

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

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

JUNE 30, 2012

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, 2012

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

To the Board of Governors for Higher Education of
State of Rhode Island and Providence Plantations
Providence, Rhode Island

Compliance

We have audited Rhode Island College's (a component unit of the State of Rhode Island and Providence Plantations) 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 its major Federal programs for the year ended June 30, 2012. Rhode Island College's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Rhode Island College's management. Our responsibility is to express an opinion on Rhode Island College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 major Federal programs have 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. Our audit does not provide a legal determination of Rhode Island College's compliance with those requirements.

In our opinion, Rhode Island College complied, in all material respects, with the requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Rhode Island College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Rhode Island College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the Rhode Island College's internal control over compliance.

A deficiency in internal control over compliance 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, 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.

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 that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2012, and have issued our report thereon dated September 30, 2012, which contained an unqualified 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 OMB Circular A-133 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 schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the Board of Governors for Higher Education, management of Rhode Island College, the Rhode Island Office of the Auditor General, Rhode Island Department of Administration, Federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

O'Connor and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts,

November 28, 2012

(Except for our report on the Schedule of Expenditures of Federal Awards, for which the date is September 30, 2012)



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*

To the Board of Governors for Higher Education of
State of Rhode Island and Providence Plantations
Providence, Rhode Island

We have audited the financial statements of Rhode Island College (the "College") (a component unit of the State of Rhode Island and Providence Plantations) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 30, 2012, which included a reference to the report of the other auditor who audited the discretely presented component unit. We conducted our audit 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.

Our consideration of internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants, and other matters did not include the discretely presented component unit audited by the other auditor referred to in the previous paragraph. The findings, if any, of the other auditor are not included herein.

Internal Control Over Financial Reporting

Management of Rhode Island College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Rhode Island College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rhode Island College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rhode Island College's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Board of Governors for Higher Education, management of Rhode Island College, the Rhode Island Office of the Auditor General, Rhode Island Department of Administration, federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

September 30, 2012

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

Schedule of Findings and Questioned Costs

June 30, 2012

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
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?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

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

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

Major programs of Rhode Island College:

<u>Grantor/pass-through grantor/program title</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster:	
Federal Supplemental Education Opportunity Grant Program	84.007
Federal Direct Student Loans (Note 2)	84.268
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Academic Competitiveness Grants	84.375
ARRA - State Fiscal Stabilization Fund - Campus Wide	
Fire Safety	84.394

The dollar threshold to distinguish between Type A and Type B programs is \$14,500,000.

The College does not qualify as a low-risk auditee.

Our audit has disclosed no audit findings which are required to be reported under OMB Circular A-133, issued by the Comptroller of the United States.

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

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2012

<u>Federal Grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education:		
Direct programs:		
Student Financial Assistance Cluster:		
Federal Supplemental Education Opportunity Grant Program	84.007	\$ 748,943
Federal Direct Student Loans (Note 2)	84.268	34,286,377
Federal Work Study Program	84.033	662,233
Federal Perkins Loan Program	84.038	577,101
Federal Pell Grant Program	84.063	11,882,512
Academic Competitiveness Grants	84.375	<u>6,425</u>
Total Student Financial Assistance Cluster		48,163,591
Upward Bound	84.047A	615,779
Dual Sensory Impairment	84.326C	<u>82,062</u>
Total Direct Programs		<u>48,861,432</u>
Passed through R.I. Department of Education:		
R.I.T.A.P. – Title I: 11-12	84.010A	2,127
R.I.T.A.P. – IDEA/Part B: 06-07	84.027	1,580
Surrogate Parent Program – Part B: 11-12	84.027	396,717
Scholarships for Urban Multicultural Special Education: 09-10	84.027	5,753
R.I.T.A.P. – Part B: 10-11	84.027	21,466
R.I.T.A.P. - Part B: 11-12	84.027	598,514
Training & Tech Assistance for Teaching: 10-11	84.027A	2,586
R.I. State Personnel Development - Part B: 11-12	84.027A	27,412
Vision Services – Part B: 11-12	84.027A	512,467

RHODE ISLAND COLLEGE
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Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2012

