

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

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**AUDITORS' REPORTS AS REQUIRED BY OFFICE  
OF MANAGEMENT AND BUDGET (OMB)  
CIRCULAR A-133 AND *GOVERNMENT AUDITING  
STANDARDS* AND RELATED INFORMATION**

**JUNE 30, 2009**

# RHODE ISLAND COLLEGE

(a Component Unit of the State of Rhode Island and Providence Plantations)

**Auditors' Reports as Required by Office of Management and Budget (OMB)  
Circular A-133 and *Government Auditing Standards* and Related Information**

**June 30, 2009**

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**Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

The Board of Governors for Higher Education  
State of Rhode Island and Providence Plantations

Compliance

We have audited the compliance of Rhode Island College (a component unit of the State of Rhode Island and Providence Plantations) with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major Federal programs for the year ended June 30, 2009. Rhode Island 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 Rhode Island College's management. Our responsibility is to express an opinion on Rhode Island College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major Federal programs have occurred. An audit includes examining, on a test basis, evidence about Rhode Island College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Rhode Island College's compliance with those requirements.

In our opinion, Rhode Island College complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Rhode Island 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 our audit, we considered Rhode Island College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing



procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rhode Island College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Rhode Island College as of and for the year ended June 30, 2009, and have issued our report thereon dated September 30, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Governors for Higher Education, management of Rhode Island College, the State of Rhode Island Auditor General's Office, Rhode Island Department of Administration, 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.

  
**Certified Public Accountants**

November 20, 2009

(Except for the Schedule of Expenditures of Federal Awards, which is as of September 30, 2009)



**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

To the Board of Governors for Higher Education  
State of Rhode Island and Providence Plantations

We have audited the financial statements of Rhode Island College (the "College") (a component unit of the State of Rhode Island and Providence Plantations) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 30, 2009, which included a reference to the report of the other auditor who audited the discretely presented component unit. We conducted our 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. Other auditors audited the financial statements of Rhode Island College Foundation, as described in our report on the College's financial statements.

This report does not include the results of the other auditors' testing of controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Rhode Island College in a separate letter dated September 30, 2009.

This report is intended solely for the information and use of the Board of Governors for Higher Education and management of Rhode Island College, the Rhode Island Auditor General, Rhode Island Department of Administration, 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.

  
**O'Connor & Wren, P.C.**  
**Certified Public Accountants**

September 30, 2009

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

**Schedule of Findings and Questioned Costs**

**June 30, 2009**

We have audited the statement of net assets as of June 30, 2009 and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended and have issued our report thereon dated September 30, 2009. We have issued an unqualified opinion on the financial statements of Rhode Island College for the year ended June 30, 2009.

No significant deficiencies in internal control were disclosed by the audit of the financial statements.

Our audit has not disclosed any instances of non-compliance in the financial statements of the auditee.

No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.

Based upon our audit, we have issued an unqualified opinion on compliance for major programs.

Major programs of Rhode Island College include:

<b><u>Grantor/pass-through grantor/program title</u></b>	<b><u>CFDA Number</u></b>
Student Financial Assistance Cluster:	
U.S. Department of Education:	
Federal Supplemental Education Opportunity Grant Program	84.007
Federal Family Education Loans (Note 2)	84.032
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Academic Competitiveness Grants	84.375
National Science and Mathematics Access to Retain Talent Grant	84.376

The dollar threshold to distinguish between Type A and Type B programs is \$9,500,000.

Our audit has disclosed no audit findings which are required to be reported under OMB Circular A-133, issued by the Controller of the United States.

# RHODE ISLAND COLLEGE

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## Schedule of Prior Year Findings and Questioned Costs

June 30, 2009

**Finding number:** 2008-1  
**Federal agency:** U.S. Department of Education  
**Programs:** Federal Supplemental Educational Opportunity Grants (FSEOG);  
Federal Pell Grant Program (Pell); FFEL  
**CFDA numbers:** 84.007; 84.063; 84.032  
**Award year:** 2007-2008

### *Condition/Criteria*

Per 34 CFR 668.56(a)(1) a school is required to verify U.S. income tax paid. Per CFR 668.59(a)(1) "if the information on an application changes as a result of the verification process, the institution shall require the applicant to resubmit his or her application information to the Secretary for corrections if - (i) the institution recalculates the applicant's EFC, determines that the applicant's EFC changes, and determines that the change in the EFC changes the applicant's Federal Pell Grant, ACG, or National SMART Grant Award."

