

Common Audit Findings 2020-2021



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Meet the Panel



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Agenda



Compliance Findings

Financial Statement Findings

Tips to Avoid Common Findings

Compliance Findings

- Noncompliance with State law (collateral security) – 7 districts
- Noncompliance with reporting (Internal Control over Compliance with Reporting) – 5 districts
- Amount claimed for reimbursement did not agree to the amounts expended and reported on the financial statements – 3 districts



Compliance Findings, continued

- Noncompliance CDL random drug testing requirement for its drivers – 3 districts
- District's procurement policies and internal control policies are not followed – 2 districts
- District not performing a verification check for covered transactions by using the System for Award Management website (SAM.gov) and retaining the results of that search – 3 districts



Compliance Findings, continued

- Failure to comply with cash management policy
- Failure to comply with equipment and real property management guidelines
- Failed to submit the USDA Breakfast and Lunch program eligibility guidelines to the local media with proof of submission, not necessarily publication, as the minimum requirement for public dissemination
- Noncompliance with reporting requirement to submit annual audit to SCDE by December 1st
- Time and effort documentation to support payroll expenditure charged to federal grants
- Fraud in procurement with CRF grant
- Proper documentation not maintained
- Miscalculate indirect cost



Financial Statement Findings

- Improper account accruals caused misstatement of account and the related expenditures – 3 districts
 - Construction accruals
 - School tax credit revenue accrual/retirement accruals
- Debt Service Fund transactions/pension credit/taxes receivable were posted to incorrect General Fund accounts – 4 districts
- Debt Service Fund and Due from County Treasurer was not properly reconciled and not reconciled in a timely manner to the County Treasurer's records – 5 districts
- Inventory misstated (equipment and food service inventory) – 4 districts



Financial Statement Findings

- District did not make the necessary or correct entries to record revenue, expenditures, receivables, and payables including payroll liabilities – 5 districts
- The bank reconciliation is properly prepared and reviewed on a monthly basis. The reconciliation should include a review of outstanding items, specifically checks that remain outstanding for several months. – 2 districts
- District personnel do not possess the technical skills necessary to prepare the financial statements and related note disclosures in accordance with GAAP. As a result, the external auditors were required to record numerous adjustments of which some were material to the financial statements. – 9 districts
- Not properly reconcile, capitalize and depreciate or dispose of capital assets as required by GAAP and the District's asset capitalization policy – 3 districts



Now What?



General Closeout Procedures to Prepare for an Audit

General Closeout Procedures to Prepare for an Audit

1. Review all trial balances, by fund, ensuring they zero out and that fund balance/net position rolls forward. Also perform a preliminary analytical review to see if any items have unfavorable variances that need to be investigated further during the closeout process. Have any balance sheet items not changed from the prior year? Why?
2. Reconcile the SEFA (Schedule of Expenditures of Federal Awards) to the trial balance as of June 30, 202X.
3. Reconcile all cash accounts ensuring all deposits in transit and outstanding checks have been accounted for and that the reconciled balance agrees with the general ledger balance for all cash accounts. Perform a review of outstanding items, specifically checks that remain outstanding for several months. Also contact the bank and ensure all deposits are properly collateralized at year end in accordance with State law.
4. Take inventory as of year end and reconcile the ending balances to the general ledger.
5. Review and reconcile "due to/from" and "transfers" for all funds ensuring they zero out across funds.



General Closeout Procedures to Prepare for an Audit

6. Perform a search for unrecorded liabilities by reviewing open unpaid invoices and any material checks paid subsequent to year end.
7. Review accrued payroll and related liabilities.
8. Reconcile property tax revenues and receivables to County unpaid/collection reports. Also remember to include the 60 day collections after year end in your deferred taxes calculation.
9. Reconcile the capital asset roll forward schedule. Update with all current year additions, disposals, depreciation. Review outstanding pay apps to ensure outstanding retainage has been recorded.
10. Reconcile the long-term debt roll forward. Have you included all newly issued debt, re-fundings, payments?



Questions
