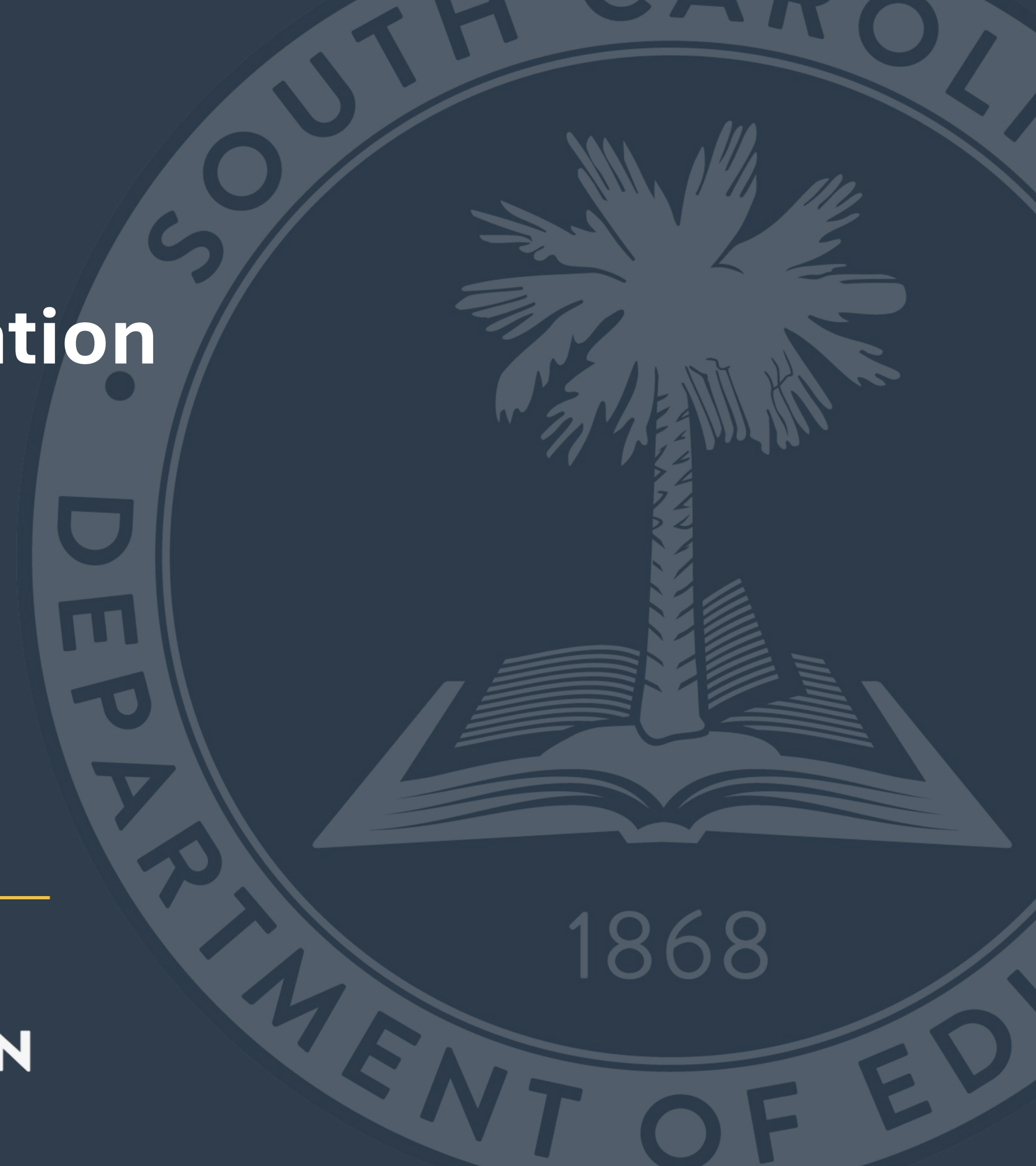


SC Department of Education Financial Services Roundtable

November 7, 2024



SOUTH CAROLINA
DEPARTMENT OF EDUCATION



SCDE Financial Services Division

- Kendra Hunt, CFO
- Melanie Cooper, Finance Director
- Hershula Davis, Audits Director
- Sequoyah Burden, Grants Accounting
- Joshua Byers, District Financial Services
- Daniel Haven, Fiscal Practices





FY 2026 Budget Requests

Student Success

Summer Reading Camps - \$30,571,200 (Recurring)

HQIM - \$20,000,000 (Recurring)

HQIM Math - \$95,000,000 (Non-recurring)

CTE Rural Renaissance - \$13,000,000 (Recurring)





FY 2026 Budget Requests – Page 2

Safe Schools

School Facilities Safety Upgrades - \$20,000,000 (Non-recurring)

Bus Lease/Purchase - \$35,000,000 (Recurring)

SC Education Infrastructure Bank - \$100,000,000 (Recurring)





