**MEMORANDUM**

**TO:** Public Charter School Directors

**FROM:** Melissa A. Myers

Director, Office of Auditing Services

**DATE:** October 9, 2017

**RE:** Annual Audit Report Submission

Section 59-40-50(B)(3) of the South Carolina Code of Laws (2004), as amended, states “A charter school must adhere to the same financial audits, audit procedures, and audit requirements as are applied to public schools operating in the same district.”

The Office of Auditing Services publishes its [*Annual Audit Guide*](https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/fy-2016-2017/) that lists both state and federal audit requirements for the required annual audit.

As a component unit of a school district, public charter schools must submit financial data to the sponsoring district for inclusion in the District’s report. Please review the “Component Units” section of the *Annual Audit Guide* on page 7 for public charter school reporting requirements. Also, note the **required** supplemental schedules on pages 60-164.

In addition to inclusion in the District’s report, State Board of Education Regulation 43-601 states that each authorized public charter school in the State **must** have an annual, independent audit conducted by a qualified auditing or accounting firm and must file the audit annually with the school’s authorized public chartering agency. In addition to filing the audit with the school’s chartering agency, the SCDE requests that all public charter schools file the audit with the SCDE in the same method as is required by school districts. Section 59-17-100 of the S.C. Code of Laws states that each school district must provide copies of its audit report to the SCDE by December 1. Timely submission of the annual audit report is also a factor in the SCDE’s risk assessment of local education agencies (LEAs), which is used to make federal grant award decisions. Per Section 59-20-90 of the S. C. Code of Laws, the State Superintendent shall declare a state of “fiscal caution” if an annual audit is submitted more than sixty days after the December first deadline as provided in Section 5-17-100. Additionally, late submission of the annual audit report can also negatively affect the LEA’s accreditation.

Audited information must be submitted through the SCDE’s LEA Audit Reporting System (LARS). An account must be established within the SCDE’s member center to access the system. An instructional video on accessing and submitting the required documents can be found on the SCDE’s [website](http://www.kaltura.com/index.php/extwidget/preview/partner_id/1675021/uiconf_id/24189501/entry_id/1_yh6sz3lr/embed/auto). Please note that if you have already established an account, your password may have expired and you will need to reset the password prior to uploading data this year.

The following documents must be uploaded into LARS:

1. ***The SCDE supplemental schedules for each fund type in .xlxs format***. A copy of the Excel template can be found on our [website](https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/fy-2016-2017/audit-report-supplemental-schedules-template/). **Do not delete rows or columns from the template. If there is no activity in an account, please list $0.** If any errors or warnings are found after the template has been uploaded, all errors must be cleared and all warnings must be accepted before the submission will be accepted. **Please confer with your sponsoring district to determine if their Excel template blends data from your public charter school. If the sponsor has included your data in their SCDE supplemental schedules for each fund type, DO NOT submit a separate schedule. If the sponsor has NOT submitted any data for your school, please select the option that says “charter” only.**
2. ***Full audit report***, including the SCDE supplemental schedules, summary schedule of prior year audit findings, corrective action plan, and management letter as one document in.pdf format.
3. ***OMB Data Collection Form*** in .pdf format, if applicable.

The following are additional requirements:

1. ***The OMB Data Collection Form and reporting package*** must also be electronically submitted by accessing the [Federal Audit Clearinghouse](https://harvester.census.gov/facweb/), as described in Section 200.512 of the Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards.

Please share these submission requirements with your independent auditor.

If you have any questions concerning the audit process or OMB requirements, please contact me at 803-734-8453, [mmyers@ed.sc.gov](mailto:mmyers@ed.sc.gov) or Hershula Davis at 803-734-6002, [hdavis@ed.sc.gov](mailto:hdavis@ed.sc.gov).

MAM/dlw

cc: Hershula Davis, Audits Manager, Office of Auditing Services

Nancy Williams, CPA, Chief Financial Officer

Latoya Dixon, Director, Office of School Transformation

LEA School Business Officials (w/public charter schools)