South Carolina
Administrative Law Court

Columbia, South Carolina

State Auditor's Report

For the Period of July 1, 2024, to May 31, 2025

and

Selected Procedures
For the Fiscal Year Ended June 30, 2024

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

Independent Accountant's Report on Applying Agreed Upon Procedures

July 11, 2025

The Honorable Ralph K. Anderson, III
Chief Administrative Law Judge
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Administrative Law Court (the Court) for the period July 1, 2024, through May 31, 2025, and the fiscal year ended June 30, 2024. The Court's management is responsible for the systems, processes and behaviors related to financial activity.

The Court's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. 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.

We were engaged by the Court to perform this agreed-upon procedures engagement and conducted 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 systems, processes and behaviors related to financial activity of the Court for the engagement periods. 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.

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 Court's management. Management of the Court 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.

We are required to be independent of the Court and to meet 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 management of the Court, 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.

Vickie C. Funk

Vickie C. Funk, CPA
Senior Audit Manager

South Carolina Office of the State Auditor
Agreed-Upon Procedures Related to the South Carolina Administrative Law Court (C05)

The following procedures were performed for the period July 1, 2024, through May 31, 2025:

Cash Receipts/Revenues

1. Haphazardly select ten cash receipts and inspect checks and deposit slips to observe that:

    - Receipt agrees with the general ledger as to amount, date, payor, and account classification.
    - Receipt was deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2025 Appropriation Act.
    - Both revenue collections and amounts charged are properly authorized by South Carolina Code of Law Sections 56-5-2952, 27-18-250, or 11-35-3820.
    - Receipt was recorded in the proper fiscal year.

    We found no exceptions as a result of the procedure.

Non-Payroll Disbursements

2. Haphazardly select twenty non-payroll disbursements and inspect invoices to observe that:

    - Disbursement's invoice agrees to the general ledger as to vendor, amount, date, and account classification.
    - Disbursement's approval was performed by an individual, with proper authority, other than the preparer.
    - The disbursement is a valid expenditure of the Court.
    - Disbursement is recorded in the proper fiscal year.

    We found no exceptions as a result of the procedure.

Purchasing Card Transactions

3. Haphazardly select fifteen purchasing card transactions from the Office of Comptroller General (CG) listing of purchasing card transactions and inspect monthly purchase summaries and applicable receipts to observe that:

    - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with South Carolina Division of Procurement Services' *Purchasing Card Policy and Procedure Manual*.
    - The purchase is a valid expenditure.
    - The monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and appropriate reviewer.
    - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.
    - The purchase did not exceed the procurement code's small purchase, no competition limit set forth in Section 11-35-1550(2)(a).

    We found no exceptions as a result of the procedure.

Payroll

4. Haphazardly select ten employee payments during the fiscal year to:

    - Observe the employee's payroll or personnel file for various forms, communications, etc., to determine that the person is a true employee of the Court.
    - Recalculate employee payment to observe that the employee was paid in accordance with their approved payroll action form.

Payroll (Continued)

5. Haphazardly select five employees who terminated employment to observe that they were removed from the payroll in accordance with the best practices established by the South Carolina Human Resources Division, and that their last paycheck, including any leave payout or comp time, was properly calculated.

6. Select all (three) employees hired to observe that they were added to the payroll in accordance with the best practices established by the South Carolina Human Resources Division and that their first paycheck was properly calculated.

7. Haphazardly select ten bonus payments to observe that:

    - The bonuses received during the year did not exceed $3,000.
    - The payment amount agreed to the bonus justification letter and the bonus was given in accordance with Court policy.
    - The bonus pay was approved by the appropriate supervisor.

    We found no exceptions as a result of the procedures.

Journal Entries

8. Haphazardly select eight journal entries and inspect journal entry support forms to observe that the journal entries are valid and approved by someone with proper authority and different from the preparer.

    We found no exceptions as a result of the procedure.

<u>The following procedures were performed for the fiscal year ended June 30, 2024</u>:

Reporting Packages

9. Inspect fiscal year end reporting packages submitted to the CG. Compare responses on the Master Reporting Package Checklist and any required supplemental information to the South Carolina Enterprise Information System (SCEIS) or Court prepared records.

10. In addition to the procedure above, perform the following:

    - Subsequent Events Questionnaire

      Compare responses and any required supplemental information to the SCEIS general ledger or Court prepared records.

    We found no exceptions as a result of the procedures.

Assets and Personal Property

11. Haphazardly select ten assets from the SCEIS *Asset History Report* and observe their existence and agree them to the Court's fiscal year asset inventory.

12. Inspect the inventory of personal property, excluding expendables, provided by the Court to observe that it was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

Finding

Similar to the finding reported in the prior year State Auditor's Report, one asset observed on site was not included in the Court's fiscal year 2024 inventory of personal property.

Assets and Personal Property (Continued)

Management Response

The inventory finding from 2023 was not properly corrected for fiscal year 2024 due to the fact we were preparing for a massive renovation of the 2nd and 3rd floor suites which included frequent meetings with the contractor and Department of Administration Project Manager, coordinating surplus and junk removal, working to relocate staff, and moving “keep” items in borrowed storage areas within the building with the help of Prison Industries. In fiscal year 2025, an inexpensive barcode scanner and label maker were purchased. Using these tools, each asset listed in SCEIS was located and labeled with the SCEIS asset number. The updated annual inventory sheets now include all assets listed in SCEIS and the location/staff name is listed in SCEIS.

Status of Prior Findings

13. Through inquiry of management and inspection of inventory and asset creation documentation, observe that the Court has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

    We determined that the Court has taken adequate corrective action on the findings reported during the prior engagement, except as described in the Assets and Personal Property section of this report.