

Spartanburg Community College

*Independent Auditors' Report Required by
Government Auditing Standards and the Single Audit Act
Schedule of Expenditures for Federal Awards for the Year Ended June 30, 2015*



**SPARTANBURG
COMMUNITY
COLLEGE**



CENTRAL CAMPUS



TYGER RIVER CAMPUS



CHEROKEE COUNTY CAMPUS



SCC DOWNTOWN CAMPUS



UNION COUNTY ADVANCED TECHNOLOGY CENTER

SPARTANBURG COMMUNITY COLLEGE

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Independent Auditors' Report On Compliance
For Each Major Program And On Internal Control Over
Compliance Required by OMB Circular A-133

Spartanburg Community College
Spartanburg, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Spartanburg Community 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 Spartanburg Community College's major federal programs for the year ended June 30, 2015. Spartanburg Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about Spartanburg Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Spartanburg Community College's compliance.

Opinion on Each Major Federal Program

In our opinion Spartanburg Community College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Spartanburg Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit, we considered Spartanburg Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Spartanburg Community College's internal control over compliance.

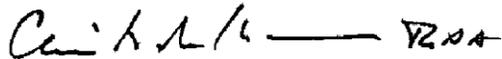
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the discretely presented component unit of Spartanburg Community College, a discretely presented component of the State of South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated September 10, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an 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 U.S. OMB Circular A-133 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 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Gaffney, SC
September 10, 2015

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

Spartanburg Community College
Spartanburg, South Carolina

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 Spartanburg Community College, a discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Spartanburg Community College's basic financial statements, and have issued our report thereon dated September 10, 2015. The Spartanburg Community College Foundation's financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Spartanburg Community College Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Spartanburg Community College's internal control over financial reporting (internal control) to determine the 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 Spartanburg Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spartanburg Community 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 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spartanburg Community 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 is required to be reported under *Government Auditing Standards*.

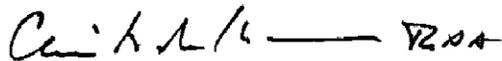
We noted certain matters that we reported to management of Spartanburg Community College, in a separate letter dated September 10, 2015

Spartanburg Community College's Response to the Finding

The College's response to the findings identified in our audit is described in the accompanying schedule of findings and question costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Gaffney, SC
September 10, 2015

SPARTANBURG COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Program Title/Grant Title	CFDA Number	Grant Period	Expenditures As of 6/30/2015
U.S. DEPARTMENT OF EDUCATION			
<u>Student Financial Aid Cluster</u>			
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007	2014-15	161,160
		2013-14	7,707
Federal Direct Loans	84.268	2014-15	1,967,350
		2013-14	19,618
Federal Work-Study Program (FWS)	84.033	2014-15	145,063
		2013-14	7,746
Federal Pell Grant Program (PELL)	84.063	2013-14	11,115,866
		2012-13	4,071
Total Student Financial Aid Cluster			<u>13,428,581</u>
<u>TRIO Cluster</u>			
TRIO- Student Support Services	84.042A	2014-15	222,676
		2013-14	41,124
Total TRIO Cluster			<u>263,800</u>
<u>Pass-through from S.C. Department of Education</u>			
Perkins IV Postsecondary Funding -	84.048A	2014-15	280,720
Total S.C. Department of Education			<u>280,720</u>
<u>Pass-through from S.C. Commission on Higher Education</u>			
ARRA Grants for Statewide Longitudinal Data Systems	84.384	2014-15	27,942
College Access Challenge Grant	84.378A	2014-15	59,664
Total S.C. Commission on Higher Education			<u>87,605</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u><u>14,060,706.61</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Pass-through from S.C. Department of Health and Human Services</u>			
T.E.A.C.H.	93.575	2014-15	510
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>510</u></u>
U.S. DEPARTMENT OF LABOR			
<u>Pass-through from Henry Ford Community College</u>			
Multi-state Advanced Manufacturing Consortium	17.282	2014-15	144,867
Trade Adjustment Assistance Community College and Career Training (TAACCCT)			
<u>Pass-through from Greenville Technical College</u>			
SC Accelerate Grant	17.282	2014-15	213,288
Trade Adjustment Assistance Community College and Career Training (TAACCCT)			
TOTAL U.S. DEPARTMENT OF LABOR			<u><u>358,156</u></u>
APPALACHIAN REGIONAL COMMISSION (ARC)			
<u>Pass-through from Apprenticeship Carolina</u>			
Appalachian Research and Technical Assistance	23.011	2014-15	158,661
<u>Pass-through from U.S. Department of Commerce</u>			
Public Works Program/Building Renovation	11.300	2014-15	208,090
Public Works Program/Building Renovation	11.300	2014-15	28,778
TOTAL APPALACHIAN REGIONAL COMMISSION			<u><u>395,528</u></u>
U.S. DEPARTMENT OF COMMERCE			
Public Works Program/Building Renovation	11.300	2014-15	48,271
Public Works Program/Building Renovation	11.300	2014-15	485,542
TOTAL U.S. DEPARTMENT OF COMMERCE			<u><u>533,813</u></u>
NATIONAL SCIENCE FOUNDATION			
<u>Pass-through from Kentucky Community and Technical College System</u>			
Advanced Technological Education Program	47.076	2014-15	94,124
TOTAL NATIONAL SCIENCE FOUNDATION			<u><u>94,124</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 15,442,838</u></u>

SPARTANBURG COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Spartanburg Community College. The reporting entity is defined in Note 1 of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the College's financial statements.

