

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL SINGLE AUDIT REPORT

IVY TECH COMMUNITY COLLEGE OF INDIANA

INDIANAPOLIS, INDIANA

July 1, 2016 to June 30, 2017



FILED
03/06/2018

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SCHEDULE OF COLLEGE OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Dr. Susan Ellspermann	07-01-16 to 06-30-18
Senior Vice President and Chief Financial Officer	Christopher Ruhl (Vacant) William M. Hawkins	07-01-16 to 07-31-17 08-01-17 to 10-15-17 10-16-17 to 06-30-18
Chairman of the Board of Trustees	Paula Hughes Michael Dora	07-01-16 to 08-04-16 08-05-16 to 08-02-18



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

TO: THE OFFICIALS OF IVY TECH COMMUNITY COLLEGE OF INDIANA, INDIANAPOLIS, INDIANA

We have audited the financial statements of the business-type activities and the discretely presented component units of Ivy Tech Community College of Indiana (College), a component unit of the State of Indiana, as of and for the year ended June 30, 2017, and have issued our report thereon dated October 25, 2017, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 25, 2017. Our report includes a reference to other auditors who audited the financial statements of the Ivy Tech Foundation, as described in our report on the College's financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 financial statements. This 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 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 25, 2017



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INDEPENDENT AUDITOR'S 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*

TO: THE OFFICIALS OF IVY TECH COMMUNITY COLLEGE OF INDIANA, INDIANAPOLIS, INDIANA

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 and the discretely presented component unit of Ivy Tech Community College of Indiana (College), a component unit of the State of Indiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 25, 2017. Our report includes a reference to other auditors who audited the financial statements of the Ivy Tech Foundation (Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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) to determine the 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 College'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S 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*
(Continued)

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 determination of financial statement amounts. 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*.

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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

October 25, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF IVY TECH COMMUNITY COLLEGE OF INDIANA, INDIANAPOLIS, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Ivy Tech Community College of Indiana's (College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the Summary of Auditor's 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 the College's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed below, 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 the 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Basis for Qualified Opinion on H-1B Job Training Grant

As described in item 2017-002 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the College with the H-1B Job Training Grant regarding Eligibility. Consequently, we were unable to determine whether the College complied with those requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on H-1B Job Training Grant

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on H-1B Training Grant* paragraph 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 the H-1B Job Training Grant for the year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

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 each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

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 item 2017-005. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. 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. 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 major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

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 identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items Finding 2017-001, 2017-002, 2017-003, 2017-004, and 2017-005, that we consider to be material weaknesses.

The College's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 21, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the College. The schedule and notes are presented as intended by the College.

