

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

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INDEPENDENT AUDITOR'S REPORTS ON  
INTERNAL CONTROL AND ON COMPLIANCE

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Year Ended September 30, 2012



CERTIFIED PUBLIC ACCOUNTANT

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**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**

Board of Regents  
Northern Marianas College

I have audited the financial statements of the Northern Marianas College (the College) as of and for the year ended September 30, 2012, and have issued my report thereon dated June 3, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.


My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the College, in a separate letter dated June 3, 2013.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Saipan, Commonwealth of the Northern Mariana Islands  
June 3, 2013



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Regents  
Northern Marianas College

Compliance

I have audited the College's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the College's major federal programs for the year ended September 30, 2012. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. My responsibility is to express an opinion on College's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 the College's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, Northern Marianas College, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. However, the results of my auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2012-01 and Finding No. 2012-02.

Internal Control Over Compliance

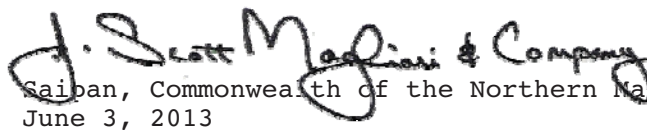
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My 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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over compliance that I consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as Findings 2012-01 and 2012-02. 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.

The College's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the College's responses and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Regents, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Saipan, Commonwealth of the Northern Mariana Islands  
June 3, 2013

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2012

Federal Grantor/Program Title	CFDA Number	Expenditures
<b>Direct Programs</b>		
Student Financial Assistance Programs:		
Federal Pell Grant Program	84.063	\$ 3,553,960
Federal Supplemental Educational Opportunity Grants	84.007	69,111
Federal Work-Study Program	84.033	42,179
Sub-total Student Financial Assistance Programs		3,665,250
College Access Challenge Grant Program	84.378	1,660,811
Adult Education - Basic Grants to States	84.002	556,981
Trio-Upward Bound	84.047	397,896
Sub-total U.S. Department of Education		6,280,938
<u>U.S. Department of Agriculture</u>		
Payment to Agricultural Experiment Stations under the Hatch Act	10.203	562,843
Cooperative Extension Services	10.500	1,096,585
Sub-total U.S. Department of Agriculture		1,659,428
<u>U.S. Department of Commerce</u>		
Learn and Serve America-Higher Education	94.005	4,829
Sub-total U.S. Department of Commerce		4,829
Sub-total Direct Programs		7,945,195
<b>Indirect Programs</b>		
<u>U.S. Department of Education</u>		
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	425,659
Sub-total U.S. Department of Education		425,659
<u>U.S. Department of the Interior</u>		
Economic, Social, and Political Development of the Territories	15.875	399,886
Sub-total U.S. Department of the Interior		\$ 399,886

**NORTHERN MARIANAS COLLEGE**

See accompanying notes to Schedule of Expenditure of Federal Awards.

(A Component Unit of the CNMI Government)

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2012

Federal Grantor/Program Title	CFDA Number	Expenditures
<b>Indirect Programs, Continued</b>		
<u>U.S. Department of Agriculture</u>		
Agriculture and Food Research Initiative	10.310	\$ 185,709
Resident Instruction Grants for Insular Area Activities	10.308	178,361
Cooperative Extension Service:		
Implementation of Western Sustainable Agricultural Research and Educational Program Professional Development Plan	10.500	25,519
Technology Transfer of Alternative Plant	10.500	21,762
Grants for Agricultural Research, Special Research Grants - Agricultural Development in the American Pacific	10.200	20,688
Integrated Programs	10.303	12,042
Specialty Crop Research Initiative	10.309	3,674
Sustainable Agriculture Research and Education	10.215	25
Sub-total U.S. Department of Agriculture		447,780
<u>National Science Foundation</u>		
Education and Human Resources	47.076	36,449
Sub-total National Science Foundation		36,449
<u>U.S. Department of Health and Human Services</u>		
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (B)	93.632	137,011
Model State-Supported Area Health Education Centers	93.107	80,600
Sub-total U.S. Department of Health and Human Services		217,611
Sub-total Indirect Programs		1,527,385
Total Federal Programs		\$ 9,472,580

See accompanying notes to Schedule of Expenditure of Federal Awards.

