



Audit Committee Members:
Curtis M. Spencer, Committee Chair
Marty L. Sauls, IV, Commissioner
Sel Hemingway, Jr., Commissioner
Britt Blackwell, Commissioner
Thomas L. Rhodes, III, Commissioner

**South Carolina Department of Transportation
Audit Committee Meeting Agenda
Thursday, May 21, 2026
Following Adjournment of Commission Meeting
SCDOT Headquarters • Room 306
Columbia, South Carolina**

- 1. Call to Order — Chairman Spencer**

- 2. Roll Call — Chairman Spencer**

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

- 4. New Business**
 - 4.1. Contract Assurance - Director LaBruyere
 - 4.2. Engagement Updates - Director LaBruyere

- 5. Old Business — Chairman Spencer**

- 6. Executive Session**
 - 6.1. Executive Session - Pursuant to S.C. Code 30-4-70(a)(3) to Receive Management Information on Security Plans

- 7. Adjourn (Action Required) — Chairman Spencer**

Internal Audit Services

May 2026 Audit Committee

INTERNAL AUDIT REPORT



Presented by: Justina Heath, CFE

4.1 Office of Contract Assurance Risk and Control Assessment



Background



- SCDOT's Office of Contract Assurance (OCA) provides oversight of third-party contractors and sub-recipients to ensure compliance with state and federal requirements.
- Core OCA processes include:
 - Consultant Risk Assessments
 - Transit Compliance and Oversight Reviews
 - FTA Subrecipient Annual Reviews
 - FHWA Subrecipient Annual Reviews
- In Fall 2023, the Office of Public Transit (OPT) underwent restructuring, transferring key transit monitoring responsibilities to OCA:
 - Transit Compliance and Oversight Reviews
 - Monitoring of regional transit authority audit compliance



Management's Objective

Management's objective for the Office of Contract Assurance (OCA) is to provide assurance that funds awarded by SCDOT are expended in accordance with applicable agreement provisions and state and federal requirements



Audit Objective

Provide assurance that internal controls are adequately designed and operating effectively to manage risks that may hinder the achievement of Management's objectives.

Conclusion

In our opinion, controls are not adequate in design and are not operating effectively to reduce some risks within the Agency's risk appetite.

Risk exposure is determined to be **Medium**.

Observation 5.1

Compliance and Oversight Reviews

Risk Exposure

Medium-High

C&O Reviews are completed by OCA and OPT. IAS did not observe consistent collaboration between the two offices throughout the review process:

- No joint plan for C&O reviews – to discuss risks, issues, sub-recipient considerations prior to review
- No collaborative scheduling
- No consistent documentation standards to ensure effective communication across divisions
- No formal process to ensure deficiencies are jointly discussed and validated by both divisions
- OPT appears to lead key aspects of the process (planning, scheduling, coordination of deficiencies, reporting), despite OCA's independent and integral involvement in the process

The lack of structured collaboration may result in inconsistent risk identification, incomplete consideration of relevant factors, and potential misalignment in reporting.

Details can be found on page 9 of the report

Recommendation for Observation 5.1

Compliance and Oversight Reviews

Risk Exposure

Medium-High

IAS recommends that the Deputy Secretary of Finance and Administration and the Deputy Secretary for Intermodal and Freight Programs establish formal expectations for collaboration, communication, and adherence to documentation standards between OPT and OCA throughout all phases of the C&O Review process, including planning, scheduling, fieldwork, and reporting. This should include implementing processes to ensure joint risk assessment, coordinated scheduling, shared documentation workflow and collaborative review of identified deficiencies to support accurate, comprehensive, and consistent reporting of results.

Details can be found on page 9-10 of the report

Management Action Plan 5.1

Compliance and Oversight Reviews

MAP Owner(s):	Deputy Secretary for Finance & Administration and the Deputy Secretary for Intermodal & Freight Programs
Division:	Office of Contract Assurance and Office of Public Transit
Scheduled Date:	March 31, 2027

The Deputy Secretary for Finance & Administration and the Deputy Secretary for Intermodal & Freight Programs are dedicated to formalizing policies and procedures for C&O Reviews that will outline coordination expectations, job responsibilities, and documentation standards for OPT and OCA. We are engaged with a consultant to document the C&O process and will ensure that all policies and procedures are compliant with the Code of Federal Regulations (CFR), FTA circulars, and AASHTO standards while ensuring seamless communication and reporting to our transit subrecipients.

End of Presentation



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
3	Purchasing Card	15	June 2026

Engagement Updates

Fieldwork Phase

Engagement		Hours	Estimated Completion
1	Travel Expense	484	June 2026

Engagement Updates Reporting Phase

Engagement		Hours	Estimated Completion
1	OPT Programs – State Management Plan	343	TBD
2	Contract Assurance	719	May 2026
3	AASHTO Ware Security and Access	238	May 2026

End of Presentation

AUDIT COMMITTEE



5.0 Old Business



INTERNAL AUDIT REPORT



6.0 Executive Session



AUDIT COMMITTEE



7.0 Adjourn



AUDIT COMMITTEE



Next Meeting July 16, 2026

