

**EMERGENCY MANAGEMENT DIVISION
OF THE SOUTH CAROLINA OFFICE
OF THE ADJUTANT GENERAL**

WEST COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

FEBRUARY 3, 2016 – APRIL 30, 2017



George L. Kennedy, III, CPA
State Auditor

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 15, 2017

Mr. Kim Stenson, Director
Emergency Management Division of the
South Carolina Office of the Adjutant General
West Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the Emergency Management Division of the South Carolina Office of the Adjutant General (the Division), to assist you in evaluating the Division's compliance with Disaster Case Management Program (CFDA #97.088) requirements for the period of February 3, 2016 – April 30, 2017. The Division's management is responsible for its compliance with those specified requirements. 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 for the purpose of 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 compliance with the specified requirements. 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 Division has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Clerical errors of less than \$1,000 related to processing cash receipts and cash disbursements transactions unless the errors occur in ten percent or more of the transaction class inspected.
- Errors in applying account coding definitions to accounting transactions unless it is determined that ten percent or more of the accounting transactions inspected were found to be in error.
- Clerical errors of less than \$1,000 related to federal reporting.

Mr. Kim Stenson, Director
Emergency Management Division of the
South Carolina Office of the Adjutant General
August 15, 2017

This report is intended solely for the information and use of the management the
Emergency Management Division of the South Carolina Office of the Adjutant General and is
not intended to be and should not be used by anyone other than these specified parties.



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State Auditor

**South Carolina Office of the State Auditor
Agreed Upon Procedures Related to the Emergency Management Division of the South Carolina
Office of the Adjutant General (CFDA #97.088)**

Cash Management Compliance

1. Randomly select two Federal cash draw transactions and inspect supporting documentation to:
 - Agree transaction amount, date, payer, document number, and account coding to the general ledger.
 - Trace to supporting documentation showing that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request.

We found no exceptions as a result of the procedures.

Non-payroll Expenditures Compliance

2. Select all non-payroll disbursements over \$40,508, plus an additional five randomly selected non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by agency procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by agency procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the agency, properly coded to the general ledger.
 - Disbursement complied with all State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations, etc.
 - Clerical accuracy.
 - Charges are allowable, necessary and reasonable for the proper administration of the program, incurred during the approved grant period, and given consistent accounting treatment.
 - Procedures were followed to verify that the transaction was not entered into with a debarred, suspended, or otherwise excluded entity, when required.

We found no exceptions as a result of the procedures.

Payroll Expenditures Compliance

3. Select the employees paid by the grant and inspect supporting documentation during the fiscal year to:
 - Obtain and scan 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 agency.
 - Agree pay to supporting documentation noting all changes to gross salary for the year. Determine that all changes have been properly approved.
 - Determine the pay relates to an allowable activity and cost of the grant based on records that accurately reflect the work performed, is reasonable for services rendered, and is for services performed within the time period of the grant.

Payroll Expenditures Compliance (Continued)

4. Compute the percentage distribution of fringe benefit expenditures to recorded personal service expenditures and compare to the total agency distribution of fringe benefit expenditures to recorded personal service expenditures. Obtain an explanation of differences of greater than +/- 5%.

We found no exceptions as a result of the procedures.

Federal Reporting Compliance

5. Inspect the SF-425 report filed for the quarter ended March 31, 2017. The inspection will be performed to determine if the report was complete and accurate and if reported amounts agree to applicable agency accounting records.

We found no exceptions as a result of the procedures.