

LEXINGTON COUNTY SCHOOL DISTRICT ONE
PROCUREMENT EXAMINATION
FOR THE PERIOD
JULY 1, 2017 THROUGH JUNE 30, 2020

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INDEPENDENT ACCOUNTANTS' REPORT

The Board of Trustees
Lexington County School District One
Lexington, South Carolina

We have examined the internal procurement operating policies and procedures of Lexington County School District One (the "School District") for the period July 1, 2017 through June 30, 2020. This examination was directed principally to determine whether the procurement procedures were in compliance with the School District's Procurement Code and its ensuing regulations, in all material respects. Management is responsible for the School District's compliance with those requirements. Our responsibility is to express an opinion on the School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the School District's compliance with specified requirements.

Specifically, the scope of our examination included, but was not limited to, a review of the following:

1. We obtained answers to the South Carolina State Fiscal Accountability Authority's (the "Authority") questionnaire for evaluating internal control efficiency and effectiveness of the School District's Procurement Operations and evaluated those answers.
2. We inquired of the School District concerning any transactions between Foundations, Eleemosynary or 501(c)(3) groups affiliated with the School District and any gifts between these entities to determine if the transactions were subject to the School District's Procurement Code.
3. We reviewed the Minority Business Enterprise Utilization annual plans ("MBE Plans") to determine if they were submitted to and approved by the Board of Trustees timely, that they contained the components required by the School District's Procurement Code, and that the periodic progress reports were filed timely.

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4. We reviewed the School District's Purchasing Card Program Policies and Procedures to confirm the establishment of internal controls and cardholder spending limits and ensured that adequate separation of duties exists between cardholder purchases and the review/approval of these purchases prior to payment. We also determined that the School District has a training program for new card holders and liaisons, no School District employee has been issued more than one card, the School District had no unassigned cards other than those permitted by the School District's Purchasing Card Program Policies and Procedures, and no purchases were made from blocked Merchant Category Codes. We reviewed a two month sample of procurement card purchases for each fiscal year for potential splitting, proper competition was solicited for purchases greater than \$2,500, and to determine if they were being managed in compliance with the School District's Procurement Code and Purchasing Card Program Policies and Procedures.
5. The School District did not have any blanket purchase agreement files during the period July 1, 2017 through June 30, 2020.
6. We reviewed a block sample of two hundred (200) numerical purchase orders for each fiscal year to check for splitting of vendors, favored vendors, and any questionable procurements.
7. We reviewed all the School District's procurements of revenue generating contracts to determine that they were done in accordance with the School District's Procurement Code. We noted the School District did not have any revenue generating contracts during the period July 1, 2017 through June 30, 2020.
8. We reviewed 100% of unauthorized procurements for the period July 1, 2017 through June 30, 2020 to determine if they were properly addressed and authorized in accordance with the School District's Procurement Code.
9. We reviewed copies of all sole source and emergency procurements. Determinations and Findings and related purchased orders or vouchers for the period July 1, 2017 through June 30, 2020 to determine that each procurement transaction was adequately explained and appropriate, properly approved, and accurately reported.
10. We reviewed all trade-in files to determine that proper approval was obtained and that the trade-in was accurately reported. The School District did not have any trade-ins during the period July 1, 2017 through June 30, 2020.
11. We selected a sample of fifteen (15) disposals and sales of surplus property, five (5) from each fiscal year, to determine that they were handled in accordance with the School District's Procurement Code.

12. We selected and tested a sample of seventy-three (73) procurement transactions for the period July 1, 2018 through June 30, 2020. Fifteen (15) transactions related to the fiscal year ended June 30, 2018, twenty-three (23) transaction related to the fiscal year ended June 30, 2019, and thirty-five (35) transactions related to the fiscal year ended June 30, 2020. These procurements were tested for compliance with the Authority's standard matrix.
13. Five (5) of the procurements selected were tested for compliance with the Authority's Major Construction matrix, and the School District's Procurement Code, and one (1) of the procurements selected were tested for compliance with the Authority's A&E and Related Professional Services matrix.
14. We selected and tested change orders from the applicable contraction projects selected for testing.
15. We inquired of the School District concerning the use of Indefinite Delivery Contracts. The School District did not have any Indefinite Delivery Contracts for the period July 1, 2018 through June 30, 2020.

In our opinion, the School District complied, in all material respects, with the aforementioned requirements for the period July 1, 2018 through June 30, 2020. However, the results of our procedures disclosed one (1) instance of immaterial noncompliance with those requirements that is described in Attachment A.

This report is intended solely for the information and use of The Board of Trustees and management of the School District, the South Carolina Budget and Control Board, Division of General Services, Material Management Office, and their designees and is not intended to be and should not be used by anyone other than these specified parties.

Burkett Burkett & Burkett

Burkett Burkett & Burkett
Certified Public Accountants, P.A.
West Columbia, South Carolina
October 2, 2020

LEXINGTON COUNTY SCHOOL DISTRICT ONE
LEXINGTON, SOUTH CAROLINA
PROCUREMENT EXAMINATION

EXAMINATION FINDINGS – ATTACHMENT A
FOR THE PERIOD JULY 1, 2017 – JUNE 30, 2020

Lexington County School District One (the “School District”) has policies and procedures in place to reduce material non-compliance. Although the findings noted below represent immaterial non-compliance, this does not necessarily indicate that fraud risk has been reduced.

Our audit of the procurement system of the School District produced the following findings and recommendations with regards to the School District’s Procurement Code and Regulations (“Procurement Code”):

Finding 1: The auditor found numerous unauthorized procurements were not appropriately ratified by the Chief Financial Officer during fiscal years 2018 and 2019.

Recommendation 1: We recommend that the School District put procedures in place to ensure unauthorized procurements are ratified in a timely manner.

Response 1: The previous CFO was unable to ratify unauthorized procurements prior to his retirement on June 30, 2019 due to health issues. This role was also not delegated to another individual. All procedures except for the ratification by the CFO were performed. This finding was corrected upon his replacement being hired as the Chief Operations Officer. In the event that the Chief Operations Officer is unable to complete the ratification within 30 days of receipt of the facts and circumstances surrounding the act and corrective actions, the ratifications of such acts will be assigned to the Superintendent.