

Report on Compliance

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia
National Government)

Year ended September 30, 2024



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College of Micronesia-FSM
(A Component Unit of the Federated States of Micronesia National Government)

Compliance and Internal Control

Year ended September 30, 2024

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Report of Independent Auditors 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 Management and the Board of Regents
College of Micronesia-FSM

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 (*Government Auditing Standards*), the financial statements of College of Micronesia-FSM (the College), which comprise the statement of net position as of September 30, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated January 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College’s internal control. Accordingly, we do not express an opinion on the effectiveness of the College’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 were not identified. We identified certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 to be material weaknesses.

Report on Compliance and Other Matters

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

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.

Ernst + Young LLP

January 29, 2026



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Report of Independent Auditors on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Management and the Board of Regents
College of Micronesia-FSM

Report of Independent Auditors on Compliance for the Major Federal Program

Qualified Opinion

We have audited College of Micronesia-FSM's (the College) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2024. The College's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on the Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended September 30, 2024.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirements regarding the Student Financial Assistance Cluster as described in finding numbers 2024-005, 2024-006 and 2024-007 for special tests and provisions.

Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

As described in findings 2024-003 and 2024-004 in the accompanying schedule of findings and questioned costs, the college did not comply with the requirements regarding the following:

Finding No.	ALN	Program Name	Requirement
2024-003	84.063	Student Financial Assistance - Federal Pell Grant	Reporting
2024-004	84.063	Student Financial Assistance - Federal Pell Grant	Special Test and Provisions: Verification

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response

The College is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The College's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-005, 2024-006 and 2024-007 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 and 2024-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the College as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated January 29, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

January 29, 2026

College of Micronesia-FSM
(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Expenditures of Federal Awards

Year ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Other Identification	Federal AL Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION:					
Direct:					
Student Financial Assistance Cluster:					
Federal Pell Grant Program		84.063		\$ -	\$ 9,888,335
Subtotal Student Financial Assistance Cluster				-	9,888,335
TRIO Cluster:					
TRIO-Upward Bound		84.047		\$ -	\$ 674,250
TRIO-Talent Search		84.044		-	401,721
Subtotal TRIO Cluster				-	1,075,971
COVID-19 - HEERF Minority Serving Institutions	COVID-19	84.425L		-	2,828,148
Total U.S. Department of Education				\$ -	\$ 13,792,454
U.S. DEPARTMENT OF THE INTERIOR:					
Pass-Through FSM National Government:					
Economic, Social, and Political Development of the Territories:					
Compact of Free Association II		15.875	D16AF00012-00010	\$ -	\$ 1,000,000
Compact of Free Association II (SEG)		15.875	D15AF00049-00020	-	878,978
Total U.S. Department of the Interior				\$ -	\$ 1,878,978
U.S. DEPARTMENT OF AGRICULTURE:					
Direct:					
Resident Instruction, Agriculture, and Food Science Facilities and Equipment Grants		10.308		\$ -	\$ 93,039
Pass-Through College of Micronesia - Land Grant:					
Research and Development Cluster:					
Smith-lever Extension Funding		10.511	Unkown	-	932,221
Payments to Agriculture Experiment Stations under the Hatch Act		10.203	Unkown	-	452,084
Expended Food and Nutrition Education Program		10.514	Unkown	-	57,525
Subtotal Research and Development Cluster				-	1,441,830
Total U.S. Department of Agriculture				\$ -	\$ 1,534,868
U.S. DEPARTMENT OF COMMERCE:					
Direct:					
Economic Adjustment Assistance		11.307	07-79-07664	\$ -	\$ 255,649
Economic Development Cluster:					
Connecting Minority Communities Pilot Program		11.028	64-09-C13082	-	538,601
Subtotal Economic Development Cluster				-	538,601
Total U.S. Department of the Commerce				\$ -	\$ 794,250
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Direct:					
Grants to States to Support Oral Health Workforce		93.236		\$ -	\$ 374,944
Total U.S. Department of Health and Human Services				\$ -	\$ 374,944
NATIONAL SCIENCE FOUNDATION:					
Pass-Through University of Hawaii:					
STEM Education (formerly Education and Human Resources)		47.076	HI 1457	\$ -	\$ 30,150
Total National Science Foundation				\$ -	\$ 30,150
Total Federal Awards Expended				\$ -	\$ 18,405,644

College of Micronesia-FSM

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Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2024

1. Scope of Audit

College of Micronesia-FSM is a component unit of the FSM National Government established by Public Law 7-79 on September 25, 1992. Only the activities of College of Micronesia-FSM are included within the scope of the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of College of Micronesia-FSM under programs of the federal government for the year ended September 30, 2024. 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 of Micronesia-FSM, it is not intended to and does not present the net position, changes in net position or cash flows of the College of Micronesia-FSM.

