

SOUTH CAROLINA STATE AUDITOR'S OFFICE - AUDIT/WORK PROGRAM

118-09

AGENCY

WORK AREA

AUDIT DATE

Appropriation Act 2009

AUDIT OBJECTIVE:

To determine whether the agency is in compliance with all applicable provisions of the Appropriations Act, cited sections of the Code of Laws, and the STARS manual governing the fiscal year ended June 30, 2009.

INSTRUCTIONS:

- I. Listed below are specific provisions stated in the Appropriations Act. The provisions are grouped by audit program area. Compliance with each of these provisions should be tested. Tests can be accomplished by inquiry, by scan and/or review of the appropriate accounting records, or by specifically designed audit test. Annotate the testing method used on the audit program (e.g., T - tested, I - inquiry, O - Observed, etc.). Some compliances may be tested in conjunction with other audit programs. When this occurs, reference should be made here to the applicable audit program.
- II. Be aware that these are summaries of the various sections and frequently do not contain all the details. You should consult the full text of a particular section if you are not already familiar with it.
- III. Sign memo on the last page concluding on compliance with the Appropriations Act. Any noncompliances must be specifically noted, and included in management letter comments as a material weakness.
- IV. The Appropriation Act Audit Program is to be used as a work program in all agreed-upon procedures engagements.

NOTE: These are excerpts or summaries of the various sections. You must read and quote from the specific section when writing management letter comments, not from this audit program. References to Appropriation Act, statutes, and STARS Manual are given in brackets at the beginning of each procedure.

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AUDIT PROCEDURES:

General

1. **2.1. (LEA: Audit)** Each state agency receiving lottery funds shall develop and implement procedures to monitor the expenditures of lottery funds in order to ensure that lottery funds are expended in accordance with applicable state laws, rules, and regulations. The Office of the State Auditor shall ensure that state agencies receiving lottery funds have procedures in place to monitor expenditures of lottery funds and that the monitoring procedures are operating effectively.

2. **89.26. (GP: Organizations Receiving State Appropriations Report)** Each organization receiving a contribution in this act shall render to the state agency making the contribution by November 1 of the fiscal year in which funds are received, an accounting of how the state funds will be spent, a copy of the adopted budget for the current year, and also a copy of the organization's most recent operating financial statement. The funds appropriated in this act for contributions shall not be expended until the required financial statements are filed with the appropriate state agency. No funds in this act shall be disbursed to organizations or purposes which practice discrimination against persons by virtue of race, creed, color or national origin.

3. **89.29. (GP: Carry Forward)** Each agency is authorized to carry forward unspent general fund appropriations from the prior fiscal year into the current fiscal year, up to a maximum of ten percent of its original general fund appropriations less any appropriation reductions for the current fiscal year. Agencies shall not withhold services in order to carry forward general funds.

4. **89.30. (GP: Regulatory Audit)** Each agency shall conduct a jurisdictional audit for the purpose of identifying laws, regulations and provisos which are not being used or no longer need to be regulated. After identifying these laws, repeals are to be drafted for submission to the appropriate standing committee of the General Assembly by January 31.

5. **89.49. (GP: Tobacco Settlement Funds Carry Forward)** State agencies are hereby authorized to retain and carry forward any unexpended Tobacco Settlement Agreement funds from the prior fiscal year into the current fiscal year and to expend such funds for the same purpose.

6. **89.64. (GP: Constitutional Officer & Agency Head Voluntary Furlough)** All constitutional officers and agency heads may take up to 36 days furlough in the current fiscal year. The officials will retain all responsibilities and authority during the furlough. All monies saved from this furlough may be retained by the agency and expended at the discretion of the constitutional officer or agency head.

7. **89.79 (GP: Employee Bonuses)** State agencies and institutions are allowed to spend state, federal, and other sources of revenue to provide selected employees lump sum bonuses, not to exceed \$3,000 per year, based on objective guidelines established by the Budget and Control Board. Payment of these bonuses is not part of the employee's base salary and is not earnable compensation for purposes of employee and employer contributions to respective retirement systems. Employees earning \$100,000 or more shall not be eligible to receive bonuses under this provision.

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General. (Continued)

8. **89.112. (GP: Flexibility)** In order to provide maximum flexibility in absorbing the general fund reductions mandated in this act as compared to the prior fiscal year general fund appropriations, agencies are authorized for FY 2008-09 to spend agency earmarked and restricted accounts designated as "special revenue funds" as defined in the Comptroller General's records, to maintain critical programs previously funded in general fund appropriations. Any increase in spending authorization for these purposes must receive the prior approval of the Office of State Budget and must be reported to the governor, Senate Finance Committee, and the House Ways and Means Committee. The Comptroller General is authorized to implement the procedures necessary to comply with this directive. This provision is provided notwithstanding any other provision of law restricting the use of earned revenue. Appropriation transfers may exceed twenty percent of the program budget upon approval of the Budget and Control Board, Office of State Budget in consultation with the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee.

9. **89.120. (GP: Mandatory Furlough)** In a fiscal year in which the general funds appropriated for a state agency, institution, or department are less than the general funds appropriated for that state agency, institution, or department in the prior fiscal year, or whenever the General Assembly or the Budget and Control Board implements an across-the-board budget reduction, agency heads may institute employee furlough programs of not more than ten working days in the fiscal year in which the deficit is projected to occur. The furlough must be inclusive of all employees in an agency or within a designated department or program regardless of source of funds or place of work. The furlough must include all classified and unclassified employees in the designated area. If the furlough includes the entire agency, the furlough must include the agency.

10. **89.122. (GP: Reduction in Force/Agency Head Furlough)** In the event a reduction in force is implemented by a state agency or institution, the agency head shall be required to take five days furlough in the current fiscal year. If more than one reduction in force plan is implemented in a fiscal year, the mandatory agency head furlough is only required for the initial plan.

