

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

STATE AUDITOR'S REPORT

JUNE 30, 2019



Independent Accountant's Report on Applying Agreed-Upon Procedures

June 23, 2020

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, 2019. 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 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 fund and account level to those of the prior year. Obtain from management an understanding of variations in GL Account Series 502 - (Contractual Services) in the General Fund.
2. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The 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.
 - 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 current year payroll expenditures at the fund and account level to those of the prior year. Obtain from management an understanding of variations in GL Account Series 501 - (Salaries) in the General Fund.
4. 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.
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 employee's last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
6. Haphazardly select three bonus pay disbursements to determine:
 - The employee does not make more than \$100,000 annually.
 - The bonuses received during the year did not exceed \$3,000.
 - The payment amount agreed to supporting documentation and the bonus was given for proper reason in accordance with Council policy.
 - The bonus pay was approved by the appropriate supervisor.

We found no exceptions as a result of these procedures.

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 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 agreed to the SCEIS general ledger, the South Carolina Enterprise Information System (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) Five haphazardly selected contingent rental payments; (2) One haphazardly selected payment for each vendor included in the remaining rental payment classifications. Also, obtain the lease agreement for the operating lease and agree applicable effective lease dates and future minimum payments to the Future Minimum Payment Schedule. In addition, confirm that the Council submitted copies of all applicable leases to the CG in accordance with the CG's Reporting Package Instructions.

- 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.

Findings

Timely Submission of Reporting Package - The Master Reporting Package Checklist was submitted to the CG four business days after the due date established by the CG's Reporting Policies and Procedures Manual.

Operating Leases Reporting Package – The Council overstated the future minimum lease payments on the Operating Leases Future Minimum Lease Schedule by \$5,683.

Management's Response

Timely Submission - The untimely submission of the Master Reporting Package Checklist was due to human error. Moving forward, the Business Manager will incorporate a tracking system to ensure timely submission(s) of reporting packages.

Operating Leases – The Council has been reporting the future minimum lease payments consistently since the beginning of the lease. This error was discovered on the fiscal year 2019 reporting package due to the expiration of the lease. Moving forward, the Business Manager will take corrective action to correctly calculate the future minimum lease payments on the Operating Lease Future Minimum Lease Schedule.

Appropriation Act / Council-Specific Provisos

9. Confirm that an inventory of Council property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

Appropriation Act / Council-Specific Provisos (Continued)

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.

Status of Prior Findings

11. Through inquiry and inspection, determine if the Council 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 this procedure.