3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, consistent with the manner in which the College maintains its accounting records. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. All expenses and capital outlays are reported as expenditures when incurred. Pass-through entity identifying numbers are presented where available. The College of Micronesia-FSM does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

College of Micronesia-FSM
(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs

Year ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> X </u>	Yes	<u> </u>	None reported

Type of auditor's report issued on compliance for major federal programs:

Student Financial Assistance Cluster Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X **Yes** **No**

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Section I - Summary of Auditor’s Results, continued

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.063	Student Financial Assistance Cluster Federal Pell Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

 Yes X No

Section II—Financial Statement Findings

<u>Reference Number</u>	<u>Findings</u>
2024-001	Financial statement close process to effectively meet the external financial reporting Objectives
2024-002	Grants and contracts receivable subsidiary ledgers

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Section III - Federal Award Findings and Questioned Costs

Finding No.	ALN	Requirement	Questioned Costs
2024-003	Student Financial Assistance Cluster – Federal Pell Grant	Reporting	\$ -0-
2024-004	Student Financial Assistance Cluster – Federal Pell Grant	Special Test and Provisions: Verification	10,693
2024-005	Student Financial Assistance Cluster – Federal Pell Grant	Special Tests and Provisions: Gramm-Leach-Bliley Act– Student Information Security	-0-
2024-006	Student Financial Assistance Cluster – Federal Pell Grant	Special Tests and Provisions: Disbursements to or on Behalf of Students	-0-
2024-007	Student Financial Assistance Cluster – Federal Pell Grant	Special Tests and Provisions: Enrollment Reporting	-0-

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No. 2024-001

Area: Financial statement close process to effectively meet the external financial reporting Objectives

Criteria:

According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, the reporting objectives of entities pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, standard setters, or the entity's policies.

Entities need to achieve external financial reporting objectives to meet obligations to and expectations of stakeholders. Financial statements are necessary for accessing capital markets and may be critical to being awarded contracts or in dealing with suppliers and vendors. Investors, analysts, and creditors often rely on an entity's external financial statements to assess its performance against peers and alternative investments.

A system of internal control is expected to provide an organization with reasonable assurance that those objectives relating to external reporting and compliance with laws and regulations will be achieved. Generally, management and/or the board have greater discretion in setting internal reporting objectives that are not driven primarily by such external parties. However, the organization may choose to align its internal and external reporting objectives to allow internal reporting to better support the entity's external reporting.

Condition:

We observed below matters that are anticipated to be addressed in the College's financial statement close process for external reporting.

- 1) Receivable and liability subsidiary ledgers do not agree with trial balance. These were resolved by management during the audit.
- 2) Federal revenues and the schedule of expenditures of federal awards (SEFA) are not reconciled in a timely manner causing the following misstatements:
 - a. Understatement federal grants and contracts revenues by approximately \$2.2 million. These were recorded in another revenue line item and do not have an impact on the College's statement of revenues, expenses and changes in net position.
 - b. Understatement of the SEFA by approximately \$900,000. This was corrected during the audit.
- 3) Interfund accounts are not closed in a timely manner with net balance of approximately \$340,000. These were corrected during the audit.
- 4) Individual liability accounts with unusual balances amounted to approximately \$730,000. These are expected to be offset against another liability account and do not have an impact on the College's statement of revenues, expenses and changes in net position.

College of Micronesia-FSM

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Schedule of Findings and Questioned Costs, continued

Finding No. 2024-001, continued

- 5) Invalid liability accounts are not closed in a timely manner amounted to approximately \$616,000 which overstated cash by \$280,000 and grants and contracts receivable by \$336,000. These were corrected during the audit.

Cause:

The College lacks formal procedures to implement the periodic financial statement close process for external reporting purposes.

Effect or potential effect:

The financial statements for external reporting are not timely prepared in accordance with applicable generally accepted accounting principles. Numerous adjusting entries are identified during the audit process.

Recommendation:

Management should revisit its financial statement close process for external reporting to ensure that (1) reconciliation of accounts is performed in a timely basis, (2) accounting records, including all subsidiary ledgers and documents used to support the trial balance, are complete and accurate, (3) closing entries are reviewed by an appropriate level of management and recorded appropriately, and (4) separate financial statements for external reporting are prepared in accordance with generally accepted accounting principles.

