

Audit Committee Meeting Agenda
Thursday, March 26, 2026
Fifteen Minutes Following Adjournment of
Commission Meeting SCDOT Headquarters, Room 306
955 Park Street
Columbia, South Carolina 29201

1. Call to Order — Chairman Spencer

2. Roll Call — Chairman Spencer

3. Approval of Agenda (Action Required) — Chairman Spencer

4. New Business

4.1. Presentation of Annual Audit Report – Chad Jackson, CPA,
Mauldin & Jenkins, LLC

4.2. Engagement Updates - Director LaBruyere

4.3. Follow Up on Management Action Plans - Director LaBruyere

5. Old Business — Chairman Spencer

6. Executive Session – Chairman Spencer

6.1 Executive Session pursuant to SC Code 30-4-70(a)(2) to receive legal advice relating to the position of the public agency in other adversary situations involving the assertion against the agency of a claim.

7. Adjourn (Action Required) — Chairman Spencer

Internal Audit Services

March 2026 Audit Committee

4.1 Annual Audit Report



South Carolina Department of Transportation

**Presentation of Annual
Audit Results
March 26, 2026**



Meeting Agenda



- Engagement Team
- Results of the 2025 Audit
- Financial Trends
- Comments, Recommendations, and Other Issues
- Questions

Engagement Team



CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

100+ year
HISTORY
OF QUALITY SERVICE

Serve 725+
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS & DIRECTORS **43**



750+ EXPERIENCED PROFESSIONALS FIRMWIDE

PARTNERS & DIRECTORS **120+**



VISION
To be a trusted advisor, earning trust and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.



440+
SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$7 BILLION OF FEDERAL GRANTS



166,000+
HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

180+ CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE

8 STATES | **19** OFFICES



NATIONALLY FOCUSED



Presentation of Annual Audit Results
March 26, 2026

Results of 2025 Audit



- Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS) and *Government Auditing Standards* (GAS)
 - Our audit was performed in accordance with GAAS and GAS.
 - We considered the internal control structure for the purpose of expressing our opinion on the SCDOT’s basic financial statements and not for the purpose of providing assurance on the internal control structure.
 - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free from material misstatement.
 - The basic financial statements are the responsibility of the SCDOT’s management.

- Report on 2025 Basic Financial Statements
 - Unmodified (“clean”) opinion on basic financial statements.
 - Presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP).
 - Our responsibility does not extend beyond financial information contained in our report.

- Report on Internal Controls Over Financial Reporting and on Compliance in Accordance with GAS
 - No material weaknesses or significant deficiencies in internal control reported.
 - No instances of noncompliance material to the financial statements reported.

Results of 2025 Audit



- Single Audit Report for the Year Ended June 30, 2025
 - Conducted Single Audits in accordance with the Uniform Guidance over two (2) major programs:
 - U.S. Department of Transportation – Highway Planning and Construction (Assistance Listing 20.205)
 - U.S. Department of Transportation – National Infrastructure Investments (Assistance Listing 20.933)
 - The major program threshold for the Department was \$3,061,360 (0.3% for entities that expend more than \$1 billion in federal awards).
 - Unmodified (“clean”) opinion on compliance for each major program.
 - No material weaknesses or significant deficiencies in internal control over compliance reported.

Required Communications

□ Significant Accounting Policies

- The significant accounting policies used by the SCDOT are described in Note 1 to the basic financial statements.
- The SCDOT was required to implement GASB Statement No. 101, *Compensated Absences*, as of and for the fiscal year ended June 30, 2025. This standard changed the way the Department measures the long-term liability for accrued leave – mainly, the Department now includes sick leave in its liability for compensated absences as it meets the definition under the new standard.
- In considering the policies used by the SCDOT, we noted they are in accordance with generally accepted accounting principles and similar government organizations with no significant new policies or qualitative aspects of its policies. The SCDOT is not involved in any controversial or emerging issues for which guidance is not available.

□ Management Judgment/Accounting Estimates

- The SCDOT uses various estimates as part of its financial reporting process – including the useful lives of the SCDOT’s capital assets and actuarial assumptions related to its pension and other postemployment benefit (OPEB) obligations.
- Management’s estimates used in preparation of the financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management’s calculations in evaluating the SCDOT’s significant accounting estimates.

