

**RHODE ISLAND COLLEGE**  
(a Component Unit of the State of Rhode Island and  
Providence Plantations)

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**INDEPENDENT AUDITORS' REPORTS AS  
REQUIRED BY OFFICE OF MANAGEMENT AND  
BUDGET (OMB) CIRCULAR A-133 AND  
*GOVERNMENT AUDITING STANDARDS* AND  
RELATED INFORMATION**

**JUNE 30, 2015**

# **RHODE ISLAND COLLEGE**

**(a Component Unit of the State of Rhode Island and Providence Plantations)**

## **Independent Auditors' Reports as Required by Office of Management and Budget (OMB) Circular A-133 and *Government Auditing Standards* and Related Information**

**June 30, 2015**

### **C O N T E N T S**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

The Board of Education of  
State of Rhode Island and Providence Plantations  
Providence, Rhode Island

**Report on Compliance for Each Major Federal Program**

We have audited Rhode Island College's (a component unit of the State of Rhode Island and Providence Plantations) (the "College") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2015. Rhode Island College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Rhode Island College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Rhode Island 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 Rhode Island College's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, Rhode Island 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, 2015.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as Finding 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Rhode Island College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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 Rhode Island 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 Rhode Island College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Rhode Island 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of current year findings and questioned costs as Findings 2015-001, which we consider to be a significant deficiency.

Rhode Island College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of current year findings and questioned costs. 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.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of Rhode Island College as of and for the year ended June 30, 2015 and have issued our report thereon dated September 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*O'Connor and Drew, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

November 20, 2015

(except for our report on the Schedule of Expenditures of Federal Awards, for which the date is September 30, 2015)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Education of  
State of Rhode Island and Providence Plantations  
Providence, Rhode Island

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 Rhode Island College (a component unit of the State of Rhode Island and Providence Plantations) (the "College"), which comprise the statement of net position as of June 30, 2015, the related statements of revenues and expenses, changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Rhode Island College's basic financial statements and have issued our report thereon dated September 30, 2015. Our report includes a reference to other auditors who audited the financial statements of Rhode Island College Foundation, as described in our report on Rhode Island College's financial statements. 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 Rhode Island 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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rhode Island 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.

*O'Connor and Drew, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

September 30, 2015

**RHODE ISLAND COLLEGE**  
**(a Component Unit of the State of Rhode Island and Providence Plantations)**

**Schedule of Current Year Findings and Questioned Costs**

**June 30, 2015**

**Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes



**RHODE ISLAND COLLEGE**  
**(a Component Unit of the State of Rhode Island and Providence Plantations)**

**Schedule of Current Year Findings and Questioned Costs - Continued**

**June 30, 2015**

Major programs of Rhode Island College include:

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster:	
U.S. Department of Education:	
Federal Direct Student Loans (Note 2)	84.268
Federal Pell Grant Program	84.063
Federal Perkins Loan Program	84.038
Federal Supplemental Education Opportunity Grant Program	84.007
Federal Work Study Program	84.033

The dollar threshold to distinguish between Type A and Type B programs is \$13,500,000.

The Office of Management and Budget (OMB) has minimum requirements for a recipient of federal funds to be considered a low-risk auditee. The College does not qualify as a low-risk auditee because of prior year audit findings.

**RHODE ISLAND COLLEGE**  
(a Component Unit of the State of Rhode Island and Providence Plantations)

**Schedule of Current Year Findings and Questioned Costs - Continued**

**June 30, 2015**

**Finding number:** 2015-001  
**Federal agency:** U.S. Department of Education  
**Program:** Federal Work Study Program  
**CFDA #:** 84.033  
**Award year:** 2015

***Condition***

Federal Work Study Program testing procedures included a review of documentation to determine if the institution maintained adequate time records to support amounts students worked and were paid for.

Our testing revealed one of ten students tested did not have an adequate time record.

***Criteria***

According to 34 C.F.R. Section 675.19(b):

An institution must establish and maintain program and fiscal records that include a certification by the student's supervisor, an official of the institution or off-campus agency, that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence or the total hours worked per day.

***Cause/Effect***

Our audit disclosed that although Rhode Island College had policies and procedures requiring off-campus agencies to certify accurate student time records prior to the student being paid, there was an apparent lack of oversight. The student's time record was deemed to be insufficient as it was not in agreement with the hours the student was paid for. The deficient student time record resulted in questioned costs because there was no verification for the hours the student worked and was paid for.

