

Aiken Technical College

Reports Required by *Government Auditing Standards* and Uniform Guidance

For the year ended June 30, 2017

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**Independent Auditor's 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 Aiken County Commission
for Technical Education
Aiken Technical College
Aiken, 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 discretely presented component unit of Aiken Technical College (the "College") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 28, 2017. Our report includes a reference to other auditors who audited the financial statements of Aiken Technical College Foundation, Inc., as described in our report on Aiken Technical College's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor. The financial statements of Aiken Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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) 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 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 may exist that have not been identified.

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 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*.

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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Augusta, Georgia
September 28, 2017



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Federal Awards Required by the Uniform Guidance

To the Aiken County Commission
For Technical Education
Aiken Technical College
Aiken, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Aiken Technical College's (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. 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.

Management's Responsibility

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

Auditor's 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 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"). Those standards and the Uniform Guidance 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 the 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 of the College's compliance.

Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 the Uniform Guidance, 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 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. 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The College's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned 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.

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

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

We have audited the financial statements of the College as of and for the year ended June 30, 2017, and have issued our report thereon dated September 28, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive, flowing style.

Augusta, Georgia

October 5, 2017 except for the portion related to the Schedule of Expenditures of Federal Awards as to which the date is September 28, 2017

Aiken Technical College**Schedule of Expenditures of Federal Awards****For the year ended June 30, 2017**

FEDERAL GRANTOR Pass-Through Entity Program Title	CFDA Number	Grant/Contract Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>STUDENT FINANCIAL ASSISTANCE CLUSTER</u>				
U. S. Department of Education				
Federal Pell Grant Program (PELL)	84.063P	P063P133288	\$ -	\$ 4,943,308
Federal Supplemental Educational (SEOG)	84.007A	P007A133759	-	79,045
Federal Work-Study Program (FWS)	84.033A	P033A133759	-	77,900
Federal Direct Student Loans (FDSL)	84.268	P268K143288	-	3,210,919
			-	8,311,172
OTHER PROGRAMS				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>Passed Through South Carolina Department of Education</u>				
Vocational Education-Basic Grants to States	84.048A	14VA401	-	96,307
Subcontract from USC-Aiken Math-Science-Project	84.366B	USCA-Subcontract	-	9,660
Total U.S. Department of Education			-	105,967
<u>U.S. DEPARTMENT OF LABOR</u>				
<u>Contract Passed Through South Carolina Army National Guard-Sub Contract</u>				
Youth Challenge SCANG	17.261	Subcontract	-	68,528
<u>Pass Through SC State Board for Technical and Comprehensive Education</u>				
South Carolina Apprenticeship Initiative	17.268	AP-27836-15-60-A-45	-	508
<u>Pass Through SC Department of Employment & Workforce</u>				
Adult WIA Priority Populations Apprenticeship	17.258	16APP02	-	20,884
			-	89,920
<u>Direct to ATC</u>				
Trade Adjustment Assistance Community College & Career Training				
Grant, Tower Project	17.282	TC26452-14-60-A-45	-	110,260
Grant, Tower Project	17.282	TC26452-14-60-A-45	-	549,911
			-	660,171
Total U.S. Department of Labor			-	750,091
<u>U.S. Department of Commerce</u>				
<u>Nuclear Regulatory Commission</u>				
Nuclear Welding Technical Education Project (WSTEP)	77.006	NRC-84-14-G-0062	-	161,351
NRC STEM subcontract to Indian River State College	77.006	NRC-HQ-84-14-0064	-	5,000
Total Nuclear Regulatory Commission			-	166,351
<u>U.S. DEPARTMENT OF ENERGY</u>				
Enhancing Nuclear Education and Training at ATC Modif	81.121	DE-NE0008371	-	244,785
<u>Passed Through Savannah River Site Community Reuse Organization</u>				
ANSR Education in Nuclear Science Field Subgrant YearFi	81.104	DE-EM0001232	-	111,085
Total U.S. Department of Energy			-	355,870
Total Other Programs			-	1,378,279
Total Expenditures of Federal Awards			\$ -	\$ 9,689,451

Aiken Technical College

Notes to Schedule of Expenditures of Federal Awards

For the year ended June 30, 2017

Note 1. Basis of Presentation

The Schedule of expenditures of Federal Awards (the "Schedule") includes the federal grants activity of Aiken Technical College under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with 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"). Because the schedule presents only a selected portion of the operations of Aiken Technical College, it is not intended to and does not present the financial position, changes in net assets or cash flows of Aiken Technical College.

Note 2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures for student financial aid programs include the federal share of student's Federal Supplemental Educational Opportunity Grant program grants and Federal Work Study program earnings, certain other federal financial aid for students and administrative cost allowances, where applicable.

Expenditures for nonfinancial aid awards include indirect costs, related primarily to facilities operation and maintenance and general, divisional and departmental administrative services, which are allocated to direct cost objectives (including federal awards) based on negotiated formulas commonly referred to as facilities and administrative cost rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2017, were based on predetermined fixed rates negotiated with the College's cognizant federal agency.

