

**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, 2013**

# **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, 2013**

### **CONTENTS**

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<b>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</b>	1-3
<b>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 <i>Government Auditing Standards</i></b>	4-5
Schedule of Findings and Questioned Costs	6-9
Schedule of Expenditures of Federal Awards	10-13
Notes to the Schedule of Expenditures of Federal Awards	14



## **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**

To the Board of Governors for Higher 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 (the "College") (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 Rhode Island College's major Federal programs for the year ended June 30, 2013. 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, 2013.

### **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 2013-1. Our opinion on each major Federal program is not modified with respect to these matters.

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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item Finding 2013-1, which we consider to be a significant deficiency.

Rhode Island College's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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, 2013 and have issued our report thereon dated September 30, 2013, 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 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.

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 30, 2013

(Except for our report on the Schedule of Expenditures of Federal Awards, for which the date is September 30, 2013)



**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 Education  
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 (the "College"), which comprise the statements of net position as of June 30, 2013 and 2012, the related statements of revenues, expenses and changes in net position and cash flows for the years 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, 2013.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 entity'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 entity'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, 2013

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

**Schedule of Findings and Questioned Costs**

**June 30, 2013**

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

**June 30, 2013**

Major Federal programs of Rhode Island College:

<b><u>Grantor/Pass-Through Grantor/Program Title</u></b>	<b><u>CFDA Number</u></b>
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

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 its inclusion in the single audit of the State of Rhode Island.

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

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

**June 30, 2013**

**Finding number:** 2013-1  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**CFDA #'s:** 84.038 and 84.268  
**Award year:** 2013

***Condition/Criteria***

According to 34 CFR 682.610(c) (2), a College shall, unless it expects to submit its next Enrollment Reporting Roster File to the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days if the College discovers a Stafford, SLS, or PLUS loan has been made to a student who enrolled at the College and:

1. Has ceased to be enrolled on at least a half-time basis
2. Has failed to enroll on at least a half-time basis for the period for which the loan was intended
3. The loan was made to a full-time student who has ceased to be enrolled on a full-time basis
4. Has changed his or her permanent address

Out of a sample of ten students with changes in enrollment status, six students, who had either officially withdrawn, were on a leave of absence or had been determined to have unofficially withdrawn, were not reported to the NSLDS within the prescribed time limit.

***Cause/Effect***

The College reports student enrollment status changes to the NSLDS through the National Student Clearinghouse (NSC) and is responsible for ensuring that student enrollment status changes are reported to the NSLDS in a timely manner. It is the responsibility of the Registrar to submit the enrollment status changes to the NSC and to ensure that controls are in place to timely submit updates once the Registrar's office receives a student withdrawal form. The Registrar's office did not report the student enrollment status changes in a timely fashion.

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

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

**June 30, 2013**

***Recommendation***

We recommend that management strengthen their oversight of the NSLDS reporting to ensure that timely reporting of enrollment information is made to the NSLDS in order for them to be in compliance with the requirements. We also recommend that management establish and enforce specific administrative procedures, according to which those students who unofficially withdrew from the College will be identified and subsequently reported to the NSLDS within prescribed time frames.

***Questioned Costs***

Not applicable

***Views of Responsible Officials***

The College's reporting process to the NSC originally required manual intervention. The College became aware of problems with its process when it received late notices from the NSC. In April 2013, the College changed to a delivered Oracle/PeopleSoft process for reporting to the NSC. At this point all reporting issues have been resolved.

***Contact Person***

Jim Hanbury  
Director of Financial Aid

# 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, 2013

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
<i>U.S. Department of Education:</i>		
Direct Programs:		
<i>Student Financial Assistance Cluster</i>		
Federal Supplemental Educational Opportunity Grants	84.007	\$ 516,375
Federal Work Study Programs	84.033	573,739
Federal Perkins Loan Program	84.038	548,340
Federal Pell Grant Program	84.063	11,891,709
Federal Direct Student Loans (Note 2)	84.268	34,787,464
 <i>Other Direct Programs</i>		
Upward Bound	84.047A	589,518
Dual Sensory Impairment	84.326C	<u>86,074</u>
Total Direct Programs		<u>48,993,219</u>
 Passed through:		
<i>Rhode Island Department of Education</i>		
Title I Grants to Local Education Agencies	84.010A	145
Urban Multicultural Special Education	84.027	395
R.I.T.A.P. - Part B	84.027	659,490
Surrogate Parents - Part B	84.027	417,001
Vision Services - Part B	84.027A	542,016
R.I. State Personnel Development - Part B	84.027A	2,588
Vision Services - Preschool	84.173	116,744
R.I.T.A.P. - Preschool	84.173	62,409
Surrogate Parents- Preschool	84.173	50,258
R.I.T.A.P. - Early Childhood	84.181	(56)
R.I.T.A.P. - McKinney-Vento	84.196A	1,663
R.I. State Personnel Development	84.323A	341,528
R.I.T.A.P. - Title III	84.365A	1,786
R.I.T.A.P. - Race-To-The-Top	84.395A	24,841
Higher Education Inventory	84.421A	298
 <i>Office of Higher Education</i>		
Problem Solving & Critical Thinking	84.367	163,603
Common Core Standards and College Preparedness	84.378	38,889
Key Issues Addressing Student Access and Completion	84.378	107,623
Learning For Life	84.378A	427,018