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No. 2024-002

Area: Receivable subsidiary ledgers

Criteria:

Maintaining subsidiary ledgers is a component of an organization's internal control system, particularly within the information and communication element of the COSO framework. COSO framework emphasizes the importance of accurate and complete information, as well as the processes by which transactions are recorded, processed, and reported.

Subsidiary ledgers are used to record detailed transactions that support the balances in the general ledger and are crucial for ensuring the accuracy and completeness of financial reporting.

Condition:

The College was not timely in providing the subsidiary ledgers for grants and contracts receivable that do have sufficient details to show the outstanding balances per grant award.

Management resolved above during the audit.

Cause:

The College relies on its general ledger system which has limited features to provide information that is useful for effective monitoring of account balances.

Identification as a Repeat Finding: Finding No. 2023-003

Effect or potential effect:

The College has no available subsidiary ledgers to monitor the transaction's age and outstanding balance per grantor and/or per grant. This does not support an effective monitoring of grant activities that may potentially lead to misstatement in account balances.

Recommendation:

The College should prepare and utilize subsidiary ledgers outside the general ledger system to maintain information such as, but not limited to, transaction date, transaction reference number, grantor and grant identification number. The corresponding collection or payment should be closed to the outstanding balance at transaction level which will result in a schedule showing outstanding balances per grant award. This monitoring will enable the College to improve reporting and assess collectability of long-outstanding receivables in a timely manner.

College of Micronesia-FSM
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Schedule of Findings and Questioned Costs, continued

Finding No. 2024-002, continued

Area: Receivable subsidiary ledgers

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-003
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Reporting
Questioned Costs: \$-0-

Criteria:

Institutions are required to submit origination records and disbursement records to the Common Origination and Disbursement (COD) system. Origination records can be sent well in advance of any disbursements, as early as the institution chooses to submit them for any student the institution reasonably believes will be eligible for a payment. Origination records include the student information such as Social Security number, award amount, enrollment date, verification status code (when the applicant is selected for verification), transaction number, cost of attendance, and the “Academic Start Date” and “Academic End Date”

Condition:

For all 60 origination records tested, the College reported the cost of attendance from the SY2022-2023 handbook. The current cost of attendance, as per the SY2023-2024 handbook, exceeds the amounts reported in the origination records. Additionally, the College did not consider the applicant's enrollment status (full-time, three-fourths-time, half-time, or less than half-time) when determining the cost of attendance; instead, it applied full-time status uniformly to all applicants.

Cause:

The discrepancies identified in the origination records stem from lack of systematic review and update processes for financial aid records.

Effect:

The reliance on outdated cost of attendance data and the uniform application of full-time status may lead to incorrect calculation of financial awards to students.

Identification as a Repeat Finding: Finding No. 2023-004

Recommendation:

The College should establish a systematic process for reviewing and updating the origination records prior to submission to COD System.

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Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-003, continued
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Reporting
Questioned Costs: \$-0-

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Verification
Questioned Costs: \$10,693

Criteria:

34 CFR 668.54(a); FSA Handbook Application and Verification Guide, Chapter 4 requires an institution to establish written policies and procedures that incorporate the provisions of 34 CFR 668.51 through 668.61 for verifying applicant information for those applicants selected for verification by ED. Institutions shall require each applicant whose application is selected by ED to verify the information required for the Verification Tracking Group to which the applicant is assigned. However, certain applicants are excluded from the verification process as listed in 34 CFR 668.54(b). A menu of potential verification items for each award year is published in the Federal Register, and the items to verify for a given application are selected by ED from that menu and indicated on the student's output documents. Verification tracking groups and verification items for each award year can also be found in the annual FSA Handbook, Application and Verification Guide, Chapter 4. Institutions shall also require applicants to verify any information used to calculate an applicant's Estimated Family Contribution(EFC) that the institution has reason to believe is inaccurate and provide an accurate code for the individual's verification status in the COD system.

Condition:

The following conditions were observed for 4 out of the 17 students tested. The total amount awarded to these 4 students throughout the year was \$10,693, whereas the total amount awarded to all 17 students tested was \$49,522. Total amount awarded to all students selected for verification was \$205,265.

For 1 (or 6%) of 17 students tested, verification worksheet is missing and required verification procedure is not performed.

For 4 (or 24%) of 17 students tested, discrepancies were found in the verification worksheet versus the student's Institutional Student Information Record (ISIR).

For 3 (or 18%) of 17 students tested, corrections required for ISIRs were not made.

For 1 (or 6%) of 17 students tested, Standard Verification(V1) & required custom verification (V4) requirements are not met.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-004, continued
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Verification
Questioned Costs: \$17,715

Cause:

The College did not effectively monitor compliance with applicable verification requirements.