Required Communications (Continued)



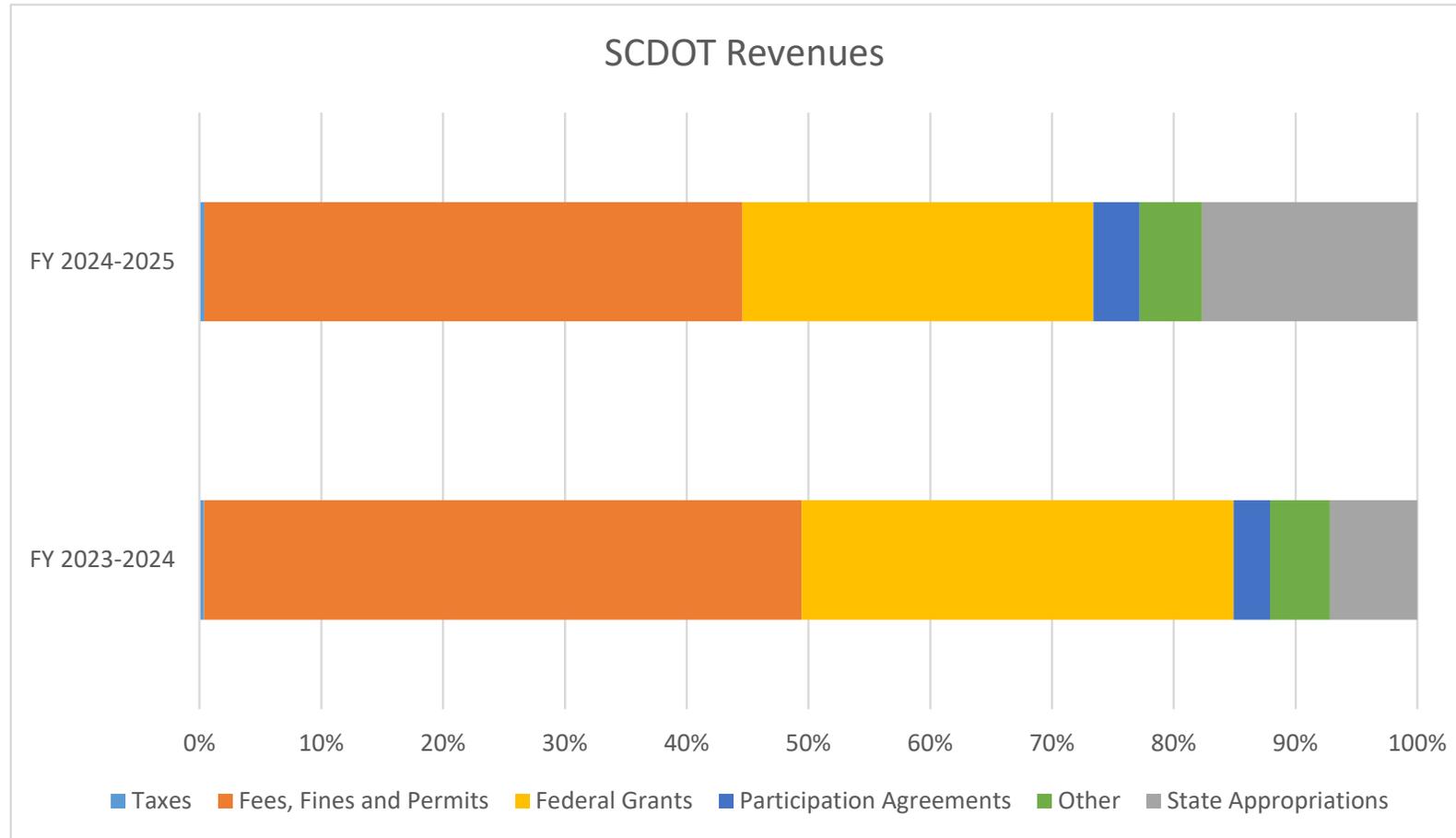
- Financial Statement Disclosures
 - The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit.
- Relationship with Management
 - We received full cooperation from the SCDOT’s management and staff.
 - There were no disagreements with management on accounting issues or financial reporting matters.
- Audit Adjustments
 - There were no posted audit adjustments. We had two (2) passed audit adjustments for the current year: one relating to leases where the Department is the lessor (approximately \$5.5 million); and one for additional A/P and the related federal reimbursement for invoices that pertained to fiscal year 2025 that are tracked during the audit but not posted due to the overall immaterial nature to the financial statements (approximately \$5.8 million, net).
- Representation from Management
 - We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Required Communications (Continued)

