

MONTCALM
COMMUNITY
COLLEGE



Year Ended
June 30, 2025

Single Audit Act
Compliance

Rehmann

MONTCALM COMMUNITY COLLEGE

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

March 26, 2026

Board of Trustees
Montcalm Community College
Sidney, Michigan

We have audited the financial statements of the business-type activities of **Montcalm Community College** (the "College"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 17, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on those 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC



MONTCALM COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grant Program	84.007	Direct	P007A242049	\$ 61,793
Federal Work Study Program	84.033	Direct	P033A242049	29,396
Federal Pell Grant Program	84.063	Direct	P063P241644	2,835,381
Federal Pell Grant Program - Administration Fees	84.063	Direct	P063Q241644	3,405
Federal Direct Loan Program	84.268	Direct	P268K251644	943,515
Total Student Financial Assistance Cluster				<u>3,873,490</u>
Career and Technical Education - Basic Grants to States:				
Perkins Local Leadership	84.048A	MDE	253250	8,000
Perkins Local Annual	84.048A	MDE	253510	114,209
Total Career and Technical Education - Basic Grants to States				<u>122,209</u>
Total U.S. Department of Education				<u>3,995,699</u>
U.S. Department of Treasury				
COVID-19 - State and Local Fiscal Recovery Funds:				
Michigan Reconnect Age Expansion	21.027	MiLEAP	REC21_Montcalm FY24	312,414
Michigan Reconnect Now	21.027	MCAN	SLFRP0127	191
Academic Catch-Up	21.027	MCCA	SLFRP0127	1,615
60 by 30 - ADN to BSN Completion Grant	21.027	LEO	N/A	265,248
Total U.S. Department of Treasury				<u>579,468</u>
U.S. Department of Labor				
H-1B One-Workforce Grant	17.268	GRCC	HG-35916-21-60-A-26	<u>123,598</u>
Total Expenditures of Federal Awards				<u>\$ 4,698,765</u>

See notes to schedule of expenditures of federal awards.

MONTCALM COMMUNITY COLLEGE

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of **Montcalm Community College** (the "College") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the net position, changes in net position, or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

2. DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the College has elected not to use the de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The College receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
GRCC	Grand Rapids Community College
LEO	Michigan Department of Labor and Education Opportunity
MCAN	Michigan College Access Network
MCCA	Michigan Community College Association
MDE	Michigan Department of Education
MiLEAP	Michigan Department of Lifelong Education, Advancement, and Potential



**INDEPENDENT AUDITORS' 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***

December 17, 2025

Board of Trustees
Montcalm Community College
Sidney, Michigan

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 activities of **Montcalm Community College** (the "College"), as of and for the year ended June 30, 2025, 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 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness is a deficiency*, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency is a deficiency*, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Montcalm Community College's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the finding identified in our audit which is described in the accompanying schedule of findings and responses. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 College'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.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 26, 2026

Board of Trustees
Montcalm Community College
Sidney, Michigan

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of **Montcalm Community College** (the "College"), with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2025. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 items 2025-002 through 2025-006. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 through 2025-006 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITORS' 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 weakness(es) identified? X yes no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over the major program:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for the major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X yes no

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance 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

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 – Timely Year-End Closing and Financial Reporting

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for the design and implementation of internal controls over financial reporting.

Condition. We encountered several delays due to the financial close process not being completed timely including lack of appropriate account reconciliations. Many of the delays encountered were due to turnover at the Director of Accounting position near year end. As a result of this turnover, there were material adjustments needed to adjust the College's accounting records that were identified by management subsequent to the start of and during our audit procedures. Additionally, we identified and proposed significant, but not material, adjustments (which were approved and posted by management) to adjust the College's accounting records, specifically related to certain accruals for accounts payable cutoff. Also, management identified and posted many smaller adjustments to a wide variety of accounts throughout the audit process that collectively had a material effect on the College's financial reporting process. In addition to the adjustments identified, the College missed the November 15th State reporting deadline, and was required to obtain an extension from the State.

Cause. The College experienced significant staff turnover in its finance department near fiscal year-end. These changes placed a significant burden on the year-end close process, and resulted in reconciliations and adjustments not being posted timely.

Effect. As a result of this condition, the College's financial information was initially misstated by amounts that were deemed to be quantitatively material, and numerous account balances were not adjusted timely throughout the year. Correcting entries were subsequently posted by management to the College's records and the appropriate balances are presented in the audited financial statements.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries. However, we strongly recommend that the College and those charged with governance assess the staffing levels to ensure that the appropriate number of qualified and trained individuals are available throughout the year to maintain the College's books and records in accordance with GAAP.