Effect:

The College is in noncompliance with applicable verification requirements.

Identification as a Repeat Finding: Finding No. 2023-005

Recommendation:

The College should enhance training programs for staff involved in the verification process to ensure they are fully aware of the requirements and procedures. Establish robust internal controls and review mechanisms to ensure that verification worksheets are completed accurately and consistently with ISIRs. Implement a tracking system to ensure that all required corrections to ISIRs are performed in a timely manner.

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-005
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Gramm-Leach-Bliley Act–Student Information Security
Questioned Costs: \$-0-

Criteria:

The Gramm-Leach-Bliley Act (GLBA) requires 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 because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Institutions should comply with GLBA in their Program Participation Agreement with ED. Institutions must protect student financial aid information, with particular attention to information provided to institutions by ED or otherwise obtained in support of the administration of the Federal student financial aid programs (16 CFR 314.3; HEA 483(a)(3)(E) and HEA 485B(d)(2)).

Condition:

The College does not have a qualified individual to oversee the GLBA information security program. Additionally, the College does not have an existing GLBA information security program in place.

Cause:

The non-compliance is due to a lack of awareness and understanding of the GLBA requirements and the absence of a formalized process for establishing and maintaining an information security program.

Effect:

The College is in noncompliance with applicable GLBA requirements.

Identification as a Repeat Finding: Finding No. 2023-006

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-005, continued
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Gramm-Leach-Bliley Act–Student Information Security
Questioned Costs: \$-0-

Recommendation:

The College should develop and implement a comprehensive GLBA information security program that includes risk assessments, safeguards, and regular testing and monitoring of the effectiveness of these safeguards. A qualified individual with the necessary expertise and authority to oversee the GLBA information security program should also be designated. Provide training to relevant staff on GLBA requirements and the importance of information security. Conduct periodic reviews and updates of the information security program to ensure ongoing compliance with GLBA requirements.

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-006
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Disbursements to or on Behalf of Students
Questioned Costs: \$-0-

Criteria:

34 CFR 668.165(a)(1)) requires institutions to notify students of the amount and type of Title IV funds they are expected to receive, and how and when those disbursements will be made (often referred to as an award letter or college financing plan) prior to making a disbursement.

When Title IV funds are credited to a student account and they exceed the amount of tuition and fees, room and board, and other authorized charges assessed the student, a credit balance is created. The institution must pay the resulting credit balance directly to the student or parent borrower within 14 days after (1) the first day of class of a payment period if the credit balance occurred on or before that day, or (2) the balance occurred if that was after the first day of class.

Condition:

The College does not provide notification to students regarding the amount and type of Title IV funds they are expected to receive, as well as how and when those disbursements will be made. No questioned cost is identified as the non-compliance was related to a notification requirement.

For 10 (or 17%) of 60 students tested, the College did not disburse the students' credit balances within the mandated 14-day period. The total credit balance for these 10 students was \$11,379, while the total credit balance for all 60 students tested was \$57,385. No questioned costs were identified, as the credit balances were later disbursed to the students.

Cause:

The non-compliance is due to inadequate processes and controls for communicating financial aid information to students. This includes a lack of established procedures for generating and distributing notifications to students.

Effect:

The College is in noncompliance with applicable student notification and time frame requirements for paying credit balances to students.

Identification as a Repeat Finding: Finding No. 2023-007

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-006, continued
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Disbursements to or on Behalf of Students
Questioned Costs: \$-0-

Recommendation:

The College should implement a comprehensive communication strategy to ensure that all students receive clear and timely notifications regarding their Title IV funds. This should include the development of award letters or college financing plans that outline the amount and type of funds, as well as the disbursement schedule. Additionally, the College should establish a monitoring system to ensure that credit balances are disbursed within the required 14-day timeframe to maintain compliance with federal regulations.

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-007
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Enrollment Reporting
Questioned Costs: \$-0-

Criteria:

Institutions are required to report enrollment information under the Pell grant via the National Student Loan Data System (NSLDS). Institutions must review, update, and certify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. The data on the institution's Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment. There are two categories of enrollment information, "Campus Level" and "Program Level," both of which need to be reported accurately and have separate record types.

Condition:

For 38 (or 63%) of 60 students tested, campus level information is not updated in NSLDS. Campus-level record data elements include OPEID number, enrollment effective date, enrollment status and certification date.

For 24 (or 40%) of 60 students tested, program level information is not updated in NSLDS. Program-level record data elements include OPEID number, Classification of Instructional Programs (CIP) code, CIP year, credential level, published program length measurement, published program length, program begin date, program enrollment status and program enrollment effective date.

