

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number/ Federal CFDA Number</u>
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L
America's Promise Job Driven Grant Program	17.268
Dollar threshold used to distinguish between type A and type B programs	\$840,809
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for state programs	Unmodified
--	------------

None reported.

The following finding represents a significant deficiency in internal control over compliance and instances of noncompliance that is required to be reported by the Uniform Guidance.

2021-001 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Student Aid Portion

Federal Assistance Listing Number: 84.425E

Federal Agency: U.S. Department of Education (ED) Direct funded
by the U.S. Department of Education (ED)

Criteria or Specific Requirements

Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Student Aid Portion award to publicly post certain information on their website for each calendar quarter no later than ten days after the end of each calendar quarter.

Condition

Significant Deficiency in Internal Control over Compliance –During our testing over reporting for the student aid portion at the District, we noted that the underlying supporting documentation for the following components did not agree to what was reported on the District’s quarterly report for the quarter ended March 31, 2021.

Questioned Costs

None noted.

Context

The District has one college that was required to report student grant metrics and other data on a quarterly basis on the District’s website. Although the report was submitted timely, we noted that the underlying supporting documentation for the required key line items did not agree to the District’s report. Out of the 4 required key line items, 3 of the items were misstated on the quarterly report. The total amount of Emergency Financial Aid Grants distributed to students under CARES (a)(1) subprogram and the CRRSAA and ARP (a)(1) subprograms was understated by \$29,295. The total number of students who had received an Emergency Financial Aid grant was overstated by 31 students. In addition, the estimated total number of students at the institution who were eligible to receive an Emergency Financial Aid Grant was understated by 15,910.

Effect

The District did not comply with the federal reporting requirements.

Cause

The District did not have an adequate recordkeeping process in place.

Repeat Finding (Yes or No)

No.

Recommendation

It is recommended that the District instill adequate recordkeeping processes in addition to maintaining the support in accordance with documentation retention guidelines.

Views of Responsible Officials and Corrective Action Plan

Responsible Officials: Katie White, Mike Dear, and Tim Flood

Correction Action Plan:

- a) The underlying source data for the Financial Aid disbursements amounts has been changed effective 9/30/2022 to the General Financial System (Workday Financials), where the disbursement funds are processed. There is processing time between the Student Fin Aid system and the Workday Financial system.
- b) The overstatement of 31 students on the quarterly report was due to the timing from the Financial Aid System (award initiation) and the Workday Financial System, Accounting's disbursement system. The remaining award of the 31 students were disbursed on April 2nd in the Workday Financial System. We will reconcile the student count between the Financial Aid award file and disbursement file.
- c) The estimated total number of eligible students was misstated on the HEERF quarterly report at 18,953. The estimated total number eligible students should have been 28,262, the cumulative number of students from each term from Spring 2020 to Fall 2021. MiraCosta will validate the student eligible count from the dashboard Student Profile by Term and Year and retain snapshots of the dashboard's underlying source data.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Federal Award Findings

2020-001 Special Tests and Provisions – Return to Title IV

Program Name: Student Financial Assistance Cluster
CFDA Numbers: 84.007, 84.003, 84.063 and 84.268
Direct funded by the U.S. Department of Education (ED)
Federal Agency: U.S. Department of Education (ED)

Criteria or Specific Requirement

Timing of Return of Title IV Funds – 34 CFR section 668.173(b):

Returns of Title IV funds are required to be deposited or transferred into the Student Financial Assistance (SFA) account or electronic fund transfers initialed to ED or the appropriate Federal Family Education Loan (FFEL) lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 45 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date the institution determined that the student withdrew or the date on the canceled check shows the check was endorsed more than 60 days after the date of institution determined that the student withdrew.

Condition

Significant Deficiency – The District's portion of the Return to Title IV (R2T4) funds was not returned within the 45 day requirement for two students tested.

Questioned Costs

No questioned costs as the funds were all returned to the Department of Education.

Context

The District performed 377 R2T4 calculations during the 2019-2020 fiscal year. Of the 40 records tested, two instances were noted in which the District did not return the Title IV funds within the required 45-day timeframe. One student was returned in 62 days, while the other was returned in 66 days.

Cause

The District internal controls did not operate effectively to ensure the college submitted funds in a timely manner, within the 45 day requirement.

Effect

The District did not comply with federal requirements associated with the Return to Title IV process.

Repeat Finding from Prior Year:

No.

Recommendation

It is recommended the District should establish effective controls to ensure the Return of Title IV funds occurs within 45 days from the date the District determines the student withdrew from all classes.

Current Status:

Implemented

2020-002 Reporting

Program Name: COVID-19: CARES Act Higher Education Emergency Relief Funds (HEERF), Student Aid Portion
CFDA Numbers: 84.425E

Direct funded by the U.S. Department of Education (ED)

Federal Agency: U.S. Department of Education (ED)

Criteria or Specific Requirement

Section 18004(a)(1) of The Coronavirus Aid, Relief, and Economic Security Act required that institutions that received the HEERF 18004(a)(1) Student Aid Portion award to publicly post certain information on their website no later than 30 days after their award allocation date, and update that information every 45 days thereafter.

Condition

Significant Deficiency – During our testing over reporting for the student aid portion at the District, we noted that the report required to be publicly available 30 days following the award becoming available was late by 81 days and therefore, the District did not meet the timeliness requirement.

Questioned Costs

None reported.

Context

The District has one college that was required to report student grant metrics and other data within 30 days of their award allocation date. The report was reviewed for compliance, noting it was not submitted in a timely manner.

Cause

The District did not have an effective procedure in place to ensure the initial report was filed timely.

Effect

The District did not comply with the federal reporting requirements.

Repeat Finding from Prior Year:

No.

Recommendation

It is recommended the District should establish a procedure to ensure timeliness of reporting requirements is met.

Current Status:

Implemented