

Colorado Mountain College

State of Colorado State-Funded Student
Financial Assistance Programs

Year Ended June 30, 2016

Colorado Mountain College
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016

Table of Contents

Introduction	1
Description of State-Funded Student Financial Assistance Programs.....	1
Report Summary	2
Independent Auditor’s Report on the Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs	3
Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs	5
Notes to Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs	6
Independent Auditor’s Report on Compliance For Each State-Funded Student Assistance Program and Report on Internal Control Over Compliance	7
Schedule of Findings and Questioned Costs.....	10
Summary Schedule of Prior Audit Findings.....	12

Colorado Mountain College
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016

Introduction

Colorado Mountain College (the College) 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 College for the year ended June 30, 2016 were directed toward the objectives and criteria set forth in the College's financial aid policy, adopted January 2013. The state-funded student financial assistance programs were audited simultaneously with the federal financial aid programs for the year ended June 30, 2016.

Description of State-Funded Student Financial Assistance Programs

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

The state-funded student financial assistance awards made by the College were \$1,768,877 during the fiscal year ended June 30, 2016.

The College'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 College in federal and state financial aid programs. The College's VP of Fiscal Affairs 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 College obtained authorizations to award federal student financial aid of \$3,565,040 in the Federal Pell Grant Program; \$59,404 in the Federal Supplemental Educational Opportunity Grants Program; and \$65,070 in the Federal Work-Study Program.

During the year ended June 30, 2016, the College was authorized to award Colorado student financial aid funds of \$1,533,327 in the Colorado Student Grant Program, \$168,490 in the Colorado Work-Study Program, and \$67,060 in the Colorado Merit Program.

Colorado Mountain College
State of Colorado State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016

Report Summary

Purpose and Scope of Audit

Our audit of the state-funded student assistance programs was 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 student aid program allocations, expenditures, and reversions for the fiscal year ended June 30, 2016, and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and Governing Board directives which were set forth in the handbook.

Our examination included:

- Expressing an opinion on the statement of allocations, 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 and approved Governing Board Policies.

Summary of Current Year Comments

The audit covered the period July 1, 2015 through June 30, 2016, and fieldwork was performed during the period June 6, 2016 through September 30, 2016, at the campus Business and Student Financial Aid Offices.

The audit report for the year ended June 30, 2016 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, 2014.

Independent Auditor's Report on the Statement of Allocations, Expenditures and Reversions of the State-Funded Student Financial Assistance Programs

Board of Trustees
Colorado Mountain College
Glenwood Springs, Colorado

Report on the Financial Statements

We have audited the accompanying statement of allocations, expenditures and reversions of the state-funded student financial assistance programs (the Statement) of Colorado Mountain College (the College) for the year ended June 30, 2016, and the related notes to the Statement, in accordance with the requirements of *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the Statement in accordance with accounting principles generally accepted in the United States of America and requirements of CDHE; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 is free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

Board of Trustees
Colorado Mountain College

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the allocations, expenditures and reversions of the state-funded student financial assistance programs of Colorado Mountain College for the year ended June 30, 2016, pursuant to the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education, and in conformity with the provisions of the College's policies.

Emphasis of Matter

As described in the notes to the statement of allocations, expenditures and reversions of the state-funded student financial assistance programs of Colorado Mountain College (the Statement), the Statement was prepared in accordance with the format as set forth in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education (CDHE), and in conformity with the College's policies for the purpose of complying with the requirements of the state-funded student financial assistance programs. 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 College in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of the College's internal control over financial reporting and 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* in considering the College's internal control over financial reporting and compliance.

This report is intended solely for the information and use of the Board of Trustees and management of Colorado Mountain College, 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

Denver, Colorado
October 31, 2016

Colorado Mountain College
Statement of Allocations, Expenditures and Reversions of the
State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016

	Colorado Student Grant Program	Colorado Merit	Colorado Work-Study	Total Colorado Financial Aid
Allocations				
Original	\$ 1,533,327	\$ 67,060	\$ 168,490	\$ 1,768,877
Allocation adjustment	-	-	-	-
Total Allocations	1,533,327	67,060	168,490	1,768,877
Expenditures	1,533,327	67,060	168,490	1,768,877
Reversions to State General Fund	\$ -	\$ -	\$ -	\$ -

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

Colorado Mountain College
Notes to Statement of Allocations, Expenditures and Reversions
of the State-Funded Student Financial Assistance Programs
Year Ended June 30, 2016

Note 1: Summary of Significant Accounting Policies

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

The statement of allocations, expenditures and reversions of the state-funded student assistance programs of Colorado Mountain College have been prepared in accordance with the format as set forth in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid* issued by the Colorado Department of Higher Education and in conformity with the College'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 College'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 College's policies do not allow the transfer of funds between 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 College would be required to repay the disallowed amounts.