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IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>US DEPARTMENT OF EDUCATION</u>					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grants	Direct Grant	84.007			\$ 3,454,969
Federal Work-Study Program	Direct Grant	84.033			\$ 1,209,405
Federal Pell Grant Program	Direct Grant	84.063			\$ 113,105,162
Federal Direct Student Loans	Direct Grant	84.268			\$ 82,868,260
Total for cluster					<u>\$ 200,637,796</u>
Trio Cluster					
TRIO Student Support Services	Direct Grant	84.042	P042A150724		\$ 216,995
TRIO Student Support Services	Direct Grant	84.042	P042A150768		\$ 229,426
TRIO Student Support Services	Direct Grant	84.042	P042A151027		\$ 239,538
TRIO Student Support Services	Direct Grant	84.042	P042A151019	1,370.00	<u>\$ 220,852</u>
TRIO Talent Search	Direct Grant	84.044	P044A120907		<u>\$ 294,713</u>
Total for cluster					<u>\$ 1,201,524</u>
<u>NATIONAL SCIENCE FOUNDATION</u>					
Research and Development Cluster					
Education and Human Resources	Direct Grant	47.076	DUE-1400470		\$ 51,561
Education and Human Resources	Direct Grant	47.076	DUE-1304619		\$ 91,274
Education and Human Resources	Sinclair Community College	47.076	#1453		\$ 25,228
Education and Human Resources	Purdue University	47.076	4101-72917		\$ 9,209
Education and Human Resources	Montgomery County Community College	47.076	NBC2-18-005		\$ 77,096
Total for cluster					<u>\$ 254,368</u>
<u>NATIONAL INSTITUTE OF FOOD AND AGRICULTURE, DEPARTMENT OF AGRICULTURE</u>					
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	Direct Grant	10.226	2013-38414-20918		\$ 18,935
	Direct Grant	10.226	2015-38414-24209		\$ 35,720
Total for federal grantor agency					<u>\$ 54,655</u>
<u>US DEPARTMENT OF LABOR</u>					
Youthbuild	Direct Grant	17.274	YC-25409-14-60-A-18		\$ 829,978
Apprenticeship USA Grants	Indiana Department of Workforce Development	17.285	APPEXP6102 CONTRACT #19416		\$ 8,250
H-1B Job Training Grants	Direct Grant	17.268	HG-29349-16-60-A-18		\$ 204,452
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	Direct Grant	17.282	TC-26441-14-60-A-18	\$ 73,985	\$ 411,259
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	Forysth Technical Community College Foundation Inc	17.282	TC-23761-12-60-A-37		\$ 29,443
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants	Wichita Area Technical College	17.282	TC-23794-12-60-A-20		<u>\$ 59,169</u>
Total for federal grantor agency					<u>\$ 1,542,551</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>					
Education	Purdue University	43.008	SUB NO: 103-64604		\$ 40,673
Education	Purdue University	43.008			\$ 20,000
Total for federal grantor agency					<u>\$ 60,673</u>
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>					
Promotion of the Arts Partnership Agreements	Indiana Arts Commission	45.025	APS FY2017 170008		\$ 4,445
Total for federal grantor agency					<u>\$ 4,445</u>

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>					
Promotion of the Humanities Challenge Grants	Direct Grant	45.130	CZ-50312-13		\$ 2,000
Total for federal grantor agency					<u>\$ 2,000</u>
<u>NATIONAL SCIENCE FOUNDATION</u>					
Social, Behavioral, and Economic Sciences	University of New Mexico	47.075	394076-87R2; DUE-1205138		\$ 20,783
Education and Human Resources	Indiana University	47.076	164356 PO#1908178		\$ 2,207
Education and Human Resources	Indiana University	47.076	FAIN 1618408 PO#1929834		\$ 13,636
Education and Human Resources	Montgomery Community College	47.076	NBC2-13-004		\$ (4,898)
Education and Human Resources	Purdue University	47.076	SUB 4101-75435		\$ 30,877
Education and Human Resources	Madisonville Community College	47.076	KCT-PS-603		\$ (17)
Education and Human Resources	Madison Community College	47.076	KCT-PS-697		<u>\$ 17,725</u>
Total for federal grantor agency					<u>\$ 80,313</u>
<u>SMALL BUSINESS ADMINISTRATION</u>					
Small Business Development Centers	Indiana Office of Small Business and Entrepreneurship	59.037	EDS#A69-16-SBDC-1010		\$ 59
Small Business Development Centers	Indiana Office of Small Business and Entrepreneurship	59.037	A69-7-SBDC-16-207		\$ 54,813
Small Business Development Centers	Indiana Office of Small Business and Entrepreneurship	59.037	A69-16-SBDC-2005		\$ 62,901
Total for federal grantor agency					<u>\$ 117,773</u>
<u>DEPARTMENT OF EDUCATION</u>					
Undergraduate International Studies and Foreign Language Programs	Direct Grant	84.016	P016A120065		\$ 18,190
Higher Education Institutional Aid	Direct Grant	84.031	P031A110176 (84.031A)		\$ 156,596
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP55D102; CONT #14506		\$ (139)
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP55G102; CONT #14497		\$ -
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP55I102; CONT #14493		\$ -
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP55L102; CONT #14485		\$ -
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56A102; CONT #17345		\$ 699,922
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56B102; CONT #17370		\$ 365,620
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56C102; CONT #17346		\$ 280,845
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56D102; CONT #17338		\$ 671,933
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56E102; CONT #17732		\$ 365,643
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56F102; CONT #17342		\$ 585,980
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56G102; CONT #17350		\$ 758,394
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56H102; CONT #17344		\$ 387,513
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56I102; CONT #17545		\$ 1,529,732
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PP56I102; CONT #17559		\$ 234,620

