Audit Committee
Meeting Minutes

May 21, 2025, at 11:00 a.m.
Administration Building, Room 204

Members Present
Paul Batson
Hunter Howard, Chair
Ray Lattimore

Members Absent
Tom Britt

Staff Present
George Abraham
Jacqueline DiMaggio
Julie Eddy
Artie Hammond
Keith Miller
Lisa Mangione
Lauren Simer

Guests Present
Brian Nicholson, Mauldin & Jenkins, *via Zoom*

Call to Order
Chair Hunter Howard called the Audit Committee meeting to order at 11:05 a.m. and welcomed committee members, guests, and staff.

Approval of Minutes
Chair Howard requested a motion to approve the September 18, 2024, minutes as distributed. Mr. Paul Batson made the motion; Mr. Ray Lattimore seconded; the motion carried.

External Auditor Preliminary Audit Discussion
Chair Howard introduced Mr. Brian Nicholson of Mauldin & Jenkins. Mr. Nicholson noted that this would be the third consecutive year the firm conducts the compliance audit and the financial statement review for the college, and he expects the process to go smoothly due to the college's strong preparation. The audit process is broken down into phases, with the preliminary phase focusing on the compliance side beginning in May and lasting through mid-July. This phase encompasses the single audit process of student financial aid and may include additional programs based on the college's 3% threshold of the Schedule of Expenditure of Federal Awards (SEFA). The next phase begins in mid-August with the audit of the college's financial statements. Given the college's demonstrated strength in financial reporting, he anticipates completing this process by mid-September.

Mr. Nicholson advised the college to proceed carefully with implementing GASB 101 – Compensated Absences, noting that due to its year-over-year comparative reporting, the college may need to restate its financial statements going back to June 30, 2023. He also indicated that this would constitute a change in net position. Additionally, he addressed the allowance for uncollectible student accounts, recommending that federal funds be considered for writing off these balances and that the related allowances be adjusted accordingly.

Mr. Nicholson asked committee members if there were any items that they felt should be a focus of the audit and if there were any concerns about fraud. He also invited the committee members to contact him to discuss such matters.

Internal Auditor Update

Chair Howard introduced Mr. Artie Hammond to provide the Internal Auditor Update. Mr. Hammond presented a handout of the internal audit activities conducted by his team since last year. The list included the following activities:

- ✓ Unscheduled petty cash and change funds audits across all campus locations were conducted, with no issues identified.
- ✓ Out of 8,776 purchasing card transactions, a sample of 39 transactions and 37 statements were reviewed for compliance with the college's procurement policy and the state procurement code. All identified exceptions had already been addressed by the college's P-card administrator, and no additional opportunities for improvement or recommendations were identified.
- ✓ Bookstore physical inventories were observed, and test counts were performed at all locations. No discrepancies were found, and the total inventory value of write-ups and write-downs remains insignificant. No recommendations were made.
- ✓ Monthly sample audits were conducted on all Title IV federal aid programs—including Pell Grants, Federal Work Study, Direct Loans, and the Federal Supplemental Educational Opportunity Grant—as well as state aid programs such as LIFE, SC Need-Based Grant, SC Lottery Tuition Assistance, Career Pathways, Palmetto Fellows, and SC National Guard. All identified exceptions were resolved, and necessary corrections were made.
- ✓ Reviewed the on-campus testing program involving college employees serving as proctors for FAA and welding examinations. The review included an assessment of documentation related to fees charged and payments received from both GTC and non-GTC candidates, verification of the proper approval and timely submission of Secondary/Dual Employment forms, confirmation of candidate payments, and an evaluation of direct and indirect testing costs relative to revenues to assess the program's profitability and risk. Overall, both the FAA and welding testing programs present minimal profit and risk. However, some opportunities for improvement were identified, and a Response and Action Plan is currently being developed.
- ✓ Internal Audit reviewed two cases of reported nepotism. Both cases included evaluating reporting structures, hiring documents, work agreements, timekeeping activities, and payroll records. Observations were noted, recommendations made, and corrective actions were taken.
- ✓ The Student Assistance and Resources Center was added to the audit plan in response to multiple leadership changes. Several areas for improvement were identified, and a Response and Action Plan is currently being developed.
- ✓ A balance sheet audit was performed to assess the efficiency, effectiveness, and compliance of account reconciliation processes. The objective was to identify improvement opportunities and ensure appropriate mitigating controls are in place to address associated risks. Recommendations were provided, and a Response and Action Plan is being developed.

Mr. Hammond noted that he and his staff actively participate in professional development to stay current with the latest trends and techniques in internal auditing, earning a total of 77.5 Continuing Professional Education credits over the past year.

Mr. Batson commended the college and the Internal Audit staff for their commitment to maintaining strong internal controls and ensuring compliance with applicable policies, procedures, and regulations.

OIT Disaster Recovery Plan

Chair Howard introduced Mr. George Abraham to present the OIT Disaster Recovery Plan. Mr. Abraham noted that this legacy document primarily reflects system updates made over the years and will be amended as the college transitions to Anthology. He explained that the plan is mainly overseen by the CIO, the Information Security Officer, and the Infrastructure Support Services Manager. The recent Hurricane Helene disaster was briefly reviewed, highlighting the existing processes OIT had in place to manage such events. He also pointed out that the college has substantial off-site backup capabilities and is developing a disaster recovery site at the CMI campus. Testing protocols are in place, and most backups are cloud-based.

Old and New Business

There was no other business before the committee, so Chair Howard adjourned the meeting at 11:50 a.m.