11. **1-11-425. (Printing Costs Disclosure on State Publications)** All agencies using appropriated funds shall print on the last page of all bound publications the following information:
 - (1) Total printing cost
 - (2) Total number of documents printed
 - (3) Cost per unit

The President Pro Tempore of the Senate, the Speaker of the House, Legislative Printing, Information and Technology Systems, the presidents of each institution of higher education, and the State Board for Technical and Comprehensive Education may exempt from this requirement documents published by their respective agencies. Agency publications which are produced for resale are also exempt from this requirement.

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General, (Continued)

11. **1-11-425. (Printing Costs Disclosure on State Publications) (Continued)** Publications of public relations nature produced by Parks, Recreation and Tourism and the Division of State Development are exempt from this requirement.

12. **8-11-190 (Use of public funds to reward state employees)** State agencies and institutions must be allowed to spend public funds on employee plaques, certificates, and other events including, but not limited to, meals and similar types of recognition to reward innovations or improvements by individual employees or employee teams that enhance the quality of work or productivity or as a part of employee development programs of their agency or institution.

13. **10-1-140. (Responsibility for personal property of State departments, agencies and institutions)** The head of each department, agency or institution of this State is responsible for all personal property under his supervision and each fiscal year shall make an inventory of all such property under his supervision, except expendables.

14. **11-1-45. (Settlement of certain litigation, dispute, or claim, approval of Budget and Control Board required)** (A) No state agency or instrumentality of the State, excluding the General Assembly, Senate, House of Representatives, local political subdivisions, special purpose districts, and special taxing districts, shall enter into a settlement of any litigation, dispute or claim over \$100,000 requiring the expenditure of monies appropriated or provided for in a general or supplemental appropriations act, or from any other source of public funds without prior written approval from the Budget and Control Board.

15. **11-5-260 (Check for payment of claim not presented for payment within two years; reissuance upon proof of nonpayment)** If a check issued by the Treasurer for payment of a claim is not presented for payment within two years from the date of the check, the amount of the check must be credited back into the State Treasury and the check written off the books of the Treasurer. However, a check may be reissued upon satisfactory proof of nonpayment. (Applies to State Treasurer's Office)

Revenues

1. **89.1. (GP: Revenues, Deposits Credited to the General Fund)** For the current fiscal year, except as hereinafter specifically provided, all general state revenues derived from taxation, licenses, fees, or from any other source whatsoever, and all institutional and departmental revenues or collections, including income from taxes, licenses, fees, the sale of commodities and services, and income derived from any other departmental or institutional source of activity, must be remitted to the State Treasurer at least once each week, when practical, and must be credited, unless otherwise directed by law, to the General Fund of the State.

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Revenues, (Continued)

2. 89.8. (Fee Increases)

(A) No state agency, department, board, committee, commission, or authority, may increase an existing fee for performing any duty, responsibility, or function unless the fee for performing the particular duty, responsibility, or function is authorized by statutory law and set by regulation except as provided in this paragraph.

(B) This paragraph does not apply to:

- (1) state-supported governmental health care facilities;
- (2) state-supported schools, colleges, and universities;
- (3) educational, entertainment, recreational, cultural, and training programs;
- (4) the State Board of Financial Institutions;
- (5) sales by state agencies of goods or tangible products produced for or by these agencies;
- (6) charges by state agencies for room and board provided on state-owned property;
- (7) application fees for recreational activities sponsored by state agencies and conducted on a draw or lottery basis;
- (8) court fees or fines levied in a judicial or adjudicatory proceeding;
- (9) the South Carolina Public Service Authority or the South Carolina Ports Authority.

(C) This paragraph does not prohibit a state agency, department, board, committee, or commission from increasing fees for services provided to other state agencies, departments, boards, committees, commissions, political subdivisions, or fees for health care and laboratory services regardless of whether the fee is set by statute.

(D) Statutory law for purposes of this paragraph does not include regulations promulgated pursuant to the State Administrative Procedures Act.

3. 89.38. (GP: Collection on Dishonored Checks) In lieu of any other provision of law, any state agency may collect a service charge as provided in Section 34-11-70 to cover the costs associated with the processing and collection of dishonored instruments or electronic payments where any amount is not paid by the drawee due to insufficient funds on deposit with the bank or the person upon which it was drawn when presented, or the instrument has an incorrect or insufficient signature on it. Such funds shall be retained and expended by the agency in accordance with this purpose and any unused amount shall carry forward to the following fiscal year.

4. 89.41. (GP: Pay Telephone Revenue) All state agencies, institutions, colleges and universities must remit to the general fund all revenues received and all monies retained above the cost of allowing the placement or location of pay telephones on public property. Each state agency, institution, college and university must annually report to the Office of State Budget the revenue received for allowing the placement or location of pay telephones on public property. This proviso includes any commission(s), state agencies, institutions, colleges and universities receive for allowing the placement or location of pay telephones on public property. Public property means any and all property occupied or under

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Revenues, (Continued)

4. **89.41. (GP: Pay Telephone Revenue) (continued)** the control of a state agency, institution, college or university. The State shall forego any commissions or revenues for the provision of pay telephones in institutions of the Department of Corrections and the Department of Juvenile Justice for use by inmates. The State Budget and Control Board shall ensure that the telephone rates charged by vendors for the use of those telephones must be reduced to reflect this foregone state revenue.

5. **2-65-70(A) (Recovery of indirect costs)** All agencies receiving federal grants or contracts shall recover the maximum allowable indirect costs on those projects, subject to applicable federal laws and regulations. All indirect cost recoveries must be credited to the general fund of the State, with the exception of recoveries from research and student aid grants and contracts. Further, after January 1, 1999, federal grants and contracts whose annual award is \$200,000 or less are exempted also from this cost recovery requirement.

6. **2-65-70(A) (1) (Recovery of indirect costs)** Each agency receiving grants or contracts to which indirect costs may be charged must have an approved indirect cost rate or cost allocation plan. Agencies shall prepare the indirect cost proposals and submit them to the board [B&C Board] for review.

