

**LEWIS CLARK STATE COLLEGE**  
**FINANCIAL STATEMENTS AND**  
**SINGLE AUDIT COMPLIANCE REPORTS**  
**YEAR ENDED JUNE 30, 2021**



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## 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*

Idaho Office of the State Board of Education  
Lewis Clark State College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lewis Clark State College and its discretely presented component unit, the Lewis-Clark State College Foundation, Inc. (the College), collectively a component unit of the State of Idaho, as of and for the year ended June 30, 2021, 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 14, 2021.

### 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

### **The College's Response to Findings**

The College's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result 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.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
October 14, 2021



**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 THE UNIFORM GUIDANCE**

Idaho Office of the State Board of Education  
Lewis Clark State College  
Lewiston, Idaho

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

We have audited Lewis Clark State College's, a component unit of the State of Idaho, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lewis Clark State College's major federal programs for the year ended June 30, 2021. Lewis Clark State 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Lewis Clark State 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lewis Clark State 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 Lewis Clark State College's compliance.

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

In our opinion, Lewis Clark State 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, 2021.

### **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 items 2021-002, 2021-003, 2021-005, and 2021-007. Our opinion on each major federal program is not modified with respect to these matters.

Lewis Clark State College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lewis Clark State 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 Lewis Clark State 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 Lewis Clark State 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lewis Clark State 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 a 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.

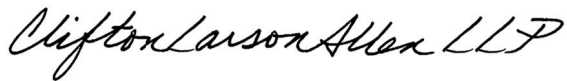
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, and 2021-007, that we consider to be significant deficiencies.

Lewis Clark State College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lewis Clark State College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Lewis Clark State College as of and for the year ended June 30, 2021, and have issued our report thereon dated, October 14, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted 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 purposes of additional analysis as required by the Uniform Guidance 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 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 financial statements as a whole.



