

13.2.a

Financial Documents: Institutional Audit

The member institution provides the following financial statements:

- a. an institutional audit (or *Standard Review Report* issued in accordance with *Statements on Standards for Accounting and Review Services* issued by the AICPA for those institutions audited as part of a system wide or statewide audit) for the most recent fiscal year prepared by an independent certified public accountant and/or an appropriate governmental auditing agency employing the appropriate audit (or *Standard Review Report*) guide.

For applicant and candidate institutions, including an applicant seeking separate accreditation from a current SACSCOC-accredited institution, the institution provides the financial information, including audit requirements, specified in the SACSCOC's policy entitled "Accreditation Procedures for Applicant Institutions."

Judgment

Compliant Non-Compliant Not Applicable

Narrative

Financial Statements and Audit

The University of South Carolina provides financial statements and related documents, including multiple measures for determining financial health as requested that accurately and appropriately represent the total operation of the institution. Each year the Office of the Controller prepares and publishes a variety of audited financial statements including the Comprehensive Annual Financial Report (CAFR) for the University of South Carolina System and individual financial statements for campuses: Columbia and regional Palmetto College campuses, including a School of Medicine with locations in Columbia and Greenville, Aiken, Beaufort and Upstate. Also prepared and published by the Office of the Controller are Statement of Revenues and Expenses of the Intercollegiate Athletic Program for Columbia and Upstate, and the Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

The CAFR contains a variety of significant facts in addition to the basic financial statements and required supplemental information to include introductory material and statistical information. An external audit conducted in accordance with generally accepted accounting principles (GAAP) by state-approved independent auditors certifies the reliability of the reported information. The Independent Auditors' Report substantiating the fair presentation of the financial position and operating results is contained in the CAFR. In addition, the financial statements of the university 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 external audit firm of Elliot Davis, LLC. The university's audited financial statements for fiscal year ending June 30, 2020 will not be available until October 1, 2020 and will be provided to SACSCOC immediately upon issuance. The October 1st date is the required date for issuance and submission to the State of South Carolina annually.

To meet the primary objective of accountability of financial reporting, the university prepares its financial statements in conformity with GAAP. Equally important, the financial accounting and reporting system meets the principles of the Governmental Accounting Standards Board (GASB), including applicable pronouncements, and complies with standards set by the American Institute of Certified Public Accountants (AICPA). Finally, in the absence of direction from GASB and AICPA, the finance staff executes recommendations of the National Association of University and University Business Officers (NACUBO).

The University of South Carolina Columbia and regional Palmetto College campuses financial statements are issued separately for accreditation purposes and are included in the university's annual CAFR. The Columbia and Regional Palmetto College campuses had one finding related to the Uniform Guidance or Single Audit that was considered a significant deficiency in internal control over financial reporting. A discrepancy between the university's capital asset module within PeopleSoft and the general ledger was identified by management during the fiscal year and corrected so there was no impact on the financial statements at fiscal year-end. This finding was related to continued improvement in financial reporting following an Enterprise Resource Planning (ERP) implementation which began in July 2015. The current policy of monthly reconciliation and review is designed to promptly identify and correct any discrepancies prior to the close of the fiscal year. There were two material weaknesses in internal control over compliance regarding proper identification and classification related to CFDA numbers and clusters on the Schedule of Expenditures of Federal Awards and a lack of subrecipient monitoring of federal subawards. These material weaknesses have been addressed through a reconciliation and validation process for all federal grants and the development and implementation of a subrecipient monitoring program led by a compliance manager and a subrecipient accountant. There were also six significant deficiencies in internal controls over compliance, one within the research and development cluster and five within the student financial aid cluster. All deficiencies have been addressed by management in a corrective action plan with follow-ups to ensure all are corrected and addressed prior to the end of fiscal year 2020. Columbia and regional Palmetto College campuses financial statements received an

unmodified opinion with no findings for [fiscal year 2019](#) as issued by the external audit firm of Elliott Davis, LLC. The University of South Carolina Columbia and regional Palmetto College campuses audited financial statements for fiscal year 2020 will not be available until October 1, 2020 and will be provided to SACS immediately upon issuance. October 1st is the required date for audited financial statement issuance and submission to the State of South Carolina annually.

The Statement of Revenues and Expenses of the Intercollegiate Athletic Program is prepared in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. In addition, Uniform Guidance Report of compliance with requirements applicable to each major program and internal control along with the schedule of expenditures of federal award programs is required by the Uniform Guidance.

Sources

 [Cola_Regional_FY18-19](#)

 [Comprehensive_Annual_FR_AY18-19](#)