SOUTH CAROLINA
EDUCATION OVERSIGHT COMMITTEE

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2016
INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 17, 2017

Members of the South Carolina Education Oversight Committee
State of South Carolina
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by management of the South Carolina Education Oversight Committee (the Committee), solely to assist you in evaluating the systems, processes and behaviors of the Committee 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 Committee. 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 Committee has agreed that the following deficiencies will not be included in the State Auditor’s Report on Applying Agreed-Upon Procedures:

- Clerical errors of less than $100 related to processing cash receipts and cash disbursements transactions unless the errors occur in ten percent or more of the transaction class tested.
- Clerical errors of less than $100 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 tested 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.
Members of the South Carolina Education Oversight Committee
State of South Carolina
April 17, 2017

This report is intended solely for the information and use of the governing body and management the South Carolina Education Oversight Committee 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 Education Oversight Committee (A85)

Revenue

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 $50,000 and 10% of non-appropriation revenue.

We found no exceptions as a result of the procedure.

Cash Disbursements

2. 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 and 10% of total non-payroll expenditures.

3. Select twenty-five non-payroll disbursements and inspect supporting documentation to determine:
   - The disbursement is properly described and classified in the accounting records in accordance with the agency's policies and procedures and State regulations.
   - The disbursement is properly approved and, if applicable, supported by documentation of procurement process in accordance with applicable laws and regulations.
   - The disbursement was paid in conformity with State laws and regulations.

4. 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

5. 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 and 10% of total payroll expenditures.

6. Select the regular payroll disbursement for one pay period for five employees and inspect supporting documentation during the fiscal year to determine:
   - The disbursement is properly described, classified, and distributed in the accounting records.
   - The payee is a valid employee.
   - Gross pay is supported by time records, salary authorization or other documentation contained in employee's personnel records.
   - The disbursement was properly authorized and was in accordance with existing legal requirements.
   - The disbursement was processed in accordance with the agency's policies and procedures and State regulations.
Payroll (Continued)

7. 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.

8. For the one employee who terminated employment during the fiscal year determine the employee was removed from the payroll in accordance with the agency’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.

9. Compare the percentage change in personal service expenditures to the percentage change in employer contributions. Obtain an explanation of changes of +/- 10%.

   We found no exceptions as a result of the procedures.

Journal Entries and Transfers

10. Select five non-recurring journal entries and transfers for the fiscal year and determine if these transactions were:
   - Properly described and classified in the accounting records.
   - Properly supported by documentation, including the purpose of the transaction.
   - Properly approved.
   - Mathematically correct.
   - Processed in accordance with the agency’s policies and procedures and State regulations.

   We found no exceptions as a result of the procedure.

Reporting Packages

11. 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 Package Policies and Procedures. For the Operating Leases Reporting Package and the Other Payroll Liabilities Reporting Package further determine if amounts reported in the reporting packages agree with the supporting workpapers and accounting records.

   We found no exceptions as a result of the procedure.
Appropriation Act

12. Complete the Appropriation Act work program noting areas of noncompliance, if any.

13. Obtain agency-specific state provisos and review for compliance through inquiry and observation.

We found no exceptions as a result of the procedures.

Committee Minutes

14. Obtain the Committee’s approved minutes beginning with the end date of prior year fieldwork through the end of our fieldwork and inspect them for possible financial implications.

We found no other matters related to our agreed-upon procedures.