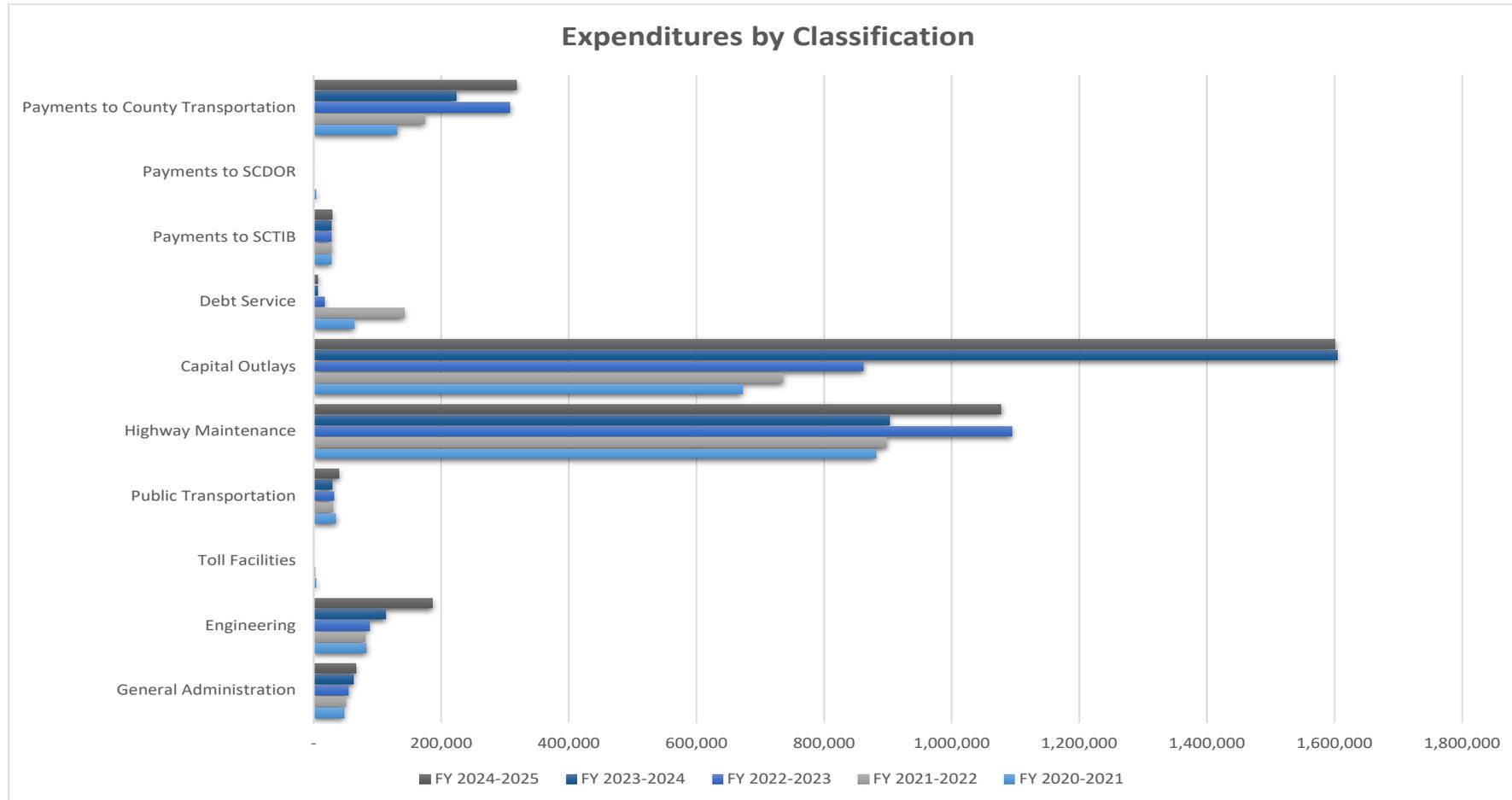


- Consultation with Other Accountants
 - To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.
- Significant Issues Discussed with Management
 - There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements.
- Information in Documents Containing Audited Financial Statements
 - Our responsibility for other information in documents containing the SCDOT’s basic financial statements and our report thereon does not extend beyond the information identified in our report. If the SCDOT intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers’ proof for our review and approval before printing. The SCDOT must also provide us with a copy of the final reproduced material for our approval before it is distributed.
- Auditor Independence
 - In accordance with AICPA professional standards, M&J is independent with regard to the SCDOT and its financial reporting process.
 - There were no fees paid to M&J for management advisory services during fiscal year 2025 that might effect our independence as auditors.

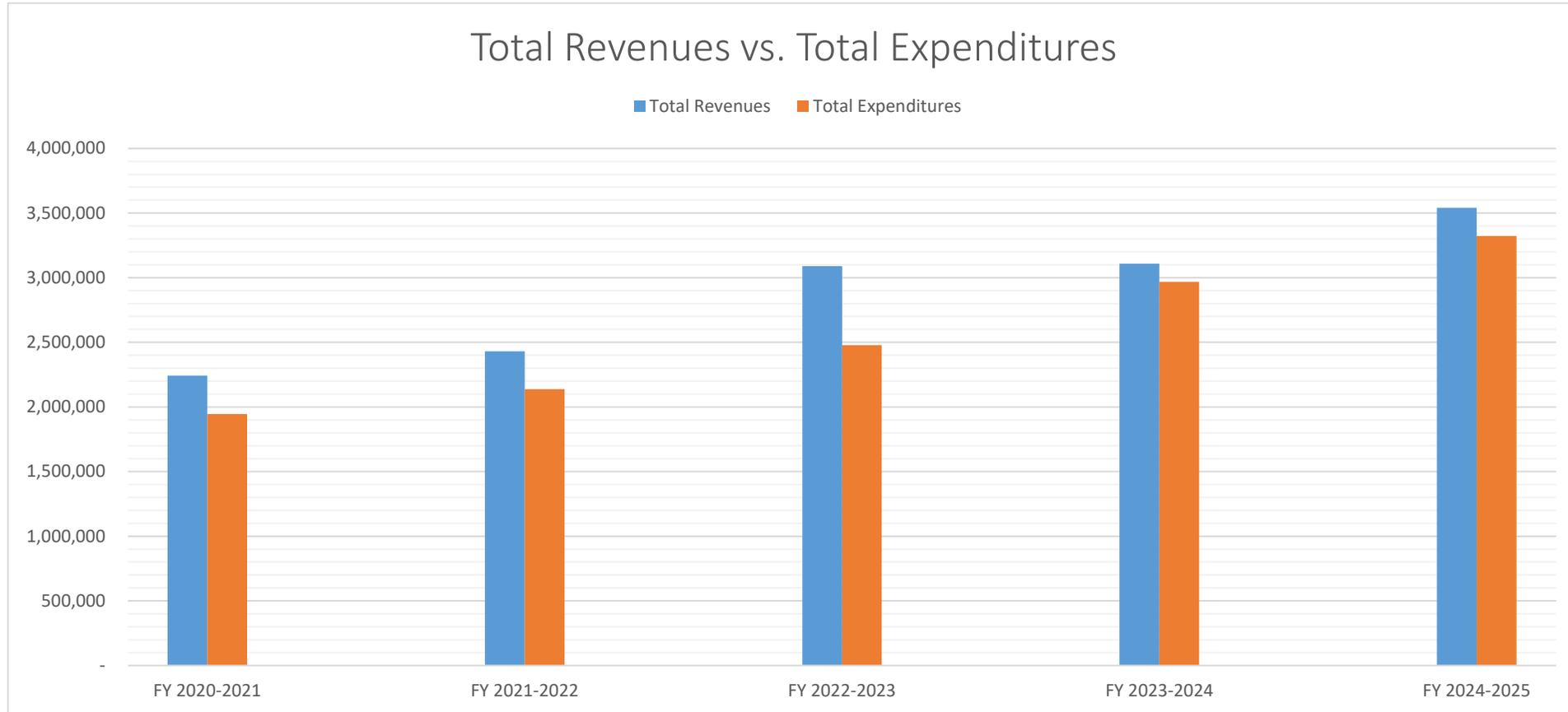
Financial Trends – Composition of Total Revenues



