



STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION

February 28, 2022

Ms. Christina Brown
Principal
Oceanside Collegiate Academy
580 Faison Road
Mount Pleasant, South Carolina 29466

Dear: Ms. Brown:

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.” South Carolina law (S.C. Code Ann. § 59-17-100) states that each school district must submit its annual audit report to the South Carolina Department of Education (SCDE) on December 1 after the fiscal year ends. Additionally, State Board of Education Regulation 43-601 states that each authorized 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 charter schools file the audit with the SCDE in the same method as is required by school districts. To date, your charter school has not submitted the required annual audit report for fiscal year 2019–20 or fiscal year 2020–21 and is in noncompliance with state regulations.

The SCDE is unable to fulfill state and federal reporting obligations until the Charter School’s audit is received. Data from the report are reported to the state legislature, used in calculating the sponsoring District’s indirect cost rate, reported to the National Center for Education Statistics for Title I allocations, and used for In\$ite purposes. Data is also used for the state and federal accountability report card, which requires reporting of per pupil actual expenditures by fund at the school level.

Please be reminded of the importance of timely submission of the audit report. Per S.C. Code Ann. § 59-20-90, the State Superintendent shall declare a state of fiscal watch for any LEA that submits its audit report more than 60 days after the December 1 deadline. Timely submission of

the annual audit report is also a factor in the SCDE's risk assessment of local educational agencies (LEAs) used in determining awards of discretionary grants to subrecipients. Additionally, late submission of the annual audit report can also negatively affect the LEA's accreditation.

Since your entity is in noncompliance with the state statute and continued noncompliance may result in not meeting the federal audit submission requirement of 2 CFR Part 200, Subpart F— Audit Requirements under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, your entity may be subject to sanctions stipulated under § 200.505 Sanctions, which reads as follows:

In cases of continued inability or unwillingness to have an audit conducted in accordance with this Part, Federal agencies and pass-through entities must take appropriate action as provided in § 200.338 Remedies for noncompliance.

Remedies under § 200.338 include

- (a) Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
- (b) Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
- (c) Wholly or partly suspend or terminate the Federal award.
- (d) Initiate suspension or debarment proceedings as authorized under 2 CFR Part 180 and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
- (e) Withhold further Federal awards for the project or program.
- (f) Take other remedies that may be legally available.

Upon receipt of this letter, please submit both the fiscal year 2019–20 and 2020–21 audit reports or a status of the Charter School's audit submission to Melissa Myers, Director, or Hershula Davis, Audits Manager, of the SCDE's Office of Auditing Services. Also, state what corrective actions are planned by your charter school to ensure that the Charter School's future audits are submitted by the mandated due date. As a reminder, the FY 2021–22 audit report is due on December 1, 2022.

Your procurement and contract for audit services should include a provision for timely completion of the audit. We are requesting your assurance and cooperation in submitting future audit reports by the required due date in order for us to provide timely and accurate financial data at both the state and federal levels.

Ms. Christina Brown

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If you have any questions regarding this letter or the audit submission requirements, please contact Melissa Myers at 803-734-8453, mmyers@ed.sc.gov; or Hershula Davis at 803-734-6022, hdavis@ed.sc.gov.

Sincerely,

A handwritten signature in blue ink that reads "Molly M. Spearman". The signature is fluid and cursive, with a long, sweeping underline.

Molly M. Spearman
State Superintendent of Education

MMS/wfj

cc: Mr. Marvin Arnsdorff, Board Chairperson
Mr. Cameron Runyan, Charter Institute at Erskine
Mr. Vamshi Rudrapati, Director, Charter Institute at Erskine
Mrs. Cierra Bing, Executive Director of Finance