Cause:

The non-compliance is due to inadequate processes and controls for monitoring and updating students' enrollment status in the NSLDS. This includes delays in processing updates and a lack of oversight to ensure accurate reporting.

Effect:

The College is in noncompliance with applicable enrollment reporting requirements.

Identification as a Repeat Finding: Finding No. 2023-008

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Schedule of Findings and Questioned Costs, continued

Finding No.: 2024-007, continued
Federal Agency: U.S. Department of Education
AL Program: Student Financial Assistance Cluster - 84.063 Federal Pell Grant
Federal Award No.: Title IV HEA Program OPE ID 01034300
Area: Special Tests and Provisions: Enrollment Reporting
Questioned Costs: \$-0-

Recommendation:

The College should develop and implement a formal process for monitoring and updating students' enrollment status in the NSLDS to ensure compliance with reporting requirements. Establish internal controls to track changes in enrollment status and ensure timely updates to the NSLDS. Conduct periodic reviews of the enrollment reporting process to identify and address any inaccuracies or delays. Provide training to relevant staff on the importance of compliance with enrollment reporting requirements and the procedures for accurate and timely updates.

Views of responsible officials

The College acknowledges the finding. Refer to corrective action plan.



Corrective Action Plan
Year Ended September 30, 2024

Finding 2024-01 – Financial statement close process to effectively meet the external financial reporting objectives

Recommendation

Management should revisit its financial statement close process for external reporting to ensure that (1) reconciliation of accounts is performed on a timely basis, (2) accounting records, including all subsidiary ledgers and documents used to support the trial balance are complete and accurate, (3) closing entries are reviewed by an appropriate level of management and recorded appropriately, and (4) separate financial statements for external reporting are prepared in accordance with generally accepted accounting principles.

Response

The College acknowledges the audit finding and will strengthen its closing process and preparation of financial statements by:

- 1) Clarifying and reassigning responsibilities for the closing process.
- 2) Establishing a deadline for the closing process
- 3) Reviewing and improving procedures related to the closing of accounts.

Contact: Comptroller

Completion Date: September 30, 2025

Finding 2024-02 – Receivables subsidiary ledgers

Recommendation

The College should prepare and utilize subsidiary ledgers outside the general ledger system to maintain information such as, but not limited to, transaction date, transaction reference number, grantor, and grant identification number. The corresponding collection of payment should be closed to the outstanding balance at the transaction level, which will result in a schedule showing outstanding balances per grant award. This monitoring will enable the College to improve reporting and assess the collectability of long-outstanding receivables in a timely manner.

Response

The college acknowledges the finding and will improve the monitoring of accounts receivable and its impact by:

- 1) Reviewing responsibility of receivable accounts and transactions.
- 2) Prepare the suggested subsidiary ledgers
- 3) Monitor the transactions
- 4) Subsidiary ledgers will be updated monthly and reconciled with the general ledger for each grant.



Contact Person: Accountant V
Completion Date: September 30, 2025

Finding No.: 2024-03 – Reporting

Recommendation

The College should establish a systematic process for reviewing and updating the origination records prior to submission to the COD System.

Response

The College acknowledges the audit finding regarding the use of outdated cost of attendance (COA) figures and the uniform application of full-time enrollment status in COD origination records for the 2022–2023 academic year. In response, the Financial Aid Office (FAO) is committed to strengthening its policies and procedures to ensure accuracy, compliance, and proper stewardship of the Title IV funds. To this end, the College will implement the following corrective actions:

1. Policy and Procedure Enhancement

- a. The FAO will develop and implement a formal **Standard Operating Procedure (SOP)** for COD reporting. This SOP will include:
 - A **COA validation checklist** to ensure the correct, current-year COA from the approved financial aid handbook is applied.
 - The college has continuously considered the applicants' enrollment status (full-time, $\frac{3}{4}$ -time, half-time, or less-than-half-time) when determining the cost of attendance and awards but publishes only one cost of attendance for full time for the purpose of illustration. Hence, the college will start publishing all COA for all enrollment categories in the student financial aid handbook as a published guideline for awarding
 - A timeline that aligns record origination with student registration/enrollment confirmation to minimize errors and fully utilize the published Pell Recalculation Date (PRD) in the student financial aid handbook
- b. The SOP will be reviewed annually.

2. Staff Training and Certification

- a. FAO staff will participate in mandatory annual internal training and refresher workshops on the EDEXpress system, COD reporting procedures, and Title IV compliance. The first round of enhanced training will be completed by August 30, 2025. Staff will also complete Federal Student Aid (FSA) training modules related to COD and verification processes to ensure understanding of federal expectations and system updates.