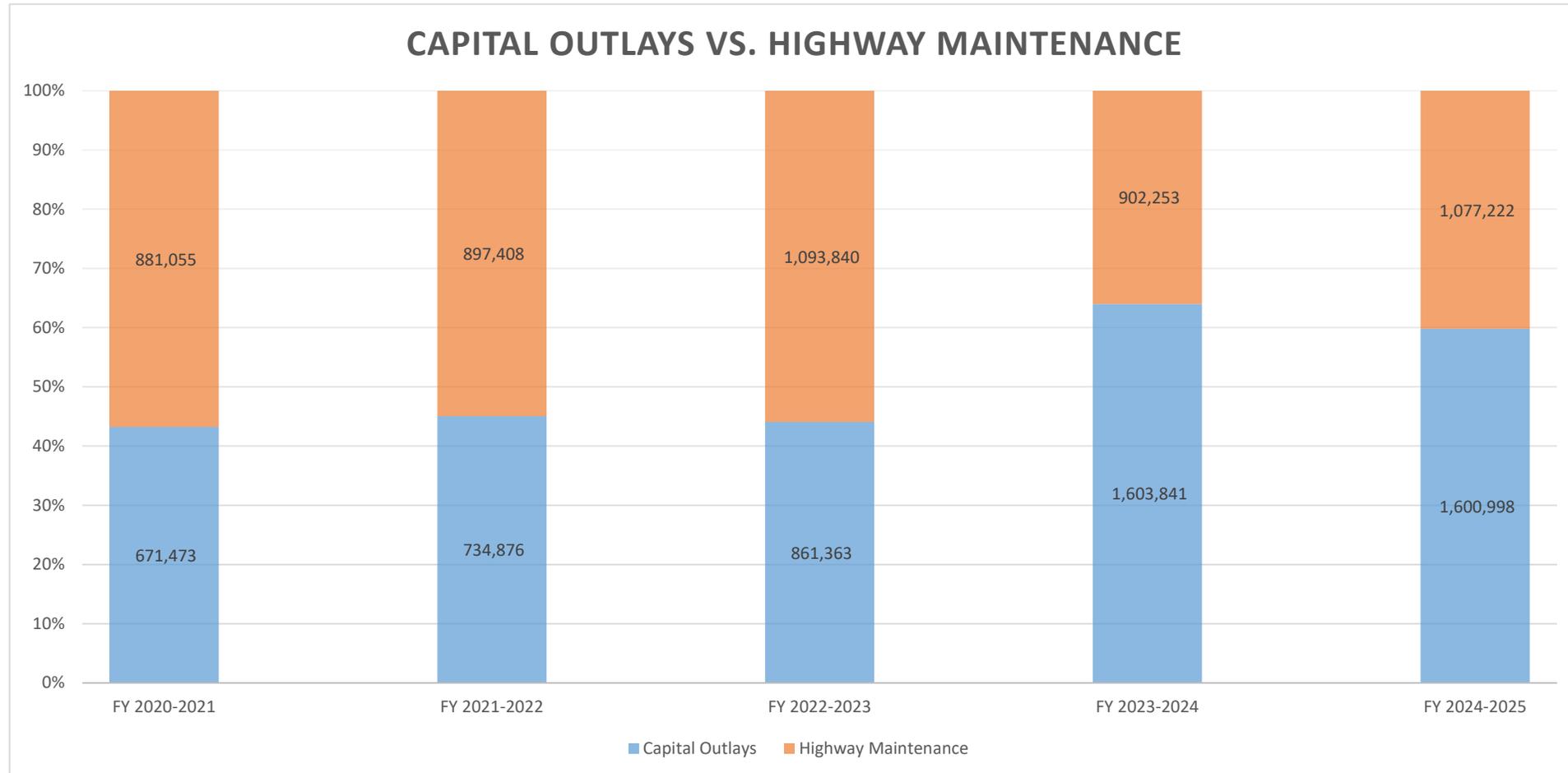
Financial Trends – Composition of Total Expenditures



