

**SOUTH CAROLINA  
COMMISSION FOR MINORITY AFFAIRS  
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 4, 2017

Members of the Commission  
South Carolina Commission for Minority Affairs  
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 Commission for Minority Affairs (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 described in Attachment 1 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-Up 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.

Members of the Commission  
South Carolina Commission for Minority Affairs  
State of South Carolina  
May 4, 2017

- 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.

This report is intended solely for the information and use of the governing body and management of the South Carolina Commission for Minority Affairs 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 Commission for Minority Affairs (L46)**

**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 \$15,000 and 10%.
2. Randomly select five revenue transactions and inspect supporting documentation to determine:
  - The revenue 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 all four revenue transactions and inspect supporting documentation to determine revenue is recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

**Cash Disbursements and 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 \$15,000 and 10%.
5. Randomly 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
6. Randomly select eight 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 \$15,000 and 10%.

## **Payroll (Continued)**

8. Randomly 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
  
9. Randomly select five bonus pay disbursements to determine compliance with Proviso 117.55:
  - Employee does not make more than \$100,000 annually
  - Bonuses received during the year did not exceed \$3000
  - Transaction was appropriately documented and approved
  
10. 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
  
11. Select one employee who terminated employment during the fiscal year determine if the employee was 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.
  
12. Compare the percentage change in personal service expenditures to the percentage change in employer contributions expenditures. Obtain an explanation of changes of +/- 10%.
  
13. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded personal service expenditures by fund source. Investigate differences of +/- 10 % to ensure that payroll expenditures were classified properly in the Commission's accounting records.

We found no exceptions as a result of the procedures.

## **Journal Entries and Transfers**

14. Randomly 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 Commission's policies and procedures and State regulations

## **Journal Entries and Transfers (Continued)**

We found no exceptions as a result of the procedures.

### **Appropriation Act**

15. Complete the Appropriation Act work program provided to management noting areas of noncompliance, if any.
16. Obtain Commission-specific state provisos and review for compliance through inquiry and observation.

We found no exceptions as a result of the procedures.

### **Reporting Packages**

17. Obtain copies of 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 Operating Leases, Other Payroll Liabilities, and Subsequent Events Reporting Packages further determine if amounts reported agreed to supporting workpapers, the SCEIS general ledger, and appropriate SCEIS reports.

### **Finding**

As a result of our procedures, we determined the Commission overstated the fiscal year 2019 future minimum payments reported on the Operating Leases Summary Form-Lessor by \$654. Additionally, we determined that GL Account 5040020000 (Rent - Copying Equipment) was understated and GL Account 5040050000 (Rental - Contingent Rental Payments) was overstated by \$846, respectively, due to miscoding of several invoices by the Commission.

### **Management's Response**

The agency acknowledges that information was incorrect on this reporting package that overstated future minimum payments due. In addition, a GL account was miscoded. In this fiscal year (2017) The Comptroller General's office offered individualized training on Closing Packages for state agency staff. In May, the agency Administrative Coordinator and the Administrative Manager received this training from them on closing packages which included the Operating Lease Closing Package. In the future we will submit closing packages for review by the Comptroller General's office prior to final submission.

### **Board Minutes**

18. Obtain the Commission's Board approved minutes beginning with the end date of prior year fieldwork and inspect them for possible financial implications (Period: 9/11/15 – 4/6/17)

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