in the disallowance of funding under the program.

Cause: Lack of policies and procedures in place to ensure that a signed Student Employment Eligibility Sheet is in place prior to any payments. Furthermore, failure to ensure all required signatures are on the time sheet prior to payment.

Recommendation: The District should implement policies and procedures to ensure all Student Employment Eligibility Sheets are signed prior to the student being eligible to be paid Colorado Work-Study. Furthermore, the financial aid department or payroll department should ensure all required signatures are on time sheets prior to processing any payroll payments.

Colorado Mountain Junior College District
State of Colorado State-Funded Student Financial Assistance Programs
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2012

Reference Number	Finding
	Views of Responsible Officials and Planned Corrective Actions:

Response: We concur with the finding.

Corrective Action: Colorado Mountain College (CMC) has completely revamped procedures associated with the work-study programs. All paperwork (time sheets as well as eligibility sheets) is submitted directly to the financial aid office for review prior to being sent to Human Resources (HR). Any deficiencies noted cause the paperwork to be returned to the supervisor with instructions for correction. No work-study paperwork is forwarded to HR until it is correct, complete and all requisite signatures are affixed.

Person responsible for implementing: Rita Bayless, Director of Financial Aid.

Implementation date: Implementation date for this action was August 27, 2012.

Colorado Mountain Junior College District
State of Colorado State-Funded Student Financial Assistance Programs
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Reference Number	Summary of Finding	Status
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No matters are reportable.