**NORTHERN MARIANAS COLLEGE**  
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Notes to the Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2012

(1) Scope of Review

The Northern Marianas College (the College) was created as an autonomous public agency of the Commonwealth of the Northern Mariana Islands (CNMI) pursuant to Title 3, Division 1, Chapter 3, Article 1 of the Commonwealth Code. The College's existence is to be perpetual and it shall have all the rights and privileges of a corporation. The purpose of the College is to provide secondary educational opportunities to the people of the CNMI. The U.S. Department of the Interior has been designated as the College's cognizant agency.

*Programs Subject to OMB A-133*

The Schedule of Expenditures of Federal Awards presents each Federal program related to the U.S. Department of Education, the U.S. Department of Agriculture, the U.S. Department of Health and Human Services, the U.S. Department of Commerce, the U.S. Department of the Interior, the U.S. Department of Transportation and the National Science Foundation which are subject to OMB A-133.

(2) Summary of Significant Accounting Policies

*Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. All program award amounts represent the total allotment or grant award received. All expenses and capital outlays are reported as expenditures.

*Cost Allocation*

The College is currently allocating administrative costs to program awards based upon criteria prescribed in those program awards.

(3) Indirect Cost Allocation

For fiscal year 2012, the College has an approved indirect cost rate of 19.90% for all grant programs, except for U.S. Department of Education programs, which is 8%.



**NORTHERN MARIANAS COLLEGE**  
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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes        X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
  
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   X  yes      \_\_\_\_\_none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   X  yes      \_\_\_\_\_no

**NORTHERN MARIANAS COLLEGE**  
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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION I – SUMMARY OF AUDITOR’S RESULTS, Continued**

Federal Awards

Identification of major programs:

<u>CFDA Number</u>	<u>Description</u>	<u>Federal Expenditures</u>
84.063	Federal Pell Grant Program	\$ 3,553,960
84.007	Federal Supplemental Educational Opportunity Grants	69,111
84.033	Federal Work-Study Program	<u>42,179</u>
	Financial Assistance Programs cluster	3,665,250
84.378	College Access Challenge Grant Program	1,660,811
10.500	Cooperative Extension Services	1,143,866
10.203	Payment to Agricultural Experiment Stations under the Hatch Act	562,843
84.002	Adult Education - Basic Grants to States	556,981
84.394	State Fiscal Stabilization Fund(SFSF) - Education State Grants, Recovery Act	425,659
15.875	Economic, Social, and Political Development of the Territories	399,886
84.047	Trio - Upward Bound	<u>397,896</u>
	Total Federal Expenditures-Major Programs	<u>\$ 8,813,192</u>
	Percentage of total awards tested	<u>93%</u>

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

\$ 300,000

Auditee qualified as low-risk auditee

\_\_\_\_\_yes    X no

**NORTHERN MARIANAS COLLEGE**  
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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings reported.

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Reporting – College Access Challenge Grant Program

Finding No. 2012-01

<u>CFDA No.</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
84.378	<p><u>Criteria:</u></p> <p>Grantees funded under the College Access Challenge Grant (CACG) Program are required to submit the following Annual Performance Report (APR).</p> <p>Included in the APR is certification of the Maintenance of Effort (MOE) signed by the State Budget Officer. Pursuant to CACG guidance on the preparation of the APR, tables showing State support for public and private higher education in fiscal years 2006-2011 have been posted on the CACG website. The data provided in the APR should be consistent with the figures shown in these tables, which were verified during the 2012 APR cycle. If State support amounts for the past years have changed, the reason for the change should be documented on the MOE section of the APR.</p> <p><u>Condition:</u></p> <p>The total State appropriation reported on the MOE section of the APR is not consistent with the <i>State Support Data</i> provided to CACG from prior years' report, as follows:</p>	\$ -

	Per MOE	Per CACG Website	Difference
2007	\$5,056,680	\$6,646,380	\$1,589,700
2008	\$5,617,993	\$6,993,306	\$1,375,313
2009	\$5,657,018	\$6,712,017	\$1,054,999
2010	\$5,411,589	\$6,744,589	\$1,333,000
2011	\$4,125,290	\$7,630,717	\$3,505,427

The reason for the difference was not documented on the MOE section of the APR.