Out of 30 randomly selected student's verification, one (3%) was completed incorrectly. Parent taxes paid reported on the ISIR did not agree to the tax returns.

However, this error would not have changed the student's EFC; therefore, there are no questioned costs.

### *Auditor's current year comment*

This finding was corrected.

**Finding number:** 2008-2  
**Federal agency:** U.S. Department of Education  
**Programs:** Federal Family Education Loans (FFEL)  
**CFDA number:** 84.032  
**Award year:** 2007-2008

### *Condition/Criteria*

Per 34 CFR 682.604(f), "a school must ensure that initial counseling is conducted with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means prior to its release of the first disbursement, unless the student borrower has received a prior Federal Stafford, Federal SLS, or Direct subsidized or unsubsidized loan".



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

**June 30, 2009**

Out of 25 randomly selected students, one (4%) had signed the entrance counseling interview after the subsidized Stafford loan had been disbursed.

*Auditor's current year comment*

This finding was corrected.

**Finding number:** 2008-3  
**Federal agency:** U.S. Department of Education  
**Programs:** Federal Supplemental Educational Opportunity Grants (FSEOG);  
Federal Pell Grant Program (PELL); FFEL  
**CFDA number:** 84.007; 84.063; 84.032  
**Award year:** 2007-2008

*Condition/Criteria*

It was noted that the initial calculation of this refund was not in accordance with 34 CFR 668.22(e).

Out of 30 randomly selected student refunds, four (13%) were calculated incorrectly and not on time. Of the four exceptions noted, one was identified as a result of our audit procedures, and the remaining three were identified by the school and refunds were made, but were returned late.

*Auditor's current year comment*

This finding was corrected.

**Finding number:** 2008-4  
**Federal agency:** U.S. Department of Education  
**Programs:** FFEL  
**CFDA number:** 84.032  
**Award year:** 2007-2008

*Condition/Criteria*

Per 34 CFR 668.173(b), "in accordance with procedures established by the Secretary or FFEL Program lender, an institution returns unearned title IV, HEA program funds timely if - 1) the institution deposits or transfers the funds into the bank account it maintains under Sec. 668.163 no later than 45 days after the date it determines that the student withdrew; 2) the institution initiates an electronic funds transfer (EFT) no later than 45 days after the date it determines that

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

**June 30, 2009**

the student withdrew; 3) the institution initiates an electronic transaction, no later than 45 days after the date it determines that the student withdrew, that informs a FFEL lender to adjust the borrower's loan account for the amount returned; or 4) the institution issues a check no later than 45 days after the date it determines that the student withdrew."

Per 34 CFR 668.173(c), "compliance thresholds: an institution does not comply with the reserve standard under Sec. 668.173(a)(3) if, in a compliance audit conducted under Sec. 668.23, an audit conducted by the Office of the Inspector General, or a program review conducted by the Departments or guaranty agency, the auditor or reviewer finds - (i) in the sample of student records audited or reviewed that the institution did not return unearned title IV, HEA program funds within the timeframes described in paragraph (b) of this section for 5% or more of the students in the sample".

Out of a random sample of 30 students, one (3%) student's refund was not returned within the 45 day compliance requirement but was returned 173 days late.

***Auditor's current year comment***

This finding was corrected.

**RHODE ISLAND COLLEGE**  
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**Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2009**

<u>Federal Grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education:		
Direct programs:		
Student Financial Assistance Cluster:		
Federal Supplemental Education Opportunity Grant Program	84.007	\$ 799,332
Federal Family Education Loans (Note 2)	84.032	28,896,203
Federal Work Study Program	84.033	599,780
Federal Perkins Loan Program	84.038	793,336
Federal Pell Grant Program	84.063	5,983,649
Academic Competitiveness Grants	84.375	233,775
National Science and Mathematics Access to Retain Talent Grant	84.376	<u>8,000</u>
Total Student Financial Assistance Cluster		37,314,075
Ingo		
Student Support Services	84.016A	(5,614)
Upward Bound	84.042A	294,620
Personnel Preparation	84.047A	576,421
Dual Sensory Impairment	84.325K	158,190
	84.326C	<u>77,646</u>
Total Direct Programs		<u>38,415,338</u>
Passed through R.I. Department of Education:		
Scholarships for Urban Multicultural Education	84.027	39,561
Surrogate Parent Program – Part B: 06-07	84.027	476
R.I.T.A.P. – IDEA/Part B: 06-07	84.027	840,691
Surrogate Parent Program – Part B: 08-09	84.027	320,349
Vision Services – Part B: 06-07	84.027A	(629)
Training & Tech Assistance for Teaching	84.027A	3,251
R.I. State Personnel Development - Evaluator	84.027A	(291)
Training & Tech Assistance for Teaching: 08-09	84.027A	93,636
R.I. State Personnel Development - Consulting	84.027A	20,029
Vision Services – Part B: 08-09	84.027A	375,000

