

**SOUTH CAROLINA  
OFFICE OF THE STATE AUDITOR**

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

**FOR THE YEAR ENDED JUNE 30, 2020**



February 17, 2021

Members of the State Fiscal Accountability Authority  
State of South Carolina  
Columbia, South Carolina

This report on the application of agreed-upon procedures to the financial activity of the South Carolina Office of the State Auditor for the fiscal year ended June 30, 2020, was issued by Mauldin & Jenkins, LLC, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

George L. Kennedy, III, CPA  
State Auditor

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

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Mr. George L. Kennedy, III, CPA  
State Auditor  
South Carolina Office of the State Auditor  
Columbia, South Carolina 29201

We have performed the procedures enumerated below on specific financial operations in the South Carolina Office of the State Auditor (the Agency) as of and for the year ended June 30, 2020. The Agency's management is responsible for the specific financial operations enumerated below.

The Agency has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the systems, processes and behaviors of the Agency relative to the specified financial operations. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The concept of materiality does not apply to findings reported in agreed-upon procedures engagement unless the definition of materiality is agreed-upon by the specified parties. As previously agreed in our engagement letter dated January 14, 2021, the specified parties agreed that deficiencies will not be reported in this report on applying agreed-upon procedures except for those that meet the following:

- Clerical errors of more than \$1,000 related to processing cash receipt and disbursement (payroll and non-payroll) transactions or errors that are systematic;
- Clerical errors of more than \$1,000 related to reporting packages or errors that are systematic.

Based on the above parameters, the procedures and associated findings are as follows:

### **1. Cash Receipts and Revenues**

- We obtained the total population of cash receipts and revenues from the South Carolina Enterprise Information System ("SCEIS") and selected random samples via IDEA Data Analysis software as enumerated below.
- We inspected five (5) randomly 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 made inquiries and gained an understanding of the nature of the Agency's revenue collection and retention or remittance procedures to determine if such activities were supported by law during fiscal year 2020.

- 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 will investigate changes in the Agency's fund(s) to ensure that revenue was classified properly in the Agency's accounting records. The scope will be based on agreed upon materiality levels (\$21,900) and  $\pm 10$  percent.

**Findings:**

*No exceptions were found as a result of these procedures.*

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

- We obtained the total population of non-payroll disbursements and expenditures from the South Carolina Enterprise Information System ("SCEIS") and selected random samples via IDEA Data Analysis software as enumerated below.
- We inspected ten (10) (including two (2) purchasing card disbursements) randomly 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 South Carolina Office of the State Auditor, and were paid in conformity with State laws and regulations, and if the acquired goods and/or services were procured in accordance with applicable laws and regulations.
- 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 (\$29,000 – general fund, \$26,000 – earmarked fund) and  $\pm 10$  percent.

**Findings:**

*No exceptions were found as a result of these procedures.*

**3. Payroll Disbursements and Expenditures**

- We obtained the total population of payroll disbursements and expenditures from the South Carolina Enterprise Information System ("SCEIS") and selected random samples via IDEA Data Analysis software as enumerated below.
- We inspected ten (10) randomly 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 transactions were processed and calculated in accordance with the Agency's policies and procedures and State regulations.
- We obtained the fiscal year 2020 "Personnel Changes Report" from the Agency's management and selected a random sample of new hires and terminations via IDEA Data Analysis software as enumerated below.
- We inspected payroll transactions for five (5) selected new employees and five (5) individuals 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 paycheck 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 (\$29,000 – general fund, \$26,000 – earmarked fund) and  $\pm 10$  percent.

- We compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions, 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  $\pm$  ten (10) percent to ensure that payroll expenditures were classified properly in the Agency's accounting records.

**Findings:**

*No exceptions were found as a result of these procedures.*

**4. Journal Entries, Operating Transfers and Appropriation Transfers**

- We obtained the total population of journal entries, operating transfers, and appropriation transfers from the South Carolina Enterprise Information System ("SCEIS") and selected random samples via IDEA Data Analysis software as enumerated below.
- We inspected ten (10) randomly selected recorded journal entries and three (3) transfers to determine if these transactions were properly described and classified in the accounting records; the transactions 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.

**Findings:**

*No exceptions were found as a result of these procedures.*

**5. Appropriation Act**

- We inspected agency documents, observed processes, and/or made inquiries of agency personnel to determine the Agency's compliance with Appropriation Act general provisos and Agency specific provisos enumerated below.
- We confirmed that the Agency submitted to the State Human Affairs Commission employment and filled vacancy data by race and sex by October thirty-first of the fiscal year in accordance with Proviso 117.13 of the fiscal year 2020 Appropriation Act.
- We confirmed the Agency's compliance with Proviso 105.4 of the fiscal year 2020 Appropriation Act through inquiry of management and observation of supporting documentation.

**Findings:**

*No exceptions were found as a result of these procedures.*

**6. Reporting Packages**

- We obtained copies of all reporting packages as of and for the year ended June 30, 2020, prepared by the South Carolina Office of the State Auditor 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.

**Findings:**

*No exceptions were found as a result of these procedures.*

We were engaged by the Agency to perform this agreed-upon procedures engagement and concluded our engagement 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 engagement; the objective of which would be the expression of an opinion or conclusion, respectively, on the specified and enumerated specific financial operations. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Governor and other Members of the State Fiscal Accountability Authority, and the South Carolina Office of the State Auditor and is not intended to be, and should not be, used by anyone other than the specified parties.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
February 17, 2021