

**CITY OF COLUMBIA, SOUTH CAROLINA**  
**Reports on Internal Control and Compliance**  
**Year Ended June 30, 2012**

**CITY OF COLUMBIA, SOUTH CAROLINA**  
**Columbia, South Carolina**

TABLE OF CONTENTS

---

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1 - 2
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	3 - 4
Schedule of Expenditures of Federal Awards.....	5 - 7
Notes to the Schedule of Expenditures of Federal Awards.....	8
Schedule of Findings and Questioned Costs	
I – Summary of Auditors' Results.....	9
II – Financial Statement Findings.....	10
III – Findings and Questioned Costs – Major Federal Award Programs.....	10
Summary Schedule of Prior Audit Findings.....	11

---

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Basic Financial Statements Performed in Accordance With  
Government Auditing Standards**

Honorable Mayor and City Council  
**City of Columbia, South Carolina**  
Columbia, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Columbia, South Carolina**, as of and for the year ended June 30, 2012, which collectively comprise the City of Columbia, South Carolina's basic financial statements and have issued our report thereon dated March 15, 2013. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the City of Columbia, South Carolina is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Columbia, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures 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 City of Columbia, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Columbia, South Carolina's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Columbia, South Carolina's financial statements are free of 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*.

**Members**

SC Association of Certified Public Accountants  
NC Association of Certified Public Accountants

**Member**

Division for CPA Firms, AICPA

An Independently Owned Member  
**McGLADREY ALLIANCE**



The Tower at 1301 Gervais,  
Suite 1950 (29201)  
Columbia, South Carolina  
803-312-0001, Fax 803-255-8886  
www.websterrogers.com

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Webster Rogers LLP*

Columbia, South Carolina  
March 15, 2013

**Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Honorable Mayor and City Council  
**City of Columbia, South Carolina**  
Columbia, South Carolina

Compliance

We have audited the **City of Columbia, South Carolina'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 City of Columbia, South Carolina's major federal programs for the year ended June 30, 2012. The City of Columbia, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Columbia, South Carolina's management. Our responsibility is to express an opinion on the City of Columbia, South Carolina's compliance based on our audit.

The City of Columbia, South Carolina's basic financial statements include the operations of the TN Development Corporation which received \$772,194 in federal awards which is not included in the schedule during the year ended June 30, 2012. Our audit, described below, did not include the operations of TN Development Corporation because they were audited separately by us with separate reports on internal control and compliance issued.

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 City of Columbia, South Carolina'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. Our audit does not provide a legal determination of the City of Columbia, South Carolina's compliance with those requirements.

In our opinion, the City of Columbia, complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-1.

**Members**

SC Association of Certified Public Accountants  
NC Association of Certified Public Accountants

**Member**

Division for CPA Firms, AICPA

An Independently Owned Member  
**McGLADREY ALLIANCE**



The Tower at 1301 Gervais,  
Suite 1950 (29201)  
Columbia, South Carolina  
803-312-0001, Fax 803-255-8886  
[www.websterrogers.com](http://www.websterrogers.com)

### Internal Control over Compliance

Management of the City of Columbia, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Columbia, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 City of Columbia, South Carolina'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-1. 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.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbia, South Carolina as of and for the year ended June 30, 2012, and have issued our report thereon dated March 15, 2013, which contained an unqualified opinion on those statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City of Columbia, South Carolina's financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133, 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 auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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 aspects in relation to the financial statements as a whole.

The City of Columbia, South Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Columbia, South Carolina's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the City of Columbia, South Carolina, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*Webster Rogus LLP*