**CliftonLarsonAllen LLP**

Bellevue, Washington  
September 26, 2022

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	From Pass-Through Awards	Direct Awards	Passed Through to Subrecipients	Total
<b>Student Financial Assistance Cluster</b>						
<b>U.S. Department of Education</b>						
Federal Supplemental Educational Opportunity Grants	84.007		\$ -	\$ 113,900	\$ -	\$ 113,900
Federal Work Study Program	84.033		-	90,250	-	90,250
Federal Perkins Loan Program	84.038		-	203,487	-	203,487
Federal Pell Grant Program	84.063		-	4,924,209	-	4,924,209
Federal Direct Student Loans	84.268		-	9,032,023	-	9,032,023
Teacher Education Assistance for College and Higher Education Grants	84.379		-	11,316	-	11,316
<b>Department of Education SFA Cluster Total</b>			<b>-</b>	<b>14,375,185</b>	<b>-</b>	<b>14,375,185</b>
<b>U.S. Department of Health &amp; Human Services</b>						
Nursing Student Loans	93.364		-	273,271	-	273,271
<b>Department of Health &amp; Human Services SFA Cluster Total</b>			<b>-</b>	<b>273,271</b>	<b>-</b>	<b>273,271</b>
<b>Total Student Financial Assistance Cluster</b>						
			<b>-</b>	<b>14,648,456</b>	<b>-</b>	<b>14,648,456</b>
<b>Research &amp; Development Cluster</b>						
<b>U.S. Department of Transportation</b>						
Lewis-Clark Valley Metropolitan Planning Organization Planning and Research	20.505	None	6,365	-	-	6,365
<b>U.S. Department of Transportation R&amp;D Cluster Total</b>			<b>6,365</b>	<b>-</b>	<b>-</b>	<b>6,365</b>
<b>National Science Foundation</b>						
Education and Human Resources	47.076		-	5,825	-	5,825
<b>National Science Foundation R&amp;D Cluster Total</b>			<b>-</b>	<b>5,825</b>	<b>-</b>	<b>5,825</b>
<b>U.S. Department of Health &amp; Human Services</b>						
University of Idaho						
Biomedical Research and Research Training	93.859	SI3394-825930	175,857	-	-	175,857
Biomedical Research and Research Training	93.859	SI3394-825923	119,372	-	-	119,372
Biomedical Research and Research Training	93.859	SI3394-825922	46,624	-	-	46,624
<b>U.S. Department of Health &amp; Human Services R&amp;D Cluster Total</b>			<b>341,853</b>	<b>-</b>	<b>-</b>	<b>341,853</b>
<b>Total Research &amp; Development Cluster</b>			<b>348,218</b>	<b>5,825</b>	<b>-</b>	<b>354,043</b>
<b>TRIO Cluster</b>						
<b>U.S. Department of Education</b>						
TRIO - Student Support Services	84.042A	P042A150650-19	-	54,960	-	54,960
TRIO - Talent Search	84.044A	P044A160335-20	-	311,813	-	311,813
TRIO - Talent Search	84.044A	P044A160335-19A	-	19,632	-	19,632
<b>Total TRIO Cluster</b>			<b>-</b>	<b>386,405</b>	<b>-</b>	<b>386,405</b>
<b>Economic Development Cluster</b>						
<b>U.S. Department of Commerce</b>						
Economic Development Administration						
Economic Adjustment Assistance	11.307	07-79-07450	-	771,778	-	771,778
<b>Total Economic Development Cluster</b>			<b>-</b>	<b>771,778</b>	<b>-</b>	<b>771,778</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	From Pass-Through Awards	Direct Awards	Passed Through to Subrecipients	Total
<b>Other Programs</b>						
<b>U.S. Department of Agriculture</b>						
State of Idaho Department of Education Child and Adult Care Food Program	10.558	None	4,248	-	-	4,248
<b>U.S. Department of Agriculture Total</b>			<b>4,248</b>	<b>-</b>	<b>-</b>	<b>4,248</b>
<b>U.S. Department of Labor</b>						
Employment and Training Administration Idaho Department of Labor Apprenticeship USA Grants	17.285	LCSC-AGE-2610	90	-	-	90
Closing the Skills Gap	17.268	HG-34342-20-60-A-16	11,943	-	-	11,943
<b>U.S. Department of Labor Total</b>			<b>12,033</b>	<b>-</b>	<b>-</b>	<b>12,033</b>
<b>National Endowment for the Arts</b>						
Idaho Commission on the Arts Promotion of the Arts Partnership Agreements	45.025	01919	1,704	-	-	1,704
Promotion of the Arts Partnership Agreements	45.025	02882	4,653	-	-	4,653
<b>National Endowment for the Arts Total</b>			<b>6,357</b>	<b>-</b>	<b>-</b>	<b>6,357</b>
<b>National Endowment for the Humanities</b>						
Idaho Humanities Council Promotion of the Humanities - Federal/State Partnership	45.129	2017021	2,011	-	-	2,011
Promotion of the Humanities - Federal/State Partnership	45.129	2019032	1,891	-	-	1,891
<b>National Endowment for the Humanities Total</b>			<b>3,902</b>	<b>-</b>	<b>-</b>	<b>3,902</b>
<b>U.S. Small Business Administration</b>						
Boise State University Small Business Development Centers	59.037	9660-PO138709	80,956	-	-	80,956
Small Business Development Centers	59.037	9660-PO138709	60,861	-	-	60,861
Small Business Development Centers	59.037	9102-PO136857	106,446	-	-	106,446
Small Business Development Centers	59.037	9405-PO137293	88,176	-	-	88,176
<b>U.S. Small Business Administration Total</b>			<b>336,439</b>	<b>-</b>	<b>-</b>	<b>336,439</b>
<b>U.S. Department of Education</b>						
College Assistance Migrant Program	84.149A	S149A160013-20	-	313,666	-	313,666
Childcare Access Means Parents In School	84.335A	P335A200004	-	32,975	-	32,975
<b>Education Stabilization Fund (ESF)</b>						
COVID-19 Governor's Emergency Education Relief (GEER) Fund - Passed through from State of Idaho Division of Financial Management	84.425C	N510-2021-6	199,373	-	-	199,373
COVID-19 Higher Education Emergency Relief Fund - Student Aid Portion	84.425E		-	863,495	-	863,495
COVID-19 Higher Education Emergency Relief Fund - Institutional Portion	84.425F	P425F203713	-	4,089,607	-	4,089,607
COVID-19 Higher Education Emergency Relief Fund - Strengthening Institutions Program (SIP)	84.425M	P425M200986	-	225,842	-	225,842
	84.425 Total		199,373	5,178,944	-	5,378,317
Idaho Division of Career & Technical Education Adult Education - Basic Grants to States	84.002A	RG2610-00 / 51305	3,472	-	-	3,472
Adult Education - Basic Grants to States	84.002A	RG2610-00 / 51300	183,727	-	-	183,727
Adult Education - Basic Grants to States	84.002A	RG2610-00 / 51200	33,804	-	-	33,804
	84.000A Total		221,003	-	-	221,003

