

**South Carolina
State Board for Technical
and Comprehensive Education**

Columbia, South Carolina

State Auditor's Report

For the Period of July 1, 2024, to March 31, 2025

and

**Selected Procedures
For the Fiscal Year Ended June 30, 2024**



Independent Accountant's Report on Applying Agreed Upon Procedures

June 5, 2025

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, 2024, and the period July 1, 2024, to March 31, 2025. 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 of the Board for the engagement periods. 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-Up 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 Board, 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.

Vickie C. Funk, CPA
Senior Audit Manager

South Carolina Office of the State Auditor

Agreed - Upon Procedures Related to the South Carolina State Board for Technical and Comprehensive Education (H59)

The following procedures were performed for the period July 1, 2024, through March 31, 2025:

Non-Payroll Disbursements

1. Haphazardly select ten non-payroll disbursements and inspect invoices and approvals to observe that:
 - Disbursement's invoice agrees to the general ledger as to vendor, amount, date, and account classification.
 - Disbursement approval was performed by an individual other than the preparer, with proper authority.
 - Disbursement is a valid expenditure of the Board.
 - Disbursement is recorded in the proper fiscal year.

For federally funded cash disbursements/non-payroll expenditures, inspect invoices and approvals to observe that:

- Disbursements was in accordance with the requirements and period of performance of the program.

For distributions of funding to the technical colleges, inspect invoices and approvals to observe that:

- Distributions were performed in accordance with Board policies and procedures and South Carolina Code of Law Section 59-53-57.

2. Haphazardly select ten purchasing card transactions from the Office of Comptroller General (CG) listing of purchasing card transactions and inspect monthly purchase summaries and applicable receipts to observe that:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Board policies and procedures.
 - The purchase is a valid expenditure.
 - The monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and approved by the supervisor.
 - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.
 - The purchase did not exceed the procurement code's small purchase, no competition limit set forth in Section 11-35-1550(2)(a).

Finding

For one of four transactions selected for inspection, the monthly purchase summary was not signed by the cardholder.

Non-Payroll Disbursements (Continued)

Management Response

We acknowledge the missing signature on the monthly purchase summary. This was due to the cardholder being on approved FMLA leave, during which time she was unavailable to sign the statement. Although the transaction was reviewed and approved by the Vice President for Finance, Randall Johnson, documentation of the employee's leave status on the statement was inadvertently omitted.

Corrective Action Plan

- Implement a process requiring a note on the statement for employees on extended leave, to be included in financial files.
- Require the delegated approver to provide written approval for statements when a cardholder is unavailable.
- Conduct quarterly internal audits to ensure all monthly summaries are properly signed or justified.

Payroll

3. Haphazardly select eight employees who terminated employment to observe that they were removed from the payroll in accordance with the best practices established by the South Carolina Human Resources Division, and that their last paycheck, including any leave payout or comp time, was properly calculated.
4. Haphazardly select eight employees hired to observe that they were added to the payroll in accordance with the best practices established by the South Carolina Human Resources Division and that their first paycheck was properly calculated.
5. Haphazardly select five bonus payments to observe that:
 - The payment amount agreed to Bonus Payroll Request Form and the bonus was given in accordance with Board policy.
 - The bonus pay was approved by the appropriate supervisor.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

6. Haphazardly select two journal entries and three transfers and inspect journal voucher request forms and applicable provisos to observe that the journal entries and transfers are valid and approved by someone with proper authority and different from the preparer.

We found no exceptions as a result of the procedure.

Assets

7. Haphazardly select five capital asset acquisitions and inspect invoices to observe that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
8. Haphazardly select three capital asset retirements and inspect surplus forms and approvals to observe that each asset was approved for removal and removed from the general ledger in accordance with the CG's *Reporting Policies and Procedures Manual*.

Assets (Continued)

Finding

For two of three asset retirements selected for inspection, the Board did not retain sufficient documentation relating to the disposal of the assets.

