

**SOUTH CAROLINA CODIFICATION OF LAWS
AND LEGISLATIVE COUNCIL**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2016



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 28, 2017

Members of the General Assembly
and
Members of the Legislative Council
South Carolina Codification of Laws and Legislative Council
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Codification of Laws and Legislative Council (the Council), solely to assist you in evaluating the systems, processes and behaviors of the Council for the fiscal year ended June 30, 2016. 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 in Attachment 1 for the purpose of which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors of the Council. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 Council has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Up-On Procedures:

- Clerical errors of less than \$1,000 related to processing cash receipts and cash disbursements transactions unless the errors occur in ten percent or more of the transaction class inspected.
- Clerical errors of less than \$1,000 related to reporting packages.
- Errors in applying account coding definitions to accounting transactions unless it is determined that ten percent or more of the accounting transactions inspected were found to be in error.
- Reporting packages which are submitted less than three business days after the due date unless it is determined that more than two of the reporting packages were submitted late.

This report is intended solely for the information and use of the General Assembly and of the governing body and management the South Carolina Codification of Laws and Legislative Council and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA
State Auditor

**South Carolina Office of the State Auditor
Agreed Upon Procedures Related to the South Carolina Codification of Laws and Legislative
Council (A15)**

Cash Receipts/Revenues

1. Compare current year revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain and document an understanding of variations over \$5,000 in Earmarked Funds and 10%.
2. Randomly select fifteen cash receipts transactions and inspect supporting documentation to:
 - Agree transaction amount, date, payor, document number, and account coding to the general ledger.
 - Determine that revenues/receipts were deposited in a timely manner.
 - Ensure that both revenue collections and amounts charged are properly authorized by law.
3. Randomly select five cash receipts and inspect supporting documentation to determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

4. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain and document an understanding of variations over \$50,000 in General Funds and \$5,000 in the Earmarked Funds and 10%.
5. Randomly select thirteen non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by Council procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Council procedures and good business practice are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Council, properly coded to the general ledger.
 - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
 - Clerical accuracy / verify proper sales/use tax.
6. Randomly select five non-payroll disbursements and inspect supporting documentation to determine that disbursements are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Payroll

7. Compare current year payroll expenditures at the subfund and account level to those of the prior year. Obtain an understanding of variations over \$50,000 in General Funds and 10%.
8. Randomly select five employees and inspect supporting documentation during the fiscal year to:

For Salaried Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the Council.
- Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.

For Hourly Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the Council.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

9. Randomly select five bonus pay disbursements authorized by the 2015-2016 Supplemental Appropriations to determine:
 - Employee is a permanent state employee in a full-time equivalent position who has been in continuous state service for at least six months prior to July 1, 2015.
 - Employee does not make more than \$100,000 annually.
 - Bonus pay was split between funds according to the ratio of the employee's base salary.
10. Randomly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Council 's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.
11. Randomly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Council 's policies and procedures, that the employee's last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
12. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of changes of +/- 10%.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

13. Haphazardly select two journal entries for the fiscal year to:
 - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
 - Confirm transaction is properly approved.
 - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of the procedures.

Appropriation Act

14. Inspect the Appropriation Act work program, provided to and completed by management, noting areas of noncompliance, if any.
15. Confirm compliance with Council-specific state provisos by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedures.

Reporting Packages

16. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
17. In addition to the above procedure, we will perform the following:
 - Operating Leases Reporting Package
 - Determine if amounts agree to the SCEIS general ledger, the SCEIS Year-end Reporting – Operating Lease Expense with Vendor report and/or Council prepared records. In addition, based on inspection of invoices, determine if rental payments were properly classified, coded and calculated by inspecting and recalculating the following reported amounts: (1) Three haphazardly selected contingent rental payments; (2) One haphazardly selected payment for each vendor included in the One Time Rental Payments and Other Adjustments classifications.
 - Capital Assets Reporting Package
 - Determine if responses are reasonable/accurate based on inspection of Council provided supporting documentation and agree amounts reported on the 'Non-SCEIS Agencies Only – Capital Assets Summary Report' to the Council's capital assets worksheet.
 - Other Payroll Liabilities Reporting Package
 - Determine if reported amounts agree to the SCEIS Compensated Absences report and/or Council prepared records.

We found no exceptions as a result of the procedures.

Status of Prior Findings

18. Through inquiry and inspection, determine if the Council has taken appropriate corrective action on the findings reported in the Accountant's Comments section of the engagement for the prior fiscal year.

We found no exceptions as a result of the procedures.