7. **11-13-45 (Deposit and handling of federal funds; donations from other sources)** All federal funds received must be deposited in the State Treasury, if not in conflict with federal regulations, and withdrawn from the State Treasury as needed, in the same manner as that provided for the disbursement of state funds. Donations or contributions from sources other than the federal government, for use by any state agency, must be deposited in the State Treasury, but in special accounts, and may be withdrawn from the treasury as needed to fulfill the purposes and conditions of the donations or contributions, if specified, and, if not specified, as directed by the proper authorities of the department. The expenditure of funds by state agencies from sources other than general fund appropriations are subject to the same limitations and provisions of law applicable to the expenditure of appropriated funds with respect to salaries, wages or other compensation, travel expense, and other allowance or benefits for employees.

Expenditures, Transfers & Other

1. **75.2. (CG: GAAP Implementation & Refinement)** The Comptroller General is given full power and authority to issue accounting policy directives to state agencies in order to comply with Generally Accepted Accounting Principles.

2. **80A.5. (BCB: Procurement of Art Objects)** Before any governmental body, with exception of the South Carolina Museum Commission, the Budget and Control Board and the South Carolina Hunley Commission as defined under the South Carolina Consolidated Procurement Code, procures any art objects such as paintings, antiques, sculptures, or similar objects above \$1,000, the head of the Purchasing Agency shall prepare a written determination specifying the need for such objects and benefits to the State. The South Carolina Arts Commission shall review such determination for approval prior to any acquisition.

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Expenditures, Transfers & Other, (Continued)

3. **80A.11. (BCB: Mid-Year Budget Reductions & Restricting the Rate of Expenditures)** Any appropriations made herein or by special act now or hereafter, are hereby declared to be maximum, conditional and proportionate, the purpose being to authorize expenditures not to exceed the amount named herein, if necessary, but only in the event the aggregate revenues available during the period for which the appropriations are made are sufficient to pay them in full. The State Budget and Control Board is directed to survey the progress of the collection of revenue and the expenditure of funds by all agencies, departments and institutions. If the Budget and Control Board determines that a year-end aggregate deficit may occur by virtue of a projected shortfall in anticipated revenues, it shall utilize such funds as may be available and required to be used to avoid a year end deficit and thereafter take such action as necessary to restrict the rate of expenditure of all agencies consistent with the provisions of this section.

4. **89.2. (GP: Appropriations From Funds)** Subject to the terms and conditions of this act, the sums of money set forth in this part, if so much is necessary, are appropriated from the General Fund of the State, the Education Improvement Act Fund, the Highways and Public Transportation Fund, and other applicable funds, to meet the ordinary expenses of the state government for Fiscal Year 2008-09, and for other purposes specifically designated.

5. **89.6. (GP: Case Service Billing Payments Prior Year)** Notwithstanding any other provision of law, agencies appropriated case services funds who routinely receive prior year case service billings after the old fiscal year has been officially closed are authorized to pay these case service obligations with current funds. This authorization does not apply to billings on hand that have been through a timely agency payment approval process when the old fiscal year closes.

6. **89.10. (GP: Transfers of Appropriations)** Agencies and institutions shall be authorized to transfer appropriations within programs and within the agency with notification to the Division of Budget and Analyses and Comptroller General. No such transfer may exceed twenty percent of the program budget. Upon request, details of such transfers may be provided to members of the General Assembly on an agency by agency basis. Transfers of appropriations from personal service accounts to other operating accounts or from other operating accounts to personal service accounts may be restricted to any established standard level set by the Budget and Control Board upon formal approval by a majority of the members of the Budget and Control Board.

7. **89.28. (GP: State Owned Aircraft - Maintenance Logs)** Each agency having in its custody one or more aircraft shall maintain a continuing log on all flights, which shall be open for public inspection. Any and all aircraft owned or operated by agencies of the State Government shall be used only for official business.

8. **90.1. (SR: Year End Expenditures)** Unless specifically authorized herein, the appropriations provided in Part I.A. of this act as ordinary expenses of the State Government shall lapse on July 31, 2009. State agencies are required to submit all current fiscal year input documents to the Comptroller General's Office by July 16, 2009.

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Expenditures, Transfers & Other, (Continued)

9. **90.1. (SR: Year End Expenditures)** Appropriations for Permanent Improvements, now outstanding or hereafter provided, shall lapse at the end of the second fiscal year in which such appropriations were provided, unless definite commitments shall have been made, with the approval of the State Budget and Control Board and Joint Bond Review Committee, toward the accomplishment of the purposes for which the appropriations were provided. Appropriations for other specific purposes aside from ordinary operating expenses, now outstanding or hereafter provided, shall lapse at the end of the second fiscal year in which such appropriations were provided, unless definite commitments shall have been made, with the approval of the State Budget and Control Board, toward the accomplishment of the purposes for which the appropriations were provided.
10. **1-11-141 (Insurance on state-owned vehicles by agencies; liability of employees for cost of accident repairs)** Agencies shall insure state-owned vehicles through the Budget and Control Board or shall absorb the cost of accident repairs within the agency budget.
11. **1-11-180 (Additional powers of the Budget and Control Board)**
 (A) In addition to the powers granted the Budget and Control Board under this chapter or any other provision of law, the board may:
 (4) approve blanket bonds for a state department, agency, or institution including bonds for state officials or personnel. However, the form and execution of blanket bonds must be approved by the Attorney General. [The Budget and Control Board has delegated its responsibility to the State Auditor]
12. **1-11-270 (Division of Motor Vehicle Management; establishment of criteria for individual assignment of motor vehicles)**
 (A) The board shall establish criteria for individual assignment of motor vehicles based on the functional requirements of the job, which shall reduce the assignment to situations clearly beneficial to the State. Only the Governor, statewide elected officials, and agency heads are provided a state-owned vehicle based on their position.
 (B) Statewide elected officials, law enforcement officers, and those employees who have been assigned vehicles because they are in an emergency response capacity after normal working hours are exempt from reimbursing the State for commuting miles. Other employees operating a permanently assigned vehicle must reimburse the State for commuting between home and work.
 (C) All persons, except the Governor and statewide elected officials, permanently assigned with automobiles shall log all trips on a log form approved by the board, specifying beginning and ending mileage and job function performed. Agency directors and commissioners permanently assigned state vehicles may utilize exceptions on a report denoting only official and commuting mileage in lieu of the aforementioned trip logs.