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	From Pass-Through Awards	Direct Awards	Passed Through to Subrecipients	Total
Idaho Division of Career & Technical Education						
Career and Technical Education-Basic Grants to States	84.048A	RG2610-00 / 21090	77,562	-	-	77,562
Career and Technical Education - Basic Grants to States	84.048A	RG2610-G1 / 21005	163,838	-	-	163,838
Career and Technical Education-Basic Grants to States	84.048A	RG2610-00 / 21001	7,875	-	-	7,875
Career and Technical Education-Basic Grants to States	84.048A	RG2610-ZZ	200	-	-	200
	<b>84.048A Total</b>		<b>249,475</b>	<b>-</b>	<b>-</b>	<b>249,475</b>
Boise State University						
Mathematics and Science Partnerships	84.366	None	4,769	-	-	4,769
<b>U.S. Department of Education Total</b>			<b>674,620</b>	<b>5,525,585</b>	<b>-</b>	<b>6,200,205</b>
<b>U. S. Department of the Treasury</b>						
Idaho State Controller's Office						
COVID-19 Coronavirus Relief Fund - CFAC - Idaho Rebounds	21.019	126641	514,766	-	-	514,766
COVID-19 Coronavirus Relief Fund - Online Idaho Support Funds	21.019	None	39,748	-	-	39,748
<b>U.S. Department of the Treasury Total</b>			<b>554,514</b>	<b>-</b>	<b>-</b>	<b>554,514</b>
<b>U.S. Department of Health &amp; Human Services</b>						
Idaho State Department of Health & Welfare						
Foster Care - Title IV-E	93.658	KC280100	97,996	-	-	97,996
Child Care and Development Block Grant - Idaho Child Care Emergency Grant	93.575	None	65,092	-	-	65,092
Child Care and Development Block Grant-Child Care Wage Enhancement Grant	93.575	None	2,908	-	-	2,908
	<b>93.575 Total</b>		<b>68,000</b>	<b>-</b>	<b>-</b>	<b>68,000</b>
<b>U.S. Department of Health &amp; Human Services Total</b>			<b>165,996</b>	<b>-</b>	<b>-</b>	<b>165,996</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 2,106,327</b>	<b>\$ 21,338,049</b>	<b>\$ -</b>	<b>\$ 23,444,376</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**LEWIS-CLARK STATE COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes federal award activity of the College under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, for all awards, with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**NOTE 3 COLLEGE ADMINISTERED LOAN PROGRAMS**

The federal student loan programs listed subsequently are administered directly by the College, and balances and transactions relating to these programs are included in the College's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2021 consists of:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2021
84.038	Federal Perkins Loans	\$154,878
93.364	Nursing Students Loans	\$217,769

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Section I – Summary of Auditors’ Results**

**• Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**• Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.007, 84.033, 84.038, 84.063, 84.268 84.379, 93.364 84.425 21.019 11.307	Student Financial Aid Cluster COVID-19 Education Stabilization Fund COVID-19 Coronavirus Relief Fund Economic Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000/\$187,500

Auditee qualified as low-risk auditee?   x   yes      \_\_\_\_\_ no

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings***

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**2021 – 001 Restatement and Adjustment Due to Change in Reporting Basis**

