

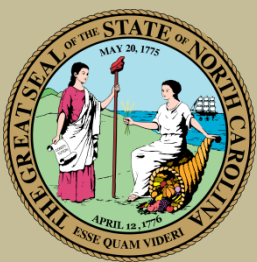
STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR
BETH A. WOOD, CPA



PAMLICO COMMUNITY COLLEGE

GRANTSBORO, NORTH CAROLINA
STATEWIDE FEDERAL COMPLIANCE AUDIT PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2021



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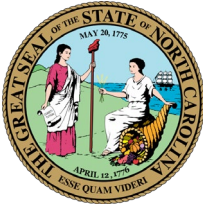


Beth A. Wood, CPA
State Auditor

TABLE OF CONTENTS

	PAGE
AUDITOR'S TRANSMITTAL	1
FINDING, RECOMMENDATION, AND VIEWS OF RESPONSIBLE OFFICIALS OF THE AUDITEE	3
ORDERING INFORMATION	5

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699
Telephone: (919) 807-7500
Fax: (919) 807-7647
www.auditor.nc.gov

AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
The General Assembly of North Carolina
Dr. Jim Ross, President
Pamlico Community College

As part of our audit of the State of North Carolina's compliance with the types of requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs, we have completed certain audit procedures at Pamlico Community College (College) for the year ended June 30, 2021.

We conducted our audit of compliance in accordance with the 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). Our audit objective was to express an opinion on the State of North Carolina's compliance for each of its major federal programs. However, the audit results described below are in relation to our audit scope at the College and not to the State of North Carolina as a whole. The State Auditor expresses an opinion on the State of North Carolina's compliance with requirements applicable to its major federal programs in the State's *Single Audit Report*.

Our federal compliance audit scope at the College included the Student Financial Assistance Cluster.

Our audit was performed by authority of Chapter 147, Article 5A of the *North Carolina General Statutes*.

Compliance

The results of our audit procedures at Pamlico Community College disclosed no instances of noncompliance that are required to be reported in accordance with the Uniform Guidance.

Internal Control Over Compliance

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 a 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 the College's 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 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. Therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we consider the deficiency described in the finding in the Finding, Recommendation, and Views of Responsible Officials of the Auditee section to be a significant deficiency in internal control over compliance.


Pamlico Community College's Response to Finding

The College's response to the finding identified in our audit is included in the Finding, Recommendation, and Views of Responsible Officials of the Auditee section of this transmittal. 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 Transmittal

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

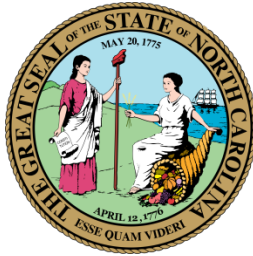
North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this transmittal.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

March 30, 2022



**FINDING,
RECOMMENDATION, AND
VIEWS OF RESPONSIBLE
OFFICIALS OF THE
AUDITEE**

Matters Related to Federal Compliance Audit Objectives**ENROLLMENT STATUS REPORTING ERRORS**

The College did not accurately report enrollment status changes to the National Student Loan Data System (NSLDS) for students who received federal financial assistance. During the audit period, the College disbursed approximately \$492 thousand in federal financial assistance funding to 147 students subject to this reporting requirement.

Auditors tested the enrollment status reporting for a sample of 21 students who received federal financial assistance and whose enrollment status changed. Eight (38%) students were reported with an incorrect status change.

Failure to accurately report student enrollment status changes to the NSLDS could impact student Pell eligibility.

According to College management, the College relied on error reports from the National Student Clearinghouse, a third-party service provider, to ensure accurate reporting of enrollment status changes. Management did not monitor the information reported to the NSLDS to ensure its agreement with College records.

Federal regulations¹ require the College to accurately report student status changes to the NSLDS. In addition, the NSLDS *Enrollment Reporting Guide* states that the College is ultimately responsible for accurate reporting.

Federal Award Information: Federal Awarding Agency: U.S. Department of Education; Assistance Listing Number (title): 84.063 (Federal Pell Grant Program); Federal Award Identification Number (award period): P063P192882 July 1, 2020 - June 30, 2021.

Recommendation: College management should implement monitoring procedures to ensure all students with enrollment status changes are accurately reported to the NSLDS.

Views of Responsible Officials of the Auditee: See page 4 for the Pamlico Community College's response to this finding.

¹ 34 CFR 690.83.



www.pamlicocc.edu

Telephone (252) 249-1851

Fax (252) 249-2377

PO Box 185 Grantsboro, N.C. 28529-0185

January 18, 2022

The Honorable Beth A. Wood, State Auditor
Office of the State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0600

Dear Auditor Wood:

Thank you for the time expended by your audit team in performing a federal compliance audit for our college. During this audit the College received a finding related to enrollment status reporting. Specifically, the College did not accurately report enrollment status changes to the National Student Loan Data System (NSLDS) for students who received federal financial assistance.

Management agrees with the audit finding and acknowledges that there were deficiencies in our enrollment status reporting process. To address these deficiencies, effective December 17, 2021, additional verification procedures have been implemented that require frequent reconciliation steps be conducted between the College's Registrar, Admissions and Records Technician, and Financial Aid Director to identify student enrollment changes at various intervals throughout semesters in a timely manner. These procedures will ensure that the College is routinely monitoring the information reported to NSLDS as compared with the College's records to ensure that all student status changes are accurately reported to NSLDS per Federal regulations.

Respectfully Submitted,


Chief Executive Office


Chief Financial Officer

PCC is an Equal Opportunity College

ORDERING INFORMATION

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State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699

Telephone: 919-807-7500
Facsimile: 919-807-7647
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For additional information contact the
North Carolina Office of the State Auditor at:

919-807-7666



This audit required 299 hours at an approximate cost of \$31,694.