3. Manual Data Verification Protocol

- The Financial Aid Office (FAO) will implement a structured manual data verification protocol to ensure accuracy when transferring information from the Student Information System (SIS) to EDEXpress. This protocol will include: Use of pre-submission checklists to verify each student's cost of attendance (COA), enrollment status, and other required data fields against the official records in the SIS.
- Designated FAO staff will perform a two-tiered review process, where one staff member enters data and another independently verifies accuracy prior to COD submission.
- Maintenance of record logs for each batch of COD submissions, documenting the review steps taken and any discrepancies corrected before submission.

4. Oversight and Accountability

- a. The Director of the Financial Aid Office (FAO) will be responsible for monitoring adherence to COD reporting requirements to ensure accuracy and compliance. This includes tracking staff training completion related to EDEXpress and Title IV regulations, conducting quarterly internal reviews of origination and disbursement records, and verifying the correct use of current cost of attendance figures and enrollment status classifications. The Director will document findings, implement corrective actions as needed, and provide quarterly progress reports to the Vice President for Enrollment Management and Student Services (VPEMSS).

Contact: VPEMSS

Completion Date: September 30, 2025

Finding No.: 2024-04 – Special Test and Provisions: Verification

Recommendation

The College should enhance training programs for staff involved in the verification process to ensure they are fully aware of the requirements and procedures. Establish robust internal controls and review mechanisms to ensure that verification worksheets are completed accurately and consistently with ISIRs. Implement a tracking system to ensure that all required corrections to ISIRs are performed in a timely manner.

Response

The College acknowledges the audit finding regarding verification errors, including the incorrect application of verification tracking groups, missing documentation, discrepancies between verification worksheets and ISIRs, and failure to make required corrections. In response, the Financial Aid Office (FAO) is committed to strengthening its verification procedures to ensure full compliance with federal regulations and to protect the integrity of Title IV funds. To this end, the College will implement the following corrective actions:



1. Policy and Procedure Enhancement

- a. The FAO will develop and implement a formal Standard Operating Procedure (SOP) for the verification process, revise and update all existing verification worksheet forms. This SOP will include:
 - Clear guidelines for identifying and applying the correct verification tracking groups (e.g., V1, V4, V5).
 - Procedures for resolving discrepancies between verification worksheets and ISIRs prior to award disbursement.
 - Steps for submitting timely and accurate ISIR corrections, as required.
 - A documentation checklist to ensure all required verification forms and statements of educational purpose are collected and properly stored.

2. Policy and Procedure Enhancement

- a. To ensure consistent understanding and application of federal verification rules, FAO staff across all campuses will:
 - Complete mandatory annual training sessions on verification policies, ISIR review, and regularly read updates on the Federal Student Aid (FSA) Knowledge Center.
 - Participate in internal refresher workshops focused on hands-on case processing and error prevention.
 - Complete relevant modules from the Federal Student Aid (FSA) training site, including those on verification tracking groups and identity verification requirements.

3. Verification Quality Control Protocol

- a. The FAO will implement a structured quality control protocol for verification, including:
 - A two-person verification review system in which one staff member processes the file and another independently reviews it for accuracy and completeness.
 - Use of a standardized review checklist to ensure all required documents match the ISIR and that any discrepancies are properly resolved and documented.
 - A log of all verification actions, including corrections submitted to FAFSA Processing System (FPS) and updates made in the student's file, to support audit readiness.

4. Oversight and Accountability

- a. The Director of the Financial Aid Office (FAO) will be responsible for overseeing verification compliance and ensuring corrective actions are implemented effectively. This includes:
 - Monitoring the accuracy of verification tracking group assignments and documentation across all campuses.
 - Tracking the completion of required training for all FAO staff.
 - Conducting quarterly file audits to verify ongoing compliance with federal verification standards.
 - Reporting findings and corrective actions quarterly to the VPEMSS).



Contact: VPEMSS

Completion Date - September 30, 2025

Finding 2024-05 – Special Tests and Provisions: Gramm-Leach-Bliley Act–Student Information Security

Recommendation

The College should develop and implement a comprehensive GLBA information security program that includes risk assessments, safeguards, and regular testing and monitoring of the effectiveness of these safeguards. A qualified individual with the necessary expertise and authority to oversee the GLBA information security program should also be designated. Provide training to relevant staff on GLBA requirements and the importance of information security. Conduct periodic reviews and updates of the information security program to ensure ongoing compliance with GLBA requirements.

