

**SOUTH CAROLINA GENERAL ASSEMBLY
OFFICE OF LEGISLATIVE PRINTING,
INFORMATION AND TECHNOLOGY SYSTEMS**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2011

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State of South Carolina



Office of the State Auditor

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 5, 2012

Members of the South Carolina General Assembly
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the management of South Carolina General Assembly Office of Legislative Printing, Information and Technology System (the Office), solely to assist you in evaluating the performance of the Office for the fiscal year ended June 30, 2011, in the areas addressed. The Office's management is responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. **Cash Receipts and Revenues**

- We inspected selected recorded receipts to determine if these receipts were properly described and classified in the accounting records in accordance with the agency's policies and procedures and State regulations.
- We inspected selected recorded receipts to determine if these receipts were recorded in the proper fiscal year.
- We compared amounts recorded in the general ledger and subsidiary ledgers to those in the State's accounting system (STARS) as reflected on the Comptroller General's reports to determine if recorded revenues were in agreement.
- We made inquiries and performed substantive procedures to determine if revenue collection and retention or remittance were supported by law.
- We compared current year recorded revenues at the subfund and object code level from sources other than State General Fund appropriations to those of the prior year. We investigated changes in the earmarked fund to ensure that revenue was classified properly in the agency's accounting records. The scope was based on agreed upon materiality level (\$1,000 – earmarked fund) and ± 10 percent.

- We made inquiries of management pertaining to the agency's policies for accountability and security over documents issued for money. We observed agency personnel performing their duties to determine if they understood and followed the described policies.

The individual transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

2. **Non-Payroll Disbursements and Expenditures**

- We inspected selected recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records in accordance with the agency's policies and procedures and State regulations, were bona fide disbursements of the Office, and were paid in conformity with State laws and regulations; if the acquired goods and/or services were procured in accordance with applicable laws and regulations.
- We inspected selected recorded non-payroll disbursements to determine if these disbursements were recorded in the proper fiscal year.
- We compared amounts recorded in the general ledger and subsidiary ledgers to those in various STARS reports to determine if recorded expenditures were in agreement.
- We compared current year expenditures at the subfund and major object code level to those of the prior year. We investigated changes in the general and earmarked funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$25,400 – general fund and \$1,000 – earmarked fund) and ± 10 percent.

The individual transactions selected were chosen randomly. Our finding as a result of these procedures is presented in Object Code in the Accountant's Comments section of this report.

3. **Payroll Disbursements and Expenditures**

- We inspected selected recorded payroll disbursements to determine if the selected payroll transactions were properly described, classified, and distributed in the accounting records; persons on the payroll were bona fide employees; payroll transactions, including employee payroll deductions, were properly authorized and were in accordance with existing legal requirements and processed in accordance with the agency's policies and procedures and State regulations.
- We inspected selected payroll vouchers to determine if the vouchers were properly approved and if the gross payroll agreed to amounts recorded in the general ledger and in STARS.
- We inspected payroll transactions for selected new employees and those who terminated employment to determine if the employees were added and/or removed from the payroll in accordance with the agency's policies and procedures, that the employee's first and/or last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
- We compared amounts recorded in the general ledger and subsidiary ledgers to those in various STARS reports to determine if recorded payroll and fringe benefit expenditures were in agreement.

- We compared current year payroll expenditures at the subfund and major object code level to those of the prior year. We investigated changes in the general fund to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality level (\$25,400 – general fund) and ± 10 percent.
- We compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions. We investigated changes of ± 5 percent to ensure that payroll expenditures were classified properly in the agency's accounting records.

The individual transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

4. **Journal Entries and Appropriation Transfers**

- We inspected all recorded journal entries and appropriation transfers to determine if these transactions were properly described and classified in the accounting records; they agreed with the supporting documentation, the purpose of the transactions was documented and explained, the transactions were properly approved, and were mathematically correct; and the transactions were processed in accordance with the agency's policies and procedures and State regulations.

We found no exceptions as a result of the procedures.

5. **General Ledger and Subsidiary Ledgers**

- We inspected selected entries and monthly totals in the subsidiary records of the Office to determine if the amounts were mathematically accurate; the numerical sequences of selected document series were complete; the selected monthly totals were accurately posted to the general ledger; and selected entries were processed in accordance with the agency's policies and procedures and State regulations.

The transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

6. **Reconciliations**

- We obtained all monthly reconciliations prepared by the Office for the year ended June 30, 2011, and inspected selected reconciliations of balances in the Office's accounting records to those in STARS as reflected on the Comptroller General's reports to determine if accounts reconciled. For the selected reconciliations, we determined if they were timely performed and properly documented in accordance with State regulations, recalculated the amounts, agreed the applicable amounts to the Office's general ledger, agreed the applicable amounts to the STARS reports, determined if reconciling differences were adequately explained and properly resolved, and determined if necessary adjusting entries were made in the Office's accounting records and/or in STARS.

The reconciliations selected were chosen randomly. We found no exceptions as a result of the procedures.

7. **Appropriation Act**

- We inspected agency documents, observed processes, and/or made inquiries of agency personnel to determine the Office's compliance with Appropriation Act general and agency specific provisos.

We found no exceptions as a result of the procedures.

8. **Reporting Packages**

- We obtained copies of all reporting packages as of and for the year ended June 30, 2011, prepared by the Office and submitted to the State Comptroller General. We inspected them to determine if they were prepared in accordance with the Comptroller General's Reporting Policies and Procedures Manual requirements and if the amounts reported in the reporting packages agreed with the supporting workpapers and accounting records.

Our finding as a result of these procedures is presented in Miscellaneous Revenue Reporting Package in the Accountant's Comments section of this report.

9. **Status of Prior Findings**

- We inquired about the status of the finding reported in the Accountant's Comments section of the State Auditor's Report on the Office resulting from our engagement for the fiscal year ended June 30, 2008, to determine if the Office had taken corrective action. We applied no procedures to the Office's accounting records and internal controls for the years ended June 30, 2010 and 2009.

Our finding as a result of these procedures is presented in Object Code in the Accountant's Comments section of this report.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Members of the South Carolina General Assembly and of the management of South Carolina General Assembly Office of Legislative Printing, Information and Technology Systems and is not intended to be and should not be used by anyone other than these specified parties.



Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENTS

SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of each State agency is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the agency require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

OBJECT CODE

The procedures agreed to by the Office require that we perform tests to determine if non-payroll disbursements are properly described and classified in the accounting records in accordance with agency accounting policies and procedures and State regulations. We tested twenty-five randomly selected non-payroll disbursement transactions to determine if the Office used the correct object code to record the transactions. Based on the tests performed we determined that the Office recorded one transaction using an incorrect object code. (A similar comment was reported in the State Auditor's Report for the fiscal year ended June 30, 2008 and dated July 17, 2009) We determined that other payments made to this vendor throughout the year were coded correctly.

We recommend the Office develop and implement procedures to ensure that expenditures are recorded using proper object codes.

MISCELLANEOUS REVENUE REPORTING PACKAGE

We determined that the Office overstated its accounts receivable balance reported to the Comptroller General at June 30, 2011. The Office reported an accounts receivable balance of \$35,476. The correct accounts receivable balance was \$-0-. Based on our discussions with Office personnel it appears that they misinterpreted the reporting package instruction and reported actual receipts instead of the book balance at June 30, 2011.

Section 3.4 of the Comptroller General's Reporting Policies and Procedures Manual defines the criteria required for an accounts receivable for financial reporting purposes.

We recommend the Office develop and implement procedures to ensure that all closing packages are completed in accordance with Comptroller General's Office instructions.

SECTION B - STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on the finding reported in the Accountant's Comments section of the State Auditor's Report on the Office for the fiscal year ended June 30, 2008, and dated July 17, 2009. We applied no procedures to the Office's accounting records and internal controls for the years ended June 30, 2010 and 2009. Based on the tests performed we noted a similar discrepancy. As a result, we have repeated the finding titled Object Code in the Accountant's Comments section of this report.

MANAGEMENT'S RESPONSE



State of South Carolina
Legislative Printing, Information &
Technology Systems



Gigi Brickle
Director

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Columbia, SC 29201
(803) 212-4420

August 1, 2012

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
1401 Main Street
Suite 1200
Columbia, SC 29201

Dear Mr. Gilbert:

Below are the South Carolina General Assembly Office of Legislative Printing, Information and Technology Systems responses to comments listed in the report of the performance of the agreed-upon procedures of our accounting records for the fiscal year ending June 30, 2011.

Object Code

The agency agrees with the auditor's comments and recommendations and will comply.

Miscellaneous Revenue Reporting Package

The agency agrees with the auditor's comments and recommendations and will comply.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gigi Brickle", written over a faint, larger version of the same signature.

Gigi Brickle
Director

GB/lis

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