

**WIL LOU GRAY OPPORTUNITY SCHOOL  
WEST COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2020**



Independent Accountant's Report on Applying Agreed-Upon Procedures

June 1, 2021

Mr. Pat G. Smith, Director  
and  
Members of the Board of Trustees  
Wil Lou Gray Opportunity School  
West Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the Wil Lou Gray Opportunity School (the School) for the fiscal year ended June 30, 2020. The School's management is responsible for the systems, processes and behaviors related to financial activity.

The School'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 School 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 School 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 School's management. Management of the School 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 School 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 Board and management of the Wil Lou Gray Opportunity School, 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 – Wil Lou Gray Opportunity School (H71)**

**Cash Receipts/Revenues**

1. Randomly 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 117.7 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. Randomly select five non-payroll disbursements and inspect supporting documentation to determine:
  - The transaction is properly completed as required by School procedures; invoice(s) agree(s) with general ledger as to vendor, amount, invoice number, and date.
  - All supporting documents and approvals required by School procedures are present and agree with the invoice.
  - The transaction is an expenditure of the School.
  - The transaction is properly classified in the general ledger.
  - Disbursements are recorded in the proper fiscal year.
  - Clerical accuracy and proper sales tax has been calculated.
3. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
  - The cardholder is a full-time State employee.
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with School policies.
  - The purchase is authorized based on the cardholder's job title/position.
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

## **Payroll**

4. Randomly select five employee payments during the fiscal year to:
  - Inspect the employee's payroll and/or personnel file for various forms, communications, etc., to determine that the person is an employee of the School.
  - Agree gross pay to supporting documentation of gross salary for the fiscal year. Inspect any changes for proper approval.
5. Haphazardly select three employees who terminated employment during the fiscal year to determine if they were removed from the payroll and that the employee's last paycheck and leave payout were properly calculated.
6. Haphazardly select three employees hired during the fiscal year to determine if they were added to the payroll and that their first paycheck was properly calculated.

## **Findings**

Similar to the finding reported in the prior year, a discrepancy existed between the amount paid and the supporting documentation for one of the employee payments inspected.

For one of the termination payments inspected, there was an overpayment of approximately \$675. The School identified the discrepancy and initiated corrective measures during fiscal year 2021.

## **Management's Response**

Wil Lou Gray Opportunity School is currently working with the South Carolina Enterprise Information System team to implement workflow changes to assure payroll changes are verified before payment.

## **Journal Entries and Transfers**

7. Haphazardly select four journal entries and one transfer and inspect supporting documentation to determine:
  - Postings to 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**

8. Obtain copies of fiscal year end reporting packages submitted to the CG. Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.

## Reporting Packages (Continued)

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

- Grants and Contributions Revenue Reporting Package

Haphazardly select two grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and CFDA number to the South Carolina Enterprise Information System (SCEIS) general ledger and SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and School prepared records.

## Finding

Discrepancies were encountered when agreeing two grant numbers and one CFDA number from the Grants and Contributions Revenue Reporting Package to supporting documentation.

## Management's Response

Preparer and approver will be more observant of reporting package preparation procedures and the use of reviewer checklists to ensure that all grant and CFDA numbers are reported correctly.

## Composite Reservoir Accounts

10. Obtain a listing of School composite reservoir accounts and confirm with School management that the listing is complete.

11. Obtain fiscal year monthly reconciliations for the composite reservoir account and for one haphazardly selected reconciliation, perform the following procedures:

- Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with School procedures.
- Agree applicable amounts from reconciliations to the general ledger.
- Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
- Determine if reconciling differences were explained and resolved.
- Determine if adjusting entries were made in the accounting records.
- Obtain a reconciliation of applicable composite reservoir account balances to the liability for assets held in custody for others and recalculate amounts.
- Agree the reconciled balance of the liability for assets held in custody for others per the reconciliation to the general ledger.

12. Haphazardly select and inspect two composite reservoir account receipts to determine that they were properly described and classified in the accounting records in compliance with the School's policies and procedures and that they were recorded in the proper fiscal year.

### **Composite Reservoir Accounts (Continued)**

13. Haphazardly select and inspect two composite reservoir account disbursements to determine if these disbursements were properly classified in the accounting records, were disbursements of the School, and that goods and/or services were procured in accordance with School procedures.

We found no exceptions as a result of the procedures.

### **Assets and Personal Property**

14. Through inquiry of management and inspection of supporting documentation, determine that an inventory of School property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.
15. Inspect the School's portion of the Summary of Permanent Improvement Projects from the South Carolina 2019 Comprehensive Permanent Improvement Plan for the Plan Years 2020-2024 in accordance with South Carolina Code of Laws Section 2-47-55. Through inquiry of management and inspection of the status of each project, determine if the plan is an accurate representation of the School's activities.

After consideration of identified suspended activities included on the Comprehensive Permanent Improvement Plan, we found no exceptions as a result of the procedures.

### **Fiscal Monitoring of Schools**

16. Inspect budget allocations for the current year and the prior year to determine consistent budgeting to support the School.
17. Compare school district total revenues to total expenditures for the current fiscal year and obtain an explanation from management if school district expenditures exceeded revenues and appropriations.

We found no exceptions as a result of the procedures.

### **Housing Agreements**

18. Obtain a listing of the School's housing agreements with its employees during fiscal year 2020. For the employees that pay monthly rent, inspect the rental agreement, and determine payments were accurate and timely. For the other employee(s) who do not pay monthly rent (on-call employees), inspect the rental agreements and determine that the rent is correctly reported as a taxable benefit in SCEIS. In addition, determine that the future rents are reported on the Operating Leases Reporting Package.

We found no exceptions as a result of the procedures.

### **Non-Recurring Revenue Proviso 118.16**

19. Through inquiry of management and inspection of supporting documentation, determine that the School complied with Proviso 118.16 of the fiscal year 2020 Appropriation Act regarding nonrecurring revenue received during the fiscal year.

We found no exceptions as a result of the procedures.

## **Status of Prior Findings**

20. Through inquiry of management and inspection of supporting documentation, determine the School has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined that the School has taken adequate corrective action on the findings reported during the engagement for the prior year, except as described in the Payroll section above.