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INDEPENDENT AUDITORS’ REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

Month XX, 2023

To the Board of Trustees
West Shore Community College
Scottville, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of West Shore Community College (the "College"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated Month XX, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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.
# Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<table>
<thead>
<tr>
<th>Federal Agency / Cluster / Program Title</th>
<th>Assistance Listing Number</th>
<th>Passed Through</th>
<th>Pass-through / Grantor Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Financial Assistance Cluster:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant Program</td>
<td>84.007</td>
<td>Direct</td>
<td>P007A222103</td>
<td>$ 80,151</td>
</tr>
<tr>
<td>Federal Work Study Program</td>
<td>84.033</td>
<td>Direct</td>
<td>P033A222103</td>
<td>21,478</td>
</tr>
<tr>
<td>Pell Grant Program</td>
<td>84.063</td>
<td>Direct</td>
<td>P063P225088</td>
<td>1,287,538</td>
</tr>
<tr>
<td>Federal Direct Loan Program</td>
<td>84.268</td>
<td>Direct</td>
<td>P268K225088</td>
<td>278,537</td>
</tr>
<tr>
<td>Total Student Financial Assistance Cluster</td>
<td></td>
<td></td>
<td></td>
<td>1,667,704</td>
</tr>
<tr>
<td><strong>Career and Technical Education - Basic Grants to States:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perkins Local Leadership</td>
<td>84.048A</td>
<td>MDE</td>
<td>143250-142529</td>
<td>9,200</td>
</tr>
<tr>
<td>Perkins Local Annual</td>
<td>84.048A</td>
<td>MDE</td>
<td>143510-142129</td>
<td>108,105</td>
</tr>
<tr>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td></td>
<td></td>
<td>117,305</td>
</tr>
<tr>
<td><strong>COVID-19 - Higher Education Emergency Relief Fund:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Aid</td>
<td>84.425E</td>
<td>Direct</td>
<td>P425E200791</td>
<td>553,264</td>
</tr>
<tr>
<td>Institutional</td>
<td>84.425F</td>
<td>Direct</td>
<td>P425F205019</td>
<td>822,050</td>
</tr>
<tr>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td></td>
<td></td>
<td>1,375,314</td>
</tr>
</tbody>
</table>

**Total Expenditures of Federal Awards**

$ 3,160,323

See notes to schedule of expenditures of federal awards.
WEST SHORE COMMUNITY COLLEGE

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of West Shore Community College (the “College”) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the net position, changes in net position or cash flows of the College.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the College’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the College has elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The College receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

<table>
<thead>
<tr>
<th>Pass-through Agency Abbreviation</th>
<th>Pass-through Agency Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDE</td>
<td>Michigan Department of Education</td>
</tr>
</tbody>
</table>
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INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Month XX, 2023

To the Board of Trustees
West Shore Community College
Scottville, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of West Shore Community College (the “College”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated Month XX, 2023. The financial statements of West Shore Community College Foundation, the College’s discretely presented component unit, were not audited in accordance with Government Auditing Standards.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.
Report on Compliance and Other Matters

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

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 College’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.
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Month XX, 2023

To the Board of Trustees
West Shore Community College
Scottville, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of West Shore Community College (the “College”) with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the College’s major federal programs for the year ended June 30, 2023. The College’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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; 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 Independent Auditors’ 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 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 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.
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.

Independent Auditors’ Responsibilities 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

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to this matter.
Government Auditing Standards requires the auditor to perform limited procedures on the College’s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College’s responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors’ 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 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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 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 responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Purpose of this Report

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.
WEST SHORE COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS’ 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? yes X no

Significant deficiency(ies) identified? 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? yes X none reported

Type of auditors' report issued on compliance for each major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs:

<table>
<thead>
<tr>
<th>Assistance Listing Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007, 84.033, 84.063, 84.268</td>
<td>Student Financial Assistance Cluster</td>
</tr>
<tr>
<td>84.425</td>
<td>COVID-19 Higher Education Emergency Relief Fund</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee? yes X no
WEST SHORE COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001 – Pell Grant Calculation

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Eligibility).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A222103, P033A222103, P063P225088, and P268K225088.

Criteria. The Uniform Guidance states that the College must determine the maximum scheduled award a student would receive based on their Expected Family Contribution (EFC) and Cost of Attendance (COA) using the payment schedule provided by the U.S. Department of Education. Students must be awarded on the basis of a COA comprised of allowable costs assessed to all students carrying the same academic workload. COA must be prorated for students who are attending less than an academic year, or who are less than full-time in a term-based program.

Condition. Three students out of the 40 tested had an incorrect COA and/or EFC recorded in PowerFAIDS. The error was isolated to the population of students enrolled less-than-half-time at the College. The College determined that they did not properly adjust the COA for the year. Subsequent to initial testing, the College adjusted and re-calculated the COA and EFC for all less-than-half-time students during the audit fieldwork. From the population of less-than-half-time students who received a Pell Grant during fiscal year 2023, a total of 34 students were awarded a higher amount of Pell than they were eligible to receive.

