

<b>ADMINISTRATIVE DIVISION</b> FINA Administration and Finance		<b>POLICY NUMBER</b> FINA 5.60
<b>POLICY TITLE</b> External Audit Management		
<b>SCOPE OF POLICY</b> USC System		<b>DATE OF REVISION</b> February 17, 2025
<b>RESPONSIBLE OFFICER</b> Executive Vice President for Finance and Chief Financial Officer		<b>ADMINISTRATIVE OFFICE</b> University Finance – Controller’s Office

## **PURPOSE**

This policy directs the proper coordination and management of external audit activities by appropriate University personnel. This policy applies to all audits and reviews performed by external auditors for all University transactions, including at the University level as well as the unit and department level. This policy is not applicable to the University Foundation or external auditors engaged by the University’s Chief Audit Executive

## **DEFINITIONS AND ACRONYMS**

**External Audit:** An independent and objective appraisal, which may be mandatory or voluntary, performed by a non-University entity. These can include, but are not limited to, audits, program reviews, examinations, site visits, desk audits, etc.

**External Auditor:** Any auditors or investigators who are not University employees, including federal, state, local, and other outside, independent firms who audit various University activities.

## **POLICY STATEMENT**

The University will undergo periodic external audits of fiscal and administrative management to ensure that funds and resources are used and reported in accordance with appropriate methods prescribed by law, rules, regulations, and applicable accounting standards. Some audit activities occur on an annual basis while others vary from year to year.

### **A. Audit Requirements**

The South Carolina Code of Laws, along with the Federal Single Audit Act of 1984, requires that all local governments publish a complete set of financial statements presented in conformity with general accepted accounting standards within six months of the close of each fiscal year. The Controller’s Office prepares the University’s Annual Comprehensive Financial Report to meet this requirement, which must be audited on an annual basis by an independent auditor.

In accordance with Uniform Guidance (2 CFR 200), as a recipient of federal financial assistance, the University is also subject to an annual Single Audit, which is an external audit that examines federal sponsored awards, student financial aid, internal controls, and compliance with applicable laws and regulations. The Controller’s Office prepares the University’s annual Schedule of Expenditures of Federal Awards to facilitate this audit.

On a periodic basis, the University will be subject to other audits prompted by external parties, such as granting agencies/sponsors and other regulatory entities. The Controller's Office will also coordinate the collection and dissemination of audit requests to these parties, including the submission of management responses and the implementation of audit recommendations.

#### B. Contracted External Audit Services

To fulfill annual audit requirements, the University contracts with an external, independent accounting firm, which is handled by the Controller's Office through the state's competitive solicitation process. Contracted auditors cannot be used by any University party for duties outside the executed contract unless explicit approval is granted by the Board of Trustees. No other external auditors or external auditing services should be solicited without coordination with the Controller's Office. This ensures that accounting firms contracted by the University are appropriately vetted and unnecessary overlap and redundancies are prevented.

#### C. Roles and Responsibilities

The Controller's Office is the designated point of contact for all external audits and is responsible for audit coordination. The central coordination of these activities ensures a consistent approach is followed for each external audit and that the scope and objectives of the audit are understood and achieved. Audit requests will be fulfilled promptly based on the defined scope. The Controller's Office will also regularly update the Chief Audit Executive on external audit activities to facilitate communication to the Board of Trustees.

Units and/or departmental personnel must immediately notify the Controller's Office of any external audit requests and should not submit audit responses directly to an external auditor or participate in audit meetings without a representative from the Controller's Office. All University personnel are expected to be courteous, cooperative, and professional when dealing with auditors.

#### **PROCEDURES**

There are no procedures for this policy. Questions may be sent to the Controller's Office at [controller@sc.edu](mailto:controller@sc.edu).

#### **RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES**

BTRU 1.06 Audit & Advisory Services

FINA 1.30 Records Retention

FINA 3.00 Sponsored Awards

#### **HISTORY OF REVISIONS**

DATE OF REVISION	REASON FOR REVISION
February 17, 2025	New policy for the USC System documenting external audit management guidance.