

**SOUTH CAROLINA  
LEGISLATIVE AUDIT COUNCIL  
COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2018**



Independent Accountant's Report on Applying Agreed-Upon Procedures

August 15, 2019

Members of the General Assembly  
and  
Members of the Council  
South Carolina Legislative Audit Council  
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Legislative Audit Council (the Council), on the systems, processes and behaviors related to financial activity of the Council for the fiscal year ended June 30, 2018. The Council's management is responsible for the systems, processes and behaviors related to financial activity. 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 either for the purpose for 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 related to financial activity of the Council. 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 Council has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

This report is intended solely for the information and use of the governing body and management of the South Carolina Legislative Audit Council 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 the South Carolina Legislative Audit Council (A20)**

**Cash Disbursements/Non-Payroll Expenditures**

1. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain from management an understanding of variations over \$10,000 and 10%.
2. Randomly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
  - Transaction is properly completed as required by Council procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
  - All supporting documents and approvals required by Council procedures are present and agree with the invoice.
  - The transaction is a bona fide expenditure of the Council.
  - The transaction is properly classified in the general ledger.
  - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations, etc. when applicable.
  - Determine that disbursements are recorded in the proper fiscal year.
  - Clerical accuracy / confirm proper sales/use tax.

We found no exceptions as a result of these procedures.

**Payroll**

3. 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 greater than 10%.
4. Haphazardly select five employees and inspect supporting documentation during the fiscal year to:

For Salaried Employees:

  - 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 Council.
  - Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.
5. Haphazardly select two employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Council's policies and procedures, that the employees' last pay checks were properly calculated and that the employees' leave payouts were properly calculated in accordance with applicable State law.
6. Haphazardly select two employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Council's policies and procedures and that their first pay checks were properly calculated in accordance with applicable State law.

## **Payroll (Continued)**

### **Finding**

During our Inspection of Terminations, we identified one employee who terminated employment in the middle of the pay period. We determined the employee should have been paid \$824; however, the Council paid the employee \$809. The Council was unable to provide support for the amount paid to the employee.

### **Management Response**

The agency believes the difference (in the balance) is potentially due to the employee working two separate SCEIS work schedules during the pay period. The agency was not aware of the discrepancy, but we will make sure any future payroll separations that involve transferring within the SCEIS payroll system are adequately documented to avoid future findings.

### **Reporting Packages**

7. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). 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.
8. In addition to the procedure above, perform the following:

- Operating Leases Reporting Package

Determine if amounts agree to the South Carolina Enterprise Information System (SCEIS) general ledger, the SCEIS Yearend Rptg Operating Lease Expense with Vendor report and/or Council 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) up to three haphazardly selected contingent rental payments; (2) One haphazardly selected payment for each vendor included in the remaining rental payment classifications (PO Box Rentals, Month to Month Rentals, Cancelable Leases, Payments for Supplies and Other Rental Charges)

- Subsequent Events Questionnaire

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 Council prepared records.

We found no exceptions as a result of these procedures.

### **Appropriation Act**

9. Inspect the Appropriation Act work program provided to and completed by management, confirming areas of noncompliance, if any.
10. Confirm compliance with the selected agreed-upon Council-specific state provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of these procedures.