

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

IVY TECH COMMUNITY COLLEGE OF INDIANA

INDIANAPOLIS, INDIANA

July 1, 2021 to June 30, 2022



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Dr. Susan Ellspermann	07-01-21 to 06-30-23
Senior Vice President and Chief Financial Officer	Dominick Chase	07-01-21 to 06-30-23
Chair of the Board of State Trustees	Terry Anker Stephanie Bibbs	07-01-21 to 08-05-21 08-06-21 to 08-03-23



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 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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 31, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Ivy Tech Foundation, Inc., 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 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 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 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

January 4, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE 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 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, 2022, 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 31, 2022. Our report includes a reference to other auditors who audited the financial statements of Ivy Tech Foundation, Inc., as described in our report on the College's financial statements. The financial statements of Ivy Tech Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Ivy Tech Foundation, Inc., or that are reported on separately by those auditors who audited the financial statements of Ivy Tech Foundation, Inc.

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 opinion 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 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 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 THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 31, 2022, except for the Schedule of Expenditures
of Federal Awards, for which the date is January 4, 2023



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

Opinion on 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, 2022. 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.

The College's basic financial statements include the operations of the Foundation, however, federal award expenditures of the Foundation, if any, are not included in the College's schedule of expenditures of federal awards during the year ended June 30, 2022. Our audit, described below, did not include the operations of the Foundation as it was audited under a separate audit engagement and the results of that audit have been separately reported.

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 major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 (*Government Auditing Standards*); 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 *Auditor's 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 each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

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

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.

Auditor's 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 each 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 item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The College's response to the noncompliance 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.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be material weaknesses.

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.

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 require the auditor to perform limited procedures on the College's response to the internal control over compliance findings 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.

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.



Beth Kelley, CPA, CFE
Deputy State Examiner

January 4, 2023

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.

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor Agency			Federal Assistance Listing Number		Pass Through To Subrecipient	Total Federal Awards Expended	
Cluster Title	Federal Program Name	Pass-Through Entity or Direct Grant		Pass-Through Entity (or Other) Identifying Number			
<u>US DEPARTMENT OF EDUCATION</u>							
Student Financial Assistance Cluster	FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	Direct Grant	84.007	P007A219176	\$ -	\$ 5,086,967	
	FEDERAL WORK-STUDY PROGRAM	Direct Grant	84.033	P033A219176	\$ -	\$ 257,726	
	FEDERAL PELL GRANT PROGRAM	Direct Grant	84.063	P063P216733	\$ -	\$ 82,332,979	
	FEDERAL DIRECT STUDENT LOANS	Direct Grant	84.268	P268K226733	\$ -	\$ 33,778,082	
	Total for Student Financial Assistance Cluster					\$ -	\$ 121,455,754
Trio Cluster	TRIO_STUDENT SUPPORT SERVICES	Direct Grant	84.042A	P042A150768	\$ -	\$ 4,484	
	TRIO_STUDENT SUPPORT SERVICES	Direct Grant	84.042A	P042A200749	\$ -	\$ 287,795	
	TRIO_STUDENT SUPPORT SERVICES	Direct Grant	84.042A	P042A200690	\$ -	\$ 313,426	
	TRIO_STUDENT SUPPORT SERVICES	Direct Grant	84.042A	P042A201220	\$ -	\$ 253,169	
	TRIO_STUDENT SUPPORT SERVICES	Direct Grant	84.042A	P042A201222	\$ -	\$ 287,725	
	Total for 84.042					\$ -	\$ 1,146,599
	TRIO_TALENT SEARCH	Direct Grant	84.044	P044A170680	\$ -	\$ 562,529	
	TRIO_UPWARD BOUND	Direct Grant	84.047	P047A171326	\$ -	\$ 263,116	
	Total for TRIO Cluster					\$ -	\$ 1,972,244
	COVID-19 - EDUCATION STABILIZATION FUND	Direct Grant	84.425E	P425E201139	\$ -	\$ 78,254,550	
	COVID-19 - EDUCATION STABILIZATION FUND	Direct Grant	84.425F	P425F200407	\$ -	\$ 59,955,842	
	COVID-19 - EDUCATION STABILIZATION FUND	Direct Grant	84.425M	P425M200545	\$ -	\$ 9,090,389	
	COVID-19 - EDUCATION STABILIZATION FUND	Indiana Department of Education	84.425C	000000000000000000047231_S425C200018	\$ -	\$ 294,301	
	Total for 84.425					\$ -	\$ 147,595,082
	ADULT EDUCATION - BASIC GRANTS TO STATES	Indiana Department of Workforce Development	84.002	AE20N102 CONT #045708	\$ -	\$ (310)	
ADULT EDUCATION - BASIC GRANTS TO STATES	Indiana Department of Workforce Development	84.002	AE21N102 CONT #0055965	\$ -	\$ 68,911		
ADULT EDUCATION - BASIC GRANTS TO STATES	Indiana Department of Workforce Development	84.002	AE21L102 CONT #0056049	\$ -	\$ 95,621		
Total for 84.002					\$ -	\$ 164,222	
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP10	\$ -	\$ 2,493		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP07	\$ -	\$ 2,489		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP01	\$ -	\$ 2,500		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP09	\$ -	\$ 2,493		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP11	\$ -	\$ 3,251		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP08	\$ -	\$ 2,495		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP06	\$ -	\$ 2,261		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP05	\$ -	\$ 2,500		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP04	\$ -	\$ 2,500		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP03	\$ -	\$ 2,499		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-CP02	\$ -	\$ 1,130		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-ROIIT	\$ -	\$ 84,000		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1087	\$ -	\$ (4,344)		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-8703	\$ -	\$ (429)		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-0978	\$ -	\$ (24)		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1032	\$ -	\$ 9,962		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1023	\$ -	\$ 52,877		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1014	\$ -	\$ 336		
CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1005	\$ -	\$ 192,431		