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PPS6K102; CONT # 17343		\$ 339,680
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PPS6L102; CONT #17352		\$ 265,735
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PPS6M102; CONT #17335		\$ 207,618
Career and Technical Education - Basic Grants to States	Indiana Department of Workforce Development	84.048	PPS6N102; CONT #17351		\$ 289,557
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	EDS # A58-7-17-CI-3906		\$ 49,197
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	EDS # A58-7-17CI-3907		\$ 34,108
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	EDS # A58-7-17CI-3908		\$ 58,745
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	A58-7-17CI-3909		\$ 431
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	A58-6-16CI-3257		\$ 35,183
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	A58-6-16CI-3258		\$ 54,564
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	A58-6-16CI-3259		\$ 28,194
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048	A58-7-17CI-3909		\$ 35,749
Centers for International Business Education	Indiana University	84.220	BL-4236301-IT		\$ 10,446
Education Research, Development and Dissemination	Stanford University	84.305	61122817-108022		\$ 46,223
Total for federal grantor agency					\$ 7,510,279
US DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Qu:Indiana Rural Health Association		93.912	1 G04RH28695-01-00		\$ -
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Qu:Indiana Rural Health Association		93.912	5G04RH28695-02-00		\$ 40,341
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Qu:Indiana Rural Health Association		93.912	1R01RH26271-01-00		\$ 2,102
Total for federal grantor agency					\$ 42,443
Total federal award expended					\$ 211,508,820
Student Financial Assistance	\$	200,637,796			
Direct	\$	3,114,340.51			
Pass-Through	\$	8,250			\$ 10,871,021
Total	\$	3,122,591			\$ (10,871,020)
	\$	203,760,387			\$ 1
	\$	(211,508,817)			
	\$	(7,748,430)			

The accompanying notes are an integral part of these Schedule of Expenditures of Federal Awards.

IVY TECH COMMUNITY COLLEGE OF INDIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Scope of Review

All expenses on federal awards expended by Ivy Tech Community College of Indiana (College) have been included in the Schedule of Expenditures of Federal Awards (Schedule).

Note 2. Basis of Presentation

Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards requires an annual audit of any entity expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of universities shall be conducted annually. 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, change in net position, or change in cash flows of the College.

The accounting principles followed by the College and used in preparing the accompanying Schedule are as follows:

Awards Other Than Student Financial Assistance

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general college activities (indirect costs) which are allocated to federal awards under negotiated indirect cost rates or rates specific to a funding opportunity.

Student Financial Assistance

Expenditures are recognized and reported in the Schedule for non-loan awards made to students under various programs, e.g., Pell, SEOG and Federal Workstudy. Student loan programs are funded by the federal government mainly under the Direct Loan program.

Note 3. Summary of Significant Accounting Policies

The accompanying Schedule has been prepared in a format that presents summary financial information of the federal funds awarded to the College directly from federal agencies as well as amounts received as sub grantee of other organizations. The College did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Student Financial Aid Cluster	Unmodified
	TRIO Cluster	Unmodified
17.268	H-1B Job Training Grants	Qualified
17.274	Youthbuild	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	yes
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: H-1B Job Training Grant - Reporting
 Federal Agency: Department of Labor
 Federal Program: H-1B Job Training Grant
 CFDA Number: 17.268
 Federal Award Number and Year (or Other Identifying Number): HG-29349-16-60-A-18
 Compliance Requirement: Reporting
 Audit Finding: Material Weakness