**Significant Deficiency in Internal Control over Financial Reporting**

**Condition:** Historically, it was determined that Lewis-Clark State College Foundation (the Foundation), a discretely presented component unit in the College financial statements, should present its financial statements on the accrual basis of accounting and flow of economic resources measurement focus in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP) applicable to governmental units accounted for as a proprietary enterprise fund based on Governmental Accounting Standards Board (GASB) standards. While the College has a process in place to evaluate the appropriateness of the reporting basis used in the financial statements, this process occurs periodically every several years. During the year, it was determined that the Foundation did not meet the criteria to be reported under GASB standards because the Foundation has a self-perpetuating Board of Trustees, it cannot be dissolved by a government entity, and it does not have the ability to enact and enforce a tax levy. Accordingly, the Foundation changed the reporting basis of its financial statements from the accrual basis of accounting and flow of economic resources measurement focus in accordance with U.S. GAAP applicable to governmental units accounted for as a proprietary enterprise fund based on GASB standards to the accrual basis of accounting in accordance with U.S. GAAP applicable to nonprofit entities based on Financial Accounting Standards Board (FASB) standards. As such, it was noted that management does not have internal controls in place to ensure that financial statements are prepared in accordance with the appropriate basis of accounting on an annual basis.

**Criteria or specific requirement:** Internal controls should be in place to ensure that financial statements are prepared in accordance with the appropriate reporting basis annually.

**Effect:** The lack of controls in place over the financial reporting function increases the risk of the occurrence of undetected and uncorrected misstatements or errors. The change in reporting basis led to a restatement of beginning net assets of \$515,943 and an increase of unrealized gain on investments of \$336,662 in the current year.

**Cause:** There is not a process to ensure that the financial statements are prepared in accordance with the appropriate reporting basis on an annual basis; however, management has prepared, reviewed, and approved the annual financial statements and related notes, and has accepted responsibility for those financial statements.

**Recommendation:** Management should evaluate and reassess their financial reporting processes and controls to determine whether additional controls over the preparation of annual financial statements can be implemented to ensure that financial statements are prepared in accordance with the appropriate reporting basis annually.

**Views of responsible officials and planned corrective actions:** There is no disagreement with this finding. A recurring process will be added to the internal control policies of the entity to evaluate the appropriateness of reporting basis used in the financial statements. This process will occur on an annual basis and will be implemented by June 30, 2022.

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2021-002 Inadequate Documentation for Notification of Exit Counseling**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistant Listing Number: 84.268

Federal Award Identification Number and Year: P268K210100 - 2021

Award Period: July 1, 2020 to June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** The Code of Federal Regulations (34 CFR 674.42) requires an institution to ensure exit counseling is conducted with each borrower either in person, by audiovisual presentation, or by interactive electronic means. The institution must ensure exit counseling is conducted shortly before the borrower ceases at least half-time study at the institution. As an alternative, in the case of a student enrolled in a correspondence program or a study abroad program that the institution approves for credit, the borrower may be provided with written counseling material by mail within 30 days after the borrower completes the program. If a borrower withdraws from the institution without the institution's prior knowledge or fails to complete an exit counseling session as required, the institution must ensure exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning the borrower has withdrawn from the institution or failed to complete exit counseling as required.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure documentation is maintained after exit counseling notifications are sent out for each student.

**Condition:** The College did not maintain exit counseling notifications.

**Questioned costs:** None.

**Context:** In our statistically valid sample of forty students selected for Eligibility testing, we identified ten samples for which exit counseling notifications were not maintained by the College.

**Cause:** The College maintained records of the email which notified students about exit counseling requirements but did not track which students had been sent exit counseling notifications.

**Effect:** The College was not in compliance with the exit counseling regulation to show evidence of notification to individual students.

**Repeat Finding:** No.

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2021-002 Inadequate Documentation for Notification of Exit Counseling (Continued)**

**Recommendation:** We recommend the College implement procedures to ensure all documentation is being maintained for students notified of exit counseling.

**Views of responsible officials:** The College agrees with the finding.

**2021-003 Gramm-Leach Bliley Act**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistant Listing Number: 84.007/84.033/84.038/84.063/84.268/84.379/93.364

Federal Award Identification Number and Year: P007A201087 – 2021, P033A201087 – 2021, P063P200100 – 2021, P268K210100 - 2021, P379T210100 – 2021, E4CHP14916-02-04 - 2021

Award Period: July 1, 2020 to June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** The Gramm-Leach-Bliley Act (Public Law 106-102) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. (16 CFR 314) The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as “financial institutions” and subject to the Gramm-Leach-Bliley Act (16 CFR 313.3(k)(2)(vi).