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor Agency			Federal Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass Through To Subrecipient	Total Federal Awards Expended
Cluster Title	Federal Program Name	Pass-Through Entity or Direct Grant				
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-0501	\$ -	\$ 2,336
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1069	\$ -	\$ 60,320
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-0987	\$ -	\$ 56,990
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-0996	\$ -	\$ (9,368)
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1096	\$ -	\$ (1,555)
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-1041	\$ -	\$ (1,471)
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	21-0512-0244	\$ -	\$ (382)
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1087	\$ -	\$ 626,935
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-8703	\$ -	\$ 490,267
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-0978	\$ -	\$ 587,673
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1032	\$ -	\$ 861,563
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1023	\$ -	\$ 409,603
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1014	\$ -	\$ 292,416
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1005	\$ -	\$ 313,479
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-0502	\$ -	\$ 213,789
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-0501	\$ -	\$ 130,785
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1069	\$ -	\$ 258,304
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-0987	\$ -	\$ 1,970,354
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1078	\$ -	\$ 257,855
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-0996	\$ -	\$ 274,329
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1096	\$ -	\$ 72,071
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-9601	\$ -	\$ 165,701
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1050	\$ -	\$ 424,780
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-1041	\$ -	\$ 363,696
	CAREER AND TECHNICAL EDUCATION -- BASIC GRANTS TO STATES	State of Indiana, Governor's Workforce Cabinet	84.048A	22-0512-0244	\$ -	\$ 376,346
			Total for 84.048		\$ -	\$ 8,558,236
	NATIONAL RESOURCE CENTERS PROGRAM FOR FOREIGN LANGUAGE AND AREA STUDIES OR FOREIGN LANGUAGE AND INTERNATIONAL STUDIES PROGRAM AND FOREIGN LANGUAGE AND AREA STUDIES FELLOWSHIP PROGRAM	Indiana University	84.015	N/A	\$ -	\$ 847
	UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS	Indiana University	84.016A	SUB #8642_ITSC PO #0415536	\$ -	\$ 26,728
	HIGHER EDUCATION_INSTITUTIONAL AID	Indiana University	84.031	SUB #9178 PO #P00424609	\$ -	\$ 16,109
	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	Arizona Board of Regents for ASU	84.116	ASUB00000278	\$ -	\$ 12,791
	CENTERS FOR INTERNATIONAL BUSINESS EDUCATION	Indiana University	84.220	BL IN-4236302-IVY PO #0239516	\$ -	\$ 1,296
	EDUCATION RESEARCH, DEVELOPMENT AND DISSEMINATION	RAND Corporation	84.305	PO-0002971	\$ -	\$ 390
	GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	Fort Wayne Community Schools	84.334	Prime: P334A180143	\$ -	\$ 6,270
	Total for federal grantor agency					\$ 279,809,969
	NATIONAL SCIENCE FOUNDATION					
	Research and Development Cluster	EDUCATION AND HUMAN RESOURCES	Indiana University	47.076	1643586 PO #150913	\$ - \$ 21,838
		EDUCATION AND HUMAN RESOURCES	Indiana University	47.076	FAIN 1618408 PO #0046580	\$ - \$ 47,880
		EDUCATION AND HUMAN RESOURCES	Rutgers The State University	47.076	PO #1399760 PID# 828913 SUB #0557	\$ - \$ 67,670
		EDUCATION AND HUMAN RESOURCES	Forsyth Technical Community College	47.076	SUB #83837-003 FAIN DUE-1800909	\$ - \$ 13,886
		EDUCATION AND HUMAN RESOURCES	The Trustees of Purdue University	47.076	SUBAWARD #10001339-005	\$ - \$ 15,207
		EDUCATION AND HUMAN RESOURCES	Direct	47.076	2000888	\$ - \$ 34,381
		EDUCATION AND HUMAN RESOURCES	Indiana University	47.076	8916_IVY PO # P00316318	\$ - \$ 5,136

