

**SOUTH CAROLINA  
DEPARTMENT OF AGRICULTURE  
COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2014**

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# State of South Carolina



## Office of the State Auditor

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DEPUTY STATE AUDITOR

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 11, 2015

The Honorable Hugh E. Weathers, Commissioner  
South Carolina Department of Agriculture  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the management of the South Carolina Department of Agriculture (the Department), solely to assist you in evaluating the performance of the Department for the fiscal year ended June 30, 2014, in the areas addressed. The Department'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 twenty-five 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 twenty-five 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 changes in the earmarked, restricted and federal funds to ensure that revenue was classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$600 – general fund, \$94,500 – earmarked fund, \$7,800 – restricted fund, and \$10,900 – federal fund) and  $\pm 10$  percent.
- We made inquiries of management pertaining to the agency's policies for accountability and security over permits, licenses, and other 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. Our findings as a result of these procedures are presented in Timeliness of Deposits and Account Coding in the Accountant's Comments section of this report.

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

- We inspected twenty-five selected recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records in accordance with the Department's policies and procedures and State regulations, were bona fide disbursements of the Department, 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 twenty-five 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, earmarked, restricted and federal funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$45,100 – general fund, \$59,000 – earmarked fund, \$7,000 – restricted fund, and \$9,700 – federal fund) and  $\pm 10$  percent.

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

3. **Payroll Disbursements and Expenditures**

- We inspected twenty-five 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; and 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 inspected payroll transactions for fourteen selected new employees and eleven individuals 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 current year payroll expenditures at the subfund and account level to those of the prior year. We investigated changes in the general, earmarked, restricted and federal funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$45,100 – general fund, \$59,000 – earmarked fund, \$7,000 – restricted fund, and \$9,700 – federal fund) and  $\pm 10$  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  $\pm 10$  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, Operating Transfers and Interagency Appropriation/Cash Transfers**

- We inspected twenty-five selected recorded journal entries, one intra-agency operating transfer, and four interagency appropriation/cash 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.

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

5. **Appropriation Act**

- We inspected agency documents, observed processes, and/or made inquiries of agency personnel to determine the Department's compliance with Appropriation Act general provisos as listed in the Appropriation Act work program, and agency specific provisos, if applicable.

Our findings as a result of these procedures are presented in Attorney Fees, Personal Property Inventory, Bond Approval, State Human Affairs Commission Employment Data and Allocation of Rental Charges in the Accountant's Comments section of this report.

6. **Reporting Packages**

- We obtained copies of all reporting packages as of and for the year ended June 30, 2014, prepared by the Department 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 closing packages agreed with the supporting workpapers and accounting records

Our findings as a result of these procedures are presented in Account Coding, Attorney Fees, Reporting Packages and Personal Property Inventory in the Accountant's Comments section of this report.

7. **Schedule of Federal Financial Assistance**

- We obtained a copy of the schedule of federal financial assistance for the year ended June 30, 2014, prepared by the Department and submitted to the State Auditor. We inspected it to determine if it was prepared in accordance with the State Auditor's letter of instructions; if the amounts agreed with the supporting workpapers and accounting records.

We found no exceptions as a result of the procedures.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of the Department has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Up Upon Procedures:

- Clerical errors of less than \$100 related to processing cash receipts and cash disbursements (payroll and non-payroll) transactions (unless there is an indication that the error is systematic).
- Clerical errors of less than \$100 related to reporting packages (unless there is an indication that the error is systematic).
- Errors in applying account coding definitions to accounting transactions unless it is determined that 10 percent or more of the accounting transactions tested were found to be in error.
- Reporting Packages which are submitted less than 3 business days after the due date unless it is determined that 20 percent or more of the reporting packages were submitted late.
- Submission of the Schedule of Federal Financial Assistance less than 3 business days late.

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 management of the South Carolina Department of Agriculture 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**

## **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.

## **TIMELINESS OF DEPOSITS**

We noted that five out of twenty-five receipt transactions tested in our test of cash receipts and five out of twenty-five receipt transactions tested in our cut-off test of revenue were not properly documented as received by the Department. Therefore, we were unable to determine if the receipt was deposited in a timely manner in accordance with State law. Department personnel stated this error was due to oversight.