**NORTHERN MARIANAS COLLEGE**  
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Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Reporting – College Access Challenge Grant Program

Finding No. 2012-01, continued

<u>CFDA No.</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
84.378	<p><u>Cause:</u></p> <p>The certification was provided by the CNMI government Office of Management and Budget. The College Access Challenge Grant (CACG) Director failed to verify that the information provided was consistent with prior year information.</p> <p><u>Effect:</u></p> <p>The College did not comply with the reporting requirements applicable to its College Access Challenge Grant Program. Furthermore, the College may have erred in determining that the College meet the Maintenance of Effort requirement using the information provided by the CNMI Office of Management and Budget.</p> <p><u>Recommendation:</u></p> <p>The College should verify the information provided and document the reasons for the difference between the information provided in prior years with the current APR.</p> <p>If College determined that the 2012 information is erroneous the APR should be corrected.</p> <p><u>Auditee Response:</u></p> <p>This matter was also brought to our attention by our Grantor on their email dated June 3, 2013, on which, we were give one week to explain the discrepancies between our current year submission and the prior years' information.</p>	\$ -

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Reporting – College Access Challenge Grant Program

Finding No. 2012-01, continued

<u>CFDA No.</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
84.378	<p><u>Auditee Response, continued:</u></p> <p>We learned recently through phone communications with our Department of Education (ED) CACG contact in Washington, DC that ED used the following sources to arrive at the amounts listed in the <i>State Support Data table</i> posted on their website depicting total Northern Marianas support for public institutions of higher education for fiscal years 2006-2011:</p> <ul style="list-style-type: none"><li>- CNMI Appropriation to NMC;</li><li>- CNMI Scholarship Expenditures Allocated to NMC Students; and</li><li>- State Fiscal Stabilization Fund</li></ul> <p>On June 7, 2013, NMC have responded to ED CACG's inquiry on the discrepancies within the one week allowance provided to us. We concur with the level of support presented on the CACG website for fiscal years 2007 to 2010 and we provided corrected level of support for fiscal years 2011 and 2012.</p> <p>With this new information on hand, we determined that we erred in our previous report that NMC met the Maintenance of Effort required by CACG. We are in the process of obtaining a waiver.</p> <p>Contact Person: Leo Pangelinan (Dean of Student Services) and Timothy Baker (director of CACG)</p> <p>Status: Completed on June 7, 2013</p>	\$ -

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

**SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Special Tests and Provisions, Maintenance of Effort – College Access Challenge Grant Program

Finding No. 2012-02

<u>CFDA No.</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
84.378	<p><u>Criteria:</u></p> <p>Section 137 of the Higher Education Act of 1965, as amended (HEA), requires that States provide financial support for higher education at least at a level equal to the average amount provided over the five preceding State Fiscal Years (SFYs) for public institutions of higher education (public institutions), excluding capital expenses and research and development costs, and for financial aid for students attending private institutions of higher education (private institutions).</p> <p>If a State fails to maintain financial support for public and/or private institutions, it may request that the Secretary of Education to waive the requirements under section 137 of the HEA.</p> <p>Waiver requests must be e-mailed and postmarked on or before May 15th of the year under consideration.</p>	\$ -

Criteria:

Section 137 of the Higher Education Act of 1965, as amended (HEA), requires that States provide financial support for higher education at least at a level equal to the average amount provided over the five preceding State Fiscal Years (SFYs) for public institutions of higher education (public institutions), excluding capital expenses and research and development costs, and for financial aid for students attending private institutions of higher education (private institutions).

If a State fails to maintain financial support for public and/or private institutions, it may request that the Secretary of Education to waive the requirements under section 137 of the HEA.

Waiver requests must be e-mailed and postmarked on or before May 15th of the year under consideration.

Condition:

The Maintenance of Effort was recalculated based on the 2007-2011 information obtained from the CACG website and the College's APR, and it was determined that the College did not meet the required maintenance of effort.