3. FEDERAL LOAN PROGRAMS

The College has students who have approved loans which were received by those students during the current year. The College began initiating loans through the Federal Direct Lending program in summer 2010. The totals and types of loans received for the current fiscal year are:

Federal Direct Loans	Subsidized	\$ 1,676,584
	Unsubsidized	<u>310,384</u>
Total		<u>\$ 1,986,968</u>

SPARTANBURG COMMUNITY COLLEGE
Summary Schedule of Prior Audit Findings
June 30, 2015

Findings Relating to the Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

Student Financial Aid Cluster

2014-01 Enrollment Status

Criteria: If a student is enrolled in courses that do not count toward his or her degree, they cannot be used to determine enrollment status unless they are eligible remedial courses. This means you cannot award the student aid for classes that do not count toward his or her degree or certificate. *34 CFR 668.2(b)*

Condition: In our sample of 40 students we found four students who are taking a course or courses that are not included in the student's program of study.

Cause: It appears that the system (Datatel) does not identify courses that students are taking which are not included in the student's program of study.

Recommendation: We recommend that management upgrade the College system or purchase a program that will track the courses students are taking to ensure that financial aid are not applied to ineligible courses.

SPARTANBURG COMMUNITY COLLEGE
 Schedule of Findings and Questioned Costs
 June 30, 2015

Summary of Auditors' Results:

- An unmodified opinion was issued on Spartanburg Community College's basic financial statements dated September 10, 2015.
- There were no material weaknesses or significant deficiencies relating to the financial statements reported in the 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*.
- There were no instances of noncompliance material to the financial statements of Spartanburg Community College disclosed during the audit.
- The auditors' report on compliance for the major federal award programs for Spartanburg Community College expresses an unmodified opinion.
- There were no material weaknesses or significant deficiencies relating to the audit of major federal awards reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
- There were no audit findings reported relative to the major federal award programs for Spartanburg Community College as depicted below in this schedule.
- Major federal programs:

Student Financial Aid Cluster from the U.S. Department of Education	
Federal Supplemental Education Opportunity Grants	CFDA #84.007
Federal Work-Study Programs	CFDA #84.033
Federal PELL Grant Program	CFDA #84.063
Federal Direct Loan Program	CFDA #84.268
Perkins IV Postsecondary Funding from the U.S. Department of Education Pass-through South Carolina Department of Education	CFDA #84.048
Public Works Program/Building Renovation from the Appalachian Regional Commission and the U.S. Department of Commerce	CFDA#11.300

- The threshold for distinguishing between Type A and Type B Programs was \$300,000.
- Spartanburg Community College is not a low risk auditee according to the criteria in OMB Circular A-133.

SPARTANBURG COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs, Continued
June 30, 2015

Findings Relating to Financial Statements:

There were no findings relating to the financial statements.

Findings and Questioned Costs Relating to Federal Awards:

There were no findings and questioned costs relating to federal awards.

September 24, 2015

Progress Response to 2014-01 Finding Relating to Financial Aid Cluster-Enrollment Status

Spartanburg Community College successfully implemented the corrective action plan for the 2014-15 academic year.

Student Self-Service's Student Planning module was purchased in June 2013. Consulting started in the Fall 2013 and went live with a Pilot Group for Advising/Registration in April 2014 for the Fall 2014 registration. User guides for both advisors and students were created and extensive training was conducted. The implementation team continued to address issues and discrepancies that arose between the integration of Colleague/Self Service/WebAdvisor/WCMS. During the Fall of 2014, short video instructions were created and published to the Portal for use as a resource in classes. All faculty/advisors were offered training during Spring 2015. Registration via Student Planning was available for all students for Spring 2015, Summer 2015 and Fall 2015. With registration for Spring 2016 starting in October 2015, the ability to register via WebAdvisor will be closed. All registration activity will be done via Student Planning or by faculty/staff using UI.

Financial Aid Module: Ellucian began releasing software in the late Fall 2014 to exclude non-program of study coursework from financial aid calculations based on degree audit. Registered courses not considered remedial and not in their program of study are excluded from TIV credits used in disbursement calculations. SCC completed the setup and testing of the software in March 2015 in time for Summer 2015 registration.

Sincerely,



L. Ray Switzer

Vice President for Business Affairs

Spartanburg Community College