Columbia, South Carolina  
March 15, 2013

**CITY OF COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/Pass-Through Grantor's/Agency's or Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Commerce</b>			
Direct			
Economic Adjustment Assistance	11.307		\$ 1,514,280
<b>U.S. Department of Housing and Urban Development</b>			
Direct			
Community Development Block Grants/Entitlement Grants	14.218		1,623,743
Home Investment Partnerships Program	14.239		836,154
Housing Opportunities for Persons with AIDS	14.241		1,405,451
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257		<u>197,490</u>
Subtotal Direct Programs U.S. Department of Housing and Urban Development			4,062,838
Pass through programs from:			
South Carolina State Housing Authority Neighborhood Stabilization Program	14.228	08-NSP104	<u>499,162</u>
Total U.S. Department of Housing and Urban Development			<u>4,562,000</u>
<b>U.S. Department of Justice</b>			
Direct			
Public Safety Partnership and Community Policing Grants	16.710		12,673
ARRA - Public Safety Partnership and Community Policing Grants	16.710		885,871
Subtotal CFDA # 16.710			<u>898,544</u>
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant	16.738		130,808
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804		<u>49,779</u>
Subtotal JAG Program Cluster			<u>180,587</u>
Subtotal Direct Programs U.S. Department of Justice			<u>1,079,131</u>
Pass through programs from:			
South Carolina Department of Public Safety			
Paul Coverdell Forensic Sciences Improvement Grant	16.742	1NFP8002	33,857
JAG Program Cluster			
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	1GS109007	<u>146,579</u>
Subtotal Pass through Programs U.S. Department of Justice			<u>180,436</u>
Total U. S. Department of Justice			<u>1,259,567</u>

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/Pass-Through Grantor's/Agency's or Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation</b>			
Pass through programs from:			
South Carolina Department of Transportation Highway Planning and Construction	20.205	HPP0758 (001)	<u>\$ 70,877</u>
State and Community Highway Safety	20.600	2H11012	26,374
State and Community Highway Safety	20.600	2H12008	137,806
State and Community Highway Safety	20.600	2JC12005	3,291
State and Community Highway Safety	20.600	2JC12005	1,616
Subtotal CFDA # 20.600			<u>169,087</u>
Total U.S. Department of Transportation			<u>239,964</u>
<b>U.S. Environmental Protection Agency</b>			
Direct			
ARRA - Brownsfields Assessment and Cleanup Cooperative Agreements	66.818		<u>313,149</u>
<b>U.S. Department of Energy</b>			
Direct			
ARRA - Energy Efficient and Conservation Block Grant	81.128		<u>20,978</u>
<b>U.S. Department of Homeland Security</b>			
Direct			
Assistance to Firefighters Grant	97.044		77,054
Staffing for Adequate Fire and Emergency Response	97.083		<u>530,620</u>
Subtotal Direct Programs U.S. Department of Homeland Security			<u>607,674</u>
Pass through programs from:			
South Carolina State Law Enforcement Division			
Homeland Security Grant Program	97.067	MMRS2007	2,561
Homeland Security Grant Program	97.067	8MMRS01	5,309
Homeland Security Grant Program	97.067	8SHSP06	39,033
Homeland Security Grant Program	97.067	9SHSP46	149,330
Homeland Security Grant Program	97.067	09MMRS01	178,367
Homeland Security Grant Program	97.067	11SHSP18	10,668
Homeland Security Grant Program	97.067	11SHSP10	7,879
Homeland Security Grant Program	97.067	10MMRS01	<u>11,875</u>
Subtotal CFDA 97.067			<u>405,022</u>

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal Grantor/Pass-Through Grantor's/Agency's or Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Homeland Security (Continued)</b>			
Pass through programs from:			
South Carolina State Law Enforcement Division			
Buffer Zone Protection Program	97.078	9BZPP01	\$ 40,899
Subtotal Pass through U.S. Department of Homeland Security			<u>445,921</u>
Total U.S. Department of Homeland Security			<u>1,053,595</u>
Total Expenditures of Federal Awards			<u><u>\$ 8,963,533</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF COLUMBIA, SOUTH CAROLINA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2012**

---

**1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. The information presented on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, 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. For purposes of the schedule, federal programs include all federal awards and procurement relationships entered into directly between the primary government, the City of Columbia, South Carolina, and the federal government and sub-grants from non-federal organizations made under federally sponsored agreements.

**2. EDA Grants:**

The City of Columbia maintains revolving loan funds pursuant to an Economic Development Administration Loan Grant of the U.S. Department of Commerce grant # 04-39-03312 and CFDA #11.307. The accounts for these loan funds are reported in the basic financial statements under the Redevelopment Program Fund. Outstanding loan balances at June 30, 2012 is \$1,898,792. The cash and investment balance in the revolving loan fund is \$695,930. Administrative expenses paid out of these funds for the year ended June 30, 2012 are \$634,178. The federal participation rate for the Economic Adjustment Assistance grant is 58.36%.