Response

The college acknowledges the finding and will strengthen its student information security by implementing the following:

1. Designate a qualified Information Security Officer from within the IT Division or recruit externally if internal capacity is limited. 2) Develop a GLBA compliance program that includes:
 - Annual risk assessments
 - Implementation of administrative, technical, and physical safeguards
 - Staff training on data privacy
 - Annual testing of the security protocols

Contact: Vice President for Institutional Effectiveness & Quality Assurance (VPIEQA)

Completion Date: September 30, 2025

Finding 2024-06 - Special Tests and Provisions: Disbursements to or on Behalf of Students

Recommendation

The College should implement a comprehensive communication strategy to ensure that all students receive clear and timely notifications regarding their Title IV funds. This should include the development of an award letter of college financing plans that outline the amount and type of funds, as well as the disbursement schedule. Additionally, the College should establish a monitoring system to ensure that credit balances are disbursed within the required 14-day time frame to maintain compliance with federal records.



Response

The College acknowledges the findings and has initiated a process to address them. A formal request has been submitted to the SIS program developer for the implementation of a notification feature. The SIS vendor has confirmed development will be completed by July 1, 2025. This feature will ensure that students receive email notifications when they are awarded and reimbursed for any overpayments. Furthermore, we will establish an enhanced level of monitoring to ensure that credit balances are disbursed within the designated 14-day timeframe.

Contact: Comptroller

Completion Date: September 30, 2025

Finding No.: 2024-07- Special Tests and Provisions: Enrollment Reporting

Recommendation

The College should develop and implement a formal process for monitoring and updating students' enrollment status in the NSLDS to ensure compliance with reporting requirements. Establish internal controls to track changes in enrollment status and ensure timely updates to the NSLDS. Conduct periodic reviews of the enrollment reporting process to identify and address any inaccuracies or delays. Provide training to relevant staff on the importance of compliance with enrollment reporting requirements and the procedures for accurate and timely updates.

Response

1. The College will retain the FAO as the lead unit responsible for NSLDS enrollment reporting, in alignment with Title IV compliance functions. However, the College will strengthen interdepartmental collaboration by establishing a formal partnership with the Registrar's Office, which maintains the official record of enrollment data.
2. A shared workflow and communication protocol between the FAO and Registrar's Office will be developed to ensure timely, accurate updates of both campus-level and program-level data. The Registrar's Office will be responsible for updating student enrollment data, which serves as the source data for NSLDS reporting. The FAO will extract and upload these reports via the Enrollment Reporting Roster (ERR) on the NSLDS Professional Access portal.
3. The College will implement internal controls to track and verify changes in student enrollment status, program information, and key data elements. These controls will include but by no means limited to:
 - a. A monthly reconciliation process between SIS data and NSLDS records.
 - b. Use of exception reports to flag and resolve inconsistencies or delays.
 - c. Documentation of all update logs for audit purposes.



Periodic reviews will be conducted at least once per term to assess the accuracy and completeness of enrollment reporting. Any discrepancies will be promptly addressed and procedures updated as necessary to prevent recurrence. Relevant staff in both the FAO and Registrar's Office will receive regular training on NSLDS reporting requirements, including proper use of record types (Campus vs. Program Level), enrollment status codes, and certification timelines. Training will emphasize the implications of noncompliance and best practices for accurate reporting. Training logs will be maintained by both the FAO and Registrar's Office to support accountability and audit-readiness.

Contact: VPEMSS

Completion Date: September 30, 2025

Institution-Wide Internal Audit and Monitoring Strategy

To support and sustain all corrective actions identified in this plan, the College will immediately strengthen its internal audit and compliance oversight by implementing the following institutional measures:

1. Establishment of Internal Auditor Position

Effective FY2025, the College will appoint an Internal Auditor reporting directly to the President and functionally to the Board's Finance & Audit Committee. This position will:

- Operate independently from operational units
- Lead risk-based audits of Business, Financial Aid, Registrar, and Procurement operations
- Monitor implementation of corrective actions across all departments
- Validate internal controls and issue findings with recommendations
- Prepare quarterly internal audit reports for senior leadership and the Board

2. Quarterly Departmental Reviews

The Internal Auditor will oversee and coordinate quarterly reviews of high-risk compliance areas, including:

- Accounts receivable aging and adjustments
- Financial aid verification and disbursements
- NSLDS enrollment updates
- Procurement and vendor compliance (SAM.gov)

3. Audit Schedule and Risk Matrix

An Annual Audit Plan will be developed and approved by the Board's Audit Committee, prioritizing:

- High-risk operational areas
- Recurring external audit findings
- Compliance deadlines and grant obligations

4. Corrective Action Verification

The Internal Auditor will review and verify the completion of all corrective actions documented in this plan. Verification will include review of documentation, interviews, and testing procedures.



