

**South Carolina
Revenue and Fiscal Affairs Office**

Columbia, South Carolina

State Auditor's Report

June 30, 2020



Independent Accountant's Report On Applying Agreed-Upon Procedures

August 3, 2021

Mr. Frank A. Rainwater, Executive Director
and
Members of the Board
South Carolina Revenue and Fiscal Affairs Office
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 Revenue and Fiscal Affairs Office (the Office) for the fiscal year ended June 30, 2020. The Office's management is responsible for the systems, processes and behaviors related to financial activity.

The Office'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 Office 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 Office for the year ended June 30, 2020. 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 Office's management. Management of the Office 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 Office 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 governing body and management of the South Carolina Revenue and Fiscal Affairs Office, 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 - South Carolina Revenue and Fiscal Affairs Office (E50)**

Cash Receipts/Revenues

1. Haphazardly select seven cash receipts transactions and inspect supporting documentation to determine:
 - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, and account classification.
 - Revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriations Act.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-payroll Expenditures

2. Haphazardly select twenty non-payroll disbursements (to include fifteen disbursements from fund 49550000 - 911 Phone Surcharge) and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Office procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
 - All supporting documents and approvals are present and agree with the invoice.
 - The transaction is an actual expenditure of the Office.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.
 - Fund 49550000 disbursement was made in accordance with South Carolina Code of Laws Section 23-47-65(C) (The responsibilities of the Revenue and Fiscal Affairs Office with respect to Commercial Mobile Radio Service emergency telephone services).

We found no exceptions as a result of the procedures.

Payroll

3. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Office's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated in accordance with applicable State law.
4. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Office's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

5. Haphazardly select four journal entries and one transfer and inspect supporting documentation to determine:
 - Postings in the general ledger agree to supporting documentation.
 - Transaction is properly approved.
 - The purpose of the transaction.

We found no exceptions as a result of the procedures.

Reporting Packages

6. Inspect fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and Office prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
7. In addition to the procedure above, perform the following:
 - Other Receivables Reporting Package

Agree reported amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting - Accounts Receivable Current with Customer* report and Office prepared records. In addition, haphazardly select five items and determine if reported amounts were properly identified, classified, and reported on the reporting package.
 - Operating Leases Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting Operating Lease Expense with Vendor* report and Office prepared records. In addition, agree applicable effective lease dates and future minimum lease payments on the Future Minimum Payment Schedule to the prior year Schedule. Inspect any changes to determine if the effective lease dates and future minimum payments were properly calculated and reported in the Future Minimum Payment Schedule.
 - Accounts Payable Reporting Package

Agree amounts to the SCEIS general ledger, SCEIS *Yearend Reporting - Prior Year Payables with Vendor* report and Office prepared records. In addition, select all payable transactions to determine if the reported amount was properly identified, classified, and reported on the reporting package.
 - Subsequent Events Questionnaire

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

We found no exceptions as a result of the procedures.

Assets and Personal Property

8. Select all (five) capital asset acquisitions and inspect supporting documentation to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
9. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Office 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 the procedures.

Governance, Risk and Compliance (GRC) SCEIS Module

10. Haphazardly select one control identified through the SCEIS GRC system that was in place during fiscal year 2020 and inspect mitigating control documentation. Inquire of management to determine the controls are operating as designed.

We found no exceptions as a result of the procedures.

Appropriation Act Provisos

11. Determine compliance with Office-specific state provisos (102.4 – E911 PSAPs, 102.5 – Revenue for Goods and Services, and 102.7 – NG9-1-1 Strategic Plan) by inquiring with management and observing supporting documentation, where applicable.
12. Through inquiry of management and inspection of supporting documentation, determine that the Office complied with Proviso 118.16 of the fiscal year 2020 Appropriation Act regarding nonrecurring revenue received during the fiscal year.

We found no exceptions as a result of the procedures.

Status of Prior Findings

13. Through inquiry of management and inspection of supporting documentation, determine if the Office has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedures.