

LANE COMMUNITY COLLEGE
EUGENE, OREGON

FEDERAL SINGLE AUDIT ACT AUDIT
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Year Ended June 30, 2021

KENNETH KUHNS & CO.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

March 30, 2022

Board of Education
Lane Community College
Eugene, Oregon

Report on Compliance for Each Major Federal Program

We have audited Lane Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lane Community College's major federal programs for the year ended June 30, 2021. Lane Community College's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lane Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lane Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of Lane Community College's compliance.

Basis for Qualified Opinion on Small Business Development Centers (Assistance Listing 59.037)

As described in the accompanying schedule of findings and questioned costs, Lane Community College did not comply with requirements regarding Assistance Listing 59.037 Small Business Development Centers as described in finding number 2021-001 for Reporting. Compliance with such requirements is necessary, in our opinion, for Lane Community College to comply with the requirements applicable to that program.

Qualified Opinion on Small Business Development Centers (Assistance Listing 59.037)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lane Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Assistance Listing 59.037 Small Business Development Centers for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Lane Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of audit results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

Lane Community College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lane Community 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.

Lane Community College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Lane Community College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of Lane Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lane Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lane Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

Lane Community 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. Lane Community 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.

Lane Community College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Lane Community College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Lane Community College as of and for the year ended June 30, 2021, and have issued our report thereon dated December 27, 2021 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Kenneth Kuhns & Co.

Kenneth Kuhns & Co.

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| | Assistance Listing Number | Pass-Through Grantor's Number | Total Expenditures |
|---|---------------------------------|----------------------------------|-----------------------|
| <u>U.S. DEPARTMENT OF EDUCATION:</u> | | | |
| Direct programs: | | | |
| Student Financial Assistance Cluster: | | | |
| Supplemental Educational Opportunity Grants | 84.007 | | \$ 672,257 |
| College Work Study | 84.033 | | 341,558 |
| Federal Perkins Loans | 84.038 | | 203,446 |
| Pell Grant | 84.063 | | 8,953,769 |
| Federal Direct Student Loan | 84.268 | | 7,728,062 |
| | | | <u>17,899,092</u> |
| TRIO - SSS 8-20 | 84.042A | | 21,457 |
| TRIO - SSS 8-21 | 84.042A | | 242,769 |
| TRIO STEM 8-20 | 84.042A | | 22,654 |
| TRIO STEM 8-21 | 84.042A | | 215,031 |
| | | | <u>501,911</u> |
| CCAMPIS 9-20 | 84.335A | | 9,130 |
| CCAMPIS 9-21 | 84.335A | | 119,993 |
| | | | <u>129,123</u> |
| Title III - Strengthening Institutions 9-20 | 84.031A | | 36,735 |
| Title III - Strengthening Institutions 9-21 | 84.031A | | 408,332 |
| | | | <u>445,067</u> |
| Education Stabilization Fund: | | | |
| COVID-19 - Higher Education Emergency Relief Fund-IHE's | 84.425E | | 944,160 |
| COVID-19 - Higher Education Emergency Relief Fund-IHE/Instiuion | 84.425F | | 8,039,788 |
| COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions | 84.425M | | 373,716 |
| Passed Through Oregon Higher Education Coordinating Commission: | | | |
| COVID-19 - GEER | 84.425C | | 501,836 |
| | | | <u>9,859,500</u> |
| Passed Through Oregon Higher Education Coordinating Commission: | | | |
| Adult Education - Comprehensive 6-21 | 84.002 | 19-054 COMP | 390,299 |
| Adult Education - IEL/CE 6-21 | 84.002 | 19-054 IELCE | 81,529 |
| Adult Education - Corrections 6-21 | 84.002 | 19-054 CORR | 39,119 |
| Adult Education - Accountability 6-21 | 84.002 | 19-054 ACC | 50,225 |
| Learning Standards Trainers 9-22 | 84.002 | 20-081C | 15,965 |
| Learning Standards Trainers 9-20 | 84.002 | 18-058 | 6,102 |
| | | | <u>583,239</u> |
| Passed Through Teacher's College - Columbia University: | | | |
| Teacher's College 9-20 | 84.305 | OPP1160172 | 92 |