IVY TECH COMMUNITY COLLEGE OF INDIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2022

Federal Grantor Agency			Federal Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass Through To Subrecipient	Total Federal Awards Expended
Cluster Title	Federal Program Name	Pass-Through Entity or Direct Grant				
	EDUCATION AND HUMAN RESOURCES	Direct	47.076	2100166	\$ -	\$ 52,945
	EDUCATION AND HUMAN RESOURCES	The Trustees of Purdue University	47.076	10001276-014	\$ -	\$ 5,979
			Total for 47.076		\$ -	\$ 264,922
	Total for Research and Development Cluster				\$ -	\$ 264,922
Total for federal grantor agency					\$ -	\$ 264,922
<u>US DEPARTMENT OF AGRICULTURE</u>						
SNAP Cluster	STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	Indiana Family and Social Services Administration	10.561	23111	\$ -	\$ 66,085
	Total for SNAP Cluster				\$ -	\$ 66,085
	SOIL AND WATER CONSERVATION	Northeast Community College	10.902	NR203A750007C001-01-04	\$ -	\$ 15,766
Total for federal grantor agency					\$ -	\$ 81,851
<u>US DEPARTMENT OF COMMERCE</u>						
Economic Development Cluster	ECONOMIC ADJUSTMENT ASSISTANCE	Direct Grant	11.307	06-79-06301 URI: 116544	\$ -	\$ 1,743
	Total for Economic Development Cluster				\$ -	\$ 1,743
Total for federal grantor agency					\$ -	\$ 1,743
<u>US DEPARTMENT OF DEFENSE</u>						
	CYBERSECURITY CORE CURRICULUM	The Trustees of Purdue University	12.905	13000952-033	\$ -	\$ 697,496
Total for federal grantor agency					\$ -	\$ 697,496
<u>US DEPARTMENT OF HOUSING AND URBANG DEVELOPMENT</u>						
CDBG - Entitlement Grants Cluster	COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	City of Greenwood	14.218		\$ -	\$ 25,078
	Total for CDBG - Entitlement Grants Cluster				\$ -	\$ 25,078
Total for federal grantor agency					\$ -	\$ 25,078
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
	NIEHS HAZARDOUS WASTE WORKER HEALTH AND SAFETY TRAINING	Regents of the University of Minnesota	93.142	PO #008617807	\$ -	\$ 147,283
	STRENGTHENING PUBLIC HEALTH SYSTEMS AND SERVICES THROUGH NATIONAL PARTNERSHIPS TO IMPROVE AND PROTECT THE NATION'S HEALTH	League for Innovation	93.421	87728	\$ -	\$ 65,834
	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	Indiana Family and Social Services Administration	93.958	#000058419	\$ -	\$ 68,495