Management Response

While both Central Carolina Technical College (CCTC) and Greenville Technical College (GTC) confirmed the possession of the assets, during the 2024 inventory, they reported that the items had been transferred to Surplus Property. Unfortunately, no Transfer Identification Documents (TIDs) were retained to support these transfers. It appears the colleges mistakenly processed the assets as their own, rather than System Office property.

Corrective Action Plan

- Introduce a standardized asset disposal checklist, which includes verification of ownership and proper TID documentation.
- Require confirmation from Surplus Property for all disposals, with signed receipts and asset IDs.
- Ensure all disposal records are digitized and centrally store all disposal records for secure, long-term retention.
- Schedule annual training sessions for asset custodians across departments to reinforce proper procedures.

The following procedures were performed for the fiscal year ended June 30, 2024:

Reporting Packages

9. Inspect fiscal year end reporting packages submitted to the CG. Compare responses on the Master Reporting Package Checklist and any required supplemental information submitted to the CG, the South Carolina Enterprise Information System (SCEIS) or Board prepared records.
10. In addition to the procedure above, perform the following:
 - Grants and Contributions Revenue Reporting Package

Haphazardly select fifteen grants and agree the reported beginning and ending fund balances, receipts, expenditures, fund, grant number, accounts payable amounts, and Catalogue of Federal Domestic Assistance number (now known as Assistance Listing Number) to the SCEIS general ledger or SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.
 - Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Reporting Package

Observe if responses and amounts agree to the Board prepared spreadsheet of active projects. In addition, haphazardly select five projects and recalculate the project's commitment balance by tracing the project budget to Board approval and subtracting total expenditures in SCEIS through June 30, 2024.
 - Subsequent Events Questionnaire

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

Reporting Packages (Continued)

Finding

For one of five projects selected for inspection, the commitment balance was improperly calculated based on utilizing an estimated project budget rather than the final project budget that was approved by the Board.

Management Response

As indicated in the prior submitted documents, we (Finance) were informed that although we were initially advised by ReadySC™ that the EFP project would be for \$48,000, the budget was approved for \$29,673 by the State Board. Although we received confirmation of the approval of the project, the reduced budget amount was not included. This has since been corrected on our end in the records.

Corrective Action Plan

- Establish a protocol requiring written confirmation of final budgets from ReadySC™ before financial reporting.
- Implement a tracking log for all budget changes, linked directly to Board approvals.

Lease Reporting

11. Obtain the Lease Reporting Package to observe that:

- The payment schedule for each leased asset agrees to the lease provided by the Board.
- The principal amount for each leased asset agrees to the asset's value on the SCEIS Asset History Sheet.
- The lease principal and interest general ledger account balances in SCEIS agrees to the payment schedule on the package for payments made during the fiscal year.

Finding

OSA observed that the implicit interest rates used to calculate the Board's payment schedules did not align to the CG's guidance for all ten leases inspected.

Management Response

This occurred during the early implementation of GASB 87, as we were still becoming familiar with the standard. Initially, the variance in applicable interest rates was not fully understood. We have since collaborated with the CG's office and clarified that if no rate is explicitly stated in the lease, the Applicable Federal Rate (AFR) at lease commencement should be used. AFR can be found at <https://www.irs.gov/applicable-federal-rates>.

Corrective Action Plan

- Update internal GASB 87 guidance to reflect the proper methodology for selecting interest rates.
- Create a reference sheet for AFRs with effective dates to ensure proper rate selection for all new leases.
- Train relevant staff on lease accounting principles and provide refresher sessions.
- Require dual review of all lease schedules to confirm accurate application of CG guidelines.

Personal Property

Inspect the inventory of personal property, excluding expendables, provided by the Board to observe that it 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 procedure.

Board-Specific Provisos

12. Observe compliance with the following Board-specific state provisos:

- 25.4 (Critical Statewide Workforce Needs) Through inquiry with management and observation of the spreadsheet describing the methodology used to allocate the funding.
- 25.5 (Florence-Darlington Marion Campus) Through inquiry with management and observation that the Board redirected a portion of the funding during the fiscal year to a capital project related to building maintenance, renovation, and replacement.

We found no exceptions as a result of the procedure.