

**EXCERPT FROM THE PRELIMINARY REPORT
OF THE REAFFIRMATION COMMITTEE**

Statement Regarding the Report

The Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is responsible for making the final determination on reaffirmation of accreditation based on the findings contained in this committee report, the institution's response to issues contained in the report, other assessments relevant to the review, and application of the Commission's policies and procedures. Final interpretation of the Principles of Accreditation and final action on the accreditation status of the institution rest with SACSCOC Board of Trustees.

Name of the Institution: **University of South Carolina - Columbia**

Date of the Review: **November 3-4, 2020**

SACSCOC Staff Member: **Dr. Linda Thomas-Glover**

Chair of the Committee: **Dr. Timothy S. Brophy**
Director, Institutional Assessment
and Professor, Music Education
University of Florida
Gainesville, FL 32606

13.4 Control of Finances

- 13.4 The institution exercises appropriate control over all its financial resources.
(*Control of finances*)

Compliance

The Off-Site Reaffirmation Committee found support for the institution's case for compliance.

The University of South Carolina Columbia's and regional Palmetto College campuses' financial statements are issued separately and are all included in the institution's annual Comprehensive Annual Financial Report (CAFR). The institution stated in its narrative that for year ending June 30, 2018, the Columbia campus had three management letter findings related to the single audit that were considered significant deficiencies and were identified during the annual audit. The findings were as follows: 1) Capital Assets adjustments led to misclassifications on the face of the financial statements as it related to gain/loss of capital assets, 2) Misstatement of Funds Due From (Held For) Others but did not have an impact on the ending net position and 3) Grants - Revision to the Schedule of Expenditures of Federal Awards (SEFA) that led to additional major cluster being audited and timeliness of reconciliations of grants and invoices. These three findings were related to continued improvement in financial reporting following an ERP implementation which began in July 2015. The institution reports that all of these have been addressed by management through adjusting, correcting, or revising operational processes as needed to ensure these deficiencies are corrected and addressed.

In the FY2020 "COLA_Reg_FINAL_FY20" provided during the Off-Site Reaffirmation Committee's deliberations, the external auditor found "no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards."

The institution also provided, and the Off-Site Reaffirmation Committee reviewed, the institution's Comprehensive Annual Financial Report (CAFR) FY 2017-18 in conjunction with this standard, FY2018-19 with a previous standard, and during the review timeframe sent the CAFR for FY 2019-20. The institution's CAFR includes an external audit conducted in accordance with generally accepted accounting principles (GAAP) by state-approved independent auditors and certifies the reliability of the reported information. In addition, the institution's financial statements are merged with the State of South Carolina's CAFR thereby having to meet other rigorous examinations of additional independent auditors. The university system received an unmodified opinion with no findings for the year ending June 30, 2019, as issued by an external audit firm.

The institution provided documentation on the qualifications and experience of staff responsible for the control of institutional finances.

Audit and Advisory Services (AAS) serves as the internal audit function for the institution and reports directly to the Board of Trustees. AAS functions as an independent appraiser of institutional activities and uses a systematic, disciplined approach to evaluate and improve effectiveness of governance, risk management and control processes. The

policy document that established the charter for the institution's internal audit function, known as Audit and Advisory Services, including its purpose and mission, structure and authority, independence and objectivity, and scope and responsibility was provided. The institution also provided a copy of the Internal Control policy.