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**Schedule of Expenditures of Federal Awards - Continued**

**For the Year Ended June 30, 2009**

Passed through State Department of Education (continued):		
R.I.T.A.P. – IDEA/Preschool: 07-07	84.173	\$ 75,619
Vision Services – Section 619: 08-09	84.173	100,000
Surrogate Parent – Section 619: 08-09	84.173	44,281
R.I. State Personnel Development	84.323A	24,725
R.I. State Personnel Development: 08-09	84.323A	<u>649,776</u>
Total R.I. Department of Education		<u>2,586,474</u>
Passed through U.S. Office of Higher Education:		
Using Modern Tools of Computational Chemistry	84.367B	78,847
Large Molecule / Small Molecule	84.367B	45,104
An Integrated Model of Professional Development	84.367B	<u>28,771</u>
Total U.S. Office of Higher Education		<u>152,722</u>
Passed through U.S. Department of Human Services:		
Outreach Program Income Summary	84.126A	42,355
Employment Training	84.126A	663
Employment Training: 08-09	84.126A	34,688
Early Intervention: 05-08	84.181A	5,212
Early Intervention: 08-09	84.181A	<u>146,416</u>
Total U.S. Department of Human Services		<u>229,334</u>
Passed through University of Rhode Island:		
R.I.T.E.R. 07-08	84.336B	51,432
R.I.T.E.R. 08-09	84.336B	<u>30,792</u>
Total University of Rhode Island		<u>82,224</u>



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**Schedule of Expenditures of Federal Awards - Continued**

**For the Year Ended June 30, 2009**

Passed through Other Sources:

New England Community Rehabilitation Provider Training	84.264B	\$ 4,642
Establishing the Efficacy of the Special Friends Project	84.324A	196,754
National Writing Project: 02-03	84.928A	32,973
National Writing Project: 08-09	84.928A	32,471
LSRI Woonsocket Middle School	84.928A	<u>179</u>

Total Other Sources 267,019

Total U.S. Department of Education 41,733,110

U.S. Department of Health and Human Services:

Direct Programs:

Project National Significance – Family Support 360: 04-07	93.631	58,712
Project National Significance: 2008-09	93.631	178,819
UNIV Centers on Developmental Disabilities: 07-08	93.632	10,463
UNIV Centers on Developmental Disabilities: 08-09	93.632	510,938
Functional Analysis of the Ascidian	93.865	5,409
Functional Conservation of Myogenic Regulatory Factors	93.865	<u>50,788</u>

Total Direct Programs 815,129

Passed through Department of Human Services:

Case Management Outreach: 00-01	93.558	97,899
Evaluation of New Supportive Employment	93.558	2,222
Case Management Outreach	93.558	57,800
Project Graphic: 06-07	93.566	<u>60,440</u>

Total Department of Human Services 218,361

Passed through R.I. Department of Education:

Job Pathways for Current & Former Welfare Recipients	93.558	<u>105,897</u>
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**Schedule of Expenditures of Federal Awards - Continued**

