

**SOUTH CAROLINA GENERAL ASSEMBLY  
OFFICE OF LEGISLATIVE PRINTING,  
INFORMATION AND TECHNOLOGY SYSTEMS**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2013**

## CONTENTS

	<u>PAGE</u>
I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
II. ACCOUNTANT'S COMMENTS	
SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	5
CAPITAL ASSETS	6
SECTION B - STATUS OF PRIOR FINDINGS	7
MANAGEMENT'S RESPONSE	8

# State of South Carolina



## Office of the State Auditor

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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 17, 2014

Members of the South Carolina General Assembly  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the management of the South Carolina General Assembly Office of Legislative Printing, Information and Technology Systems (the Office) solely to assist you in evaluating the performance of the Office for the fiscal year ended June 30, 2013, in the areas addressed. The Office'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 the associated findings are as follows:

1. **Cash Receipts and Revenues**

- We inspected 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 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.
- We compared current year recorded revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. We investigated changes in the earmarked fund to ensure that revenue was classified properly in the agency's accounting records. The scope was based on agreed upon materiality level (\$900 – earmarked fund) and  $\pm 10$  percent.
- We made inquiries of management pertaining to the agency's policies for accountability and security over permits, licenses, and other documents issued for money. We observed agency personnel performing their duties to determine if they understood and followed the described policies.

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

2. **Non-Payroll Disbursements and Expenditures**

- We inspected 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 Office, and were paid in conformity with State laws and regulations; if the acquired goods and/or services were procured in accordance with applicable laws and regulations.
- We inspected 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 those of the prior year. We investigated changes in the general and earmarked funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$38,100 – general fund and \$6,000 – earmarked fund) and  $\pm 10$  percent.

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

3. **Payroll Disbursements and Expenditures**

- We inspected 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; 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 selected new employees and those 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 the prior year. We investigated changes in the general and earmarked funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$38,100 – general fund and \$6,000 – earmarked fund) and  $\pm 10$  percent.
- We compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions; and 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  $\pm 10$  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 the procedures.

4. **Journal Entries and Appropriation Transfers**

- We inspected selected recorded journal entries and 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 the procedures.

5. **Appropriation Act**

- We inspected Office documents, observed processes, and/or made inquiries of Office personnel to determine the Office's compliance with Appropriation Act general and agency specific provisos.

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

6. **Reporting Packages**

- We obtained copies of all reporting packages as of and for the year ended June 30, 2013, prepared by the Office 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.

Our finding as a result of these procedures is presented in Capital Assets in the Accountant's Comments section of this report.

7. **Status of Prior Findings**

- We inquired about the status of the findings reported in the Accountant's Comments section of the State Auditor's Report on the Office resulting from our engagement for the fiscal year ended June 30, 2011, to determine if the Office had taken corrective action. We applied no procedures to the Office's accounting records and internal controls for the year ended June 30, 2012.

We found no exceptions as a result of the procedures.

Members of the South Carolina General Assembly  
State of South Carolina  
November 17, 2014

We were not engaged to and did not conduct an audit, 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 Members of the South Carolina General Assembly and management of the South Carolina General Assembly Office of Legislative Printing, Information and Technology Systems and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor

**ACCOUNTANT'S COMMENTS**

**SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS**

Management of each State agency is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the agency require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

## **CAPITAL ASSETS**

We noted two errors in the Office's Capital Assets Reporting Package:

- The Office capitalized software valued at \$5,600 as an intangible asset. The Comptroller General's Reporting Policies and Procedures Manual specifies that software should be capitalized as an intangible asset if it is valued at \$100,000 or more.
- The Office purchased assets that required installation. They did not include the cost of installation in the total cost of assets; these costs were not capitalized. The Comptroller General's Reporting Policies and Procedures Manual instructs agencies to include installation costs in cost of capital assets.

We recommend the Office review the Comptroller General's Reporting Policies and Procedures Manual when preparing their Capital Assets Reporting Package. We also recommend the reviewer of the reporting package ensure proper completion of reporting package.

## **SECTION B - STATUS OF PRIOR FINDINGS**

During the current engagement, we reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the State Auditor's Report on the Office for the fiscal year ended June 30, 2011, and dated July 5, 2012. We applied no procedures to the Office's accounting records and internal controls for the year ended June 30, 2012. We determined that the Office has taken adequate corrective action on each of the findings.

**MANAGEMENT'S RESPONSE**



Gigi Brickle  
Director

State of South Carolina  
Legislative Services Agency  
(803) 212-4420



Suite 223, Solomon Blatt Building  
1105 Pendleton Street  
Columbia, SC 29201

December 1, 2014

Mr. Richard H. Gilbert, Jr., CPA  
Deputy State Auditor  
1401 Main Street  
Suite 1200  
Columbia, SC 29201

Dear Mr. Gilbert:

Below is the Legislative Services Agency response to comments listed in the report of the performance of agreed-upon procedures of our accounting records for the fiscal year ended June 30, 2013.

Capital Assets

The agency agrees with the auditor's comments and recommendations and will comply.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gigi Brickle", written over a light-colored background.

Gigi Brickle  
Director

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