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures for timely review of the Information Security Program and proper documentation of the risk assessment.

**Condition:** Under an institution’s Program Participation Agreement with the Department of Education and the Gramm-Leach-Bliley Act, schools must protect student financial aid information, with particular attention to information provided to institutions by the Department or otherwise obtained in support of the administration of the federal student financial aid programs.

**Questioned costs:** None

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2021-003 Gramm-Leach Bliley Act (Continued)**

**Context:** During our audit procedures, it was noted that the College did not perform a risk assessment that addresses the three areas noted in 16 CFR 314.4 (b) which are (1) Employee training and management; (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (3) Detecting, preventing and responding to attacks, intrusions, or other systems failures and document safeguards for identified risks.

**Cause:** According to LCSC officials, LCSC maintains information security policies and standards that address the provisions of the GLBA although resources have not been allocated to document a risk assessment related to students' information.

**Effect:** The student personal information could be vulnerable.

**Repeat Finding:** No.

**Recommendation:** We recommend the College perform and document a comprehensive risk assessment identifying internal and external risks to the security, confidentiality, and integrity of the students' information. In addition, the College should ensure proper safeguards are in place to ensure the security of student information.

**Views of responsible officials:** The College agrees with the finding.

**2021-004 Inadequate Review of Title IV Refund Calculation**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistant Listing Number: 84.007/84.033/84.063/84.268/84.379/93.364

Federal Award Identification Number and Year: P007A201087 – 2021, P033A201087 – 2021, P063P200100 – 2021, P268K210100 - 2021, P379T210100 – 2021, E4CHP14916-02-04 - 2021

Award Period: July 1, 2020 to June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure students are awarded aid within the prescribed limits and include a documented formal review to ensure the accuracy of all Return of Title IV (R2T4) calculations.



**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2021-004 Inadequate Review of Title IV Refund Calculation (Continued)**

**Condition:** The College lacked documentation of supervisory review of the R2T4 calculation.

**Questioned costs:** None.

**Context:** In our statistically valid sample of forty students, we did not note any noncompliance, but we noted all samples selected for R2T4 testing lacked documentation of supervisory review of the R2T4 calculation.

**Cause:** R2T4 review procedures were in effect, but there was no formal documentation of the review to verify that it occurred for every student.

**Effect:** It is possible for errors to occur and not be caught in a timely manner.

**Repeat Finding:** No.

**Recommendation:** We recommend that the College implement procedures to ensure review of R2T4 is documented.

**Views of responsible officials:** The College agrees with the finding.

**2021-005 Errors in Reporting for NSLDS**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistant Listing Number: 84.007/84.033/84.063/84.268/84.379/93.364

Federal Award Identification Number and Year: P007A201087 – 2021, P033A201087 – 2021, P063P200100 – 2021, P268K210100 - 2021, P379T210100 – 2021, E4CHP14916-02-04 - 2021

Award Period: July 1, 2020 to June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2021-005 Errors in Reporting for NSLDS (Continued)**

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless of if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days. The Code of Federal Regulations, 34 CFR 682.610, also states that institutions must report accurately the enrollment status of all students regardless of if they receive aid from the institution or not. This includes the enrollment effective date and related enrollment status, which must be reported for both the Campus-Level and the Program-Level as well as the program begin date. When a student withdraws during a term (or, in a nonterm program, during a payment period), the effective date for the withdrawn ('W') status is the withdrawal date used by the institution in accordance with 34 CFR 668.22(c). In the case of the student who completes a term and does not return for the next term, leaving the course of study uncompleted, the effective date for the 'W' status is the final day of the term in which the student was last enrolled. The description within the National Student Loan Data System (NSLDS) Enrollment Reporting Guide (and compliance supplement) defines the Effective Date as: the date that the current enrollment status reported for a student was first effective. The important piece about the effective date is it starts the grace period for loans, so if a student is an unofficial withdrawal and the school uses 50% of the term for the return of Title IV (R2T4) calculation, then that date should be the effective date within NSLDS as well.