Independent Auditor's Report on Compliance For Each State-Funded Student Assistance Program and Report on Internal Control Over Compliance

Board of Trustees
Colorado Mountain College
Glenwood Springs, Colorado

Report on Compliance for Each State Funded Student Assistance Program

We have audited Colorado Mountain College's (the College) compliance with the types of compliance requirements described in the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE) that could have a direct and material effect on each of the College's state-funded student financial assistance programs for the year ended June 30, 2016. The College's state-funded student financial assistance programs are identified in the accompanying statement of allocations, expenditures and reversions.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, terms and conditions of its state awards and College policies applicable to its state-funded student financial assistance programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's state-funded student financial assistance 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 *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the CDHE. 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 financial assistance 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.

Board of Trustees
Colorado Mountain College

We believe that our audit provides a reasonable basis for our opinion on compliance for each state-funded student financial assistance program. However, our audit does not provide a legal determination of the College's compliance with those requirements.

Opinion on Each State-Funded Student Financial Assistance Program

In our opinion, the Colorado Mountain College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its state-funded student financial assistance programs for the year ended June 30, 2016.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by CDHE and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

The College's response to the noncompliance finding 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 and College policies applicable to state-funded student financial assistance programs. 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 state-funded student financial assistance program to determine the auditing procedures that are appropriate in the circumstances 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 CDHE, 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 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. 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 financial 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.

Board of Trustees
Colorado Mountain College

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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 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 subjected 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 CDHE and College policies. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Denver, Colorado
October 31, 2016

Colorado Mountain College
State of Colorado State-Funded Student Financial Assistance Programs
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

**Reference
Number**

Finding

2016-001 **Finding:** Colorado Work-Study Payroll Procedures

Criteria or specific requirement: The *2015-16 Audit Guide for State and Private Non-Profit Institutions of Higher Education, Colorado-Funded Student Aid*, issued by the Colorado Department of Higher Education (CDHE) and College policies require that Colorado Work-Study payments be properly supported by timesheets which reflect the actual hours worked by the student.

Condition: We identified one student who was paid one hour more than the hours reflected on their timesheet.

Questioned Costs: \$11. Questioned costs were determined by reviewing payments made in excess of timesheet hours worked.

Context: We tested 15 individuals who received Colorado Work-Study aid during the 2015/2016 fiscal year. The tested population covered payments of \$29,309. The total population included payments of \$168,490 to 92 individuals. A non-statistical sampling methodology was used to select the sample.

Effect: State-funded financial aid was disbursed for hours not actually worked by the student.

Cause: The College uses manual timesheets for its Colorado Work-Study students. This requires students to input the start and end time as well as calculate the number of hours worked. The above identified student did not correctly calculate the numbers of hours worked. This discrepancy was not subsequently identified until selected as part of the audit.

Recommendation: We recommend that the College implement electronic timesheets as soon as possible to reduce the chances of mathematical error when determining hours worked. Until electronic timesheets are implemented, all supervisors should manually re-calculate hours worked and certify the amount listed on the timesheet.

Colorado Mountain College
State of Colorado State-Funded Student Financial Assistance Programs
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2016

**Reference
Number**

Finding

Views of responsible officials and planned corrective action:

Response: Agree

Corrective Action: Colorado Mountain College (CMC) Financial Aid Federal Programs Specialist is working with the CMC Payroll Manger to implement an electronic timesheet submittal process for our Work Study students. The CMC electronic timesheet system for all other CMC employees allows for “hours worked” only and does not provide spaces to post start and end times as the current paper Work Study timesheets do. As such, the earliest estimated date that a revised Work Study electronic timesheet process can be implemented would be spring 2017, or possibly fall 2017. Before our office can document what time they began work, and clocked out, as we must also verify they were not scheduled to be in class during the time they worked as this would be a violation of the program requirements. A corollary process to build as well is how Financial Aid (FA) would electronically receive the new timesheets to review and approve prior to payment, and a means to return errors for correction.

The FA Office is rejecting all timesheets with any missing entries, daily totals and/or weekly totals and requiring the submitting party to rectify these errors. Once this is done, FA verifies all worked hours and the sum of a student’s hours for the time period. After FA verifies, the Payroll Office will again verify hours to ensure accuracy and completeness. This protocol will ensure that each timecard will undergo two verifications prior to payment.

Person Responsible for Implementing: The Federal Programs Specialist and the Payroll Manager.

Implementation Date: September 2017.

Colorado Mountain College
State of Colorado State-Funded Student Financial Assistance Programs
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

Reference Number	Summary of Finding	Status
No matters are reportable.		