We further noted that four receipt transactions were not deposited in a timely manner. The receipts were deposited between nine and twenty-five days after the date of receipt. One receipt was not deposited timely due to oversight. The other three receipts were for revenue from special events held at the farmers markets. Department personnel stated that sometimes revenue is held until right before or after an event takes place and checks are kept in a safe until a deposit is made. Department also stated they hoped to implement procedures in fiscal year 2015 in order to deposit this revenue in a more timely manner.

Because cash is the asset which is most vulnerable to loss, adequate internal control procedures require the Department to initiate accounting control over monies immediately upon collection and to timely deposit receipts.

Proviso 117.1 of the fiscal year 2013 - 2014 Appropriation Act states: "...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, and the sale of commodities and service.... must be remitted to the State Treasurer at least once each week...."

We recommend the Department strengthen its procedures to ensure that each cash receipt/deposit transaction documents the date of receipt and is deposited in a timely manner in accordance with State law. We also recommend the Department implement procedures relating to the deposit of special events revenue to ensure it is deposited in a timely manner.

## **ACCOUNT CODING**

During our analytical review of revenue, we noted that certain drawdowns of federal revenue were improperly coded to G/L Account 4280020000 (Federal Operating Grant – Restricted) instead of G/L Account 4280070000 (Federal Operating Grant – Unrestricted). In addition, during our testing of interagency appropriation/cash transfers, we noted that the Department improperly coded two cash transfers to G/L Account 6200010000 (Transfer Out) instead of G/L Account 6100010000 (Transfer In). Finally, during our review of the Litigation Reporting Package, we noted that a payment to a law firm was improperly coded to G/L Account 5021010000 (Legal Services) instead of G/L Account 5021020000 (Attorney Fees). Department personnel stated the cash transfers were prepared and approved by the State Treasurer’s Office. They further stated the procurement office coded the attorney fees incorrectly due to a misunderstanding.

Effective internal controls include procedures to ensure that transactions are properly recorded. The Comptroller General’s Policies and Procedures provide account code definitions to help agencies determine the proper account code and ensure consistent accounting treatment.

We recommend the Department ensure that the person performing the independent review of accounting transactions verify that the preparer used the proper account code.

## **TIMELY PAYMENT OF INVOICES**

During our Test of Disbursements, we noted that four invoices out of twenty-five tested were not submitted to the Comptroller General’s Office for payment within 30 days of receipt of goods and/or services. We also noted this same exception for one invoice out of twenty-five tested in our Cut-Off Test of Expenditures. This invoice was also not paid in the correct fiscal year. The original invoices were held by divisions within the Department and were not forwarded to the finance division in a timely manner, causing a delay in payment.

Section 11-35-45 of the 1976 South Carolina Code of Laws, as amended, requires payment of goods and services within 30 workdays of the receipts of goods and/or services.

We recommend the Department continue to communicate its policies to employees requiring that invoices be forwarded directly to finance upon receipt to ensure timely payment

### **ATTORNEY FEES**

During our review of the Department's Litigation Reporting Package, we noted attorney fees paid to one law firm exceeded the rate and amount authorized by the Attorney General's Office (AGO). According to the "South Carolina Attorney General Request for Authorization to Employ Associate Council" form dated June 20, 2013, the Department was authorized to pay one attorney \$80 an hour for their services; however, the Department paid the attorney \$125 an hour. In addition, the Department made total payments of \$39,986 to a firm when it was only authorized to pay \$30,000. According to Department personnel, the overpayments were due to oversight.

Additionally, the Department could not provide an itemized invoice for legal fees paid to the law firm. As a result, we were unable to verify the Department paid the rate approved by the Attorney General's Office and that the expenditures were for allowable and authorized legal fees.

Section 1-7-170 of the 1976 South Carolina Code of Laws, as amended, states, "A department or agency of state government may not engage on a fee basis an attorney at law except upon the written approval of the Attorney General and upon a fee as must be approved by him."

We recommend the Department strengthen its procedures to ensure compliance with State law regarding legal fees.

