

**SOUTH CAROLINA
EDUCATION OVERSIGHT COMMITTEE**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2019



Independent Accountant's Report on Applying Agreed-Upon Procedures

February 26, 2020

Dr. Rainey Knight, Interim Executive Director
and
Members of the Committee
South Carolina Education Oversight Committee
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Education Oversight Committee (the Committee), on the systems, processes and behaviors related to financial activity of the Committee for the fiscal year ended June 30, 2019. The Committee's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted 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, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Committee. Accordingly, we do not express 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 specified parties. Management of the Committee 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.

This report is intended solely for the information and use of the Committee and management of the South Carolina Education Oversight Committee 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 the South Carolina Education Oversight Committee (A85)**

Cash Disbursements/Non-Payroll Expenditures

1. Compare current year non-payroll expenditures at the fund and account level to those of the prior year. Obtain from management an understanding of variations in general ledger (G/L) Account Series 502- (Contractual Services) in the General Fund.
2. Haphazardly select twenty disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Committee procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Committee procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Committee.
 - The transaction is properly classified in the general ledger.
 - Disbursement complied with applicable State laws, and state travel regulations
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy / confirm proper sales/use tax.
 - Lottery disbursement was monitored and expended in compliance with Proviso 3.1 of the fiscal year 2019 Appropriation Act.

We found no exceptions as a result of these procedures.

Payroll

3. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded personal service expenditures by fund source. Obtain an explanation of variations greater than 10%.

We found no exceptions as a result of these procedures.

Journal Entries and Transfers

4. Haphazardly select three journal entries and transfers for the fiscal year to:
 - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
 - Confirm transaction is properly approved.
 - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of these procedures.

Reporting Packages

5. 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 prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.

Reporting Packages (Continued)

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

- Operating Leases Reporting Package

Determine if amounts agree to the SCEIS general ledger, the SCEIS Yearend Rptg Operating Lease Expense with Vendor report and/or Committee prepared records. In addition, based on inspection of invoices and lease agreements, determine if rental payments were properly classified, coded and calculated by inspecting and recalculating the following reported amounts: (1) Two haphazardly selected contingent rental payments; (2) One haphazardly selected payment for each vendor included in the remaining rental payment classifications (One time Rentals); and (3) the current expense for all (one) of the operating leases. In addition, confirm that the Committee submitted copies of all leases to the CG in accordance with the CG's reporting package instructions.

- 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/or Committee prepared records.

We found no exceptions as a result of these procedures.

Assets and Personal Property

7. Confirm that an inventory of the Committee personal physical property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Law 10-1-140.

We found no exceptions as a result of these procedures.

Committee-Specific Provisos

8. Confirm compliance with the selected agreed-upon Committee-specific state provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of these procedures.

Status of Prior Findings

9. Through inquiry and inspection, determine if the Committee 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 these procedures.