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system, which would include segregation of duties, was not in place at the College to ensure compliance with the grant agreement and the Reporting compliance requirement. One employee prepared the programmatic reports and submitted them without oversight, review, or approval.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would include segregation of key functions to ensure compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the College at risk of noncompliance with the grant agreement and the Reporting compliance requirement. Federal funds and assets could have been misused or mismanaged by not having proper oversight, reviews, and approvals over required reports.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the College's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2017-002

Subject: H-1B Job Training Grant - Eligibility
Federal Agency: Department of Labor
Federal Program: H-1B Job Training Grant
CFDA Number: 17.268
Federal Award Number and Year (or Other Identifying Number): HG-29349-16-60-A-18
Compliance Requirement: Eligibility
Audit Finding: Material Weakness, Modified Opinion

Condition

An effective internal control system, which would include segregation of duties, was not in place at the College to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Students in the first cohort were selected to participate in the program based on general student information in the financial aid system; however, no documentation was obtained from the students in order to verify that they met eligibility requirements defined for the program. Additionally, fewer than 75 percent were "youth and young adults with barriers to training and employment opportunities" as required by the grant agreement.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

U.S. Department of Labor Employment Training Administration Notice of Availability of Funds and Funding Opportunity Announcement for *Grant Applications for H-1B TechHire Partnership Grants* Funding Opportunity Number FOA-ETA-16-01 (FOA) states in part:

"Eligible Participants

The intent of this FOA is to fund projects that provide services, education, and training for individuals with barriers to training and employment opportunities. You may propose projects that target one of the two types of populations with barriers to training and employment opportunities listed below. Applicants proposing to serve type (2) as their target population must identify the specific population within this category type their project will target:

- (1) out-of-secondary school youth and young adults between the ages of 17 and 29 with barriers to employment and training. . . ."

Definitions of the two types of populations with barriers to training and employment opportunities are listed below:

- (1) Youth and Young Adults with Barriers to Training and Employment Opportunities. For the purpose of this FOA, we define "youth and young adults with barriers to training and employment" as individuals who are out-of-secondary school and between the ages of 17 and 29 who lack the educational attainment, work experiences, and/or skill-level necessary to secure full-time employment in middle or high-skill jobs. These individuals are unemployed or underemployed where access to training, education, and supportive services is essential to acquire the skills necessary for better paying and higher skilled jobs.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(2) Special Populations with Barriers to Training and Employment Opportunities

For the purpose of this FOA, we define "special populations with barriers to training and employment" as an individual with disabilities, an individual with Limited English Proficiency, or an individual with a criminal record. Special populations must also be at least 17 years of age and out-of-secondary school. These individuals may have limited skills, lack work experience, and/or face other barriers to economic success. Individuals within these populations must be unemployed, dislocated, or underemployed in part-time or full-time low-wage, low-skilled jobs, where access to training, education, and support services is essential to acquire the skills necessary for better paying and higher skilled jobs.

At least 50 percent of participants served by the project must be special populations with barriers to training and employment, as defined above. The remaining 50 percent may be unemployed and underemployed workers in need of employment and training assistance, or incumbent workers, particularly incumbent workers in lower-skill, lower-wage, and front-line jobs in need of upskilling. No more than 25 percent of the participants served may be incumbent front-line workers in need of upskilling.

For projects targeting this population, at least 75 percent of participants served by the project must be youth and young adults with barriers to training and employment opportunities, as defined above. The remaining 25 percent may be unemployed, dislocated, underemployed, and incumbent workers, particularly incumbent workers in lower-skill, lower-wage, and front-line jobs in need of upskilling.

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls which would include segregation of key functions to ensure compliance with the Eligibility requirement.

Effect

The failure to establish an effective internal control system caused the College to be in noncompliance with the grant agreement and Eligibility compliance requirement in regards to the ages of the population served by the grant program. Furthermore, a lack of documentation did not allow the College to support compliance with the Eligibility requirement of serving populations with barriers to training and employment opportunities. Federal funds and assets could have been misused and mismanaged by not having proper documentation, oversight, reviews, and approvals over the Eligibility requirements of the program.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the College's management establish controls including the development and retention of supporting documentation related to the grant agreement and comply with the compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-003

Subject: Youthbuild - Eligibility and Reporting

Federal Agency: Department of Labor

Federal Program: Youthbuild

CFDA Number: 17.274

Federal Award Number and Year (or Other Identifying Number): YC-25409-14-60-A-18

Compliance Requirements: Eligibility, Reporting

Audit Finding: Material Weakness

Condition

An effective internal control system, which would include segregation of duties, was not in place at the College to ensure compliance with the grant agreement and the Eligibility and Reporting compliance requirements.