Financial Trends – Revenues vs. Expenditures



Financial Trends – Capital vs. Maintenance



Comments & Other Matters

□ GASB Items

- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be applicable for SCDOT’s fiscal year ending June 30, 2026. This new Standard will require the SCDOT to change its management’s discussion and analysis (MD&A) and the budgetary comparison schedule included within required supplementary information (RSI). Other portions of this new Standard are not applicable to the SCDOT.
- GASB Statement No. 105, *Subsequent Events*, will be applicable to the SCDOT’s fiscal year ending June 30, 2027. This new Standard will require the SCDOT to disclose certain “non-recognized” events that occur during the subsequent events timeframe, as well as to disclose the date through which subsequent events have been evaluated.
- GASB Project on Infrastructure Assets (not a final standard yet) will add required disclosures to the SCDOT’s financial statements regarding certain portions of the infrastructure assets reported and disclosed.

□ Other Items

- Federal Single Audit threshold changes for June 30, 2026; no significant impact due to the size of the SEFA for SCDOT.
- New required reconciliation for the Comptroller General (State Appropriations).

Comments & Other Matters (Continued)



FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. Examples of subjects addressed in the past few quarters include:

- ACFR Preparation - GASB Updates - Grant Accounting Processes and Controls - GASB 68 (Pensions)
- Internal controls over revenue and cash receipting and accounts payable, payroll, and cash disbursements
- American Recovery & Reinvestment Act (ARRA) information, issues and updates - Single audits for auditees
- Collateralization of Deposits and Investments - Internal Controls over Accounts Payable, Payroll and Controls
- Policies and Procedures Manuals - Segregation of Duties – GASB 75 (OPEB) – GASB 87 (Leases)
- Data Security and General Information Technology Controls and Best Practices

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to tlyons@mjcpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

Conclusion



Comments and Questions?

We appreciate the opportunity to serve the South Carolina Department of Transportation and look forward to continuing to work with the SCDOT in upcoming years!



Presented by: Mark LaBruyere, CPA, CIA

4.2 Engagement Updates



Engagement Updates Planning Phase

	Engagement	Hours	Estimated Completion
1	Fleet Management	147	TBD
2	Payroll	166	TBD

Engagement Updates

Fieldwork Phase

Engagement		Hours	Estimated Completion
1	Travel Expense	328	May 2026

Engagement Updates Reporting Phase

	Engagement	Hours	Estimated Completion
1	OPT Programs – State Management Plan	343	TBD
2	Contract Assurance	616	April 2026
3	AASHTO Ware Security and Access	221	April 2026

End of Presentation

INTERNAL AUDIT REPORT



Presented by: Mark LaBruyere, CPA, CIA

4.3 Follow Up on Management Action Plans



Follow Up on Management Action Plans – Operational (Through 01/31/26)

- Covers 4 audit reports issued through December 2025:

Risk	Completed	In Progress; Not Overdue	Overdue 1 to 90 Days	Overdue 91 to 365 Days	Overdue > 365 Days	Revised Due Dates	Totals
All Engagements							
Extreme							
High							
Medium-High	11	5					16
Medium	4	4		2			10
Medium-Low	4				1	12/31/27	5
Performance Opportunities		1					1
Totals	19	10		2	1		32

End of Presentation

AUDIT COMMITTEE



5.0 Old Business



INTERNAL AUDIT REPORT



6.0 Executive Session



SOUTH CAROLINA OFFICE OF THE STATE AUDITOR

AUDIT COMMITTEE



7.0 Adjourn



AUDIT COMMITTEE



Next Meeting May 21, 2026



SOUTH CAROLINA OFFICE OF THE STATE AUDITOR