

**SOUTH CAROLINA
PROCUREMENT REVIEW PANEL
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2017



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 30, 2017

Mr. C. Brian McLane, Sr., Chairman
South Carolina Procurement Review Panel
1205 Pendleton Street
Edgar Brown Building, Suite 367
Columbia, South Carolina 29201

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Procurement Review Panel (the Panel), solely to assist you in evaluating the systems, processes and behaviors of the Panel for the fiscal year ended June 30, 2017. 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 Panel. 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 Panel 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 \$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.

Mr. C. Brian McLane, Sr., Chairman
South Carolina Procurement Review Panel
November 30, 2017

This report is intended solely for the information and use of the management of the Panel 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 South Carolina Procurement Review Panel (S60)**

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 \$1,000 and 10% for Earmarked Funds.
2. Randomly select five 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, in accordance with Appropriations Act proviso 117.1.
 - Ensure that both revenue collections and amounts charged are properly authorized by law.
3. Select the one cash receipt at year end and inspect supporting documentation to determine that the receipt is 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 \$3,000 and 10% for General Funds, \$1,000 and 10% for Earmarked Funds, and \$1,000 and 10% for Statewide G/L Reclass Funds.
5. Randomly select thirteen non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by Panel procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Panel procedures and good business practice are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Panel, 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 / confirm 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.

Findings

General Ledger Account Coding:

During our inspection of cash disbursements/non-payroll expenditures, we observed seven transactions were charged to an incorrect general ledger account. Two transactions were coded to rent - data processing equipment, rather than data processing services - state. Three additional transactions were coded to rent - data processing equipment, rather than network, circuit and voice - data network. Two transactions were coded to data processing services – other, rather than office supplies. These seven documents coded in error totaled \$1,983.

Findings (Continued)

Expenditure Cut-Off:

During our inspection of cash disbursements/non-payroll expenditures, we observed one transaction with an amount of \$350 related to an FY17 expenditure, but was recorded in FY18.

Management's Response

The agency staff will continue to familiarize itself with general ledger codes and to seek advice from the CG's office in an effort to identify and correct coding errors. Also, the agency staff will make note of the date of receipt of invoices received after the year end cut-off date to ensure that if it is necessary to pay an invoice in the new fiscal year, there is clear documentation as to the reason for the transaction.

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 \$3,000 and 10% for General Funds, and \$1,000 and 10% for Earmarked Funds.
8. Select the two employees and inspect supporting documentation during the fiscal year to:
 - 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 Panel.
 - Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.
9. 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

10. Randomly select five journal entries and transfers 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

11. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.
12. Confirm compliance with Panel-specific state provisos by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedures.

Reporting Packages

13. 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 Comptroller General's Reporting Policies and Procedures Manual.
14. In addition to the procedure above, we will perform the following:
 - Operating Lease Reporting Package
 - Determine if amounts agree to the SCEIS general ledger, the SCEIS Yearend Rptg - Operating Lease Expense with Vendor report and/or Panel prepared records. In addition, based on inspection of invoices and lease agreements, determine if rental payments were properly classified, coded and calculated by inspecting and recalculating the following reported amounts: (1) contingent rental payments; and (2) payment for each vendor including the remaining rental payment classifications (Payment for Supplies and Other Billing Charges and Other Adjustments).
 - Fund Balance Reporting Package
 - Determine if responses and any related supplemental information are reasonable/accurate based on inspection of the SCEIS general ledger, invoices, and/or Panel prepared reports/spreadsheets.
 - Subsequent Events Reporting Package
 - Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and/or Panel prepared records. In addition, inspect payables from the Subsequent Events Accounts Payable Worksheet and determine if the amounts were properly classified, calculated and reported and excluded from the original Accounts Payable Reporting Package submission.

We found no exceptions as a result of the procedures.

Status of Prior Findings

15. Through inquiry and inspection, determine if the Panel has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedures, except for the General Ledger Account Coding finding repeated above.