

**Wil Lou Gray Opportunity School**

**Columbia, South Carolina**

**State Auditor's Report**

**For the Fiscal Year Ended June 30, 2022**



Independent Accountant's Report on Applying Agreed Upon Procedures

May 8, 2023

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 Wil Lou Gray Opportunity School (the School) for the fiscal year ended June 30, 2022. 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 fiscal year ended June 30, 2022. 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 management of the 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 Related to Wil Lou Gray Opportunity School (H71)**

**Cash Receipts/Revenues**

1. Haphazardly select ten cash receipts and inspect supporting documentation to determine:
  - Receipts agree with the general ledger as to amount, date, payor, and account classification.
  - Receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2022 Appropriation Act.
  - Both revenue collections and amounts charged are properly authorized by Proviso 5.6 and Proviso 5.4 of the fiscal year 2022 Appropriation Act.
  - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

**Cash Disbursements/Non-Payroll Expenditures**

2. Haphazardly select ten non-payroll disbursements and inspect invoices to determine:
  - The disbursement is properly completed and approved as required by School policies and procedures and the name of the vendor, amount and date on the invoice agrees with the general ledger.
  - The disbursement is a valid expenditure of the School.
  - The disbursement is properly classified in the general ledger.
  - Disbursement is recorded in the proper fiscal year.
3. Haphazardly select ten purchasing card transactions from the Comptroller General's (CG) listing of purchasing card transactions and inspect the monthly purchases summaries and applicable receipts to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with School 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).

We found no exceptions as a result of the procedures.

**Payroll**

4. Haphazardly select five employee payments during the fiscal year and:
  - Inspect the employee's payroll and/or personnel file for new hire and/or salary increase forms to determine that the person is a valid employee of the School.
  - Recalculate each employee payment selected to confirm that the employee was paid in accordance with their approved payroll action form.

## **Payroll (Continued)**

5. Haphazardly select seven employees who terminated employment during the fiscal year to determine if they were removed from the payroll system in accordance with the School's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated.
6. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the School's policies and procedures and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedures.

## **Journal Entries**

7. Haphazardly select seven journal entries and inspect journal entry form, original document number, and invoices to determine that the journal entries are valid and approved by someone with proper authority different from the preparer.

We found no exceptions as a result of the procedure.

## **Reporting Packages**

8. Inspect fiscal year end reporting packages submitted to the CG. Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and/or School prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
9. In addition to the procedure above, perform the following:

- Grants and Contributions Revenue Reporting Package

Haphazardly select three grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and CFDA number to the SCEIS general ledger and/or 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/or School prepared records. In addition, haphazardly select five payables from the Subsequent Events Accounts Payable Worksheet and determine if the amounts were properly classified, calculated, reported, and excluded from the original Accounts Payable Reporting Package submission.

## **Finding**

The School used the incorrect fiscal year data in the creation of the Subsequent Events Reporting Package, resulting in an overstatement of payables.

## Reporting Packages (Continued)

### Management Response

Management acknowledges the incorrect fiscal year was used to access the prior year payables report in SCEIS. Additional training has been completed by the Finance Staff to avoid future error.

### Composite Reservoir Accounts

10. Determine that the School submitted the required Bank Account Transparency and Accountability Report to the State Fiscal Accountability Authority by October first of the fiscal year in accordance with Proviso 117.82 of the fiscal year 2022 Appropriation Act.
11. Obtain fiscal year monthly reconciliations for the composite reservoir account, haphazardly select three reconciliations, and perform the following procedures:
  - Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with School procedures.
  - Agree month end balances from reconciliations to the general ledger.
  - Agree month end balances from reconciliations to the State Treasurer's Office monthly reports.
  - Observe that reconciling differences were explained and resolved.
  - Observe that adjusting entries were made in the accounting records.
12. Haphazardly select and inspect five composite reservoir account receipts to determine that they were properly described and classified in the accounting records, consistent with the purpose of the account, and that they were recorded in the proper fiscal year.
13. Haphazardly select and inspect five composite reservoir account disbursements to determine that they were properly classified in the accounting records, were valid disbursements, consistent with the purpose of the account, 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. Select all (eight) capital asset acquisitions and inspect related invoices to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
15. Inspect the inventory of personal property, excluding expendables, to determine that it was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

### Finding

The School failed to account for use tax when capitalizing one asset.

### Management Response

Sales tax was inadvertently missed being applied on the monthly Use Tax Report for the invoice. Additional training will be provided at the entry level of invoices in the SCEIS system, and an additional step will be added at the invoice approval level to verify all sales/use tax is applied.

## **Fiscal Monitoring of Schools**

16. Inquire of management regarding any investigations, audits or reviews associated with the School which was ongoing or completed during the fiscal year. There were no ongoing or completed investigations, audits, or reviews during the fiscal year.
17. Inspect budget allocations for the current year and the prior year to determine consistent budgeting to support the School.
18. Compare School total revenues to total expenditures for the current fiscal year and obtain an explanation from management if the School expenditures exceeded revenues and appropriations.
19. Through inquiry of management, determine and document the School's reserves/funding to maintain school district operations if an emergency or budget shortfall should occur.

We found no exceptions as a result of the procedures.

## **Housing Agreements**

20. Obtain a listing of the School's housing agreements with its employees during fiscal year 2022. For the six employees who do not pay monthly rent (on-call employees), inspect the rental agreements, and confirm in SCEIS that the rent is correctly reported as a taxable benefit.

We found no exceptions as a result of the procedure.

## **Status of Prior Findings**

21. 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 found no exceptions as a result of the procedures.