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13. **1-11-405 (Aircraft purchase, lease, or lease-purchase by state agency)** No aircraft may be purchased, leased, or lease-purchased for more than a 30 day period by any state agency without the prior authorization of the State Budget and Control Board and the Joint Bond Review Committee.

14. Budget and Control Board approval shall be obtained for the following:
 - (a) **1-11-65 (Approval and recordation of real property transactions involving governmental bodies)** All transactions involving real property made for or by any governmental bodies, excluding political subdivisions of the State, must be approved by and recorded with the State Budget and Control Board.

 - (b) **44-53-530 (Forfeiture procedures; disposition of forfeited items; disposition of proceeds of sales)** (a) ...If the property seized and forfeited is an aircraft or watercraft and is transferred to a state law enforcement agency or other state agency pursuant to the provisions of this subsection, its use and retainage by that agency shall be at the discretion and approval of the Budget and Control Board.

15. **11-3-185 (Warrant Requisitions)** The expenditure of money appropriated by the General Assembly is by warrant requisitions directed to the Comptroller General.

16. **11-3-185 (Warrant Requisitions)** Upon approval and designation by the State Budget and Control Board, state institutions may requisition funds in favor of their own treasurer, itemized only to the extent of the purpose of the appropriation as expressed in this act, or joint resolution appropriating the funds, and may deposit such funds in the name of the institution in the bank or banking institutions designated by the State Treasurer, and disburse these funds by check in order to meet the purposes of the appropriation. Strict account must be kept of all these expenditures according to standard budget classifications. Money may be drawn only when actually owing and due.

17. **11-9-95 (Budget and Control Board authorized to transfer agency funds to pay debts prior to closing books for fiscal year)** With respect to debts owed to the Budget and Control Board on June 30 of any fiscal year, including outstanding obligations for rent and upfitting, telecommunications services, data processing, installment purchase program payments, insurance premiums, and printing, the board is authorized and directed, after discussion in an open meeting, to transfer any funds remaining in the agency's accounts to pay these obligations prior to the closing of the books for the fiscal year and prior to carrying any funds forward to the subsequent fiscal year. The provisions of this section shall not apply to the General Assembly.

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18. **11-9-140 (Transfer of capital improvement bond balances to Bond Contingency Revolving Fund; exemptions; determination and review)** The State Budget and Control Board may transfer to the Bond Contingency Revolving Fund any capital improvement bond project balances determined not to be usable or needed. Capital improvement bonds issued on behalf of the Mental Health Commission as provided in Act 151 of 1983 and Acts 1272 and 1276 of 1970, as amended, or bonds issued on behalf of the Department of Disabilities and Special Needs as provided in Section 44-21-1010 et seq. are exempt. Before accomplishing a transfer of this type, the required determination must be made by the agency for which the funds were authorized or by the Budget and Control Board if the agency no longer exists, and the board must find that the purpose for which the funds were authorized has been achieved. Any transfer by the Budget and Control Board must first be reviewed by the Joint Bond Review Committee.

19. **11-11-160 (Transfer of appropriations; reduction of spending where receipts less than estimated)** The General Assembly shall appropriate all state funds and authorize or appropriate, or both, the use of all federal and other funds for the operations of state agencies and institutions for the current fiscal year. Transfers of these appropriations or authorizations may be approved by the State Budget and Control Board under its authority or by the agency as provided in the annual appropriations act. Any agency which requests or transfers personal service funds must indicate on the transfer document whether or not a reduction in force is involved. To the extent practicable, all agencies and institutions having federal or other funds available for the financing of their operation shall expend such funds in accordance with the provisions of the annual general appropriations act. The authorization to spend federal and other funds must be decreased to the extent that receipts from these sources do not meet the estimates as reflected in each section of the annual general appropriation act; and any increase shall be authorized through the review process as provided in Chapter 65 of Title 2.

20. (a) **11-35-1260 (Authority to contract for legal services)** No contract for the services of attorneys shall be awarded without the approval of the State Attorney General except where specific statutory authority is otherwise provided. [The Budget and Control Board is authorized to contract for services of attorneys. See the Consolidated Procurement Code Master List of Exemptions – exemption 133, dated February 9, 1999]

- (b) **45.1. (AG: Hiring of Attorneys)** No department or agency of the State Government shall hire any classified or temporary attorney as an employee except upon the written approval of the Attorney General and at a compensation approved by him. All such attorneys shall at all times be under the supervision and control of the Attorney General except as otherwise provided by law unless obtaining prior approval by the Budget and Control Board.

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Expenditures, Transfers & Other, (Continued)

20. **(Continued)**

(c) **45.2. (AG: Engage Attorney on Fee Basis)** No department or agency of the State Government shall engage on a fee basis any attorney at law except upon the written approval of the Attorney General and upon such fee as shall be approved by him. This shall not apply to the employment of attorneys in special cases in inferior courts where the fee to be paid does not exceed \$250 or exceptions approved by the Budget and Control Board. [Any vouchers submitted to the Comptroller General's Office paying legal fees must include a copy of the Form 1 approved by the Attorney General's Office. **See list of exceptions and STARS Sect. 4.2.10.11.**]

21. **48-52-435 (Prior approval required for studies of alternative energy usage or conservation measures)** In order to avoid duplicative studies, funds shall not be expended by state agencies for studies investigating alternate energy usage or conservation measures without prior approval of the State Energy Office and the Joint Legislative Committee on Energy.

22. **STARS 4.2.10.1 (Procurement)** Approval for the purchase or lease of data processing equipment, with an annual cost of \$10,000 or more must be obtained from the Office of Information Technology Planning – Research and Statistics (see Procurement Approval Data Processing Equipment and Services of this section). All lease/purchase and installment purchase agreements over \$100,000 must be approved by the State Treasurer's Office.

23. **STARS 4.2.10.9 (Procurement)** State agencies may procure consultant services up to their respective certification limits as established by the Budget and Control Board. Unless exempt, procurements of consultant services above that amount must be made by the Budget and Control Board, Division of Operations.