(Continues)

LANE COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| | Assistance Listing Number | Pass-Through Grantor's Number | Total Expenditures |
|---|---------------------------------|----------------------------------|-----------------------|
| <u>U.S. DEPARTMENT OF EDUCATION: (Continued)</u> | | | |
| Passed Through Oregon Department of Education: | | | |
| Career and Technical Education - Perkins 9-21 | 84.048 | 57602 | \$ 408,547 |
| Career and Technical Education - Perkins 9-20 | 84.048 | 52508 | 104,345 |
| Passed Through American Association of Community Colleges: | | | |
| Career and Technical Education - ECA Initiative 2-22 | 84.048 | AP33025-19-75-A-11 | 47,893 |
| Passed Through Lane Education Service District: | | | |
| Career and Technical Education - Reserve 7-21 | 84.048 | 57618 | 31,246 |
| Career and Technical Education - Reserve 7-20 | 84.048 | 52476 | 26,730 |
| | | | <u>618,761</u> |
| Total U.S. Department of Education | | | <u>30,036,785</u> |
| <u>NATIONAL SCIENCE FOUNDATION:</u> | | | |
| Direct programs: | | | |
| NSF: Water-I 6-22 | 47.076 | | <u>122,753</u> |
| <u>SMALL BUSINESS ADMINISTRATION:</u> | | | |
| Direct programs: | | | |
| SBA Portability Assistance 9-20 | 59.037 | | 43,041 |
| SBA/OSBDCN 12-21 | 59.037 | | 1,593,426 |
| SBA/OSBDCN 12-20 | 59.037 | | 45,108 |
| COVID-19 - OSBDCN | 59.037 | | <u>985,024</u> |
| Total Small Business Administration | | | <u>2,666,599</u> |
| <u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE:</u> | | | |
| Direct programs: | | | |
| Senior Companion 6-21 | 94.016 | | <u>295,265</u> |
| <u>U. S. DEPARTMENT OF TREASURY:</u> | | | |
| Passed Through Lane County, Oregon: | | | |
| Home Based Child Care 12-20 | 21.019 | | <u>249,999</u> |
| <u>U. S. DEPARTMENT OF AGRICULTURE:</u> | | | |
| Passed Through Oregon Department of Education: | | | |
| Child and Adult Care Food Program | 10.558 | | <u>19,220</u> |
| <u>U. S. DEPARTMENT OF ENERGY:</u> | | | |
| Direct program: BECA Program 11-22 | 81.086 | | <u>116,815</u> |
| <u>U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES:</u> | | | |
| Direct programs: | | | |
| HRSA 3-21 | 93.924 | | <u>105,700</u> |
| Passed through Oregon Department of Education - CCDF Cluster: | | | |
| ODE ELD CCR&R 06-21 | 93.575 | 12220 | 34,592 |
| ODE ELD CCR&R 06-21 | 93.596 | 12220 | 612,820 |
| | | | <u>647,412</u> |
| Total U.S. Department of Health & Human Services | | | <u>753,112</u> |
| Total all programs | | | <u>\$ 34,260,548</u> |

LANE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

1. Purpose of the Schedule:

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Lane Community College's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to and does not present either the financial position, changes in financial position or cash flows of the College.

2. Significant Accounting Policies:

Reporting Entity: The reporting entity is fully described in Note 1 to the College's financial statements. The Schedule includes all federal financial assistance programs administered by the College for the year ended June 30, 2021.

Basis of Presentation: The information in the Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal Financial Assistance: Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Basis of Accounting: The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Direct loans (Assistance Listing No. 84.268) are loans held by the Federal Government and are not included in loans receivable for the College. Direct loans disbursed during the year are included in the federal expenditures presented in the Schedule. Perkins Loans (Assistance Listing No. 84.038) outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The College has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Matching Costs: The Schedule does not include matching expenditures.

