

**SOUTH CAROLINA
STATE ELECTION COMMISSION
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2016



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 15, 2017

Members of the Commission
South Carolina State Election Commission
State of South Carolina
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina State Election Commission (the Commission), solely to assist you in evaluating the systems, processes and behaviors of the Commission 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 for the purpose of which the agreed-upon procedures report has been requested or for any other purpose.

The procedures and associated findings are described in Attachment 1.

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 Commission. 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 Commission 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.

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- 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 governing body and management of the South Carolina State Election Commission 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 State Election Commission (E28)**

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 \$100,000 and 10% of non-appropriation revenue as well as general ledger accounts new to the fiscal year under review.
2. Select twenty-five revenue transactions and inspect supporting documentation to determine:
 - The receipt is properly described and classified in the accounting records in accordance with the Commission's policies and procedures and State regulations.
 - That collection and retention is properly authorized.
3. Select five revenue transactions, excluding automatic deposits, and inspect supporting documentation to determine that receipts are recorded in the proper fiscal year.
4. Select the year-end reconciliation of the Commission's electronic sale of lists system to SCEIS and determine it was performed timely and properly documented. In addition, determine if reconciling differences were adequately explained and properly resolved.
5. Follow up on the status of the Discussion with Management from the fiscal year 2014 engagement.

We found no exceptions as a result of the procedures.

Cash Disbursements

6. 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 \$100,000 and 10%.
7. 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 Commission'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.
8. Select eighteen non-payroll disbursements and inspect supporting documentation to determine that disbursements are recorded in the proper fiscal year.
9. Follow up on the status of the Discussions with Management and Notes to Next Year's Auditor from the fiscal year 2014 engagement.

We found no exceptions as a result of the procedures.

Payroll

10. Compare current year payroll expenditures at the subfund and account level to those of the prior year. Obtain an understanding of variations over \$100,000 and 10%.
11. 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 Commission's policies and procedures and State regulations.
12. Select five bonus pay disbursements authorized by the 2015-2016 Supplemental Appropriations Act 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.
13. Select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Commission's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.
14. Select two employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Commission'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.
15. Compare the percentage change in personal service expenditures to the percentage change in employer contributions expenditures. Obtain an explanation of changes of +/- 10%.
16. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded payroll expenditures by fund source. Obtain an explanation of changes of +/- 10%.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

17. Randomly select six non-recurring journal entries and one transfer 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 Commission's policies and procedures and State regulations.

Follow up on the status of the Notes to Next Year's Auditor from the fiscal year 2014 engagement.

We found no exceptions as a result of the procedures.

Appropriation Act

18. Complete the Appropriation Act work program noting areas of noncompliance, if any.
19. Confirm compliance with agency-specific state provisos by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedures.

Reporting Packages

20. Obtain copies of the fiscal year end reporting packages submitted to the Office of the State Comptroller General. Inspect the Master Reporting Package 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. For the Accounts Payable Reporting Package, Operating Leases Reporting Package, Other Payroll Liabilities Reporting Package, Capital Assets Reporting Package, and Subsequent Events Reporting Package Checklist further determine if amounts reported agree with supporting workpapers, the SCEIS general ledger, and appropriate SCEIS reports.

Findings

The Grants and Contribution Revenues Reporting Package and the Unearned Revenue Reporting Package were not submitted to the Office of the Comptroller General by the due date established by the CG's Reporting Policies and Procedures Manual. The packages were submitted three and four business days late, respectively.

Accumulated depreciation for three assets was incorrectly reported on the Reporting Adjustments and Errors Identified in SCEIS Asset History Form. The cumulative total for the Reported Amount and Correct Amount of accumulated depreciation was understated by \$224,625 and \$226,315, respectively.

Management Response

The SEC agrees that the Grants and Contribution Revenues Reporting package and the Unearned Revenue Reporting package were submitted three and four days late, respectively. SEC staff responsible for completing closing packages will work to ensure that all reporting packages are completed and submitted timely.

The SEC also agrees with the findings related to the Capital Assets reporting package. After reassessing the documents used to prepare the capital assets closing package, the SEC determined an adjustment was necessary. The resulting adjustment will be reflected in the 2016-17 reporting package to ensure correctness in reporting.

Status of Prior Findings

21. Inquire about the status of findings reported in the Accountant's Comments of the State Auditor's Report on the Commission resulting from our engagement for the fiscal year ended June 30, 2014, to determine if the Commission has taken corrective action.

We found no exceptions as a result of the procedures.

Commission Minutes

22. Obtain the Commission's approved minutes beginning with the end date of prior year fieldwork and inspect them for possible financial implications.

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