

State board keeps fiscal watch in place

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Content

Several Lancaster County School District officials and school board members were in Columbia on Tuesday to appeal the fiscal watch continuation at the S.C. Board of Education meeting.

The state Board of Education unanimously voted to keep the district on fiscal watch, denying the appeal at the 1 p.m. Tuesday, May 9, meeting in the Rutledge Conference Room at the S.C. Department of Education offices.

School district Superintendent Dr. Jonathan Phipps, Chief Financial Officer Jatana Norris, Finance Director Mary Faile and former interim Chief Financial Officer Melanie Janet attended the meeting. School board members Courtney Green, Eddie Boykin and Tyrom Faulkner and Brad Small were also present.

Attorney Alex Sherard with White & Story spoke twice in defense of the district's appeal request.

"I respectfully request that you, the State Board of Education, affirm the state superintendent's continuation of her declaration of fiscal watch in Lancaster County School District," said John Tyler, state board general counsel.

He argued that the fiscal watch continuation should remain in place, due to the district failing to clear the fiscal watch issue originally set in place in February 2022.

In 2023, after the district failed to convince the department that it should be released from fiscal watch, state Education Superintendent Ellen Weaver sent it a letter notifying it that the fiscal watch was continuing, Tyler said.

"The district is asking the state Board of Education to ignore requirements of the law by overlooking ongoing concerns that — if uncorrected — could compromise the fiscal integrity of the Lancaster County School District," he said.

Tyler also said that the district's financial audits "speak for themselves," and that the fiscal watch designation "is appropriate" after "finding multiple material weaknesses."

In his rebuttal, Sherard argued that the district re-stated the financial audit, after the auditing firm had determined there was a mistake in the audit report, and submitted a fiscal recovery plan to Weaver.

"Within 60 days, we submitted that — that's basic math. The superintendent, Weaver, had 30 days, and, still to this day, has not provided (a response) and even though it was made known to them, and I briefed (them) that we filed on April 28," Sherard said.

"We do have a common goal here to all do the right thing, or try to, for our kids, first of all, for our taxpayers, our constituents, and we just find that there being no response, no modification, no cooperation, really paints within a broad stroke of the latitude and the actions here of the state Department of Education," he said.

Sherard argued that the S.C. Board of Education did not follow the legal statute throughout the appeal process, but state Board of Education members questioned the financial condition of the district, after being on fiscal watch for several years.

Richard Harrington, 12th Circuit state board member, posed this analogy to Sherard: "If you have a write-up because you don't have a repair on your dam and you have two leaks in one year, and next year you fix those leaks, but you've got another leak, should you not have to be under requirement to repair the dam?"

"No sir, our argument would be that there's nothing leaking," Sherard said. "There was no waste to funds, there was no misappropriation of funds. These are internal control issues that were addressed and corrected."

Despite Sherard's rebuttal, the decision to continue fiscal watch was approved unanimously.