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(803) 737-0600
FAX (803) 737-0639


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MEMORANDUM

TO: 11-35-70 School Districts

FROM: Robert J. Aycocock, IV
Manager, Audit & Certification 

DATE: August 14, 2012

SUBJECT: Audit Program for School Districts

Recently I revised the school district audit program that we require your CPA firms to follow when conducting your procurement audits. Besides updating the audit program in general to conform with current procurement requirements, we also added several items that you need to be aware of.

First, as you know, districts covered by 11-35-70 must have procurement audits performed every three years by a firm approved by our office. We don't always receive requests from districts to approve these contracts as required by the statute. To help resolve this issue, I added a step in the audit program that requires your CPA firm to obtain our letter from you approving the contract. It is your responsibility to obtain that letter from us. Procurement audits should not proceed if this approval has not been obtained.

Second, districts do not always have procurement audits performed as required by the statute. I maintain a log of your procurements audits. I primarily update this log based on school district audit firm approval requests. However, sometimes I have had to rely on your procurement audit reports. I added a step in the audit program to require your firms to provide me with copies of your procurement audit reports. Besides helping me keep up with the log of procurement audits, it will also alert me to unauthorized procurement audit contracts.

Third, CPA firms have moved away from issuing opinion letters on whether districts comply with their procurement codes. Instead, agreed upon procedure examinations have been performed. The revised audit program requires your CPA firm to issue an opinion on whether the district complies with its procurement code. Agreed upon procedure examinations are not sufficient.

Be aware for us to approve your audit firm as required by 11-35-70, your solicitation must require the audit firm to conduct the procurement audit using our audit program. The audit program can be found at:

http://www.mmo.sc.gov/webfiles/POL_SUB/School_Districts/School_District_Audit_Program_2012.03.26.pdf

I can be reached at (803) 737-0647 or by email at jaycock@mmo.sc.gov should you need further explanation.