IVY TECH COMMUNITY COLLEGE OF INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor Agency			Federal Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass Through To Subrecipient	Total Federal Awards Expended
Cluster Title	Federal Program Name	Pass-Through Entity or Direct Grant				
	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	Indiana Family and Social Services Administration	93.959	3B8TI010019 CONT #042605	\$ -	\$ 82,809
Total for federal grantor agency					\$ -	\$ 364,421
<u>US DEPARTMENT OF LABOR</u>						
Employment Service Cluster	EMPLOYMENT SERVICE/WAGNER-PEYSER FUNDED ACTIVITIES	Direct Grant	17.207	MI-33471-19-75-A-18	\$ -	\$ 296,071
	Total for Employment Service Cluster				\$ -	\$ 296,071
	APPRENTICESHIP USA GRANTS	American Association of Community Colleges	17.285	AP-33035-19-75-A-11	\$ -	\$ 189,377
	H-1B JOB TRAINING GRANTS	Direct Grant	17.268	HG-34343-20-60-A-18	\$ -	\$ 1,581,480
	H-1B JOB TRAINING GRANTS	American Association of Port Authorities	17.268	MOU CSL DOL GRANT-AAPA	\$ -	\$ 90,715
		Total for 17.268			\$ -	\$ 1,672,195
Total for federal grantor agency					\$ -	\$ 2,157,643
<u>DEPARTMENT OF STATE</u>						
	PUBLIC DIPLOMACY PROGRAMS	Indiana University	19.040	8706-IVY PO# 0247698	\$ -	\$ 75,190
Total for federal grantor agency					\$ -	\$ 75,190
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>						
	PROMOTION OF THE HUMANITIES_FEDERAL/STATE PARTNERSHIP	Indiana Humanities Council	45.129	20-2015	\$ -	\$ 3,207
Total for federal grantor agency					\$ -	\$ 3,207
<u>SMALL BUSINESS ADMINISTRATION</u>						
	COVID-19 - SMALL BUSINESS DEVELOPMENT CENTERS	Indiana Economic Development Corporation	59.037	SBAHQ20C0040	\$ -	\$ 64,647
	SMALL BUSINESS DEVELOPMENT CENTERS	Indiana Economic Development Corporation	59.037	A229-1-SBA-1052	\$ -	\$ 602,905
	SMALL BUSINESS DEVELOPMENT CENTERS	Indiana Economic Development Corporation	59.037	A229-2-SBA-1067	\$ -	\$ 18,854
	SMALL BUSINESS DEVELOPMENT CENTERS	Indiana Economic Development Corporation	59.037	A229-1ASBA-1052	\$ -	\$ 72,567
	SMALL BUSINESS DEVELOPMENT CENTERS	Indiana Economic Development Corporation	59.037	A229-2-SBA1067	\$ -	\$ 70,059
		Total for 59.037			\$ -	\$ 829,032
Total for federal grantor agency					\$ -	\$ 829,032
<u>DEPARTMENT OF TRANSPORTATION</u>						
	COMMERCIAL MOTOR VEHICLE OPERATOR SAFETY TRAINING GRANTS	Direct	20.235	69A3602040496DTGOIN	\$ -	\$ 46,194
Total for federal grantor agency					\$ -	\$ 46,194
<u>US DEPARTMENT OF THE TREASURY</u>						
	COVID-19 - CORONAVIRUS RELIEF FUND	State of Indiana, Governor's Workforce Cabinet	21.019	CONT#000049216	\$ -	\$ 1,958,913
Total for federal grantor agency					\$ -	\$ 1,958,913
Total Federal Awards Expended					\$ -	\$ 286,315,659

The accompanying notes are an integral part of the 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:

Name of Opinion Unit	Opinion Issued
Business-Type Activities Discretely Presented Component Unit	Unmodified 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:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
84.048	Student Financial Assistance Cluster	Unmodified
84.425	Career and Technical Education - Basic Grants to States	Unmodified
84.425	COVID-19 - Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-001

Subject: Student Financial Assistance Cluster - Special Tests and Provisions - Return of Title IV Funds
Federal Agency: Department of Education
Federal Programs: Federal Supplemental Educational Opportunity Grants,
Federal Pell Grant, Federal Direct Student Loans
Assistance Listings Numbers: 84.007, 84.063, 84.268
Federal Award Number and Year (or Other Identifying Number): FY 2022
Compliance Requirement: Special Tests and Provisions - Return of Title IV Funds
Audit Findings: Material Weakness, Other Matters

Condition and Context

The College had not designed, nor implemented an effective internal control system to ensure compliance with requirements related to the Special Tests and Provisions - Return of Title IV Funds compliance requirement.

For 2 of 25 (8 percent) return of Title IV funds tested, the amount returned to the Department of Education was incorrect. The College completed an initial return of Title IV funds and properly posted the full amount of aid to be returned to the students' accounts. During an internal review, the College discovered an error in the initial calculation and therefore calculated a new return of Title IV funds. When the subsequent calculation was performed, the College once again posted the total amount of aid to be returned to each student's account. As a result, the College incorrectly returned too much in Title IV funds to the Department of Education in the amounts of \$113 and \$546 for the first and second errors, respectively. In addition, this caused both students' accounts to reflect a balance due to the College that should not have been owed.

The lack of internal controls and noncompliance were systemic issues throughout the audit period; however, these were isolated to students for which a corrective calculation for return of Title IV funds was performed.