# **RHODE ISLAND COLLEGE**

**(a Component Unit of the State of Rhode Island and Providence Plantations)**

## **Schedule of Current Year Findings and Questioned Costs - Continued**

**June 30, 2015**

### ***Recommendation***

We recommend that management strengthen their oversight of off-campus agencies associated with the College's Federal Work Study Program. The College should require all student hours be supported with time records indicating the hours worked in clock time sequence or the total hours worked per day.

### ***Questioned Costs***

\$488

### ***Views of Responsible Officials***

The College agrees with the finding. The College will enforce the policy that any student work hours submitted to the payroll office not via the on-line time reporting system must be done so by the written payroll form "Manual Time Sheet". In order for payment to be made this form must be properly approved and accompanied by a copy of the individual student sign-in sheet maintained by the department. Payroll Office website will be updated so that this form is readily available to the college community. The accounting and payroll offices will work with the Career Development Center to ensure all employer and employee manuals contain the proper procedure for documentation required and record retention of such documentation. All future training provided by these offices will reinforce the proper procedures.

### ***Contact Person***

Melissa Souza  
Assistant Controller

# **RHODE ISLAND COLLEGE**

**(a Component Unit of the State of Rhode Island and Providence Plantations)**

## **Schedule of Prior Year Findings and Questioned Costs**

**June 30, 2015**

**Finding number:** 2014-001  
**Federal agency:** U.S. Department of Education  
**Program:** Federal Work Study Program  
**CFDA #:** 84.033  
**Award year:** 2014

### ***Condition***

According to 34 C.F.R. Section 668.24(e):

An institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, Federal Pell Grant, ACG, National SMART Grant, or TEACH Grant Program for three years after the end of the award year for which the aid was awarded and disbursed under those programs.

### ***Auditors' Current Year Comment***

Our current year testing revealed no findings in this area.

**Finding number:** 2014-002  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #:** Multiple  
**Award year:** 2014

### ***Condition***

Out of a sample of forty students, twenty-five students' financial aid caused a student credit. Out of the twenty-five students whose financial aid caused a credit, two were applied to prior year charges in excess of \$200. Per federal regulations, current year awards are only allowed to be applied to current year charges, unless under \$200.

### ***Auditors' Current Year Comment***

Our current year testing revealed no findings in this area.

**RHODE ISLAND COLLEGE**  
**(a Component Unit of the State of Rhode Island and Providence Plantations)**

**Schedule of Prior Year Findings and Questioned Costs - Continued**

**June 30, 2015**

**Finding number:** 2014-003  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #:** Multiple  
**Award year:** 2014

***Condition***

Out of a sample of forty students, twenty-five students' financial aid caused a student credit. Out of the twenty-five credits, two credits were applied to prior award year charges instead of being refunded to the student. Because the students' accounts were credited instead of the student receiving the refund, the refund is past the 14-day requirement.

***Auditors' Current Year Comment***

Our current year testing revealed no findings in this area.

**RHODE ISLAND COLLEGE**  
(a Component Unit of the State of Rhode Island and Providence Plantations)

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Education:</i>		
Direct Programs:		
<i>Student Financial Assistance Cluster:</i>		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 797,037
Federal Work Study Program	84.033	651,856
Federal Perkins Loan Program-Federal Capital Contributions	84.038	507,409
Federal Pell Grant Program	84.063	13,571,248
Federal Direct Student Loans	84.268	34,198,203
 <i>Other Direct Programs:</i>		
TRIO - Upward Bound	84.047A	613,340
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326C	<u>91,322</u>
Total Direct Programs		<u>50,430,415</u>
 Passed-Through Programs:		
<i>Rhode Island Department of Education:</i>		
Special Education - Grants to States	84.027	972,739
Special Education - Grants to States	84.027A	660,206
Special Education - Preschool Grants	84.173	124,280
Special Education - State Personnel Development	84.323A	627,057
Institute for Early Childhood Development at Rhode Island College	84.412A	286,014
 <i>Office of Higher Education:</i>		
Improving Teacher Quality State Grants	84.367B	132,063
College Access Challenge Grant Program	84.378A	312,888
 <i>Department of Human Services:</i>		
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126A	89,582
Special Education - Grants for Infants and Families	84.181A	<u>164,312</u>
Total Passed-Through Programs		<u>3,369,141</u>
Total U.S. Department of Education		<u>53,799,556</u>

See accompanying notes to the schedule of expenditures of federal awards.