Passed through State Department of Education (Continued):		
R.I.T.A.P. – Preschool: 10-11	84.173	\$ 2,975
Surrogate Parent - Section 619: 11-12	84.173	49,742
Vision Services - Section 619: 10-11	84.173	114,962
R.I.T.A.P. - Preschool: 11-12	84.173	75,000
Drug and Violence Free Schools: 10-11	84.184W	15,702
R.I. State Personnel Development: 10-11	84.323A	560,864
R.I.T.A.P. – Title III: 11-12	84.365A	1,629
R.I.T.A.P. - Title III: 10-11	84.365A	<u>45</u>
Total R.I. Department of Education		<u>2,389,541</u>
Passed through U.S. Office of Higher Education:		
Problem Solving & Critical Thinking	84.367	57,671
Learning For Life	84.378A	21,786
ARRA - State Fiscal Stabilization Fund - Campus Wide Fire Safety	84.394	<u>7,050,791</u>
Total U.S. Office of Higher Education		<u>7,130,248</u>
Passed through U.S. Department of Human Services:		
ORS Employment Training: 10-11	84.126	6,318
ORS Employment Training: 11-12	84.126	26,081
Outreach Program Income Summary	84.126A	27,579
Early Intervention: 10-11	84.181A	147,095
Early Intervention: 12-12	84.181A	37,051
Early Intervention: 12-13	84.181A	<u>518</u>
Total U.S. Department of Human Services		<u>244,642</u>
Passed through Department of Children, Youth & Families:		
Positive Behavioral Supports: 10-11	84.010	3,982
Positive Behavioral Supports: 11-12	84.010	<u>19,532</u>
Total U.S. Department of Children, Youth & Families		<u>23,514</u>

RHODE ISLAND COLLEGE
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Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2012

Passed through Other Sources:		
Establishing the Efficacy of the Special Friends Project	84.324A	\$ 207,458
Self Determined Futures Curriculum	84.327	3
Northern R.I. Collaborative	84.367	6,580
National Writing Project: 08-09	84.928A	25,488
LSRI Woonsocket Middle School	84.928A	<u>5,095</u>
Total Other Sources		<u>244,624</u>
Total U.S. Department of Education		<u>58,894,001</u>
U.S. Department of Health and Human Services:		
Direct Programs:		
Advanced Education Nursing Traineeship	93.358	14,039
UNIV Centers on Developmental Disabilities: 11-12	93.632	524,173
Functional Conservation of Myogenic Regulatory Factors	93.865	<u>39,562</u>
Total Direct Programs		<u>577,774</u>
Passed through Department of Human Services:		
Job Placement Recertification Program	93.558	59,206
Project Restore: 10-11	93.564	22,999
Project Graphic: 06-07	93.566	23,459
Project Graphic: 11-12	93.566	20,748
Early Intervention: 11-12	93.778	119,595
Early Intervention: 12-13	93.778	<u>314</u>
Total Department of Human Services		<u>246,321</u>
Passed through R.I. Department of Education:		
R.I.T.A.P. - Comprehensive School Health: 10-11	93.938	802
R.I.T.A.P. - Health HIV Prevention: 11-12	93.938	7,699
R.I.T.A.P. - Health/Abstinence: 11-12	93.938	<u>9,650</u>
Total Department of Education		<u>18,151</u>

RHODE ISLAND COLLEGE

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Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2012

Passed through Department of Children, Youth & Families:

Positive Education Partnership: 10-11	93.104	\$	159,012
Positive Education Partnership: 11-12	93.104		379,245
Blueprint for Change Medicaid Expansion Grant	93.104		41,339
Family & Children's Trust Fund	93.590		<u>5,096</u>

Total Department of Children, Youth & Families 584,692

Passed through University of Rhode Island:

INBRE 09-10: Origins of Intergroup Conflict	93.389		(10)
INBRE 10-11: Origins of Intergroup Conflict	93.389		(60)
INBRE 10-11: Genome Divergence	93.389		293
INBRE 10-11: Internet Based Addiction	93.389		(371)
INBRE 10-11: Early Comprehension of Nouns and Verbs	93.389		359
INBRE 11-12: Anti-inflammatory Intervention and Neurobehavioral	93.389		116,483
INBRE 11-12: Implications of DNA Replication Fork Proteins...	93.389		23,111
INBRE 11-12: Summer Surfs Program 2011	93.389		77,725
INBRE 11-12: Defining a Role for Bcp1	93.389		70,559
INBRE 11-11: Ufd2a Differentiation	93.389		73,378
INBRE 11-12: Gene Divergence of Aryl Hydrocarbon Receptors	93.389		68,241
INBRE 11-12: Anti-Cancer Agents and Antibiotic Polymers	93.389		13,797
INBRE 11-12: An Experimental Test of Intergroup Relations	93.389		76,195
INBRE 11-12: Internet-Based Addiction Counselor Education	93.389		65,899
INBRE 11-12: Early Comprehension of Nouns and Verbs	93.389		62,822
INBRE Surf Program 2012	93.389		118,451
INBRE 12-13: NAMPT Regulation	93.389		5,526
INBRE 12-13: Anti-inflammatory Intervention and Neurobehavioral	93.389		4,548
INBRE 12-13: Significance of Novel Forms of Ufd2a to Muscle Dif	93.389		7,567
INBRE 12-13: Defining a role for Bcp1 in the DNA Damage Respo	93.389		1,534
INBRE 12-13: Anti-Cancer Agents and Antibiotic Polymers	93.389		2,257
INBRE 12-13: Effects of Autonomy Relatedness & Stress Response	93.389		2,684
INBRE 12-13: Effects of Perceiver Motivation	93.389		557
INBRE 12-13: Early Comprehension of Nouns and Verbs	93.389		465
R.I. Geriatric Education Center	93.969		<u>24,840</u>

