

SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

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FOR THE YEAR ENDED JUNE 30, 2019



December 23, 2019

The Honorable Richard A. Eckstrom  
Comptroller General  
State of South Carolina  
Columbia, South Carolina

This report resulting from the application of certain agreed-upon procedures to the financial activity of the South Carolina Office of the Comptroller General for the fiscal year ended June 30, 2019, was issued by The Brittingham Group, L.L.P., 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

GLKIII/cmw

SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL

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CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES. .... 1 - 5

# THE BRITTINGHAM GROUP, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS  
501 STATE STREET  
POST OFFICE BOX 5949  
WEST COLUMBIA, SOUTH CAROLINA 29171

PHONE: (803) 739-3090  
FAX: (803) 791-0834

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. George L. Kennedy, III, CPA  
State Auditor  
Office of the State Auditor  
1401 Main Street, Suite 1200  
Columbia, South Carolina 29201

We have performed the procedures described below, which were agreed to by the management of the South Carolina Office of the Comptroller General (the "Agency"), solely to assist you in evaluating the systems, processes and behaviors of the Agency for the fiscal year ended June 30, 2019. The Agency's management is responsible for its financial records, internal controls and compliance with State laws and regulations. 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 below for the purpose of which the agreed-upon procedures report has been requested or for any other purpose.

### **Procedures Performed and Findings Noted:**

#### **Cash Receipts and Revenues**

##### Procedures Performed:

1. We compared fiscal year revenues at the sub-fund and account level from sources other than State General Fund appropriations to those of the prior year. We obtained and documented an understanding of variances over \$27,000 for the general fund, \$9,000 for the earmarked fund, and \$17,000 for the restricted fund, and 10%.
2. We randomly selected a sample of 25 cash receipt transactions and inspected the supporting documentation to:
  - Agree transaction amount, date, payor, document number, and account coding to the general ledger.
  - Determine that revenues/receipts were deposited in a timely manner.
  - Ensure that both revenue collections and amounts charged are properly authorized by law.
3. We randomly selected a sample of 25 cash receipts and inspected supporting documentation to determine that receipts are recorded in the proper fiscal year.

##### Findings Noted:

We found no exceptions as a result of the procedures.

## **Cash Disbursements and Non-Payroll Expenditures:**

### Procedures Performed:

4. We compared current year non-payroll expenditures at the sub-fund and account level to those of the prior year. We obtained and documented an understanding of variances over \$27,000 for the general fund, \$9,000 for the earmarked fund, and \$17,000 for the restricted fund, and 10%.
5. We randomly selected a sample of 25 non-payroll disbursements and inspected 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.
  - The transaction is a bona fide expenditure of the agency, properly coded to the general ledger.
  - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations, etc.
  - Clerical accuracy / verify proper sales/use tax.
6. We randomly selected a sample of 25 non-payroll disbursements and inspected supporting documentation to determine that disbursements were recorded in the proper fiscal year.

### Findings Noted:

We found no exceptions as a result of the procedures.

## **Payroll Disbursements and Expenditures:**

### Procedures Performed:

7. We compared current year payroll expenditures at the sub-fund and account level to those of the prior year. We obtained and documented an understanding of variances over \$27,000 for the general fund, \$9,000 for the earmarked fund, and \$17,000 for the restricted fund, and 10%.
8. We randomly selected a sample of 10 employees and inspected supporting documentation during the fiscal year to:

#### For Salaried Employees:

- Obtain and inspect 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 gross pay to supporting documentation confirming all changes to gross salary for the year. Determined that all changes have been properly approved.

#### For Hourly Employees:

- Obtain and inspect 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.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

## **Payroll Disbursements and Expenditures (continued):**

### Procedures Performed (continued):

9. We selected a sample of 9 bonus pay disbursements to determine:
  - Employee does not make more than \$100,000 annually.
  - Bonuses received during the year did not exceed \$3,000.
  - Transaction was appropriately documented and approved.
10. We selected a sample of 3 employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Agency's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law. The 3 employees represented the entire population of new hires for the period tested.
11. We selected a sample of 6 employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the agency's policies and procedures, that the employee's last paycheck was properly calculated, and that the employee's leave payout was properly calculated in accordance with applicable State law. The 6 employees represented the entire population of terminated employees for the period tested.
12. We compared the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions between the current year and prior year. We obtained an explanation of net changes greater than 10%.
13. We computed the percentage distribution of fringe benefit expenditures by fund source and compared to the actual distribution of recorded personal service expenditures by fund source. We investigated differences of +/- 10% to ensure that personal service expenditures were classified properly in the agency's accounting records.

### Findings Noted:

We found no exceptions as a result of the procedures.

## **Journal Entries and Transfers**

### Procedures Performed:

14. We randomly selected a sample of 6 non-recurring journal entries and transfers for the fiscal year to:
  - Trace postings to the general ledger, confirming amounts agree with the supporting documentation.
  - Confirm transaction is properly approved.
  - Inspect supporting documentation to confirm the purpose of the transaction.

### Findings Noted:

We found no exceptions as a result of the procedures.

## **Governance, Risk and Compliance (“GRC”) SCEIS Module**

### Procedures Performed:

15. We selected a sample of controls identified through the SCEIS GRC system that were in place during fiscal year 2019 and inspected mitigating control documentation. We also confirmed that the controls selected were operating as designed.

### Findings Noted:

We found no exceptions as a result of the procedures.

## **Appropriation Act**

### Procedures Performed:

16. We confirmed that the Agency has taken an inventory of all personal property, except expendables as required by State Law.
17. We confirmed that the Agency submitted to the State Human Affairs Commission employment and filled vacancy data by race and sex by October 31 of each year.
18. We confirmed that the Agency complied with selected agreed-upon agency-specific State provisos by inquiring with management and observing supporting documentation.

### Findings Noted:

We found no exceptions as a result of the procedures.

## **Reporting Packages**

### Procedures Performed:

19. We obtained copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General. We inspected the reporting packages as of and for the year ended June 30, 2019 to:
  - Determine if preparation was in accordance with Comptroller General Office requirements.
  - Determine if amounts reported in the reporting packages agree with the supporting workpapers and accounting records.

### Findings Noted:

We found no exceptions as a result of the procedures.

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 of the Agency. 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 Agency 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 \$100 related to processing cash receipts and cash disbursements transactions unless the errors occur in ten percent or more of the transaction class tested.
- Clerical errors of less than \$100 related to reporting packages.
- Errors in applying account coding definitions to accounting transactions unless it is determined that ten percent or more of the accounting transactions tested were found to be in error.
- Reporting packages which are submitted less than three business days after the due date unless it is determined that more than two of the reporting packages were submitted late.

This report is intended solely for the information and use of the Comptroller General and management of the Comptroller General's Office and the State Auditor 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.

*The Brittingham Group LLP*

West Columbia, South Carolina  
December 23, 2019