# 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, 2013

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Expenditures
Passed through (Continued):		
<i>Department of Human Resources</i>		
ORS Employment Training	84.126	\$ 33,827
Outreach Program Income Summary	84.126A	46,500
Early Intervention	84.181A	34,313
<i>Department of Children, Youth &amp; Families</i>		
Positive Behavioral Supports	84.010	22,858
<i>Other Sources</i>		
Establishing the Efficacy of the Special Friends Project	84.324A	54,635
Self Determined Futures Curriculum	84.327	13,245
Northern Rhode Island Collaborative	84.367	8,035
Rhode Island Writing Project	84.367D	11,223
National Writing Project	84.928A	12,984
Total Passed-Through Programs		<u>3,195,859</u>
Total U.S. Department of Education		<u>52,189,078</u>
<b><i>U.S. Department of Health and Human Services</i></b>		
Direct Programs:		
Univ Centers on Developmental Disabilities	93.632	554,092
Functional Conservation of Myogenic Regulatory Factors	93.865	10,216
Total Direct Programs		<u>564,308</u>
Passed Through:		
<i>Department of Human Services</i>		
Job Placement Recertification Program	93.558	63,316
Project Restore	93.564	1,740
Project Graphic	93.566	24,626
Early Intervention	93.778	428,081
<i>Rhode Island Department of Education</i>		
R.I.T.A.P. - School Health: 2012-13	93.938	8,699
<i>Department of Children, Youth &amp; Families</i>		
Positive Education Partnership: 11-12	93.104	15,729
Blueprint for Change Medicaid Expansion Grant	93.104	102,010
Rhode Island Child Welfare/Early Care Partnership	93.243	59,587
Family & Children's Trust Fund	93.590	3,221
Medicaid Implementation Grant	93.652	110,060
<i>University of Rhode Island</i>		
Rhode Island Idea Network of Biomedical Research Excellence	93.389	572,785
Rhode Island Geriatric Education Center	93.969	21,624

# 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, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Passed through (Continued):		
<i>Other Sources</i>		
Evaluation of Youth to Success Program	93.558	\$ 29,856
Think College: Promoting Inclusive Post Secondary Ed. Options	93.632	<u>8,462</u>
Total Passed-Through Programs		<u>1,449,796</u>
Total U.S. Department of Health and Human Services		<u>2,014,104</u>
<b><i>National Science Foundation</i></b>		
Direct Programs:		
RUI: Rare Lepton Decays In the Eras of LHC and MEG	47.049	12,824
S-Stem Quahog Cohort	47.076	<u>166,836</u>
Total Direct Programs		<u>179,660</u>
Passed Through:		
<i>University of Rhode Island</i>		
Project R.I.T.E.S.	47.076	449,310
RI-EPSCoR	47.081	92,715
<i>Other Sources</i>		
EPSCoR SURFs	47.081	<u>15,227</u>
Total Passed-Through Programs		<u>557,252</u>
Total National Science Foundation		<u>736,912</u>
<b><i>Corporation for National and Community Service</i></b>		
Direct Programs:		
Outreach Program	94.006	<u>1,000</u>
Total Corporation for National and Community Service		<u>1,000</u>
<b><i>U.S. Department of Labor</i></b>		
Passed Through:		
<i>Department of Labor &amp; Training</i>		
Dislocated Worker Training	17.245	1,982
Contextualized Training	17.258	40
Contextualized Training	17.278	26
<i>Greater Rhode Island Workforce Development</i>		
W.P.G.R.I. TITLE I	17.255	(66)

# 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, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Passed through (Continued):		
<i>Other Sources</i>		
Bristol County, MA - Training Consortium	17.277	\$ <u>12,895</u>
Total U.S. Department of Labor		<u>14,877</u>
<b><i>U.S. Department of Defense</i></b>		
Passed Through:		
<i>Other Sources</i>		
Multidisciplinary University Research Initiative	12.300	36,325
Stem Summer Camp	12.330	<u>17,926</u>
Total U.S. Department of Defense		<u>54,251</u>
<b><i>National Endowment for the Humanities</i></b>		
Passed Through:		
<i>Other Sources</i>		
Sustainable Communities Initiative	45.129	1,200
Promising Practices: Child & Youth Development	45.129	<u>1,593</u>
Total National Endowment for the Humanities		<u>2,793</u>
<b><i>Other Federal Expenditures</i></b>		
<i>Other Sources</i>		
Federal Grant Overhead	None	(1,393)
Children's Friend & Service Contract	Unknown	14,490
Virtual CPRS Educational Platform	None	<u>3,924</u>
Total Other Federal Expenditures		<u>17,021</u>
Total Federal Expenditures		<u>\$ 55,030,036</u>

**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, 2013**

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 non-Federal organizations pursuant to Federal grants, contracts, and similar agreements.

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

The College disbursed \$34,787,464 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, 2013. 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, 2013, \$548,340 in loans was advanced under the Federal Perkins Loan Program. As of June 30, 2013, loan balances receivable under the Federal Perkins Loan Program was \$5,342,992.