## **REPORTING PACKAGES**

### **Introduction**

The Office of the Comptroller General (CG) obtains generally accepted accounting principles (GAAP) data for the State's financial statements from agency prepared reporting packages. We determined that the Department submitted to the CG certain fiscal year 2014 reporting packages that were misstated and not submitted in a timely manner. To accurately report the Department's and the State's assets, liabilities, and current year operations, the GAAP reporting packages must be complete and accurate. Furthermore, Reference 1.7 of the Comptroller General's Reporting Policies and Procedures Manual states that "the accuracy of reporting package data is extremely important. Large errors jeopardize the accuracy of the State's financial statements. The existence of even "small" errors tends to cast doubt on the State internal control structure's ability to detect and correct errors. We all must work together to implement procedures that keep reporting package errors to an absolute minimum. Adequate internal controls include safeguards to ensure that your agency detects and corrects its own reporting package errors. Whenever the Comptroller General's Office or auditors detect errors, it means that your agency's internal controls have failed and should be improved." Reference 1.7 further states that supervisory employee should perform a review that includes tracing all amounts from the appropriate agency reporting package itself. Preparation and maintenance of working papers is a primary responsibility of each agency. The following describes the errors noted on certain fiscal year 2014 reporting packages:

## Operating Leases

During our testing of the Operating Leases Reporting Package, we noted the following:

- 1) The Department overstated its reported future minimum lease payment on form 3.09.1a (Future Minimum Lease Payment Schedule) by \$16,250. The error was due to agency oversight.
- 2) The Department understated its fiscal year 2017 future rental payment from the Greenville Farmer's Market on Form 3.09.2 (Operating Lease Summary Form – Lessor) by \$10,800. The error was due to agency oversight.
- 3) The Department overstated the total carrying amount of buildings for the Pee Dee Farmers Market (fund 31200000) on Form 3.09.2 by \$2,200. According to Department personnel, the internal worksheet used to prepare this form had not been updated due to oversight.
- 4) We traced and agreed amounts reported on the Department's internal worksheet to the SCEIS Asset Explorer. We noted the Department did not record Pee Dee Farmers Market and Greenville Farmers Market in SCEIS; therefore Asset Class 11000 (Buildings) was understated by \$203,888. Department personnel stated that when the former Columbia Farmers Market was sold, the previous procurement director deleted all of the farmers market buildings, included ones associated with Pee Dee and Greenville, from the asset listing. SCEIS personnel then had to reverse the deletions and the Department believes the recording of these two buildings was omitted during the reversal process.

- 5) During our review of the Department's internal worksheet used to prepare Form 3.09.2 we noted depreciation was not calculated correctly. The original worksheet was prepared before the agency went live on SCEIS and used a different depreciation method. Once the agency went live on SCEIS, the SCEIS team updated the annual depreciation for each asset but the Department did not make the adjustments on its internal worksheet. Our calculations determined accumulated depreciation for Fund 31200000 (Pee Dee Farmers Market) was understated by \$16,361 and overstated by 5,327 for Fund 3303000 (Greenville Farmers Market). Additionally, the total carrying amount for Fund 312000 was overstated by \$16,361 and understated by \$5,327 for Fund 33030000. We were unable to determine depreciation and carrying amount misstatements for Fund 33000000 (Columbia Farmers Market). See further information at 6) below.
- 6) We were unable to agree total acquisition cost of \$5,295,000 for Fund 33000000 (Columbia Farmers Market) reported on the Department's internal worksheet and subsequently on Form 3.09.2 to the SCEIS Asset History Sheet. Department personnel stated amounts reported for the assets listed on the internal worksheet were set up as estimates and are therefore not accurate. SCEIS reports total assets related to the Columbia Farmers Market of \$33,956,355; however, the asset is accounted for under SCEIS Asset Class 13001, Asset Under Construction (AUC). The Columbia Farmers Market is over 90% constructed and is in use, therefore the \$33,956,355 should be moved from AUC and capitalized in the appropriate asset class (Buildings, Land, etc). The Department should also determine the appropriate acquisition date and useful life for these assets in order to calculate depreciation expense.

Effective internal controls include procedures to ensure that supporting documentation is maintained for all assets and that subsidiary ledgers are reconciled and reviewed for accuracy. In addition, the Comptroller General's Reporting Policies and Procedures Manual Part III Section 8 provides further guidance to agencies regarding the recording of capital assets.

#### Timely Submission

We determined the Subsequent Events Questionnaire was submitted four days late and the Litigation Reporting Package was submitted seven days late. Due dates for reporting packages are established by the Comptroller General's Office. Department personnel stated the Subsequent Events Questionnaire was submitted late due to oversight. The Department further stated the Litigation Reporting Package was submitted late due to the resignation of the attorney who normally had completed the reporting package in past years.