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). . . ."

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

34 CFR 668.22(g) states in part:

"Return of unearned aid, responsibility of the institution.

(1) The institution must return, in the order specified in paragraph (i) of this section, the lesser of –

- (i) The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or
- (ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section. . . ."

Cause

Management had not developed a system of internal control that would have ensured procedures were in place in order to comply with the provisions of federal statutes, regulations, and the terms and conditions of the federal award in relation to the Special Tests and Provisions - Return of Title IV Funds compliance requirement.

The College should have considered the original amount of aid to be returned that had already been posted to each student's account. The College should have posted the additional amount of aid to be returned to the students' accounts based upon the net difference between the original calculation and the corrective calculation performed for each student.

Effect

The failure to design and implement an effective internal control system enabled material noncompliance to remain undetected. As a result, the College returned too much in Title IV funds to the Department of Education as outlined in the *Condition and Context*.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the College's management design and implement a system of internal control related to procedures for calculating the return of Title IV funds to ensure appropriate amounts are returned to the Department of Education and are posted to students' accounts.

Views of Responsible Officials

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

Auditor's Response

It is the College's responsibility to administer its student financial assistance programs in a manner that both complies with applicable federal regulations and guidelines as well as ensures that, when necessary, the appropriate amount of unearned financial assistance is returned to the Title IV programs.

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

The College is required to perform a Return of Title IV Funds calculation when an aid recipient withdraws from the College during a payment period or period of enrollment in which the recipient began attendance to determine the amount of aid that the recipient earned, with any unearned portion being returned to the Title IV programs.

For one student who received Title IV Funds, the College performed the initial Return of Title IV Funds calculation, which indicated \$546 be returned to the Department of Education (DOE). This amount was properly posted as a return to the student's account and returned to the DOE. When an error was discovered in the original calculation, the College performed the required corrective calculation, which determined that \$819 should have been returned to the DOE. The College subsequently posted the entire \$819 as a return to the student's account and returned that amount to the DOE. Our reperformance of the calculation of Return of Title IV Funds verified that the College's corrective calculation was accurate and \$819 should have been returned to the DOE. However, when making the secondary return of unearned aid, the College did not take into consideration the original \$546 that had previously been returned, and as a result, the College returned \$546 more than what was required. The College should have only returned an additional \$273 after the corrective calculation, the net difference between the original and corrective calculations.

For the other student who received Title IV Funds, the College performed the initial Return of Title IV Funds calculation, which indicated \$1,472 be returned to the DOE. This amount was properly posted as a return to the student's account and returned to the DOE. When an error was discovered in the original calculation and upon completion of the required corrective calculation, an additional \$667 was returned to the DOE, for a total return of \$2,139. Our reperformance of the calculation of Return of Title IV Funds determined that a total of \$2,026 should have been returned to the DOE. Therefore, based upon the original amount that had already been returned, the College ultimately returned \$113 in unearned aid more than what was required.

Due to the College returning an amount of unearned aid greater than what was required for each student noted above, each student's account then reflected a balance due to the College that was no longer owed.

Although the guidelines for corrective calculations in the Federal Student Aid Handbook are ambiguous and a difference of interpretation can occur, the initial calculation of Return of Title IV Funds should be considered and any amount of unearned aid returned to the DOE due to the initial calculation should be included in the total amount of unearned Title IV assistance to be returned when a situation arises in which a corrective calculation is required to be completed.

We reaffirm our finding and will review the status of the finding during our next audit.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the College. The documents are presented as intended by the College.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001

Fiscal year in which the finding initially occurred: FY2021

Contact Person Responsible for Corrective Action: Colby Shank

Contact Phone Number: 317-921-4765

Status of Audit Finding: Corrected

The technical issue that led the College to disburse a loan to a first-year undergraduate who was a first-time borrower was resolved prior to the conclusion of the FY2021 compliance audit. The technical issue that led the College to not properly identify a transfer student for monitoring was resolved prior to the conclusion of the FY 2021 compliance audit.

