

**SOUTH CAROLINA
STATE BOARD FOR TECHNICAL
AND COMPREHENSIVE EDUCATION**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2020



Independent Accountant's Report On Applying Agreed-Upon Procedures

April 9, 2021

Dr. Tim Hardee, Executive Director
and
Members of the Board
South Carolina State Board for Technical and Comprehensive Education
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina State Board for Technical and Comprehensive Education (the Board) for the fiscal year ended June 30, 2020. The Board's management is responsible for the systems, processes and behaviors related to financial activity.

The Board's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Board for the year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the Board's management. Management of the Board has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the Board and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the governing body and management of the South Carolina State Board for Technical and Comprehensive Education, and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

**South Carolina Office of the State Auditor
Agreed-Upon Procedures – South Carolina State Board for Technical and Comprehensive Education (H59)**

Cash Receipts/Revenues

1. Haphazardly select five cash receipts transactions and inspect supporting documentation to determine:
 - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
 - Revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 177.7 of the fiscal year 2020 Appropriations Act.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Board procedures; invoice(s) agree(s) with general ledger as to vendor, amount, invoice number, and date.
 - All supporting documents and approvals required by Board procedures are present and agree with the invoice.
 - The transaction is an expenditure of the Board.
 - The transaction is properly classified in the general ledger.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy.

For federally funded cash disbursements/non-payroll expenditures selected, inspect supporting documentation to determine:

- Charges are in accordance with the requirements of the program, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.

We found no exceptions as a result of the procedures.

Payroll

3. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Board's policies and procedures and that their final pay check, including any leave payout, was properly calculated in accordance with applicable State law.

Payroll (Continued)

4. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Board's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

5. Haphazardly select four journal entries and one transfer and inspect supporting documentation to determine:

- Postings in the general ledger agree to supporting documentation.
- Transaction is properly approved.
- The purpose of the transaction.

We found no exceptions as a result of the procedures.

Reporting Packages

6. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were submitted by the due date established by the CG's Reporting Policies and Procedures Manual.

7. In addition to the procedure above, perform the following:

- Interfund Payables and Receivables Reporting Package

Determine if responses are reasonable/accurate and haphazardly select five payables to determine if amounts were properly reported based on the inspection of the South Carolina Enterprise Information System (SCEIS) general ledger, SCEIS *Yearend Reporting – Prior Year Payables With Vendor* and Board prepared records.

- Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Reporting Package

Determine if responses and amounts are reasonable/accurate based on Board supporting documentation of active projects. In addition, haphazardly select five projects and determine the project balance by verifying the project budget to Board approval and total expenditures through June 30, 2020 to SCEIS.

- Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and Board prepared records. In addition, haphazardly select five payables from the Subsequent Events Accounts Payable Worksheet and determine if the vendor payable amounts were properly classified, calculated, and reported and excluded from the original Accounts Payable Reporting Package submission.

Reporting Packages (Continued)

Finding:

Two payables totaling approximately \$1.1 million were inadvertently excluded from subsequent events reporting.

Management's Response:

This was an oversight. A revised Interfund Payable Reporting Package should have been completed in conjunction with subsequent events reporting. Steps are being added to our reporting package review process to prevent similar oversights from occurring in the future.

Personal Property

8. Inquire with management and observe supporting documentation to determine that an inventory of Board property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of the procedures.

Board-Specific Provisos

9. Determine compliance with the selected agreed-upon Board-specific state provisos (25.8 – Florence Darlington Fund Repurpose, 25.10 – Health Science Capital Project, 25.11 – Tech Awareness and Education, and 25.12 – Northeastern Tech Repurpose) by inquiring with management and observing supporting documentation, where applicable.

Finding:

We were unable to determine compliance with the reporting requirements of proviso 25.11.

Management's Response:

The filing for proviso 25.11 was inadvertently missed. Calendar reminder has been set to avoid this in the future.