Payroll

1. **80A.10. (BCB: Compensation - Reporting of Supplemental Salaries)** No supplement shall be paid to an agency's employee unless the agency head or designated official of the employing agency has approved the conditions and amount of salary supplement. Any compensation, excluding travel reimbursement, from an affiliated public charity, foundation, clinical faculty practice plan, or other public source or any supplement from a private source to the salary appropriated for a state employee and fixed by the State must be reported by the employing agency to the Division of Budget and Analyses of the Budget and Control Board. The report must include the amount, source, and any condition of the supplement. The employing agency must report this information on or before August 31 of each year and must include the total amount and source of the salary supplement received by the employee during the preceding fiscal year (July 1 through June 30). The Office of Human Resources of the B&C Board shall formulate policies and procedures to ensure compliance with the reporting provisions of this proviso.

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2. **80A.12. (BCB: Compensation Increase - Appropriated Funds Ratio)** Appropriated funds may be used for compensation increases for classified and unclassified employees and agency heads only in the same ratio that the employee's base salary is paid from appropriated sources.

3. **89.15. (GP: Discrimination Policy)** It is the policy of the State of South Carolina to recruit, hire, train and promote employees without discrimination because of race, color, sex, national origin, age, religion or physical disability. Each state agency shall submit to the State Human Affairs Commission employment and filled vacancy data by race and sex by October 31, of each year.

4. **89.17.1. (GP: Personal Service Reconciliation, FTEs)** No state agency [may] exceed the total authorized number of full-time equivalent positions and those funded from state sources as provided in each section of this act except by majority vote of the Budget and Control Board.

5. **89.17.6. (GP: Personal Service Reconciliation, FTEs)** No new permanent positions in state government shall be funded by appropriations in acts supplemental to this act but temporary positions may be so funded.

6. **89.18. (GP: Allowance for Residences & Compensation Restrictions)** That salaries paid to officers and employees of the State, including its several boards, commissions, and institutions shall be in full for all services rendered, and no perquisites of office or of employment shall be allowed in addition thereto, but such perquisites, commodities, services or other benefits shall be charged for at the prevailing local value and without the purpose or effect of increasing the compensation of said officer or employee. (See proviso for list of exceptions)

7. **89.18. (GP: Allowance for Residences & Compensation Restrictions)** Except in the case of elected officials, the fair market rental value of any residence furnished to a state employee shall be reported by the state agency furnishing the residence to the Agency Head Salary Commission, and the Division of Budget and Analyses by October 1, of each fiscal year. (See proviso for list employees who are authorized to occupy residences)

8. **89.18. (GP: Allowance for Residences & Compensation Restrictions)** All salaries paid by departments and institutions shall be in accord with a uniform classification and compensation plan, approved by the Budget and Control Board, applicable to all personnel of the State Government whose compensation is not specifically fixed in this act. Salary appropriations for employees fixed in the act shall be in full for all services rendered, and no supplements from other sources shall be permitted or approved by the State Budget and Control Board.

9. **89.18. (GP: Allowance for Residences & Compensation Restrictions)** As long as there is no impact on appropriated funds, state agencies and institutions shall be allowed to spend public funds and/or other funds for designated employee award programs which shall have written criteria approved by the agency governing board or commission. For purposes of this section, monetary awards, if any, shall not be considered a part of an employee's

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9. **89.18. (GP: Allowance for Residences & Compensation Restrictions) (Continued)** base salary, a salary supplement, or a perquisite of employment. The names of all employees receiving monetary awards and the amounts received shall be reported annually to the South Carolina Division of Budget and Analyses.

10. **89.36. (GP: State Operated Day Care Facilities Fees)** Any state agency receiving funding in this act and any higher education institution, including 4 year institutions, 2 year institutions, and technical colleges, that operates an early childhood development center or day care facility shall charge, at a minimum, fees that are comparable to those charged by private day care facilities in the local community. The institution or agency shall not restrict enrollment in the center solely to the children of faculty, staff, and students of the institution; nor shall fees be set at a lower level for faculty, staff, or students of the institution or agency.

11. **8-1-155 (Preference to Resident of State)** Notwithstanding another provision of law, if a vacancy occurs in a state agency, other than an institution of higher learning, or if an agency acts to fill a new position, the agency shall give preference to a resident of this State, if the applicants are equally qualified for the vacancy or new position.

12. **8-11-35 (Salary Payment Schedule; Maximum Salaries; Dual Compensation Reports; Exception)** (A) Except as otherwise provided by law, appropriations for compensation of state employees must be paid in twice-monthly installments to the person holding such position. To provide a regular and permanent schedule for payment of employees, the payroll period begins on June 2 of the prior fiscal year with the first pay period ending on June 16 of the prior fiscal year. The payroll period continues thereafter on a twice-monthly schedule as established by the State Budget and Control Board. This schedule must continue from one fiscal year to another without interruption, on a twice-monthly basis. The State Budget and Control Board may approve changes to this schedule where circumstances are considered justifiable.

13. **8-11-35 (Payroll Schedule & Compensation Restrictions)** (B) The appropriated salaries for specified positions means the maximum compensation for the position, except as specifically provided in other provisions of the annual general appropriations act, or other provisions of law, and if the head of a department is able to secure the services for a particular position or work at a lower rate than the salary specified in the annual general appropriations act, the agency head is authorized to pay the lower salary.

14. **8-11-35 (Payroll Schedule & Compensation Restrictions)** (C) An employee of a state department or institution must not be paid any compensation from any other department of the state government except those approved under the provisions of Regulation 19-702.09 of the South Carolina Code of Regulations, and an employee of any department or institution must not be paid travel expenses by any other department or institution without approval of the agency by which he is regularly employed.

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15. **8-11-135 (Payment of Moving Expenses of New Employees)** A state agency may pay the cost of moving the personal and household effects for newly-employed personnel if all the following conditions are met:

- (a) The new employee's place of residence is outside of the State of South Carolina at the time of employment by the agency.
- (b) The agency can demonstrate that paying these costs is necessary to fill the position.
- (c) The maximum payment in any instance to any new employee may not exceed \$5,000.
- (d) The payment is certified by the agency head (or the board or commission chairman if the new employee is the agency head) as the total paid by the agency toward the total moving cost incurred by the new employee.