#### Recommendation

We recommend the Department strengthen its procedures to ensure reporting packages are completed when applicable and in accordance with the Comptroller General's Reporting Policies and Procedures Manual. We also recommend the Department request further guidance from the SCEIS team and also the Comptroller General's Office regarding the proper reporting and capitalization of the assets associated with the Columbia Farmers Market.

## **PERSONAL PROPERTY INVENTORY**

Section 10-1-140 of the 1976 South Carolina Code of Laws, as amended, states, "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."

The Department could not provide us with a copy of its fiscal year 2014 inventory count and stated that the documentation had been misplaced. Therefore, we could not determine the Department's compliance with State law.

We recommend the Department develop and implement procedures to ensure that proper documentation of its annual inventory count is maintained in compliance with Section 10-1-140 of the 1976 Code of Laws.

## **BOND APPROVAL**

Section 1-11-180 of the South Carolina Code of Laws states, "Additional powers of the Budget and Control Board ...(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 this responsibility to the State Auditor.)

The Department did not obtain State Auditor approval for its public official bond on the Commissioner. Subsequent to our field work, the Department requested approval from our Office.

We recommend the Department obtain the proper approvals for its public official bond in order to comply with State law.

## **STATE HUMAN AFFAIRS COMMISSION EMPLOYMENT DATA**

Proviso 117.14 of the 2013 - 2014 Appropriation Act states “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 disabilities. Each state agency shall submit to the State Human Affairs Commission employment and filled vacancy data by race and sex October 31, of each year.”

We noted the Department did not submit the above information during fiscal year 2014 to the State Human Affairs Commission in accordance with State law.

We recommend the Department implement procedures to ensure it is in compliance with proviso 117.14 of the 2013-2014 Appropriation Act.

## **ALLOCATION OF RENTAL CHARGES**

The Department did not allocate rent for the Wade Hampton office space between the various funding sources. Instead 100% of the rent was charged to State general fund appropriations.

Section 1-11-67 of the 1976 South Carolina Code of Laws states, in part, “All departments and agencies against which rental charges are assessed and whose operations are funded in whole or part by federal and other nonappropriated funds are both directed to apportion the payment of these charges equitably among funds to ensure that each bears its proportionate share.”

Department personnel stated there was a rent allocation policy in place, but due to past budget cuts the Department was unable to allocate rent according to the policy.

We recommend the Department develop and implement policies and procedures to ensure that rental charges are allocated equitably among all funds. The Department should ensure that its allocation methodology is sound and well documented.

**MANAGEMENT'S RESPONSE**

State of South Carolina  
Department of Agriculture



Hugh E. Weathers  
Commissioner

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July 24, 2015

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

Dear Mr. Gilbert:

We have reviewed the preliminary draft report prepared for the South Carolina Department of Agriculture for fiscal year ending June 30, 2014. Our review is complete, and we would like to respond to the Accountant's Comments on Violations of State Laws, Rules or Regulations noted in the report. (Responses from Carla Lindler, Director of Administration, to follow this letter.)

We have not had a full, comprehensive audit performed by the State Auditor's Office on our agency as a whole since 2008. However, we have undergone annual audits by independent auditors on our agency and commodity boards, and audits by the State Auditor's Office on our federal grants. Each of these audits has come back relatively clean and free of findings. We use all audits as learning tools to try to ensure all laws and regulations are followed to the best of our ability and occasionally need reminders that we can always improve. However, simple human error cannot ever be taken out of the equation.

We authorize the release of this report.

Sincerely,

A handwritten signature in black ink that reads "Hugh E. Weathers".

Hugh E. Weathers

**Timeliness of Deposits:**

We process deposits several times a week and strive to ensure all revenue is deposited within five days of receiving. Personnel have been notified of this finding and have been asked to be more diligent in ensuring all documentation is date-stamped before finalizing a deposit. Additionally, before this audit began, we had already addressed the issue with special events checks with the appropriate personnel involved. Therefore, this violation has already been corrected.

**Account Coding:**

The G/L accounts relevant to our federal operating grants and attorney fees were incorrectly coded due to employee error. We will use resources within SCEIS and the Comptroller General's Office to ensure these are correct in the future. However, for the improperly coded cash transfers that were processed by the State Treasurer's Office, not the S. C. Department of Agriculture, we will not accept blame for errors made by other agencies. When cash is transferred to this agency, we ensure that the proper funds are credited, but do not verify G/L's used in any transaction not processed by SCDA.

