

**SOUTH CAROLINA
RURAL INFRASTRUCTURE AUTHORITY
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2019



Independent Accountant's Report on Applying Agreed-Upon Procedures

July 13, 2020

Management and Members of the Board
South Carolina Rural Infrastructure Authority
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by management of the South Carolina Rural Infrastructure Authority (the Authority), on the systems, processes and behaviors related to financial activity of the Authority for the fiscal year ended June 30, 2019. The Authority'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 Authority. 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 Authority 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 \$2,500 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$2,500 related to reporting packages.

This report is intended solely for the information and use of the governing body and management of the South Carolina Rural Infrastructure Authority 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 Rural Infrastructure Authority (P45)**

Cash Receipts/Revenues

1. Haphazardly select ten cash receipts transactions and inspect supporting documentation to:
 - Ensure supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
 - Determine that revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2019 Appropriation Act.
 - Ensure that both revenue collections and amounts charged are properly authorized by law.
 - Determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of this procedure.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by the Authority procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by the Authority procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Authority.
 - 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.
 - The loan/grant was disbursed to an eligible entity for a qualified project and the required documentation related to any associated financing agreements was maintained and reviewed by the Authority prior to disbursement in accordance with South Carolina Code of Laws Section 11-50-90.

We found no exceptions as a result of this procedure.

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% when the proportion of employer contribution to personal service expenditures also varies at a rate greater than 5% between fiscal years.

We found no exceptions as a result of this procedure.

Journal Entries and Transfers

4. Haphazardly select eight journal entries and two 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 this procedure.

Reporting Packages

5. 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.
6. 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 Authority 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 five haphazardly selected cancelable lease payments. Lastly, confirm the Authority submitted copies of all leases to the CG in accordance with the CG's reporting package instructions.

- Accounts Payable

Determine if responses and reported amounts are reasonable/accurate based on inspection of the SCEIS general ledger, SCEIS Yearend Rptg - Prior Year Payables with Vendor report and/or Authority prepared records. In addition, haphazardly select five payables to determine if reported amounts were properly identified, classified, calculated and reported on the Accounts Payable Summary Form.

- 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 Authority prepared records.

We found no exceptions as a result of the procedures.

Assets and Personal Property

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

We found no exceptions as a result of this procedure.

Authority-Specific Provisos

8. Confirm compliance with all five of the Authority-specific state provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of this procedure.

Status of Prior Finding

9. Through inquiry and inspection, determine if the Authority has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We determined that the Authority has taken adequate corrective action on the prior year finding.

Recommendation

Accounts Payable Reporting Package – The Authority should perform an extensive review each year of accounts payable transactions related to special purpose districts and other agencies within the State’s reporting entity to ensure each is properly reported as an Intergovernmental Payable or on the Interfund Reporting Package as applicable. We did not identify any exceptions with the transactions selected for inspection this year.