16. **8-11-165 (Salary and Fringe Benefit Survey for Agency Heads; Limits on Salaries of Agency Employees and Presidents of a Technical College; Agency Head Salary Adjustments; New Members of Agency Governing Board to Attend Performance Appraisal Training)** No employee of agencies reviewed by the Agency Head Salary Commission may receive a salary in excess of 95% of the midpoint of the agency head salary range or the agency head actual salary, whichever is greater, except upon approval of the Budget and Control Board and except for employees of higher education technical colleges, colleges, and universities.

17. **8-11-170. (Agency Head Dually Employed by Another Agency; Timely Payment)**
 (A) An agency head may not be dually employed by another state agency or institution of higher education without prior approval by the Agency Head Salary Commission and the State Budget and Control Board.

(B) An employee who is approved for dual employment must be paid in a timely manner. The secondary agency must make payment of funds approved for and earned under dual employment within forty-five days of the beginning of the employment.

18. **8-11-194. (Employee Benefit Costs Not Funded From General Fund)** Any agency of the State Government whose operations are covered by funds from other than general fund appropriations must pay from such other sources a proportionate share of the employer costs of retirement, social security, workmen's compensation insurance, unemployment compensation insurance, health and other insurance for active and retired employees, and any other employer contribution provided by the State for the agency's employees.

19. **8-11-196. (Temporary Grant Funded or Time Limited Funded Positions)** Notwithstanding any other provision of law, state agencies and institutions may, at their discretion, hire employees to fill temporary grant positions specified in federal grants, public charity grants, private foundation grants, research grants and positions with time limited funding approved or authorized by the appropriate state authority in accordance with certain provisions. (See 8-11-196 for specific provisions)

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20. **8-11-199. (American Bar Association Dues Payment or Reimbursement)** State agencies and institutions are prohibited from paying or reimbursing professional dues payments for individuals to the American Bar Association.

Travel

1. **89.22. (Business Expense Reimbursement)** Agency heads and deputy commissioners or deputy directors designated by agency heads may receive reimbursement for business expenses incurred while performing their official duties, provided that receipts are presented when seeking reimbursement and justification is submitted to document the time, place, and purpose of the expense as well as the names of the individuals involved. The Budget and Control Board shall promulgate regulations governing these expenses.

2. **89.23. (GP: Per Diem)** The per diem allowance of all boards, commissions and committees shall be at the rate of \$35 per day. No full-time officer or employee of the State shall draw any per diem allowance for service on such boards, commissions or committees.

3. **89.25.A. (GP: Travel - Subsistence Expenses & Mileage)** Unless otherwise provided in paragraphs B through H of this section, all employees of the State of South Carolina or any agency thereof including employees and members of the governing bodies of each technical college while traveling on the business of the State shall, upon presentation of a paid receipt, be allowed reimbursement for actual expenses incurred for lodging, not to exceed the current maximum lodging rates, excluding taxes, established by the U.S. General Services Administration. Agencies may contract with lodging facilities to pay on behalf of an employee. It shall be the responsibility of the agency head to monitor the charges for lodging which might be claimed by his employees in order to determine that such charges are following maximum lodging rates as established by the U.S. General Services Administration. Any exceptions must have written approval of the agency head, taking into consideration location, purpose of travel, or extenuating circumstances. The provisions of this item shall not apply to Section 42-3-40 of the 1976 Code, and when pertaining to institutions of higher learning, for travel paid with funds other than General Funds.

4. **89.25.A. (GP: Travel - Subsistence Expenses & Mileage)** [Unless otherwise provided in paragraphs B through H of this section.] The employee shall also be reimbursed for the actual expenses incurred in the obtaining of meals except that such costs shall not exceed \$25 per day within the State of South Carolina. For travel outside of South Carolina the maximum daily reimbursement for meals shall not exceed \$32.

5. **89.25.B. (GP: Travel - Subsistence Expenses & Mileage)** Employees of the State, when traveling outside the United States, Canada, and Puerto Rico upon promotional business for the State of South Carolina shall be entitled to actual expenses for both food and lodging.

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6. **89.25.D. (GP: Travel - Subsistence Expenses & Mileage)** Non-legislative members of committees appointed pursuant to Acts and Resolutions of the General Assembly whose membership consists solely of members of the General Assembly or members of the General Assembly and other personnel who are not employees of the State of South Carolina shall be allowed subsistence expenses of \$35 per day while traveling on official business, unless otherwise designated by law. Members of such committees may opt to receive actual expenses incurred for lodging and actual expenses incurred in the obtaining of meals in lieu of the allowable subsistence expense.

7. **89.25.E. (GP: Travel - Subsistence Expenses & Mileage)** Members of state boards, commissions, or committees whose duties are not full-time and who are paid on a per diem basis, shall be allowed reimbursement for actual expenses incurred at the rates provided in paragraphs A and I of this section while away from their places of residence on official business of the State. One person accompanying a handicapped member of a state board, commission, or committee on official business of the State shall be allowed the same reimbursement for actual expenses incurred at the rates provided in paragraph A through I of this section.

8. **89.25.I. (GP: Travel - Subsistence Expenses & Mileage)** No expense shall be allowed an employee either at his place of residence or at the official headquarters of the agency by which he is employed except as provided in paragraph E, of this section. When an employee is assigned to work a particular territory or district, and such territory or district and his official headquarters are in different localities or sections of the State, expenses may be allowed for the necessary travel to his official headquarters.

9. **89.25.J. (GP: Travel - Subsistence Expenses & Mileage)** When an employee of the State shall use his or her personal automobile in traveling on necessary official business, a charge to equal the standard business mileage rate as established by the Internal Revenue Service will be allowed for the use of such automobile and the employee shall bear the expense of supplies and upkeep thereof. However, the standard business mileage rate used in this calculation shall be the lesser of 50.5 cents per mile or the current rate established by the Internal Revenue Service.

