

**The Citadel  
The Military College of South Carolina  
Charleston, South Carolina**

*For the year ended June 30, 2015*

*OMB Circular  
A-133 Reports*

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# The Citadel, The Military College of South Carolina

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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***

The Members of the Board of Visitors  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

We have audited, 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, the financial statements of the business-type activities and discretely presented component units of The Citadel, The Military College of South Carolina (The Citadel) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The Citadel's basic financial statements, and have issued our report thereon dated October 12, 2015. The financial statements of The Citadel Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered The Citadel'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Citadel's internal control. Accordingly, we do not express an opinion on the effectiveness of The Citadel'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 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 Citadel'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 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.

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

Charleston, South Carolina  
October 12, 2015



**Independent Auditor's Report on Compliance for Each  
Major Federal Program, Report on Internal Control  
Over Compliance, and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB  
Circular A-133**

The Members of the Board of Visitors  
The Citadel, The Military College of South Carolina  
Charleston, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited The Citadel, The Military College of South Carolina (The Citadel)'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 The Citadel's major federal programs for the year ended June 30, 2015. The Citadel'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 Citadel'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 The Citadel'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 The Citadel's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, The Citadel 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 The Citadel 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 Citadel'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 The Citadel'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.

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.

### **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 units of The Citadel, a 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 The Citadel's basic financial statements. We issued our report thereon dated October 12, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Elliott Davis Decosimo, LLC*

Charleston, South Carolina

January 21, 2016 except for the portion related to the Schedule of Expenditures of Federal Awards as to which the date is October 12, 2015

**The Citadel, The Military College of South Carolina**

*Schedule of Expenditures of Federal Awards*

*For the year ended June 30, 2015*

Federal grantor/pass-through grantor/program title	CFDA Number	Grantor's Number	Total Expenditures
<b><u>Research and Development Cluster:</u></b>			
Department of Commerce			
NIST-2015 SURF Award	11.620	70NANB15H081	\$ 8,791
Passed through SC Sea Grant Consortium			
SC Sea Grant Marine Plastics Debris	11.417	NA100AR4170073-P/M-2G-M11G	132
Clemson Subaward 1722-223-2099965	11.417	1722-223-2099965	18,552
Clemson Subaward 1801-22-2020553	11.417	NA140AR4170088	2,123
CURE-Citadel Undergraduate Research Experience	11.417	NA100AR4170073-P/M-2MM	4,840
Total Department of Commerce			<u>34,438</u>
Department of Interior			
Fish and Wildlife Services			
Lindera Melissifolia Gulf South	15.999	N69450-12D-0073	251
Total Department of Interior			<u>251</u>
Department of Defense			
Passed through US Army Corp of Engineers			
Lindera Mellisifolia MCAS Beaufort	99.99	M60169-13-P-0016	1,227
Total Department of Defense			<u>1,227</u>
Department of Transportation			
Passed through Clemson University			
Clemson Subaward - 1674-223-2009400	20.205	1674-223-2009400	8,202
Clemson Subaward - 1699-223-209709	20.205	1699-223-209709	9,280
Clemson Subaward - 1633-223-2008983	20.205	1633-223-2008983	21,152
Total Department of Transportation			<u>38,634</u>
National Aeronautics and Space Administration	43.001		
Passed through College of Charleston			
South Carolina Space Grant Consortium	43.999	NNX10AM76H	915
South Carolina Space Grant Consortium	43.999	NNX10AM76H	6,604
South Carolina Space Grant Consortium	43.999	NNX10AM76H	11,522
South Carolina Space Grant Consortium	43.999	NNX15AL49H	2,419
Passed through Space Telescope Science Institute			
Advanced Spectral Library Project: Cool Stars	43.999	HST-GO-12278.02-A	1,895
Advanced Spectral Library Project: Hot Stars	43.999	HST-GO-13346.02-A	20,416
Total National Aeronautics and Space Administration			<u>43,771</u>
Department of Homeland Security			
Passed through SC Emergency Management Division			
Earthquake Consortium and State Support (ECSS)	97.082	EMA-2012-GR-5284	4,850
Total Department of Homeland Security			<u>4,850</u>
Total Research and Development Cluster			<u>123,171</u>