**For the Year Ended June 30, 2009**

Passed through Department of Children, Youth & Families:		
Positive Education Partnership: 06-07	93.104	\$ 181,683
Positive Education Partnership: 08-09	93.104	415,055
Child Welfare Institute: 07-08	93.658	20,856
Child Welfare Institute: 08-09	93.658	<u>712,977</u>
Total Department of Children, Youth & Families		<u>1,330,571</u>
Passed through University of Rhode Island:		
AHR Role Partitioning: 07-08	93.389	570
The Role of Alternative Splicing of UFD2A.: 07-08	93.389	425
Genome Stability: 07-08	93.389	471
AHR Role Partitioning: 08-09	93.389	126,007
The Role of Alternative Splicing of UFD2A.: 08-09	93.389	118,890
Genome Stability: 08-09	93.389	103,850
Pilot Program for Undergrads: 08-09	93.389	7,163
Defining a Role for Bcp1 in the DNA Damage Response of...	93.389	42,570
INBRE: Summer Surf Program 2009	93.389	43,216
INBRE 09-10: Origins of Intergroup Conflict	93.389	11,542
INBRE 09-10: Defining a Role for Bcp1	93.389	7,835
INBRE 09-10: Implications of DNA Replication Fork Proteins...	93.389	5,482
INBRE 09-10: AHR Gene Divergence	93.389	2,491
INBRE 09-10: Internet Based Addiction	93.389	11,615
INBRE 09-10: Novel Forms of Ufd2a	93.389	15,427
GEC Curriculum Development Partnership	93.969	<u>31,857</u>
Total University of Rhode Island		<u>529,411</u>
Passed through R.I. Department of Education:		
Reach: 06-08	93.568	<u>5,142</u>
Passed through Other Sources:		
Young Adolescent Sleep	93.865	7,065
Sleep Smart Pacesetter Program	93.865	<u>80,523</u>
Total Other Sources		<u>87,588</u>
Total U.S. Department of Health & Human Services		<u>3,092,099</u>

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**Schedule of Expenditures of Federal Awards - Continued**

**For the Year Ended June 30, 2009**

National Institute of Environmental Health Sciences:		
Direct Programs:		
Transition to Independent Position: 07-09	93.113	\$ <u>119,458</u>
National Science Foundation:		
Passed Through University of Rhode Island:		
Epscor Research Program Development	47.076	50,501
Transition to Independent Position: 07-09	47.076	<u>83,454</u>
Total University of Rhode Island		<u>133,955</u>
Total National Science Foundation		<u>133,955</u>
U.S. Department of Labor:		
Passed Through Department of Labor & Training:		
Dislocated Worker Training: 00-01	17.245	899
Occupational Skills Training for Speakers of Other Languages	17.245	<u>17,368</u>
Total Department of Labor & Training		<u>18,267</u>
Passed Through Greater R.I. Workforce Development Corp:		
W.P.G.R.I. Title I	17.255	<u>191,340</u>
Passed Through Other Sources:		
Providence/Cranston Outreach: 00-01	17.258	<u>1,571</u>
Total U.S. Department of Labor		<u>211,178</u>
U.S. Department of Defense:		
Passed Through Other Sources:		
Multidisciplinary University Research Initiative	12.300	<u>7,275</u>

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**Schedule of Expenditures of Federal Awards - Continued**

**For the Year Ended June 30, 2009**

U.S. Department of Commerce:		
Passed Through University of Rhode Island:		
Expanded Nursing Educational Capacity: A R.I. Initiative	11.302	\$ 17,189
Passed Through R.I. Emergency Management Agency:		
Portable Radio RIEMA Grant	11.555	<u>13,481</u>
Total U.S. Department of Commerce		<u>30,670</u>
U.S. Department of Housing and Urban Development:		
Passed Through Other Sources:		
Hope VI Implementation Grant	14.866	<u>8,840</u>
Other Federal Expenditures:		
Federal Grant Overhead	None	35,851
Early Intervention: 05-08	None	3,620
R.I. Computational Chemistry Summer	Unknown	357
Early Intervention: 08-09	None	<u>101,678</u>
Total Other Federal Expenditures		<u>141,506</u>
Total Federal Expenditures		\$ <u>45,478,091</u>

*See accompanying notes to the schedule of expenditures of Federal awards.*



**RHODE ISLAND COLLEGE**  
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**Notes to the Schedule of Expenditures of Federal Awards**

**June 30, 2009**

Note 1 - **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activities of Rhode Island College (the "College") (a component unit of the State of Rhode Island and Providence Plantations) and is presented on the accrual basis of accounting.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the College, agencies, departments of the Federal government, and all subawards to the College by nonfederal organizations pursuant to Federal grants, contracts, and similar agreements.

Note 2 - **Federal Family Educational Loans**

The College disbursed \$28,896,203 of loans under the Federal Family Educational Loans program which includes Stafford Subsidized and Unsubsidized Loans and Parents' Loans for Undergraduate Students. It is not practical to determine the balances of loans outstanding to students of the College under this program as of June 30, 2009. The College is responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the College's financial statements.

Note 3 - **Federal Perkins Loan Program**

During the year ended June 30, 2009, \$793,336 in loans were advanced under the Federal Perkins Loan Program. As of June 30, 2009, loan balances receivable under the Federal Perkins Loan Program was \$5,347,322.