FINDING 2021-002

Fiscal year in which the finding initially occurred: FY2021

Contact Person Responsible for Corrective Action: Colby Shank

Contact Phone Number: 317-921-4765

Status of Audit Finding: Corrected

The College implemented internal controls to address this finding. The technical issue that led the College to include sales tax for Other Bookstore Charges as Institutional Charges was corrected. An external financial aid consulting firm performed an evaluation and issued recommendations on possible improvements to the College's Return of Title IV funds process. The College analyzed weekly Return of Title IV Funds review volume to inform staffing decisions. The Return of Title IV Funds process has transitioned from the College's Financial Aid Training & Compliance team to the College's Financial Aid Processing Center. The College hired an Assistant Director of Financial Aid Processing within the Financial Aid Processing Center to add capacity and provide additional leadership and management for the College's Return of Title IV Funds calculations. The College implemented an improved quality control process that uses regular and robust sampling and evaluation to identify and resolve calculation issues.

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CORRECTIVE ACTION PLAN

FINDING 2022-001

Contact Person Responsible for Corrective Action: Colby Shank
Contact Phone Number: 317-921-4765

Views of Responsible Official:

Ivy Tech Community College disputes this audit finding. The College has an effective internal control system to ensure compliance with requirements related to the Special Tests and Provisions – Return of Title IV Funds compliance requirement. The College previously determined that the Return of Title IV Funds (R2T4) is high-risk due to the large number of transactions, the College’s modular term-based system, and the manual nature of R2T4 calculations. Therefore, a robust quality control review process was implemented. College personnel regularly monitor the error rates and nature of errors discovered through the quality control review to identify, correct, and eliminate calculation errors. The claimed errors outlined in Finding 2022-001 relate to the interpretation of how a correction recalculation is determined.

In correction calculations, aid previously returned as a result of the initial calculation in the 2021-2022 academic year was considered no longer disbursed and was included in the correction calculation as “aid that could have been disbursed.” In certain scenarios, this can result in different return amounts than if the aid had been included in the calculation as “aid disbursed.”

In the absence of explicit guidance on how to handle these scenarios within the Federal Student Aid Handbook, College interpretation and precedent has been to treat aid previously returned under the original calculation as aid that could have been disbursed. Volume 5, Chapter 2 of the 2021-2022 Federal Student Aid Handbook states that “any undisbursed Title IV aid for the period that the school uses as the basis for the R2T4 calculation is counted as aid that could have been disbursed.”

Ivy Tech confirmed this interpretation as valid via a third-party financial aid expert who facilitated a discussion with a representative of the USDOE. This USDOE representative confirmed the accuracy of the calculation and the alignment with the Federal Student Aid Policy Implementation and Oversight Directorate. During this discussion, the representative stated that the results of the original calculation could not be ignored, and that including aid that is no longer disbursed as “aid that could have been disbursed” is the proper way to perform a correction calculation.

The auditors state the College should have performed the following actions:

“The College should have considered the original amount of aid to be returned that had already been posted to each student’s account. The College should have posted the additional amount of aid to be returned to the students’ accounts based upon the net difference between the original calculation and the corrective calculation performed for each student.”

This methodology would have produced inaccurate return amounts under the interpretation of guidance from Federal Student Aid from which the College was operating during the review period. Only posting the “net difference” between the original calculation and the correction calculation would have resulted in too few funds being returned to Federal Student Aid for many calculations during the review period.

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Specifically, a difference in return amounts occurred when the amount of unearned charges (institutional charges for the period multiplied by the percentage of unearned Title IV aid) was less than the calculated amount of Title IV aid to be returned. Under the R2T4 calculation formula, the amount of unearned charges can effectively create a “cap” on the amount of Title IV aid to be returned by the school. At Ivy Tech Community College, this cap is most often reached when students receive disbursements of federal student loans prior to withdrawing.

Because a relatively small percentage of Ivy Tech students receive federal student loans, most correction calculations performed during the review period by Ivy Tech under our interpretation of the guidance resulted in accurate return amounts. This issue only impacted a subset of students who received a correction calculation during the review period.

Description of Corrective Action Plan:

Upon receiving new guidance from the Chicago/Denver regional office of Federal Student Aid, Ivy Tech has modified the way in which it performs R2T4 correction calculations. Aid returned as a result of the original calculation will remain in the correction calculation as “aid disbursed” instead of “aid that could have been disbursed.” The College is no longer following prior guidance received by an expert consultant, a representative of Federal Student Aid that advised the College to include aid that has already been returned as “aid that could have been disbursed.” The calculation change will be monitored for correctness through the College’s previously established internal controls and quality assurance process for the R2T4 process. Financial aid staff have been trained on the calculation change.

Ivy Tech will review all students during the review period who received a correction calculation and will cover with institutional aid any federal grant aid that otherwise would not have been returned under the new guidance from Federal Student Aid.

Anticipated Completion Date: 3/31/2023

OTHER REPORTS

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