

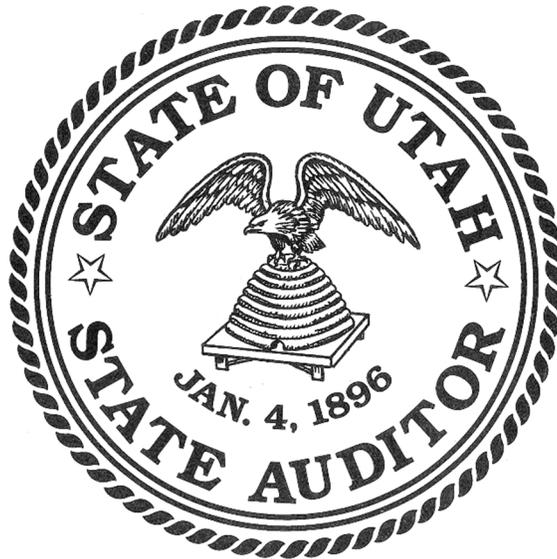
# SALT LAKE COMMUNITY COLLEGE

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Single Audit Management Letter  
For the Year Ended June 30, 2019

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Report No. 19-13



## OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor  
Hollie Andrus, CPA, Audit Director  
Ryan Roberts, CPA, Audit Supervisor

**SALT LAKE COMMUNITY COLLEGE**

**Single Audit Management Letter  
FOR THE YEAR ENDED JUNE 30, 2019**

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Errors in Processing of Return of Title IV Funds	Student Financial Assistance Programs	SD-f; RN-f	3

<u>Finding Type:</u>	<u>Applicable To:</u>
SD Significant Deficiency of Internal Control	f Federal Program
RN Reportable Noncompliance or Illegal Acts	



OFFICE OF THE  
STATE AUDITOR

**SINGLE AUDIT MANAGEMENT LETTER NO. 19-13**

December 4, 2019

Dr. Deneece Huftalin, President  
Salt Lake Community College  
P.O. Box 30808  
SLC, Utah 84130

Dear President Huftalin:

This management letter is issued as a result of Salt Lake Community College's (College's) portion of the statewide single audit for the year ended June 30, 2019. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is issued under separate cover. We tested the College's portion of the Student Financial Assistance cluster, including:

- 84.007 Federal Supplemental Educational Opportunity Grants
- 84.033 Federal Work-Study Program
- 84.038 Federal Perkins Loan Program
- 84.063 Federal Pell Grant Program
- 84.268 Federal Direct Student Loans

In planning and performing our statewide compliance audit of the programs listed above, we considered the College's compliance with the types of compliance requirements subject to audit as described in the *OMB Compliance Supplement* for the year ended June 30, 2019. We also considered the College's internal control over compliance with the types of requirements described above that could have a direct and material effect on the programs tested in order to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing an opinion on compliance 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 to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. *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 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 that is less severe than a material weakness, yet important enough to be reported under Uniform Guidance.

Our consideration of internal control over compliance was for the limited purposes described in the second paragraph 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. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. We did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

We also identified the finding as an instance of noncompliance which we are required to report under the Uniform Guidance.

The College's written response to and Corrective Action Plan for the finding identified in our audit were not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on them.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the College's personnel during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Hollie Andrus, CPA  
Audit Director  
801-808-0467  
handrus@utah.gov

cc: Jeffrey J. West, Vice President for Finance and Administration  
Dr. Charles Lepper, VP for Student Affairs and Enrollment Management  
Debra Glenn, Controller/Assistant VP  
Travis Lansing, Director of Internal Audit  
Cristi Millard, Financial Aid Director

## FINDING AND RECOMMENDATION

### ERRORS IN PROCESSING RETURN OF TITLE IV FUNDS

Federal Agency: **Department of Education**

CFDA Numbers and Titles: **84.007 Federal Supplemental Educational Opportunity Grants**  
**84.033 Federal Work-Study Program**  
**84.063 Federal Pell Grant Program**  
**84.268 Federal Direct Student Loans**

Federal Award Numbers: **Various**

Questioned Costs: **\$309**

Pass-through Entity: **N/A**

Prior Year Single Audit Report Finding Number: **N/A**

Salt Lake Community College (College) has not established a consistent or formal method to verify the processing of return of Title IV funds. As a result, the College did not correctly process the return of Title IV funds for 2 of 25 student records examined, as follows:

- The College incorrectly excluded a student's subsidized direct loan amounts from the calculation of return of Title IV funds. This error resulted in the College returning \$309 fewer Title IV funds than should have been returned. We have questioned these costs.
- The College did not return the amount earned by a student within the required 45-day timeframe.

2 CFR 200.303(a) requires an entity using federal money to have formal and effective internal controls over compliance requirements. In addition, 34 CFR 668.22(a) and (j) state that the institution is responsible to ensure the timely and accurate calculation and return of Title IV funds. Inadequate controls over processing return of Title IV funds could result in noncompliance with federal requirements.

### **Recommendation:**

**We recommend the College establish a consistent or formal method to verify the timely and accurate processing of return of Title IV funds.**

### **College's Response:**

*SLCC agrees with the finding.*

### **Corrective Action Plan:**

*SLCC understands the importance of timely and accurate calculation and return of Title IV funds. This appears to be a case related to training and an employee not fully understanding all compliance requirements. To ensure all financial aid advisors have adequate training as to the return of funds, all SLCC financial aid advisors will be attending a NASFAA Credential*

*Workshop on the Return of Title IV funds on November 15, 2019. Upon completion of the workshop, advisors may take a test to demonstrate competency in this area and to become credentialed in the Return of Title IV Funds.*

*SLCC will also be implementing a quality assurance program. Advisors will check each other's return of funds calculations monthly to ensure calculations are accurate and that refunds occur within the 45-day timeframe. A quarterly review will take place at Senior staff meeting to discuss issues. This program will begin January 2020.*

*Currently the return of funds process is completed using an excel spreadsheet. SLCC's Banner software has an automated return process. This process will be reviewed to determine if it can be utilized to minimize calculation errors. If the process is considered viable it will be tested and implemented by May 2020.*

*Contact Person: Cristi Millard, Director of the Office of Financial Aid and Scholarships,  
801-957-4145*

*Anticipated Correction Date: May 2020*