**Condition:** The College did not update student status changes and enrollment effective dates timely, and there was no documentation to provide evidence of their review process.

**Questioned costs:** None.

**Context:** In our statistically valid sample of forty students selected for NSLDS enrollment reporting testing, we identified three samples for which the student's change in status was not properly updated within 60 days. And we identified ten samples for which the student's enrollment effective date was not properly updated. When uploading reports to the National Clearing House (NSC), the reports are reviewed and a spot check performed on student information. There is no evidence of this review documented.

**Cause:** The College did not timely or properly report student status changes to NSLDS through their third-party servicer, National Student Clearinghouse (NSC). The enrollment effective date errors were related to human error and changes in staffing. There are no procedures in place to document supervisory review of the NSLDS reporting process.

**Effect:** Failure to properly report withdrawal dates on NSLDS could affect the timing of the grace period for repayment of Title IV loans. Additionally, the College was not in compliance with the requirements to properly report student enrollment data correctly or timely to NSLDS.

**Repeat Finding:** No.

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2021-005 Errors in Reporting for NSLDS (Continued)**

**Recommendation:** We recommend that the College implement procedures to ensure that enrollment data, changes in status and effective dates within NSLDS match the records of the institution and are reported timely. And we recommend that the College implement formal review procedures to document the review process.

**Views of responsible officials:** The College agrees with the finding.

**2021-006 Inadequate Review of Cash Draws**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

Assistant Listing Number: 84.007/84.033/84.063/84.268/84.379/93.364

Federal Award Identification Number and Year: P007A201087 – 2021, P033A201087 – 2021, P063P200100 – 2021, P268K210100 - 2021, P379T210100 – 2021, E4CHP14916-02-04 - 2021

Award Period: July 1, 2020 to June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

**Criteria or specific requirement:** Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure G5 drawdowns are formally reviewed by a supervisor who did not prepare the drawdown to verify the correct amount is requested.

**Condition:** The College lacked documentation of supervisory review cash management procedures.

**Questioned costs:** None.

**Context:** In our statistically valid sample of eight drawdowns, we noted that all samples selected for cash management testing lacked documentation of supervisory review.

**Cause:** There are no procedures in place to document supervisory review of G5 drawdowns.

**Effect:** Failure to properly review cash management drawdowns could result in an improper amount of funds being requested.

**Repeat Finding:** No.

**Recommendation:** We recommend that the College implement formal review procedures to document that the G5 drawdown reviews are being performed to minimize the likelihood of errors going undetected in a timely manner.

**Views of responsible officials and management's response:** The College agrees with the finding.

**LEWIS-CLARK STATE COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2021-007 Suspension and Debarment**

Federal agency: Department of Education

Federal program title: Education Stabilization Fund

Assistant Listing Number: 84.425F

Federal Award Identification Number and Year: P425F203713 - 2020

Award Period: July 1, 2020 to June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

**Criteria or specific requirement:** Uniform Grant Guidance (2 CFR 180.300) requires that, when entering into a covered transaction with another person (an individual, corporation, partnership, association, unit of government, or legal entity), you must verify that the person with whom you intend to do business is not excluded or disqualified.

**Condition:** The College retain proper documentation for suspension and debarment verification.

**Questioned costs:** None.

**Context:** During our testing, we noted two samples out of two vendors tested did not contain proper documentation for suspension and debarment verification.

**Cause:** There are no procedures in place to routinely assess suspension and debarment for multi-year contracts with vendors, and inadequate maintenance of evidence the procedure occurred when suspension and debarment are assessed.

**Effect:** Failure to assess suspension and debarment could lead to the College working with unqualified vendors.

**Repeat Finding:** No.

**Recommendation:** We recommend the College implement formal procedures to routinely assess suspension and debarment status for vendors used in multiple years, and we recommend that assessment of suspension and debarment status be retained to support evidence the procedure was performed.

**Views of responsible officials and management's response:** The College agrees with the finding.

**LEWIS-CLARK STATE COLLEGE  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2021**

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**Section IV – Prior Year Findings**

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None reported.



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