View of Responsible Officials. Management acknowledges the material weakness related to delays in the financial close process and untimely account reconciliations, which were impacted by turnover in the Director of Accounting position. To remediate this issue, the College has engaged an external accounting firm to assist with the financial close and reporting process. In addition, management is implementing a formal month-end and year-end close calendar, strengthening reconciliation and review controls, and providing additional training to accounting staff. Management expects these actions to be fully implemented and operating effectively by May 31, 2026.

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2025-002 – Ineligible Student Received Title IV funding

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Eligibility).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A242049, P033A242049, P063P241644, P063Q241644 and P268K251644.

Criteria. Title 34 of the Code of Federal Regulations (34 CFR 668.34) requires institutions to establish and apply a reasonable Satisfactory Academic Progress (SAP) policy to determine whether an otherwise eligible student is making sufficient academic progress to continue receiving Title IV, HEA program assistance.

Condition. During our testing, we noted that a student successfully appealed their academic dismissal in the Summer 2022–2023 semester. The student did not receive Title IV funding during that term and subsequently failed both attempted courses. Despite the lack of demonstrated academic improvement following the appeal, the student was awarded Title IV funding in the Spring 2024–2025 semester based on the appeal granted during the 2022–2023 academic year.

Cause. A review was not performed to determine whether the prior appeal remained valid or whether the student had demonstrated sufficient academic progress to qualify for Title IV aid in the Spring 2024–2025 semester.

Effect. As a result of this condition, one student received Title IV funding that who was not eligible based on the criteria outlined in the College's satisfactory academic policy (SAP).

Questioned Costs. No costs are required to be questioned as the amounts did not exceed the reporting threshold.

Recommendation. We recommend the College implement a formal review process to verify that students who were previously dismissed and granted an appeal in a prior academic year have demonstrated the required academic improvement before receiving subsequent Title IV funding, or alternatively, obtain a new appeal determination.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

2025-003 – Fiscal Operations Report and Application to Participate (FISAP) Reporting (repeat finding)

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Reporting).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A242049, P033A242049, P063P241644, P063Q241644 and P268K251644.

Criteria. The Code of Federal Regulations, 34 CFR 675.19(b)(3) states that accurate information be populated and submitted on the Fiscal Operations Report and Application to Participate (FISAP).

Condition. It was noted during our testing of the FISAP that the College did not have support for one of the eight key line items (information on eligible aid applicants) identified in the compliance supplement as critical information.

Cause. The College does not have policies and procedures in place to ensure information reported on the FISAP was accurate.

Effect. As a result, the College is not in compliance with the Department of Education requirements that state the FISAP must be accurately reporting information.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs.

Recommendation. We recommend the College review their policies and procedures surrounding FISAP reporting.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

2025-004 – Cost of Attendance Calculation Inputs (repeat finding)

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Eligibility).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A242049, P033A242049, P063P241644, P063Q241644 and P268K251644.

Criteria. In accordance with 34 CFR 668.42 (FWS), 34 CFR 673.5 and 673.6 (FSEOG), and 34 CFR 685.301 (Direct Loan), as referenced in the Compliance Supplement, total Title IV aid awarded to a student may not exceed the student's financial need or cost of attendance (COA). Institutions must ensure that COA components are accurately determined and consistently applied.

Condition. During our testing of the College's cost of attendance (COA) calculations, we identified inconsistencies between the COA component amounts recorded in the system and the amounts documented on the College's COA calculation sheet. For instance, the College's tuition component was supposed to be based on credit intensity, but instead was being calculated using the student's enrollment status (e.g., full-time, half-time, etc.). Additionally, the College included direct loan fees in every students COA, even if they were not a direct loan receiving student.

Cause. The College does not have a review process in place for ensuring the inputs used in the cost of attendance determination are accurate.

Effect. As a result, COA amounts used in awarding Title IV aid were being understated, preventing some students from potentially receiving additional aid they were entitled to.

Questioned Costs. No costs were required to be questioned as a result of this finding insomuch as our testing did not reveal any unallowed costs.

Recommendation. We recommend that the College establish and adhere to review procedures to ensure that all inputs used in the COA calculation are accurate, complete, and consistent with approved documentation.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

2025-005 – Student Credit Balance Exceeding Fourteen Days

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests and Provisions).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A242049, P033A242049, P063P241644, P063Q241644 and P268K251644.