	<u>Per CACG Website</u>
2007	\$6,646,380
2008	\$6,993,306
2009	\$6,712,017
2010	\$6,744,589
2011	\$7,630,717
Average	\$6,945,402
2012	<u>5,614,710</u>
Under	<u>\$1,330,692</u>

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2012

Special Tests and Provisions, Maintenance of Effort- College Access Challenge Grant Program

Finding No. 2012-01, continued

<u>CFDA No.</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
84.378		\$ -

Cause:

NMC relied on the certification provided by the CNMI government Office of Management and Budget. The CACG Director failed to verify that the information provided was consistent with prior year information based on the *State Support Data table*.

Effect:

The federal award may be delayed because of the additional verification and explanation the College has to provide the grantor in relation to the error in the MOE section of the APR.

Recommendation:

Although the May 15th original deadline for the application of waiver and the May 22nd extended deadline have already elapsed, NMC should still submit a formal request for waiver. The letter should be e-mailed to CACGP@ed.gov, and a hard copy should be sent to the address as follows:

Assistant Secretary for Postsecondary Education  
U.S. Department of Education  
1990 K Street, N.W.  
Washington, DC 20006  
Attention: CACG MOE Waiver Request

Auditee Response:

As discussed in our response to the Finding No. 2012-01, NMC has initiated the application for waiver process on June 7, 2013.

Contact Person: Leo Pangelinan (Dean of Student Services) and Timothy Baker (director of CACG)

Target Completion: On-going, awaiting U.S. Department of Education determination.





# Northern Marianas College

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## **SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

### **A. FINANCIAL STATEMENT FINDINGS**

No findings reported.

### **B. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

- 2011-01      Equipment and Real Property Management  
Resolved. NMC took dated pictures of the equipment that were not located by the prior Auditors.
- 2011-02      Procurement and Suspension and Debarment  
Resolved. Although this is a U.S Department of Agriculture grant, NMC believes that the determination form NMC's cognizant agency, the U.S. Department of Education, that NMC's small purchase procedures are not in violation of federal regulations also applies to the U.S Department of Agriculture grants.
- 2011-03      Allowable Costs/Cost Principles  
Corrective actions were taken.
- 2011-04      Equipment and Real Property Management  
Resolved. NMC took dated pictures of the vehicles that were not located by the prior Auditors.
- 2011-05      Procurement and Suspension and Debarment  
Resolved. Please refer to finding 2011-02.
- 2011-06      Procurement and Suspension and Debarment  
Resolved. NMC received a letter from the U.S. Department of Education dated September 24, 2012, which indicated that the U.S. Department of Education do not concur with the prior Auditors' findings regarding NMC's procurement policies and procedures.
- 2011-07      Period of Availability of Federal Funds  
Resolved. NMC received a letter from the U.S. Department of Education dated September 24, 2012, which indicated that the U.S. Department of Education do not sustain the finding nor concur with the recommendation regarding this finding.

- 2011-08 Procurement and Suspension and Debarment  
Resolved. Please refer to finding 2011-06.
- 2011-09 Procurement and Suspension and Debarment  
Resolved. Please refer to finding 2011-06.
- 2011-10 Activities Allowed or Unallowed and Allowable Costs/Cost Principles  
Corrective actions were taken.
- 2011-11 Equipment and Real Property Management  
Corrective actions were taken.
- 2011-12 Procurement and Suspension and Debarment  
Resolved. Please refer to finding 2011-06.
- 2011-13 Reporting  
Corrective actions were taken.