**3. Subrecipient:**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Federal Granting Agency</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Department of Housing and Urban Development	14.218	\$ 74,089
Department of Housing and Urban Development	14.241	1,355,453
Department of Housing and Urban Development	14.257	194,492
		<u>\$ 1,624,034</u>

**CITY OF COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

---

---

**I - Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Columbia, South Carolina.
2. No significant deficiencies relating to the audit of the financial statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Columbia, South Carolina, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133. This deficiency is not reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for the City of Columbia, South Carolina expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
  - Economic Adjustment Assistance – CFDA Number 11.307
  - Community Development Block Grants/Entitlement Grants - CFDA Number 14.218
  - Home Investment Partnerships Program – CFDA Number 14.239
  - Housing Opportunities for Persons with AIDS – CFDA Number 14.241
  - ARRA - Homeless Prevention and Rapid Re-Housing Program – CFDA Number 14.257
  - ARRA - Public Safety Partnership and Community Policing Grants – CFDA Number 16.710
  - JAG Program Cluster
  - Staffing for Adequate Fire and Emergency Response - CFDA Number 97.083
  - ARRA - Brownsfields Assessment and Cleanup Cooperative Agreements - CFDA Number 66.818
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The City of Columbia, South Carolina did not qualify as a low risk auditee.

CITY OF COLUMBIA, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

---

---

**II - Financial Statement Findings**

There were no findings related to the financial statements.

**III – Findings and Questioned Costs – Major Federal Award Programs**

**2012-1      Special Reporting**

**Community Development Block Grants/Entitlement Grants CFDA 14.218  
Housing Opportunities for Persons with AIDS CFDA 14.241**

**Condition:** The City of Columbia did not submit reports for subawards to subrecipients as required.

**Criteria:** The Federal Funding Accountability and Transparency Act requires all Prime Grant Recipients awarded a new federal grant greater than \$25,000 to submit a FFATA subaward report by the end of the month following the month in which the prime recipient awards any subaward greater than or equal to \$25,000. This report is submitted through the FFATA Subaward Reporting System (FSRS).

**Cause:** The City's internal control procedure requiring a review by someone knowledgeable of federal grant requirements was not followed, and as a result, the City employees failed to detect whether all required reporting elements were submitted.

**Questioned Costs:** There were no questioned costs related to this finding.

**Effect:** Noncompliance with the Reporting compliance requirement.

**Recommendation:** The City should have someone knowledgeable of grant reporting and requirements review all subawards issued and submit the proper reports.

**Views of Responsible Officials and Planned Corrective Action:** The Office of Community Development has set up procedures and policies to allow for compliance with the reporting requirements under the Federal Funding Accountability and Transparency Act.

CITY OF COLUMBIA, SOUTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2012

---

---

**Housing Opportunities for Persons with Aids  
Empowerment Zone Program**

**Finding 2011-1 Subrecipient Monitoring**

**Condition:** There was limited documentation of the City performing any monitoring of its subrecipients.

**Recommendation:** The City should adequately document monitoring visits on subrecipients, and documentation of these visits and procedures performed should be retained in the subrecipient's grant file maintained by the City of Columbia.

**Current Status:** The recommendation was adopted. No similar findings were noted in 2012.

**Community Development Block Grants/Entitlement Grants**

**Finding 2011-2 Allowable Costs**

**Condition:** The City of Columbia's expenditures for public services under the CDBG program exceeded the amount allowed by the grant.

**Recommendation:** The auditor recommended the City have someone knowledgeable of grant reporting and requirements review reports prior to submission to Federal agencies and also monitor the amount of expense charged to specific categories for compliance with federal regulations.

**Current Status:** The recommendation was adopted. No similar findings were noted in 2012.

**Staffing for Adequate Fire and Emergency Response**

**Finding 2011-3 Allowable Costs**

**Condition:** The City of Columbia charged overtime costs, and fringe benefits related to these overtime costs, that were not required to comply with the Fair Labor Standards Act to the grant.

**Recommendation:** The City should have someone knowledgeable of grant reporting and requirements review expenditures for compliance prior to submission to Federal agencies for reimbursement.

**Current Status:** The recommendation was adopted. No similar findings were noted in 2012.

**Economic Adjustment Assistance**

**Finding 2011-4 Special Reporting**

**Condition:** The City of Columbia failed to submit the ED-209S report during the year ended June 30, 2011.

**Recommendation:** The City should have someone knowledgeable of grant reporting and requirements review the amounts entered on the report for accuracy prior to submission to Federal agencies.

**Current Status:** The recommendation was adopted. No similar findings were noted in 2012.