Cause. This condition was caused by insufficient review of the COA and EFC data being used by the College in determining the Pell Grant amount for students.

Effect. As a result of this condition, the College was exposed to an increased risk that incorrect information would be used to determine students' Pell Grant award amounts.

Questioned Costs. No costs are required to be questioned as the amounts did not exceed the reporting threshold.

Recommendation. We recommend the College implement procedures to ensure the COA and EFC used to calculate each student's Pell Grant is updated for each academic year and reviewed by an independent official.

View of Responsible Officials. Management concurs with this finding and has prepared a Corrective Action Plan.
WEST SHORE COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-002 - Gramm Leach Bliley Missing Compliance Requirements

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests & Provisions).

Programs. Student Financial Assistance Cluster; U.S. Department of Education; Numbers 84.007, 84.033, 84.063, and 84.268; Award Numbers P007A222103, P033A222103, P063P225088, and P268K225088.

Criteria. The Federal Trade Commission (FTC) states that the Gramm Leach Bliley Act "requires financial institutions to explain their information-sharing practices to their customers and safeguard sensitive data."

Condition. The most recent written security policy fails to address how the College will oversee its information system service providers and the evaluation and adjustment of its information security program for any changes in the College's operations or the results of risk assessments. Additionally, the College's policy does not include performing annual penetration tests or biannual vulnerability assessments, as required by the Gramm Leach Bliley Act.

Cause. The College does not have a review process in place to ensure all safeguard policies set forth in the Gramm Leach Bliley Act are met in the written security policy.

Effect. As a result of this condition, the College isn't meeting the safeguard requirements necessary to comply with the FTC. In addition, the lack of safeguard controls creates an increased risk to highly sensitive data that is possessed by the College.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing did not reveal any unallowed costs.

Recommendation. We recommend that the College implement procedures to ensure that all Gramm Leach Bliley policies are met and confirmed by a second individual.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.
WEST SHORE COMMUNITY COLLEGE

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

No matters were reported.

[Table]

- [ ]

- [ ]

- [ ]

- [ ]

- [ ]
Corrective Action Plan

Pursuant to federal regulations, Uniform Administrative Requirements Section 200.511, the following are the findings as noted in the West Shore Community College Single Audit Act Compliance report for the year ended June 30, 2023, and corrective actions to be completed.

2023-001 – Pell Grant Calculation

Auditor Description of Conditional and Effect. The Uniform Guidance states that the College must determine the maximum scheduled award a student would receive based on their Expected Family Contribution (EFC) and Cost of Attendance (COA) using the payment schedule provided by the U.S. Department of Education. Students must be awarded on the basis of a COA comprised of allowable costs assessed to all students carrying the same academic workload. COA must be prorated for students who are attending less than an academic year, or who are less than full-time in a term-based program.

Auditor Recommendation. We recommend the College implement procedures to ensure the COA and EFC used to calculate each student’s Pell Grant is updated for each academic year and reviewed by an independent official.

Corrective Action. In the spring of each year, the College Financial Aid Department will establish the Cost of Attendance (COA) necessary for Pell student eligibility, in addition to the Educational Financial Contribution (EFC) for the following fiscal year. Once these are calculated and established, the head of the Business Office will review the calculations, discuss, and approve. Once they have been approved, the appropriate information will be entered into the Financial Aid software system.

Responsible Party. Director of Financial Aid and Head of the Business Office

Anticipated Completion Date. July 1, 2023
Corrective Action Plan

2023-002 – Gramm Leach Bliley Missing Compliance Requirements

Auditor Description of Conditional and Effect. The most recent written security policy fails to address how the College will oversee its information system service providers and the evaluation and adjustment of its information security program for any changes in the College's operations or the results of risk assessments. Additionally, the College's policy does not include performing annual penetration tests or biannual vulnerability assessments, as required by the Gramm Leach Bliley Act.

Auditor Recommendation. We recommend that the College implement procedures to ensure that all Gramm Leach Bliley policies are met and confirmed by a second individual.

Corrective Action. To address the missing element of Gramm Leach Bliley #6, procedures will be set in place to ensure oversight of our information service providers. A team will review and track who our providers are ensuring they meet our technical requirements in addition to the needs of our students and staff. To address the missing element of Gramm Leach Bliley #7, procedures will be set in place to ensure oversight of our information security protocols. A team will review our procedures at least annually, and make any necessary adjustments as changes to security protocols continue to evolve. Part of the procedures will include mandatory semi-annual information security training required by all staff, in addition to basic security information provided annually to students. Finally procedures to perform annual penetration testing will be established based on relevant identified risks. This could include any vulnerability assessments, in the form of systematic scans or review of information systems reasonably identified. These assessments should be completed at a minimum semi-annually, or whenever there may be material changes in operations that could be impacted.

Responsible Party. Director of Information Technology and Student Services

Anticipated Completion Date. January 1, 2024