**RHODE ISLAND COLLEGE**  
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**Schedule of Expenditures of Federal Awards - Continued**

**Year Ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Health and Human Services:</i>		
Direct Programs:		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	\$ 66,272
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	495,637
Child Health and Human Development Extramural Research	93.865	<u>102,379</u>
Total Direct Programs		<u>664,288</u>
Passed-Through Programs:		
<i>Department of Human Services:</i>		
Temporary Assistance for Needy Families	93.558	77,721
Refugee and Entrant Assistance - State Administered Programs	93.566	18,572
Medical Assistance Program	93.778	120,070
<i>Rhode Island Department of Education:</i>		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	16,041
<i>Department of Children, Youth and Families:</i>		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	26,973
Adoption Opportunities	93.652	117,521
<i>University of Rhode Island:</i>		
Biomedical Research and Research Training	93.859	317,783
Geriatric Education Center	93.969	27,000
<i>Other Sources:</i>		
Medical Assistance Program	93.778	59,740
Adoption Opportunities	93.652	<u>2,007</u>
Total Passed-Through Programs		<u>783,428</u>
Total U.S. Department of Health and Human Services		<u>1,447,716</u>
<i>National Science Foundation:</i>		
Passed-Through Programs:		
<i>University of Rhode Island:</i>		
Education and Human Resources - Geology Textbook Evaluation	47.076	82,611
Office of Experimental Program to Stimulate Competitive Research	47.081	<u>215,171</u>
Total National Science Foundation		<u>297,782</u>

See accompanying notes to the schedule of expenditures of federal awards.

**RHODE ISLAND COLLEGE**  
(a Component Unit of the State of Rhode Island and Providence Plantations)

**Schedule of Expenditures of Federal Awards - Continued**

**Year Ended June 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><i>U.S. Department of Labor:</i></b>		
Passed-Through Programs:		
<i>Department of Labor &amp; Training</i>		
Workforce Investment Act (WIA) Adult Program	17.258	\$ 21,196
 <i>Rhode Island Department of Education:</i>		
Incentive Grants - WIA Section 503	17.267	4,579
 <i>Other Sources:</i>		
Workforce Investment Act (WIA) National Emergency Grants	17.277	<u>53,116</u>
Total U.S. Department of Labor		<u>78,891</u>
 <b><i>National Endowment for the Humanities:</i></b>		
Passed-Through Programs:		
<i>Other Sources:</i>		
Promotion of the Humanities - Federal/State Partnership	45.129	<u>880</u>
 <b><i>U.S. Department of Agriculture:</i></b>		
Passed-Through Programs:		
<i>Department of Environmental Management:</i>		
Specialty Crop Block Grant Program - Farm Bill	10.170	<u>5,254</u>
Total Federal Expenditures		<u>\$ 55,630,079</u>

See accompanying notes to the schedule of expenditures of federal awards.



**RHODE ISLAND COLLEGE**  
**(a Component Unit of the State of Rhode Island and Providence Plantations)**

**Notes to the Schedule of Expenditures of Federal Awards**

**June 30, 2015**

Note 1 - **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activities of Rhode Island College (the "College") (a component unit of the State of Rhode Island and Providence Plantations) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the College, agencies, departments of the Federal Government, and all subawards to the College by non-federal organizations pursuant to federal grants, contracts, and similar agreements.

Note 2 - **Federal Direct Student Loans Program**

The College disbursed \$34,198,203 of loans under the Federal Direct Student Loans Program, which includes Stafford Subsidized and Unsubsidized Loans, and Parents' Loans for Undergraduate Students. It is not practical to determine the balances of loans outstanding to students of the College under this program as of June 30, 2015. The College is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the College's financial statements.

Note 3 - **Federal Perkins Loan Program**

During the year ended June 30, 2015, \$507,409 in loans was advanced under the Federal Perkins Loan Program. As of June 30, 2015, loan balances receivable under the Federal Perkins Loan Program was \$4,903,573.