5. Audit Reporting and Follow-Up

The Internal Auditor will submit quarterly reports to:

- The Vice President for Innovation and Sustainability (VPIS)
- The President
- The Board's Finance & Audit Committee

6. Staff Development and Compliance Training

All departments involved in compliance will:

- Participate in annual refresher training
- Complete relevant federal modules (e.g., FSA, NASFAA, EDGAR, GFOA)
- Receive audit-readiness coaching from the Internal Auditor

Lead Contact: Office of the President

Target Milestones:

- Internal Auditor Appointed: By September 30, 2025
- First Quarterly Internal Audit Report: By December 31, 2025

Immediate Measures: Engagement of a Third-Party Reviewer

To ensure immediate, independent oversight of corrective actions while the internal audit function is being established, the College will engage a qualified third-party reviewer, such as an external audit consultant or CPA firm. This reviewer will provide interim validation of audit remediation efforts and support the transition to an internal audit structure. Their responsibilities will include:

- Verifying the progress and documentation of all corrective actions outlined in this plan.
- Providing independent assessment reports directly to the President and the Board's Finance & Audit Committee.
- Facilitating training and handover procedures for the incoming Internal Auditor.

Engagement Timeline:

- Selection and onboarding of third-party reviewer: By June 30, 2025
- First verification report: By September 30, 2025
- Continued engagement until the internal auditor is fully onboarded and operational.

Institutional Monitoring and Reporting Plan

To ensure timely and effective implementation of this Corrective Action Plan, the College will establish an institution-wide monitoring and reporting framework that includes:

1. Quarterly Progress Reviews

Each department head or designated contact person will submit a quarterly progress report on their respective findings to the Office of the President.



2. Status Tracking System

The College will use a status-tracking matrix (e. g., Not Started, In Progress, Completed, Verified) to monitor implementation of corrective actions across all findings. This matrix will be maintained by the Internal Auditor (or third-party reviewer until then).

3. Review and Escalation

Unresolved or delayed corrective actions will be escalated to the President and the Board's Finance & Audit Committee for review and action.

4. Third-Party Oversight

Until the Internal Auditor is onboarded, the third-party reviewer will provide quarterly independent verification reports, confirming completion status, documentation, and procedural adherence.

5. Board Reporting

Quarterly CAP status updates will be presented to the Board of Regents Finance & Audit Committee, highlighting progress, risks, and any barriers to timely resolution.

Contact Person: Office of the President

Completion Date: September 30, 2025 (initial establishment)

Interim Oversight Leadership

Pending the formal engagement of a third-party reviewer and the establishment of an internal audit function, the Vice President for Innovation and Sustainability (VPIS) will assume the lead responsibility for coordinating, tracking, and reporting implementation of the Corrective Action Plan. The VPIS will:

- Maintain and update a centralized CAP tracking matrix;
- Coordinate quarterly status reviews with department heads;
- Prepare and submit quarterly progress updates to the President and the Board's Finance & Audit Committee;
- Liaise with the third-party reviewer (once onboarded) to ensure continuity and alignment.

Contact Person: Vice President of Innovation and Sustainability

Completion Date: September 30, 2025



Summary of Prior Year Audit findings
Year Ended September 30, 2023

Finding 2023-01 - Application of GASB Cod. N50, *Nonexchange Transactions* and GASB Cod. 2200, *Annual Comprehensive Financial Report*

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023.

Finding 2023-02 - Interfund payables/receivables

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023.

Finding 2023-03 – Grants and contracts receivables subsidiary ledgers

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023.

Finding No.: 2023-004 – Reporting

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023. The matter remains in progress as we await a determination from the United States Department of Education.

Finding No.: 2023-005 - Special Tests and Provisions: Verification

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023. The matter remains in progress as we await a determination from the United States Department of Education.

Finding 2023-06 – Special Tests and Provisions: Gramm-Leach-Bliley Act–Student Information Security

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023. The matter remains in progress as we await a determination from the United States Department of Education.

Finding 2023-07 - Special Tests and Provisions: Disbursements to or on Behalf of Students

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023. The matter remains in progress as we await a determination from the United States Department of Education.



Finding No.: 2023-008 - Special Tests and Provisions: Disbursements to or on Behalf of Students

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023. The matter remains in progress as we await a determination from the United States Department of Education.

Finding 2023-09 - Procurement, Suspension, and Debarment

The finding was addressed in Fiscal Year 2024, followed by the implementation of a corrective action plan in Fiscal Year 2023.