Criteria. Under the Uniform Guidance, when Title IV funds are credited to a student account and they exceed the amount of tuition and fees, food and housing, and other authorized charges assessed the student, a credit balance is created. The institution must pay the resulting credit balance directly to the student or parent borrower within 14 days after (1) the first day of class of a payment period if the credit balance occurred on or before that day, or (2) the balance occurred if that was after the first day of class. An institution is permitted to hold credit balances if it obtains a voluntary authorization from the student.

Condition. During our testing, we identified one instance in which a student's credit balance remained outstanding beyond the required 14-day timeframe.

Cause. This delay resulted from a voided Pell Grant refund that wasn't reissued until seventeen days after the credit balance was created.

Effect. As a result of this condition, the College was not in compliance with the Uniform Guidance requirements governing the timely disbursement of student credit balances.

Questioned Costs. No costs are required to be questioned as the amounts did not exceed the reporting threshold.

Recommendation. We recommend the College implement procedures to ensure all voided refunds are reviewed and resolved within the fourteen day period to ensure there are no credit balances that are unaddressed.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

MONTCALM COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

2025-006 – Cash Management - Excess Cash on Hand

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Cash Management).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Assistance Listing Numbers 84.033; Award Numbers P033A242049.

Criteria. Under Uniform Guidance §200.305(b), payment methods must minimize the time elapsing between the transfer of Federal funds and the disbursement by the non-Federal entity; advances must be limited to the minimum amounts needed and timed to actual, immediate cash requirements. For Title IV programs, excess cash is any amount of Title IV funds (other than Perkins) not disbursed by the end of the third business day after receipt or redeposit. An institution may hold a limited tolerance amount for up to seven days; any excess over the tolerance or held beyond seven days must be returned immediately. Title IV draws under the advance payment method may not exceed the amount needed immediately for disbursements the institution has made or will make to eligible students and must be disbursed within three business days of receipt.

Condition. During our testing of cash management for campus-based aid, we noted one instance out of six drawdowns tested, that the College drew down Federal Work Study funds that were not needed for immediate disbursement, and was not returned timely.

Cause. This delay resulted from management not having effective monitoring controls to (1) ensure Title IV draw requests were limited to immediate cash needs and (2) timely identify and return excess cash within the regulatory timeframes.

Effect. As a result of this condition, the College was not in compliance with the Uniform Guidance cash management principles.

Questioned Costs. No costs are required to be questioned as the amounts did not exceed the reporting threshold. Although excess cash was maintained, all funds were ultimately either disbursed to eligible students or returned; therefore, no unallowable charges were identified to student accounts.

Recommendation. We recommend the College strengthen its cash management controls to ensure Title IV drawdowns are limited to immediate disbursement needs, reconciled promptly, and any excess cash is identified and returned within required regulatory timeframes.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.



MONTCALM COMMUNITY COLLEGE

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

2024-001 – Preparation of Schedule of Expenditures of Federal Awards (SEFA)

While management was able to provide us with a partially complete schedule of expenditures of federal awards during audit fieldwork, the expenditures for certain grants were excluded and amounts recorded for certain grants did not match the College's accounting records. This matter was corrected in the current year.

2024-002 – Return of Title IV (R2T4) Calculation

During our testing of four students with Return of Title IV amounts, we noted that the College did not exclude the correct amount of days for scheduled breaks of five days or more in both the fall 2023 and spring 2024 terms. This matter was corrected in the current year.

2024-003 – Timeliness of Status Change Reporting

It was noted during our testing of 13 students with status changes, two instances of late reporting of status changes. Both of these instances were fall graduates whose status change was not reported within the required timeframe. This matter was corrected in the current year.

2024-004 – Fiscal Operations Report and Application to Participate (FISAP) Reporting

It was noted during our testing of the FISAP that the College did not have support for one of the eight key line items identified in the compliance supplement as critical information. This matter was repeated in the current year as finding 2025-003.

2024-005 – Pell Grant Calculation

One student out of the twenty five Pell grants tested was found to be under awarded based on the enrollment status and cost of attendance. This matter was repeated in the current year as finding 2025-004.

2024-006 – Common Origination and Disbursement (COD) Reporting

During our testing of COD reporting, we identified one of 40 disbursements was not reported to COD within 15 days of the disbursement date. This matter was corrected in the current year.

2024-007 – Procurement, Suspension and Debarment

During our testing of disbursements, it was noted that the College did not follow their procurement policy for purchases over the micro purchase threshold and there is no procedure in place to determine whether vendors are suspended or debarred. This matter was corrected in the current year.