**The Citadel, The Military College of South Carolina**

*Schedule of Expenditures of Federal Awards*

*For the year ended June 30, 2015*

Federal grantor/pass-through grantor/program title	CFDA Number	Grantor's Number	Total Expenditures
<b><u>Student Financial Assistance Cluster:</u></b>			
Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	P007A143769	85,440
Federal Work Study Program	84.033	P033A143769	113,280
Federal Perkins Loan Program	84.038	P038A093769	149,607
Federal Pell Grant Program	84.063	P063P140375	3,051,037
Federal Direct Loan Student Loan Program	84.268	P268K150375	<u>28,825,280</u>
Total Student Financial Assistance Cluster			<u>32,224,644</u>
<b><u>Other Programs:</u></b>			
Department of Homeland Security			
Passed through Institute of International Education			
Project Go 2013-2014	12.357	H98210-13-2-001	21,908
Project Go 2014-2015	12.357	H98210-13-2-001	<u>141,278</u>
Total Department of Homeland Security			<u>163,186</u>
National Endowment for Humanities			
Preservation Assistance	45.149	PG-52274-14	<u>3,337</u>
			<u>3,337</u>
National Science Foundation			
Education and Human Resources:			
Enhancing Undergraduate Civil Engineering Opportunities			
Socioeconomically Disadvantaged, Minorities,			
and Female Students	47.076	DUE-1059945	149,474
Recruit, Educate, Certify and Obtain New Teachers (RECON)	47.076	DUE-1339901	<u>202,845</u>
Total National Science Foundation			<u>352,319</u>
Department of Education			
Passed through Charleston County School District			
GEAR-UP Bright	84.334	P334A110207	6,906
Passed through Hampton One School District			
TEAMS: Hampton One 2013-14	84.366	H630110008213	3
TEAMS: Hampton One 2014-15	84.366	H630110008213	7,886
Passed through SC Commission on Higher Education			
Improving Teacher Quality - YR3 (2013/2014)	84.367	Unknown	<u>5,349</u>
Total Department of Education			<u>20,144</u>
Total Other Programs			<u>538,986</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$ 32,886,801</u></u></b>

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# The Citadel, The Military College of South Carolina

## Notes to Schedule of Expenditures of Federal Awards

June 30, 2015

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### Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The Citadel and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Note 2. Loans Outstanding

The Federal Perkins Loan Program (CFDA Number 84.038) is administered directly by The Citadel and balances and transactions relating to the program are included in the loan fund of The Citadel's financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$629,630 as of June 30, 2015.

The Federal Direct Student Loan program provides loan capital directly from the federal government (rather than through private lenders) to vocational, undergraduate, and graduate students and their parents. The loans are made directly from the federal government; therefore there is no loan balance recorded at the college or university level.

### Note 3. Matching

Under the Federal Work Study program, The Citadel matched \$37,393 for the year ended June 30, 2015 in addition to the federal share of expenditures in the accompanying Schedule of Expenditures of Federal Awards.

Under the Federal Supplemental Education Opportunity Grant program, The Citadel matched \$28,480 for the year ended June 30, 2015 in addition to the federal share of expenditures in the accompanying Schedule of Expenditures of Federal Awards.

### Note 4. Subrecipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, The Citadel provided no federal awards to subrecipients.

**The Citadel, The Military College of South Carolina**

*Schedule of Findings and Questioned Costs*

June 30, 2015

**Section I. Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified?  yes  no
- Significant deficiency identified?  yes  none reported

Noncompliance material to financial statements noted  yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness identified?  yes  no
- Significant deficiency identified?  yes  none reported

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 510(a) of Circular A-133  yes  no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007; 84.033; 84.038; 84.063; 84.268	Student Financial Assistance Cluster
47.076	Education and Human Resources

Dollar threshold used for distinguishing between type A and B programs: \$ 300,000

Auditee qualified as low-risk auditee?  yes  no

**Section II. Financial Statement Findings**

None

**Section III. Federal Award Findings and Questioned Costs**

None

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## **The Citadel, The Military College of South Carolina**

### ***Summary Schedule of Prior Audit Findings***

***June 30, 2015***

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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 2014-1 – Reporting of Separation Dates for Perkins Loans**

Status: Prior year finding was corrected in current year under audit, and no repeat finding was noted.