LANE COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

3. Federal Perkins Loans:

Activity of the College's Federal Perkins Loan program (Assistance Listing # 84.038) during the 2020-21 fiscal year is as follows:

| | |
|--|------------------|
| Balance - 7/1/2020 | \$ 203,446 |
| Loan advances | - |
| Loan repayments, assignments and cancellations | <u>(152,382)</u> |
| Balance - 6/30/2021 | <u>\$ 51,064</u> |

4. Subrecipients:

During the year ended June 30, 2021, the College provided federal awards to subrecipients as follows:

| | <u>Assistance Listing Number</u> | <u>Expenditures</u> |
|------------------------------------|--|---------------------|
| Small Business Development Centers | 59.037 | \$ 1,601,477 |

LANE COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

A - SUMMARY OF AUDIT RESULTS:

1. The independent auditor's report expresses an unmodified opinion on the financial statements of Lane Community College.
2. There were no significant deficiencies in internal control over financial reporting reported during the audit of the financial statements of Lane Community College.
3. No instances of noncompliance material to the financial statements of Lane Community College were disclosed during the audit.
4. There was one significant deficiency in internal control over compliance reported during the audit of the major federal award programs of Lane Community College. This deficiency was considered to be a material weakness.
5. The independent auditor's report on compliance for the major federal award programs of Lane Community College expresses a qualified opinion.
6. One audit finding relative to the major federal award programs of Lane Community College is reported in this schedule.
7. The programs tested as major programs included the following programs:

| Program Name | <u>Assistance Listing Number</u> |
|---|--|
| Education Stabilization Fund | 84.425 |
| Small Business Development Centers | 59.037 |
| CCDF Cluster: | |
| Child Care and Development Block Grant | 93.575 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 |

8. The threshold for distinguishing Type A programs from Type B programs was \$750,000.
9. Lane Community College was determined to be a low-risk auditee.

B - FINDINGS, FINANCIAL STATEMENTS AUDIT:

None.

C - FINDINGS AND QUESTIONED COSTS, MAJOR FEDERAL AWARD PROGRAMS
AUDIT:

Finding 2021-001:

Federal program - Small Business Development Centers (59.037)

Federal agency - Small Business Administration

Award year - Fiscal year 2020-21

Compliance requirement - Reporting

Type of Finding - Compliance

Criteria - The Federal Funding Accountability and Transparency Act (FFATA) requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website, which is www.USASpending.gov. The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees use to capture and report subaward data regarding their first-tier subawards to meet the FFATA reporting requirements. Data on any first-tier subawards greater than or equal to \$30,000 are to be reported in the FSRS system by the end of the month following the month in which the subawards to the sub-recipient equal or exceed \$30,000.

Condition - Required FFATA reporting on FSRS was not performed for any subawards during 2020-21.

Questioned costs - None.

Context/Sampling - In reviewing the Small Business Development Centers program, we noted 19 subawards that were greater than or equal to \$30,000. It was determined that none of these subawards were reported in FSRS.

Effect - The College was not in compliance with the FFATA reporting requirements for subawards.

Cause of condition - College personnel were unaware of the FFATA reporting requirement.

Repeat finding from prior year - No.

Recommendation - We recommend the College establish and implement procedures for FFATA reporting to ensure that the information is reported within the required timeline.

Views of responsible officials - Management agrees with the finding.



LANE COMMUNITY COLLEGE

CORRECTIVE ACTION PLAN

Year Ended June 30, 2021

Finding - 2021-001

Name of contact persons - Mark Gregory, State Director and Greg Holmes, Controller

Corrective action planned - The College concurs with the finding and will establish and implement procedures for FFATA reporting to ensure that the information is reported within the required timeline.

Anticipated completion date - June 30, 2022.