**Timely Payment of Invoices:**

Our Finance Section works diligently to ensure invoices are paid within 30 days of receipt of goods or services and also strives to pay all invoices within the correct fiscal year. Several memorandums are sent to all agency employees each year, particularly towards the end of the fiscal year, requesting that invoices be sent to Finance immediately upon receipt of goods and services to enable us to follow South Carolina Code of Laws. We remind employees routinely of our commitment of ensuring vendors are paid quickly, which should be a top priority for anyone in any agency using vendors to provide necessary goods and services. We depend very heavily on other employees outside of Finance to get the invoices to us because only they know when goods and services have been received. We will continue to have routine communication with agency personnel to try to strengthen our procedures regarding Accounts Payables.

**Attorney Fees:**

As noted, SCDA did pay one attorney more per hour than was approved by the S. C. Attorney General's Office. This was indeed an oversight that was not and will not be repeated. This error caused an overpayment of \$1,125.00, and this was the main reason SCDA exceeded their approved annual amount of \$30,000. SCDA will ensure compliance with State law regarding legal fees to make sure no other overpayments are issued. As far as the finding noted regarding an itemized invoice, there is an itemized invoice available, it was just not attached to the SCEIS document. As long as the information received in Finance details what is being paid for, we do not make a policy of asking for more information if what we have received will suffice.

**Reporting Packages:**

- 1-2 The overstatement of future minimum lease payments and the understatement of future rental payments were due to errors in the formulas used to calculate each. More diligence will be used to ensure amounts are calculated correctly and will be verified by the reporting package approver before submitting.

3-6 Each of these reports is related to assets and depreciation. S. C. Department of Agriculture understands the utmost importance of submitting accurate reporting packages. Over the last few years, reporting packages have undergone major changes annually, not only changing the formatting of the reports, but also changing the required information. It has been a challenge negotiating the changes in requirements, determining the best way to get the needed information from SCEIS, and also in trying to ensure information in SCEIS is correct to start with. Additionally, SCEIS procedures regarding new construction changed while we were in the middle of our massive construction project at the new Farmers Market Complex, which further confused the issue regarding acquisitions and construction and when to move them from an Asset Under Construction to being capitalized in the appropriate asset class. Through working with Ed Tunstin with the Auditor's Office and Laura Showe with the Comptroller General's Office, we have gained further understanding of the process and will ensure accuracy of our assets in SCEIS in the coming year.

Timely Submission – Our Litigation Reporting package was late due to a change in personnel. Due to the fact that our attorney left to pursue other opportunities, this package was prepared by an employee who was unfamiliar with the requirements of the package and took some time to understand the process and what was expected before feeling comfortable enough with the information to submit it. While the package was late, it did ensure better accuracy of the data provided to CGO. The Subsequent Events Questionnaire is a relatively new reporting package and the employee responsible for submitting this package simply forgot.

**Personal Property Inventory:**

Due to the fact that we have undergone a number of personnel changes over the last few years, all agency personnel responsible for personal property inventory in the past are no longer with SCDA. We were unable to locate a copy of the 2014 inventory count. For FY 2015, a proper inventory audit has been performed and documented, therefore, we can provide assurance that we are now in compliance with Section 10-1-140 of the 1976 Code of Laws. We continue to implement better procedures for tracking all inventory.

**Bond Approval:**

This was due to employee oversight, however, these approvals have been received since this audit was finalized.

**State Human Affairs Commission Employment Data**

During FY2014, there was a 100% turnover in the Human Resources Department of SCDA. As a result, the agency's response to the State Human Affairs Commission was submitted after the deadline, but it was accepted by the State Human Affairs Commission. SCDA Human Resources has since created a task list for staff to follow in the event such turnover were to occur again.

**Allocation of Rental Charges:**

The only other funding source available to use for the Wade Hampton Building rent is from federal funds. SCDA personnel was unaware that our current federal grants allowed for rental charges, therefore, for FY 2015, a portion of our rent was allocated to two grants and will be so in the future, as long as this grant funding is available.

4 copies of this document were published at an estimated printing cost of \$1.69 each, and a total printing cost of \$6.76. Section 1-11-425 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.