10. **89.25.J. (GP: Travel - Subsistence Expenses & Mileage)** In traveling on the business of the State, employees are required to use the most economical mode of transportation, due consideration being given to urgency, schedules and like factors.

11. **89.25.K. (GP: Travel - Subsistence Expenses & Mileage)** A State agency may advance travel and subsistence expense monies to employees of that agency for the financing of ordinary and necessary travel required in the conducting of the business of the agency. The Budget and Control Board is directed to develop and publish rules and regulations pertaining to the advancing of travel expenses and no state agency shall make such advances except under the rules and regulations as published. All advances for travel and subsistence monies shall be repaid to the agency within 30 days after the end of the trip or by July 15, whichever comes first.

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Travel, (Continued)

12. **89.25.N. (GP: Travel - Subsistence Expenses & Mileage)** No state funds may be used to purchase first class airline tickets.

13. **89.32. (GP: Frequent Flyer Premiums)** State agencies and employees shall select air carriers based on cost and time criteria, not on whether frequent flyer premiums are given. State agencies should ensure that employees earning frequent flyer premiums while traveling on state business use them to reduce the cost of subsequent business travel whenever possible.

14. **8-11-200 (Reimbursement of Travel Expenses to Persons Interviewing for State Employment)** Reimbursement of travel expenses to persons interviewing for state employment, whether paid from state-appropriated, federal or other funds, is allowed in accordance with the following provisions:
 - (1) Travel expenses, within the limitations applicable to state employees, may be paid to individuals being considered for employment by a state government agency if the head of the interviewing agency makes a specific, formal determination in each case that all of the following apply: (a) the significance of the position to be filled is such that it warrants incurring the costs; (b) the costs do not exceed the expense of conducting the interview at the interviewee's home area or elsewhere; (c) qualified candidates residing within South Carolina were considered before candidates from other states were sought.

 - (2) Where the position to be filled is that of an agency head, the determination referenced in item (1) must be made by the chairman of the board or commission of the interviewing agency.

South Carolina Consolidated Procurement Code (Chapter 35 of Title 11 of the 1976 Code of Laws of South Carolina)

1. **11-35-40 (Application of this Code)**
 (2) Application to State Procurement. This code shall apply to every expenditure of funds by this State under contract acting through a governmental body as herein defined irrespective of the source of the funds, including federal assistance monies, except as specified in Section 11-35-40(3) (Compliance with Federal Requirements) and except as provided in Article 19 (Intergovernmental Relations).

2. **11-35-45 (Payment of goods and services received by state)**
 (A) All vouchers for payment of purchases of services, supplies, or information technology must be delivered to the Comptroller General's office within thirty work days from acceptance of the goods or services and proper invoice. After the thirtieth work day, following acceptance or the postmark on the invoice, the Comptroller General shall levy an amount not to exceed fifteen percent each year from the funds available to the agency, this amount to be applied to the unpaid balance to be remitted to the vendor unless the vendor waives imposition of the interest penalty.

 (D) The thirty-day period shall not begin until the agency, whether or not the agency processes vouchers through the Comptroller General, certifies its satisfaction with the received goods or services and proper invoice.

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South Carolina Consolidated Procurement Code (Chapter 35 of Title 11 of the 1976 Code of Laws of South Carolina), (Continued)

3. **11-35-310 (Definitions)**
(35) "Term Contract" means a contract established by the chief procurement officer for a specific product or service for a specified time and for which it is mandatory that all governmental bodies procure their requirements for the goods and services during its term. If a governmental body is offered goods and services at a price that is at least ten percent less than the term contract price for the same goods or services, it may purchase from the vendor offering the lower price after first offering the vendor holding the term contract the option to meet the lower price. If the vendor holding the term contract meets the lower price, then the governmental body must purchase from the contract vendor. A term contract may be a multi-term contract as provided in Section 11-35-2030.
4. **11-35-1210 (Certification)**
(3) Adherence to Provisions of the Code. All procurements shall be subject to all the appropriate provisions of this code, especially regarding competitive procurement methods and nonrestrictive specifications.
5. **11-35-1520 (Competitive Sealed Bidding)** Contracts greater than \$50,000 must be awarded by competitive sealed bidding except as otherwise provided in Section 11-35-1510.
6. **11-35-1550 (Bid Procedures on Procurements up to Fifty Thousand Dollars)** A governmental body may conduct its own procurement up to \$50,000 in actual or potential value, and a governmental body that has received procurement certification pursuant to Section 11-35-1210 to handle the type and estimated value of the procurement may conduct the procurement under its own authority in accordance with the code. Procurement requirements must not be artificially divided by governmental bodies so as to constitute a small purchase under this section.
7. **11-35-1560 (Sole Source Procurement)** A contract may be awarded for a supply, service, or construction item without competition when, under regulations promulgated by the board, the chief procurement officer, the head of a purchasing agency, or a designee of either officer, above the level of the procurement officer, determines in writing that there is only one source for the required supply, service, or construction item.
8. **11-35-3820 (Allocation of Proceeds for Sale or Disposal of Surplus Supplies)** Except as provided in Section 11-35-1580 and Section 11-35-3830 and the regulations pursuant to them, the sale of all state-owned supplies or personal property not in actual public use must be conducted and directed by the designated board office. The designated board office shall deposit the proceeds from such sales, less expense of the sales, in the state general fund or as otherwise directed by regulation. This policy and procedure applies to all governmental bodies unless exempt by law.

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South Carolina Consolidated Procurement Code (Chapter 35 of Title 11 of the 1976 Code of Laws of South Carolina), (Continued)

9. **11-35-3830 (Trade-in Sales)**
 - (1) Trade-in Value. Unless otherwise provided by law, governmental bodies may trade-in personal property, the trade-in value of which may be applied to the procurement or lease of like items. The trade-in value of such personal property shall not exceed an amount as specified in regulations promulgated by the board.
 - (2) Approval of Trade-in Sales. When the trade-in value of personal property of a governmental body exceeds the specified amount, the board shall have the authority to determine whether: (a) the subject personal property shall be traded in and the value applied to the purchase of new like items; or (b) the property shall be classified as surplus and sold in accordance with the provisions of Section 11-35-3820. The board's determination shall be in writing and be subject to the provisions of this chapter.
 - (3) Record of Trade-in Sales. Governmental bodies shall submit quarterly to the materials management officer a record listing all trade-in sales made under subsections (1) and (2).