FY 2026 Budget Requests – Page 3

Teacher Support

**State Aid to Classrooms - Teacher Salaries - \$200,000,000
(Recurring)**

Strategic Compensation Pilot Phase 2 - \$5,000,000 (Non-recurring)

School Leadership Accelerator - \$6,725,000 (Recurring)

High-Quality Charter School Leadership - \$272,750 (Recurring)





Financial Services Update

Joshua Byers

Various Topics



Office of Auditing Services Update

SCASBO 2024 Fall Conference
Hershula Davis, Audits Director
November 7, 2024

Agenda

Annual Audit Submission

- Deadline and Submission Requirements
- SF-SAC Form
- Approved Audit Firms List

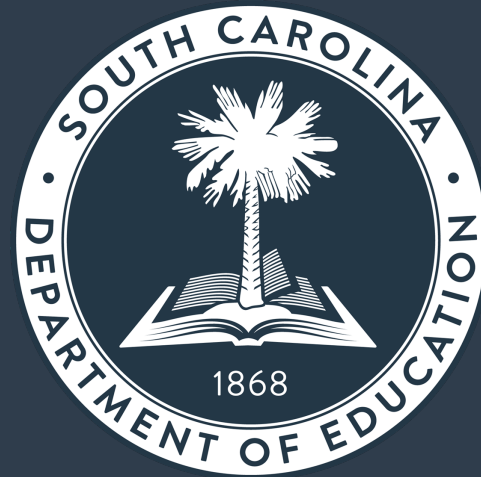
Indirect Costs

- Rate Caps
- Capitalization Thresholds
- Depreciation
- LEA Indirect Cost Rate Proposal Renewal

Other Updates

- 2024-25 Financial Accounting Handbook
- Staff Update





Annual Audit Submission

Deadline and Submission Requirements



Submission Deadline

SC Code of Laws 59-17-100

“Notwithstanding any other provision of law, each school district of the State shall provide the State Department of Education each year with two copies of its audit report by December first following the close of the fiscal year.”

- Deadline is December 1 after the close of the fiscal year
 - This applies to school districts AND your charter schools (SC Code of Law 59-40-50(B)(3))
- Deadline falls on a weekend day
 - Due date is Monday, December 2, 2024



Submission Requirements

Annual Audit Submission Requirements

- Full Audit Report
 1. Basic Financial Statements
 2. SCDE Supplemental Schedules
 3. Single Audit Section
 4. Schedule of Findings and Questioned Costs
 5. Corrective Action Plan
 6. Other required schedules, notes, etc.
- SF-SAC Form
- Management Letter
 - Not the same as the Management Representation Letter
- SCDE Supplemental Schedules Template
<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/fy-2023-24/>
- Supportive Information Data
 - Include depreciation
 - Include capitalization threshold



Submission Requirements – Supplemental Information

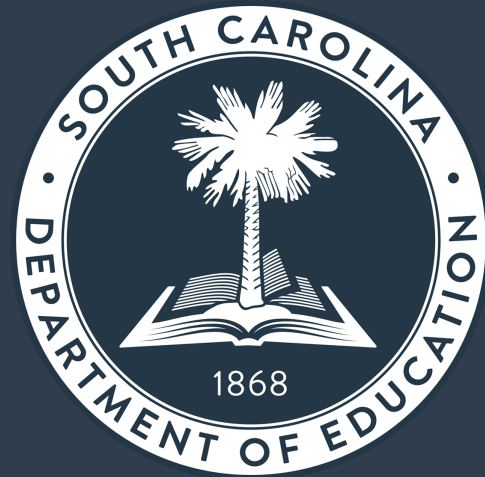
SCDE Supplemental Schedules

- Required to be included in the audit report
 - List of required SCDE schedules included in the SCDE Annual Audit Guide (pg. 67)
<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/fy-2023-24/>
 - Use schedule format presented for each fund on the Supplemental Schedules Template in the Audit Report

Detailed Schedule of Due to the South Carolina Department of Education/Federal Government

- Required to be included in the audit report
 - If no due to amount, schedule still required
 - Include schedule and indicate – “No funds are due to state/federal government.”
 - Please do not round amounts listed on the schedule.





Annual Audit Submission Part 1

SF-SAC Form – Accessing the Form



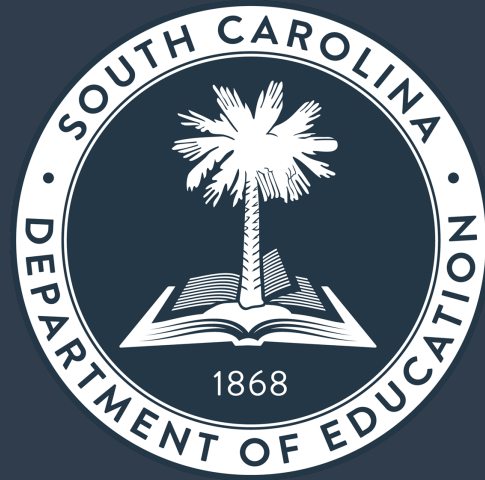
SF-SAC Form

The SF-SAC Form replaces the Data Collection Form.

