

**South Carolina Administrative Law Court**  
**Columbia, South Carolina**  
**State Auditor's Report**  
**June 30, 2020**



## Independent Accountant's Report On Applying Agreed-Upon Procedures

July 16, 2021

The Honorable Ralph K. Anderson, III  
South Carolina Administrative Law Court  
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 fiscal year ended June 30, 2020. 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 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 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.

George L. Kennedy, III, CPA  
State Auditor

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

**Cash Receipts/Revenues**

1. Haphazardly select ten 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 Appropriations 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 this procedure.

**Cash Disbursements/Non-Payroll Expenditures**

2. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
  - The transaction is properly completed as required by Court 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 expenditure of the Court.
  - The transaction is properly classified in the general ledger.
  - Disbursements are recorded in the proper fiscal year.
  - Clerical accuracy.
3. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Court policies.
  - The purchase is authorized based on the cardholder's job title/position.
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

**Findings**

**General Ledger Account Coding – Expenditures** – The Court incorrectly coded expenditures for support plans and services totaling \$5,282 to Program License - Application Support; these expenditures should have been coded to Services, Maintenance, and Warranties – Application Support.

**Purchasing Card Statements** – For all five of the purchasing card transactions inspected, the monthly purchase statement was not signed by both the cardholder and supervisor.

**Management's Response**

**General Ledger Coding - Expenditures** - The Court concurs with the finding. The general ledger account should have been coded to services, maintenance, and warranties - application support instead of program license - application support. We will ensure that any future postings are coded correctly through additional review.

## Cash Disbursements/Non-Payroll Expenditures (Continued)

### Management's Response (Continued)

**Purchasing Card Statements** - The Court will take appropriate action to make sure each cardholder submits a signed and dated monthly cardholder activity statement along with receipts for each transaction for that billing cycle. The monthly cardholder activity statement and receipts will be submitted to the cardholder's supervisor for review and approval prior to submission to finance for payment.

### Payroll

4. Haphazardly select four employees who terminated employment during the fiscal year to determine if they were removed from the payroll and that the employee's last paycheck and leave payout was properly calculated.
5. Haphazardly select five bonuses paid to determine:
  - The employee does not make more than \$100,000 annually.
  - The bonuses received during the year did not exceed \$3,000.
  - The payment amount agreed to supporting documentation and the bonus was given in accordance with Court policy.
  - The bonus was approved by the appropriate supervisor.

We found no exceptions as a result of these procedures.

### Journal Entries

6. Haphazardly select five journal entries for the fiscal year and:
  - Trace postings to the general ledger and supporting documentation.
  - Determine transaction is properly approved.
  - Inspect supporting documentation to determine the purpose of the transaction.

We found no exceptions as a result of this procedure.

### Reporting Packages

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

Agree amounts to the SCEIS *Yearend Reporting - Operating Lease Expense with Vendor* report. In addition, based on inspection of invoices and lease agreements, determine that rental payments were properly classified, coded, and calculated by inspecting and recalculating the following reported amounts: (1) Five haphazardly selected contingent rental payments and (2) the future minimum payments for all operating leases. In addition, determine that the Court submitted copies of all leases to the CG in accordance with the CG's Policies and Procedures Manual.
  - Fund Classification Reporting Package

Agree any responses and related supplemental information to the SCEIS general ledger, invoices, and Court prepared reports/spreadsheets.

## Reporting Packages (Continued)

- Subsequent Events Questionnaire

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

## Findings

**Timely Submission of Reporting Packages** – The Master Reporting Package Checklist and Subsequent Events Questionnaire were submitted to the CG late.

**Operating Leases Reporting Package** – The Court understated the payments for two leases on the future minimum payment schedule by a total of \$1,931.

## Management's Response

**Timely Submission of Reporting Packages** – We concur with the finding regarding the timeliness of the Master Reporting Package Checklist and Subsequent Events Questionnaire. Steps will be taken to ensure future reporting packages are reported on time. Reporting package deadlines will be added to our year-end closing process.

**Operating Leases Reporting Package** – We concur with the finding regarding the Operating Leases Reporting Package. Steps will be taken to ensure that the future minimum payment schedule is accurately stated. Staff will review and verify payment information thoroughly prior to completing the Operating Leases Reporting Package.

## Assets and Personal Property

9. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Court property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

## Finding

**Annual Inventory** – The Court did not complete an annual inventory as required by SC Code of Laws Section 10-1-140 during fiscal year 2020.

## Management's Response

The Court will ensure all inventory is accounted for and verified as required in the future. Additional procedures have been implemented in order to meet this requirement. All personal property, including common and unoccupied offices, will be accounted for and verified with a signature and date.

## Governance, Risk and Compliance (GRC) SCEIS Module

10. Select the two new controls identified through the SCEIS GRC system that were put 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 this procedure.

## Status of Prior Findings

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

We determined the Court took appropriate corrective action on prior year findings, except for similar findings regarding general ledger account coding and the timely submission of reporting packages. See repeated findings at **Cash Disbursements/Non-payroll Expenditures** and **Reporting Packages**.