Total University of Rhode Island 816,850

RHODE ISLAND COLLEGE
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Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2012

Passed through Other Sources:		
Young Athletes Project (Special Olympics)	93.063	\$ 16,158
Volgistics & Volunteers Collab.	93.249	1,210
Public Health Nursing Workforce in Rhode Island	93.249	1,980
Evaluation of Youth To Success Program	93.558	30,644
R.I. Partnership for Family Connections	93.605	18,276
Think College: Promoting Inclusive Post Secondary Ed. Options	93.632	6,540
Sleep Smart Pacesetter Program	93.865	<u>(19)</u>
Total Other Sources		<u>74,789</u>
Total U.S. Department of Health & Human Services		<u>2,318,577</u>
National Science Foundation:		
Direct Programs:		
Collaborative Research: A Disciplinary Commons in Computing	47.076	476
S-Stem Quahog Cohort	47.076	123,507
RUI: Numerical Tools for Spectra and Observables ...	47.079	<u>2,500</u>
Total Direct Programs		<u>126,483</u>
Passed Through University of Rhode Island:		
Project R.I.T.E.S.	47.076	486,834
RI-Epscor 10-15	47.081	<u>66,808</u>
Total University of Rhode Island		<u>553,642</u>
Passed through Other Sources:		
Epscor SURFs 2011	47.081	3,840
Epscor SURFs 2012	47.081	<u>6,311</u>
Total Other Sources		<u>10,151</u>
Total National Science Foundation		<u>690,276</u>

RHODE ISLAND COLLEGE
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Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2012

U.S. Department of Labor:		
Passed Through Department of Labor & Training:		
Dislocated Worker Training	17.245	\$ 2,485
Contextualized Training - TRABAC	17.258	6,061
Contextualized Training - TRAMA	17.258	3,463
Providence/Cranston Workforce Investment	17.258	27,855
Contextualized Training - TRABAC	17.278	4,041
Contextualized Training - TRAMA	17.278	2,507
Computer Assisted Ell & Career Exploration	17.278	<u>59,004</u>
Total Department of Labor & Training		<u>105,416</u>
Passed Through Greater R.I. Workforce Development Corp:		
W.P.G.R.I. Title I	17.255	16,908
Workforce Partnership of Greater Rhode Island	17.255	<u>73,678</u>
Total Greater R.I. Workforce Development Corp		<u>90,586</u>
Passed Through Other Sources:		
Providence/Cranston Outreach: 00-01	17.258	4,478
Bristol County, MA Training Consortium	17.277	49,014
Bristol County, MA Training Consortium	17.278	4,500
Total Greater R.I. Workforce Development Corp		<u>57,992</u>
Total U.S. Department of Labor		<u>253,994</u>
U.S. Department of Defense:		
Passed Through Other Sources:		
Multidisciplinary University Research Initiative	12.300	<u>73,436</u>
U.S. Department of Commerce:		
Passed Through University of Rhode Island:		
Expanding Nursing Educational Capacity: A R.I. Initiative	11.302	<u>(307)</u>

RHODE ISLAND COLLEGE
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Schedule of Expenditures of Federal Awards - Continued

For the Year Ended June 30, 2012

National Endowment for the Humanities:

Passed Through Other Sources:

Professor Smolski Slide Archive	45.129	\$ 914
New England Comics in the Classroom	45.129	2,000
Sustainable Communities Initiative	45.129	800
Exploring the Japanese-American Experience ...	45.129	4,514
R.I. and the Civil War Conference	45.129	<u>197</u>

Total Other Sources

8,425

Other Federal Expenditures:

Federal Grant Overhead	None	12,878
VA Medical Center IPA Agreement	None	72,500
Service Learning in Teacher Preparation Program	None	500
Children's Friend and Service Contract: 09-10	Unknown	6,775
HIV Prevention Support Addiction	Unknown	<u>2,623</u>

Total Other Federal Expenditures

95,276

Total Federal Expenditures

\$ 62,333,678

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, 2012

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.

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 nonfederal organizations pursuant to Federal grants, contracts, and similar agreements.

Note 2 - **Federal Family Educational Loans and Federal Direct Student Loans Program**

The College disbursed \$34,286,377 of loans under the Federal Family Educational 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, 2012. 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, 2012, \$577,101 in loans were advanced under the Federal Perkins Loan Program. As of June 30, 2012, loan balances receivable under the Federal Perkins Loan Program was \$5,335,829.