Eligibility

There was no documentation of the application reviews performed by the grant support staff or the Program Manager.

Reporting

One employee prepared the programmatic reports and submitted them without oversight, review, or approval.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls which would include segregation of key functions to ensure compliance with the Eligibility and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system placed the College at risk of noncompliance with the grant agreement and the Eligibility and Reporting compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements. Federal funds and assets could have been misused and mismanaged by not having proper oversight, reviews, and approvals over the Eligibility and Reporting compliance requirements of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the College's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-004

Subject: TRIO Cluster - Eligibility

Federal Agency: Department of Education

Federal Programs: TRIO Student Support Services, TRIO Talent Search

CFDA Numbers: 84.042, 84.044

Federal Award Numbers and Years (or Other Identifying Numbers): P042A150724, P042A150768,
P042A151027, P042A151019,
P044A120907

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

Condition

An effective internal control system, which would include segregation of duties, was not in place at the College to ensure compliance with the grant agreement and the Eligibility compliance requirement.

There was no review of eligibility beyond the director's initial review at the Central Indiana and East Central Region campuses of the College.

Context

The lack of controls was a systemic problem throughout the audit period.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the College at risk of noncompliance with the grant agreement and the compliance requirement. Federal funds and assets could have been misused and mismanaged by not having proper oversight, reviews, and approvals over the Eligibility compliance requirement of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the College's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2017-005

Subject: TRIO Cluster - Reporting

Federal Agency: Department of Education

Federal Programs: TRIO Student Support Services, TRIO Talent Search

CFDA Numbers: 84.042, 84.044

Federal Award Numbers and Years (or Other Identifying Numbers): P042A150724, P042A150768,
P042A151027, P042A151019,
P044A120907

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The College had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

The Student Support Services program is required to submit an Annual Performance Report (APR) to the Indiana Department of Education. The APR includes the Record Structure for Participant List (participant database). The participant data base consists of all participants in the program with 37 field codes, which describe the demographic information, eligibility and cohort status, and project entry information; participant's status and academic status; and academic progress/persistence.

A sample of 40 participants were selected to verify the information in the participants' files to the participant database. Of the participants tested, 7 had an incorrect date of first enrollment at the College.

Context

The lack of controls and noncompliance were a systemic problem throughout the audit period.

Criteria

34 CFR 80.40(b)(1) states in part: "Grantees shall submit annual performance reports . . ."

34 CFR 646.32(c) states in part:

"Recordkeeping: A grantee must maintain participant records that show –

- (1) The basis for the grantee's determination that each participant is eligible to participate in the project under sec. 646.3;
- (2) The grantee's basis for determining the academic need for each participant;
- (3) The services that are provided to each participant;
- (4) The performance and progress of each participant by cohort for the duration of the participant's attendance at the grantee's institution . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the College at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the College's management establish controls related to the grant agreement and comply with the compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the University. The document is presented as intended by the University.



CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Action: Corina Thompson, Project Director
Contact Phone Number: 317-916-7804

Views of Responsible Official:

Ivy Tech (Ivy Tech) Community College concurs with the finding. The Project Director on our HG-29349-16-60-A-18 grant is responsible for acquiring data, assembling materials, and submitting reports via that online system. Ivy Tech is committed to providing timely and accurate report data to the US Department of Labor via the reporting system.

Description of Corrective Action Plan:

The Project Director on the HG-29349-16-60-A-18 grant will implement a secondary review of program information and data prior to report submittal. A second staff member will review reports prior to their submittal. Documentation of the review will be maintained accordingly.