Note 3. Contingencies

The College receives funds under various federal grant programs and such awards are to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.

Aiken Technical College

Summary Schedule of Prior Year Findings

For the year ended June 30, 2017

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- | | | | | |
|--|---------------|-----|--------------|------|
| • Material weakness identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency identified?
reported | <u> </u> | Yes | <u> X </u> | None |

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- | | | | | |
|--|---------------|-----|--------------|------|
| • Material weakness identified? | <u> </u> | Yes | <u> X </u> | No |
| • Significant deficiency identified?
reported | <u> </u> | Yes | <u> X </u> | None |

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

Unmodified

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

 Yes X No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.063, 84.007, 84.033, 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between
Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Section II. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

Aiken Technical College

Summary Schedule of Prior Year Findings

For the year ended June 30, 2017

In accordance with Government Auditing Standards, issued by the Comptroller General of the United States, the following is the status of known material findings and recommendations from prior year audits:

Finding 2016-001 – Calculation for return of Title IV

Program: Student Financial Cluster - CFDA Nos. 84.007, 84.033, 84.063, and 84.268

Condition: For one student who withdrew from the College during a payment period or period of enrollment in which the recipient began attendance in the 2015-2016 fiscal year, the College failed to calculate and return the amount of Title IV funds for which it is responsible within the required 45 days from the date of the institution's determination that the student withdrew.

Current Action Taken/Current Status: The Vice President of Enrollment Management, the Director of Financial Aid, and Registrar, in collaboration with the Information Systems Management Department, identified the cause for the exclusion of withdrawn students related to the late reporting of their unofficial withdrawal status after the end of the term. If any withdrawals are reported beyond the last submission date to the Clearinghouse for the term, the student's record is updated in NSLDS directly and reported to Financial Aid immediately for consideration of the return of Title IV calculation. At the time of data collection, any questionable student record data is investigated for accuracy, corrected as needed, and verified prior to report submission. The College also provided additional training and communications for faculty regarding timely reporting of student changes in course enrollment status. No similar findings were noted in the 2017 audit.

Finding 2016-002 – Timely enrollment reporting

Program: Student Financial Cluster - CFDA Nos. 84.007, 84.033, 84.063, and 84.268

Condition: For three students selected who withdrew from the College during a period of enrollment in which the recipient began attendance in the 2015-2016 fiscal year, the College failed to report the student's change in enrollment status within the 60 day requirement. One of the three students identified had been previously marked with an active hiatus status. Due to incomplete report parameters in the change in enrollment status reports run by the Information Systems Management Department, the tables within the software that are utilized to create the report excluded any enrolled students which had been previously marked with an active hiatus status in prior years. The second student identified withdrew from the College prior to the date the College submitted its first report to the National Student Clearinghouse. For the third student identified, this student was an unofficial withdrawal student whose date of determination was based on the last day of the term. However, the instructor did not report to the Registrar in a timely manner the status of this student until after the end of the term. Due to the untimely reporting by the instructor to the Registrar, the report parameters used to generate the change in enrollment status reports at the end of the Spring term did not include enrollment changes for this specific unofficial withdrawal student which occurred after the last day of the term.

Aiken Technical College

Summary Schedule of Prior Year Findings

For the year ended June 30, 2017

Finding 2016-002 – Timely enrollment reporting, continued

Current Action Taken/Current Status: The Vice President of Enrollment Management, the Director of Financial Aid, and Registrar, in collaboration with the Information Systems Management Department, identified the cause for the exclusion of the withdrawn student related to a prior hiatus status that was activated in the system. The Information Systems Management Department modified the appropriate tables to end all active hiatus statuses for students, so these students are no longer excluded from the listing used for the enrollment reporting. At the time of data collection, any questionable student record data is investigated for accuracy, corrected as needed, and verified prior to report submission. No similar findings were noted in the 2017 audit.

The Registrar was added to the distribution of the weekly report of withdrawn students, which is currently provided to the Financial Aid staff. The Registrar reviews the report to identify students who completely withdraw prior to the College's first submission of enrollment data to the National Student Clearinghouse. The Registrar updates any identified students' records in NSLDS directly. No similar findings were noted in the 2017 audit.

The Vice President of Enrollment Management, the Director of Financial Aid, and Registrar, in collaboration with the Information Systems Management Department, identified the cause for the exclusion of this withdrawn student related to the late reporting of her unofficial withdrawal status after the end of the term. If any withdrawals are reported beyond the last submission date to the Clearinghouse for the term, the student's record is updated in NSLDS directly and reported to Financial Aid immediately for consideration of the return of Title IV calculation. At the time of data collection, any questionable student record data is investigated for accuracy, corrected as needed, and verified prior to report submission. The College also provided additional training and communications for faculty regarding timely reporting of student changes in course enrollment status. No similar findings were noted in the 2017 audit.