

South Carolina State Fiscal Accountability Authority

Columbia, South Carolina

Independent Accountant's Report on

Applying Agreed-Upon Procedures

for the year ended June 30, 2016



**South Carolina
Office of the State Auditor**

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

April 28, 2017

Members of the State Fiscal Accountability Authority
State of South Carolina
Columbia, South Carolina

This report on the audit of the financial statements of the State Fiscal Accountability Authority for the fiscal year ended June 30, 2016, was issued by Scott and Company, LLC, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/trb

Independent Accountant's Report on Applying Agreed-Upon Procedures

Mr. George L. Kennedy, III, CPA
State Auditor
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the governing body and management of the South Carolina State Fiscal Accountability Authority (the "Agency") and the South Carolina Office of the State Auditor (the "State Auditor") (together, the "Specified Parties"), solely to assist you in evaluating the performance of the Agency for the fiscal year ended June 30, 2016, in the areas addressed. The Agency'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 associated findings are as follows:

1. Cash Receipts and Revenues

- We inspected 25 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 25 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.

The individual transactions selected were chosen randomly. We found no exceptions as a result of these procedures.

2. Non-Payroll Disbursements and Expenditures

- We inspected 25 selected recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records in accordance with the Agency's policies and procedures and State regulations, were bona fide disbursements of the Agency, and were paid in conformity with State laws and regulations and if the acquired goods and/or services were procured in accordance with applicable laws and regulations.
- We inspected 25 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 budgeted amounts. We investigated changes in the general, earmarked and trust funds to ensure that expenditures were classified properly in the Agency's accounting records. The scope was based on agreed upon materiality levels (\$16,000 – general fund, \$45,000 – earmarked fund and \$3,900 – trust fund) and +/- 10 percent.

The individual transactions selected were chosen randomly. We found no exceptions as a result of these procedures.

3. Payroll Disbursements and Expenditures

- Using the total employee population of 100, we inspected 10 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 5 new employees and 5 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 budgeted amounts. We investigated changes in the general, earmarked and trust funds to ensure that expenditures were classified properly in the Agency's accounting records. The scope was based on agreed upon materiality levels (\$16,000 – general fund, \$45,000 – earmarked fund and \$3,900 – trust fund) and +/- 10 percent.
- We 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 +/- 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 these procedures.

4. Journal Entries, Operating Transfers, and Appropriation Transfers

- We inspected 25 journal entries, 5 operating transfers, and 5 appropriation 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 transactions selected were chosen randomly. We found no exceptions as a result of these procedures.

5. Appropriation Act

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

We found no exceptions as a result of these procedures.

6. Reporting Packages

- We obtained copies of all reporting packages as of and for the year ended June 30, 2016, prepared by the Agency 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 reporting packages agreed with the supporting workpapers and accounting records.

We found no exceptions as a result of these procedures.

We were not engaged to and did not conduct an examination, 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 Governor and other Members of the governing body known collectively as the Authority, the management of the Agency, and the South Carolina Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Scott and Company LLC

Columbia, South Carolina
April 28, 2017