**NORTHERN MARIANAS COLLEGE**  
(A Component Unit of the CNMI Government)

Summary of Unresolved Questioned Costs  
Year Ended September 30, 2012

The prior year Single Audit report on compliance with laws and regulations noted the following questioned costs and comments that were unresolved at September 30, 2012:

Questioned costs as previously reported	\$ 417,752
Questioned costs resolved during the year ended September 30, 2012	(22,440)
Questioned cost not warranting further action pursuant to OMB Circular A-133 Subpart C .315 (See attached representation from the College)	(255,629)
Questioned costs of fiscal year 2012 Single Audit	<u>          -</u>
Unresolved questioned costs at September 30, 2012	<u>\$ 139,682</u>



# Northern Marianas College

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## PRIOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding No.: 2006-8,9; 2007-5,6,7,8,11,12,14,16; 2008-4,5,6,7,8,11  
 Federal Agency: U.S. Department of Agriculture and U.S. Department of Education  
 CFDA Program: Please See Prior Audits  
 Grant Numbers: Please See Prior Audits  
 Area: Various

## Summary of Prior Year Questioned Costs

Finding #:	USDA	USDE	Total
2006-8	-	\$ 6,336.00	\$ 6,336.00
2006-9	12,071.00	-	12,071.00
2007-5	17,793.00	-	17,793.00
2007-6	12,454.00	-	12,454.00
2007-7	-	3,525.00	3,525.00
2007-8	-	12,563.00	12,563.00
2007-11	15,681.00	-	15,681.00
2007-12	9,662.00	-	9,662.00
2007-14	-	4,600.00	4,600.00
2007-16	-	52,703.00	52,703.00
2008-4	11,820.00	-	11,820.00
2008-5	4,133.00	-	4,133.00
2008-6	18,721.00	-	18,721.00
2008-7	9,192.00	-	9,192.00
2008-8	-	16,873.00	16,873.00
2008-11	-	47,502.00	47,502.00
2009-6	7,083.00	-	7,083.00
2009-7	60,607.00	-	60,607.00
2009-8	5,202.00	-	5,202.00
2009-9	-	2,549.00	2,549.00
2009-10	-	22,584.00	22,584.00
2009-11	-	2,272.00	2,272.00
2009-14	-	16,776.00	16,776.00
2010-2	3,683.00	-	3,683.00
2010-7	-	18,927.00	18,927.00
2011-3	-	4,131.00	4,131.00
2011-07	-	18,309.00	18,309.00
Total Questioned Cost as of September 30, 2011	<u>\$ 188,102.00</u>	<u>\$ 229,650.00</u>	<u>\$ 417,752.00</u>

## Auditee Response and Corrective Action Plan

Name of Contact Person: David Attao

Corrective Action: The College requests that the schedule of prior federal award findings and questioned costs be removed due to actions taken by the College in previous years and no formal response by the respective federal agency in compliance with the Office of Management and Budget Final Revision of OMB Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions". **“A valid reason for considering an audit finding as not warranting further action is that: (a) two years have passed since the audit report was filed with the central clearinghouse designated by OMB, (b) the Federal agency or pass-through entity is not currently following up on the audit finding, and (c) a management decision was not issued.**

The College has been diligent in making the required changes and recommendations as requested by both the Auditors and the Federal Agency. The College has met with the Federal Agencies and requested for Management Decision Letters (MDLs) or Program Determination Letters (PDLs) for the items listed below. The College went as far as making changes to policies and procedures, bringing physical evidence, travels and procured the services of consultants to go to Washington D.C to explain each finding. All of which such entities commented to the College that an appropriate and timely response will be made. Considering the dates of the findings below and the lack of response from the agencies on these items, the College considers such as valid reasons for consideration of an audit finding as NOT WARRANTING FURTHER ACTION. Furthermore, PDLs and/or correspondences issued from such agencies in 2008 and subsequent years, describe the College's actions taken on findings and questioned costs similar to those listed below to be **cleared**. The lack of action or resolution of these particular findings and questioned costs were not questioned or published further.

**Therefore, the College requests that the findings and questioned costs from FY 2006 to FY 2008 in the cumulative amount of \$255,629.00.**

Findings and questioned cost from FY 2009 and FY 2010 amounting to \$139,682 are currently under review with the USDA NIFA and is pending review with the USDE. Formal meetings and discussions with USDA NIFA have been positive and resolutions have been identified. A response from USDA NIFA on the actions the College has taken for such findings and questioned costs are pending. In addition, there are similar findings and questioned costs in USDA NIFA and USDE programs. The College continues its efforts to take the appropriate actions and measures to resolve such issues.