Permanent Improvements

1. **10-1-180 (Expenditure of funds by state agency subject to approval and regulation of State Budget and Control Board; exception)** The expenditure of funds by any state agency, except the Department of Transportation for permanent improvements as defined in the state budget, is subject to approval and regulation of the State Budget and Control Board.
2. **10-1-180 (Expenditure of funds by state agency subject to approval and regulation of State Budget and Control Board; exception)** The board shall have authority to allot to specific projects from funds made available for such purposes, such amounts as are estimated to cover the respective costs of such projects, to declare the completion of any such projects, and to dispose, according to law, of any unexpended balances of allotments, or appropriations, or funds otherwise provided for such projects, upon the completion thereof. The approval of the Budget and Control Board is not required for minor construction projects, including renovations and alterations, where the cost does not exceed an amount determined by the Joint Bond Review Committee and the Budget and Control Board.

Federal Funds

1. **89.7. (Federal Program Expenses, Lag Time)** After July 1, of the current fiscal year, the Department of Health and Environmental Control, Department of Mental Health, Department of Disabilities and Special Needs, Department of Social Services, Department of Health and Human Services, Division on Aging, Division of Foster Care, Department of Corrections, and Department of Juvenile Justice may expend if necessary, state appropriated funds for the current fiscal year to cover fourth quarter federal programs expenses incurred in the prior fiscal year necessitated by the time lag of federal reimbursement.

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Federal Funds. (Continued)

2. **89.11. (GP: Federal Funds - DHEC, DSS, DHHS, - Disallowances)** Amounts appropriated to the Department of Health and Environmental Control, Department of Social Services, Department of Health and Human Services may be expended to cover program operations of prior fiscal years where adjustment of such prior years are necessary under federal regulations or audit exceptions. All disallowances or notices of disallowances by any federal agency of any costs claimed by these agencies shall be submitted to the State Auditor, the Senate Finance Committee and the House Ways and Means Committee, within five days of receipt of which actions.

3. **1-11-67. (GP: Rental charges for occupancy of state-controlled office buildings; apportionment among agency funding sources)** All departments and agencies against which rental charges are assessed and whose operations are financed in whole or in part by federal or other nonappropriated funds are both directed to apportion the payment of these charges equitably among all funds, to ensure that each bears its proportionate share.

4. **2-65-20 (Appropriation of anticipated funds; increase in project amounts; agency statements; recommendations by Governor)** The General Assembly shall appropriate all anticipated federal and other funds for the operations of state agencies in the appropriations act and must include any conditions on the expenditure of these funds as part of the appropriations act, consistent with federal laws and regulations. Increases in project amounts as appropriated in the act must be authorized in accordance with procedures set forth in Section 2-65-40, consistent with policies as provided in the appropriations act and other applicable laws and regulations.

5. **2-65-40 (Expenditure of "other" funds; authorization; Committee reports)** A state agency may spend "other" funds above the amount in the appropriations act and increases in anticipated federal programs if the expenditure of the funds receives the authorization of the board.

6. **2-65-50 (Estimates of research and student aid funds; reports by board)** Agencies shall include estimates of research and student aid funds in the detailed budget statements required in Section 2-65-20 of this chapter. Agencies may not be required to submit the detailed programmatic and financial information required in Section 2-65-20(2) of this chapter, except that the agencies must furnish to the board notices of actual awards and allocations of research and student aid funds within 14 days of receipt of the notices from funding agencies.

7. **11-9-125 (Order of expenditure of funds by state agencies; remittance of certain funds to state general fund)** Federal and other funds must be expended before funds appropriated from the general fund of the State, to the extent possible, and any excess balances in accounts resulting from matching fund programs must be remitted to the general fund of the State. Federal or other funds generated by the expenditure of state funds, including refunds from prior year general fund expenditures, must be remitted to the general fund of the State if there is no federal or state requirement governing the specific use of the funds. In order to permit identification of these funds, state agencies shall:

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Federal Funds. (Continued)

7. **11-9-125 (Order of expenditure of funds by state agencies; remittance of certain funds to state general fund) (continued)**
- (1) draw down and expend federal and other funds before spending state general fund appropriations, whenever possible;
 - (2) maintain separate accounting records for each grant for cash, revenues, and expenditures to insure a proper audit trail;
 - (3) reconcile federal and other fund accounts at the end of each state fiscal year and maintain those records for audit purposes;
 - (4) submit federal financial reports to the grantor agency as required.

State agencies shall remit to the general fund of the State any funds found to exist in agency accounts. If an agency believes funds have been inappropriately identified as the funds defined in this section, the agency may appeal through the process provided in Sections 2-65-30 and 2-65-40. A report of the amount of funds credited to the general fund of the State pursuant to this section must be made by the Comptroller General at the time of each official state revenue forecast. This report must be provided to the Budget and Control Board, the Senate Finance Committee, and the House Ways and Means Committee. Research and student aid grants, including indirect cost recoveries, are exempt from this provision.

8. **11-13-45. (Deposit and handling of federal funds; donations from other sources)** All federal funds received must be deposited in the State Treasury, if not in conflict with federal regulations, and withdrawn from the State Treasury as needed, in the same manner as that provided for the disbursement of state funds.
9. **11-13-45. (Deposit and handling of federal funds; donations from other sources)** If it is determined that federal funds are not available for, or cannot be appropriately used in connection with, all or any part of any activity or program for which state funds are specifically appropriated for the fiscal year to match federal funds, the appropriated funds may not be expended and must be returned to the general fund, except upon specific written approval of the State Budget and Control Board.

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We have performed procedures sufficient to achieve the audit objectives for compliance with the Appropriations Act, cited sections of the Code of Laws, and of the STARS manual, and the results are adequately documented in the accompanying workpapers.

CONCLUSION:

In Charge _____

Date _____

Manager _____

Date _____