- Available on the Federal Audit Clearinghouse website after submission of the audit reporting package, completing the FAC webforms, and uploading the SF-FAC workbooks
- Submit the SF-SAC form in LARS in .xlsx (Excel) format
- See the SCDE Annual Audit Guide for instructions for accessing the form (Annual Audit Guide, pg. 46)

- Instructions for single audit upload to FAC website - <https://www.fac.gov/audit-resources/how-to/>
- SF-SAC workbooks needed for submission of single audit to FAC website - <https://www.fac.gov/audit-resources/sf-sac/>
- SCDE Annual Audit Guide - <https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/fy-2023-24/>





Annual Audit Submission – Part 2

Approved Audit Firms List



Approved Audit Firms List

- Audits of school districts and charter schools **MUST** be conducted by an auditing firm approved by the South Carolina State Auditor. (Proviso 1.3)
 - Audit reports **MUST** be posted on school district and charter school websites
 - As audit reports are submitted, reports will be reviewed to ensure audit was conducted by an audit firm approved for fiscal year 2024-25
 - School districts and charter schools **MUST** ensure audit firm selected is aware of and follows the requirements in the Annual Audit Guide when conducting the annual audit
- Approved Audit Firm List
<https://ed.sc.gov/finance/auditing/information-memos-and-forms/audit-firm-approval-for-school-districts/>
 - Questions or Concerns – Contact George Kennedy, State Auditor at gkennedy@osa.sc.gov





Indirect Costs

**Rate Caps, Capitalization Threshold,
Depreciation, and the LEA Indirect
Cost Rate Proposal Renewal**



Indirect Costs Rates – Rate Caps and Thresholds

Rate Caps

- Per USED, rate caps must be determined annually
- Rates were capped this year as follows:
 - Restricted - 10%
 - Unrestricted – 20%
- New Indirect Cost Rate Proposal Due to the USED December 31, 2024
 - Methodology for determining rate caps will be reviewed

Capitalization Thresholds

- Capitalization Thresholds
 - Enter threshold in LARS with other Supportive Information
 - Enter your district's **ACTUAL** capitalization threshold, not the federal equipment threshold unless your district's capitalization threshold is the same
 - Actual capitalization thresholds up to the state capitalization threshold are now reported on your IDC Agreements
 - Capitalization Thresholds are posted on the SCDE website along with district IDCs
 - **REMEMBER**, abide by the lesser of your district's capitalization threshold or the State's capitalization threshold when determining excluded equipment when applying the indirect cost rate



Indirect Costs Rates – Depreciation and Proposal Renewal

Depreciation

- Still needed to calculate the unrestricted indirect cost rate
- Enter depreciation in LARS with other Supportive Information

LEA Indirect Cost Rate Proposal Renewal

- SCDE must submit the LEA IDCR Proposal to the USED by December 31, 2024 for review and approval
 - SCDE has been designated by the USED the responsibility of developing indirect cost plans for LEAs and non-LEAs
- No changes to current calculation will be proposed; the following will remain:
 - Predetermined Rate – average of most recent 5 years with a 5% discount
 - Rate Caps





Other Updates – Part 1

2024-25 Financial Accounting Handbook

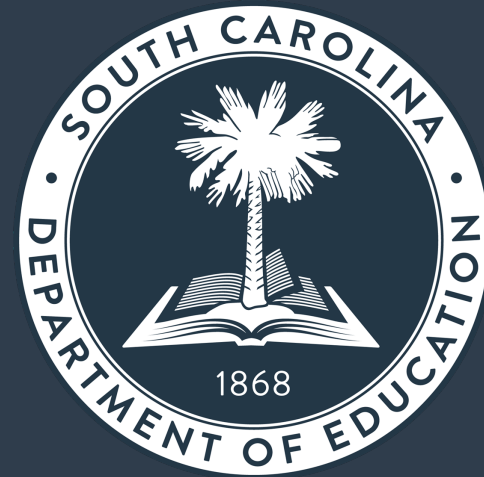


Other Updates – Financial Accounting Handbook

SCDE Financial Accounting Handbook – 2024-25

- Status
 - Update in progress
 - Draft will be shared with committee members for comments and suggestions by the first quarter of calendar year 2025
- Models the National Center for Education Statistics (NCES) Financial Accounting Handbook (Financial Accounting for Local and State School Systems: 2014 Edition)
 - NCES handbook update still in progress
 - Administrator for the NCES handbook will share draft with SEAs soon
 - SCDE will move forward with using current version of NCES handbook until NCES handbook available





Other Updates – Part 2

OAS Staff – New Audits Manager





Richelle Melvin

Audits Manager, ramelvin@ed.sc.gov





Hershula Davis

- Audits Director, hdavis@ed.sc.gov





ed.sc.gov