Anticipated Completion Date: March 31, 2018



CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Action: Corina Thompson, Project Director

Contact Phone Number: 317-916-7804

Views of Responsible Official:

Ivy Tech (Ivy Tech) Community College concurs with the finding. The Project Director on our HG-29349-16-60-A-18 grant is responsible for ensuring that training participants qualify for grant training programs based upon FOA-ETA-16-01 requirements. Ivy Tech is committed to ensuring training participants meet the requirements of the US Department of Labor.

Description of Corrective Action Plan:

Corrections have been made to the process regarding the acquisition of student eligibility documentation and the secondary review requirement. In addition, we will track student eligibility data based upon FOA-ETA-16-01 requirements to ensure proper percentages of each participant category are being met. Documentation will be maintained.

Anticipated Completion Date: March 31, 2018



CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Action: Mike Erny, Project Director

Contact Phone Number: 765-252-5551

Views of Responsible Official:

Ivy Tech (Ivy Tech) Community College concurs with the finding. The Project Director on our YC-25409-14-60-A-18 grant is responsible for reviewing participant application materials and verifying eligibility. The Project Director is also responsible for assembling and submitting reports. Ivy Tech is committed to ensuring participants in grant training programs are eligible based upon the US Department of Labor grant requirements.

Description of Corrective Action Plan:

Ivy Tech will revise the application to include signatures from 2 reviewers. Each staff member, with knowledge of grant eligibility requirements, will verify eligibility and sign accordingly as documentation. Regarding reporting, two staff members having knowledge and interaction with the grant, will review reports prior to submission and document their reviews accordingly. Documentation will be maintained.

Anticipated Completion Date: March 31, 2018

50 WEST FALL CREEK PARKWAY NORTH DRIVE
INDIANAPOLIS, INDIANA 46208-5752
P. 317-921-4882



CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Action: Alexise Hanner (Central Indiana); Antwyon Gordon (East Central)

Contact Phone Number: 317-917-7158 (Hanner); 765-289-2291 ext 1385 (Gordon)

Views of Responsible Official:

Ivy Tech (Ivy Tech) Community College concurs with the finding. The Project Directors on our TRIO grant programs P042A151019 (Central Indiana) and P042A150724 (East Central) grants are responsible for reviewing participant application materials and verifying eligibility. Ivy Tech is committed to ensuring participants in grant training programs are eligible based upon the U.S. Department of Education's grant requirements.

Description of Corrective Action Plan:

Ivy Tech is adjusting the review process to include signatures from two reviewers. Each reviewer will complete an independent review of the applications to verify eligibility and will sign accordingly. Documentation will be maintained.

Anticipated Completion Date: March 31, 2018



CORRECTIVE ACTION PLAN

FINDING 2017-005

Contact Person Responsible for Action: Augusta Deneal

Contact Phone Number: 219-981-4826 ext. 4825

Views of Responsible Official:

Ivy Tech (Ivy Tech) Community College concurs with the finding. The Project Director for our TRIO grant programs is responsible for reviewing participant application materials and verifying eligibility. This includes the reporting of participants via the required reporting format and participant database. Ivy Tech is committed to ensuring participants in grant training programs are eligible based upon the U.S. Department of Education's grant requirements.

Description of Corrective Action Plan:

In order to ensure all participant data is correct in the reporting systems, the Academic Support Coordinator and Student Services team will pull registration information from Banner and provide it to the Project Director to be used in the reports. Documentation will be maintained. The following process will be used to ensure accuracy:

(a) The first date of enrollment will be determined by reporting the date the student's first class at Ivy Tech began. This is consistent with how other SSS programs across Ivy Tech report this information. Implicit in the first day of the student's first class at Ivy Tech is that the enrollment process has been completed and that the student has either paid his/her balance in full, is waiting on financial aid to be disbursed, or has set up a payment plan at Ivy Tech. This information can be found in the Banner Screen – Registration Query - SFAREGO.

Anticipated Completion Date: March 31, 2018

OTHER REPORTS

In addition to this report, other reports may have been issued for the University. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.