

**SOUTH CAROLINA
PROCUREMENT REVIEW PANEL
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2013

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State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 6, 2014

The Honorable Nikki R. Haley, Governor
and
Members of the Panel
Procurement Review Panel
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the governing body and management of the South Carolina Procurement Review Panel (the Panel), solely to assist you in evaluating the performance of the Panel for the fiscal year ended June 30, 2013, in the areas addressed. The Panel'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 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 account level from sources other than State General Fund appropriations to those of the prior year. We investigated all changes in the earmarked fund to ensure that revenue was 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.

The Honorable Nikki R. Haley, Governor
and
Members of the Panel
Procurement Review Panel
June 6, 2014

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 Panel, 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 current year expenditures at the subfund and account level to those of the prior year. We investigated changes in the general fund and earmarked fund to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality level \$3,200 and ± 10 percent for the general fund and all changes in the earmarked fund.

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

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 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 compared current year payroll expenditures at the subfund and account level to those of the prior year. We investigated changes in the general fund to ensure that expenditures were classified properly in the Panel's accounting records. The scope was based on agreed upon materiality level \$3,200 and ± 10 percent.
- We compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions; and computed the percentage distribution of recorded fringe benefit expenditures by fund source and compared the computed distribution to the actual distribution of recorded payroll expenditures by fund source. 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. **Appropriation Act**

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

We found no exceptions as a result of the procedures.

The Honorable Nikki R. Haley, Governor
and
Members of the Panel
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June 6, 2014

5. **Reporting Packages**

- We obtained copies of all reporting packages as of and for the year ended June 30, 2013, prepared by the Panel 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 Operating Leases Reporting Package in the Accountant's Comments section of this report.

6. **Status of Prior Findings**

- We inquired about the status of the findings reported in the Accountant's Comments section of the State Auditor's Report on the Panel resulting from our engagement for the fiscal year ended June 30, 2011, to determine if the Panel had taken corrective action. We applied no procedures to the Panel's accounting records and internal controls for the year ended June 30, 2012.

We found no exceptions as a result of the procedures.

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 Governor and of the governing body and management of the South Carolina Procurement Review Panel.



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

ACCOUNTANT'S COMMENTS

SECTION A - VIOLATION 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 condition described in this section has been identified as a violation of State Laws, Rules or Regulations.

OPERATING LEASES REPORTING PACKAGE

During our review of the operating leases reporting package, we noted three errors. First, the agency did not submit the package to the Comptroller General's Office on a timely basis; the package was due on August 30, 2013 and was not submitted until September 11, 2013. Second, the agency did not include the current expense amounts for leases with future minimum payments. Third, the agency did not provide information for rental payments and operating leases that ended in FY13.

The Comptroller General's Office provides a Year-End Reporting Policies and Procedures Manual to assist agencies in completing the reporting packages, and the Comptroller General's GAAP Calendar is a calendar of the due dates related to the preparation of year-end reporting forms or submission of audited financial statements.

We recommend the Panel follow the Comptroller General's Year-End Reporting Policies and Procedures Manual to accurately fill out the reporting packages. Also, we recommend the Panel follow the Comptroller General's due dates for submitting the reporting packages.

SECTION B - STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the State Auditor's Report on the Panel for the fiscal year ended June 30, 2011, and dated July 27, 2012. We applied no procedures to the Panel's accounting records and internal controls for the year ended June 30, 2012. We determined that the Panel has taken adequate corrective action on each of the findings.

MANAGEMENT'S RESPONSE

South Carolina Procurement Review Panel

HON. CARL G. OEHMIG, III
HON. MARK HARTLEY
HON. WILLIE D. FRANKS
VICE CHAIRMAN

SHERRY COPELAND
BUSINESS MANAGER

SOLOMON BLATT BUILDING
1105 PENDLETON STREET, SUITE 202
COLUMBIA, SOUTH CAROLINA 29201
(803) 734-0660
FAX (803) 734-1427

HON. MARGARET A. COLLINS
HON. MELISSA E. DAWSON
HON. BARBARA DERRICK

CHRISTIE M. EMANUEL
ATTORNEY



HON. C. BRIAN MCLANE, SR.
CHAIRMAN

July 2, 2014

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
1400 Main Street, Suite 1200
Columbia, SC 29201

Dear Mr. Gilbert:

We have completed our review of the preliminary draft of the State Auditor's report and authorize its release. Please find the enclosed agency response to the report's findings regarding the Operating Leases Closing Package. In addition, I have enclosed the addresses and e-mail addresses for all current Panel members.

Please let me know if we need to provide any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Brian McLane, Sr.", is written over a printed name.

C. Brian McLane, Sr., Chairman

CBMst/cme

Enclosures

Operating Leases Reporting Package

Agency Response: The Panel will review the Comptroller General's Year-End Reporting Policies and Procedures Manual and adopt measures to ensure the Operating Leases Reporting Package is completed in an accurate and timely fashion.

4 copies of this document were published at an estimated printing cost of \$1.40 each, and a total printing cost of \$5.60. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.