

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

*SOUTH CAROLINA RETIREMENT SYSTEM
INVESTMENT COMMISSION*

June 30, 2021



March 9, 2022

Members of the South Carolina Retirement System
Investment Commission
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 Retirement System Investment Commission for the fiscal year ended June 30, 2021, was issued by The Hobbs Group, P.A., 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,

Sue F. Moss, CPA
Director of State Audits

SFM/trb

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June 30, 2021

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

March 9, 2022

Sue F. Moss, CPA
Director of State Audits
South Carolina Office of the State Auditor

We have performed the procedures enumerated in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Retirement System Investment Commission (the "Commission") for the fiscal year ended June 30, 2021. The Commission's management is responsible for the systems, processes and behaviors related to financial activity.

The Commission and the South Carolina Office of the State Auditor have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the systems, processes and behaviors related to financial activity for the year ended June 30, 2021. 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 South Carolina Retirement System Investment Commission and the South Carolina Office of the State auditor 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, 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 Commission for the year ended June 30, 2021. 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 specified parties. Management of the Commission has agreed that the following deficiencies will not be included in the Independent Accountants' Report on Applying Agreed-Up 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.

We are required to be independent of the Commission and to meet our 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 South Carolina Office of the State Auditor and management of the Commission 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 Hobbs Group, P.A.
Columbia, South Carolina

The Hobbs Group, P.A.

Agreed-Upon Procedures Related to the South Carolina Retirement System Investment Commission (E19)
For the Year Ended June 30, 2021

Cash Receipts/Revenues

1. Compare current year revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain and document an understanding of variations over \$50,000 and 10%.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

2. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain and document an understanding of variations over \$50,000 and 10%.
3. Randomly select 25 non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by Commission procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Commission procedures and good business practice are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Commission, 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 / confirm proper sales/use tax.
 - Inspect supporting documentation to determine that disbursements are recorded in the proper fiscal year.
4. Haphazardly select 22 purchasing card transactions from the Office of the Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2021 and inspect supporting documentation to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Commission 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.

We found no exceptions as a result of the procedures.

Payroll

5. Compare current year payroll expenditures at the subfund and account level to those of the prior year. Obtain an understanding of variations greater than or equal to \$50,000 and 10% for the Restricted Fund.
6. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded personal service expenditures by fund source. Obtain an explanation of variations greater than 10%.
7. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of changes greater than 10%.
8. Haphazardly select 5 employees and inspect 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 Commission.
- Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine 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 Commission.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

9. Haphazardly select 5 employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Commission's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law.
10. Haphazardly select 4 employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Commission's policies and procedures, that the employee's last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

11. Haphazardly select 4 journal entries and 5 transfers for the fiscal year to:
 - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
 - Confirm transaction is properly approved.
 - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of the procedures.

Minutes

12. Inspect the Commission's approved minutes beginning with the end date of prior year fieldwork through the end of our fieldwork.

We found no other matters related to our agreed-upon procedures.

Governance, Risk, and Compliance (GRC) SCEIS Module

13. Select all 6 controls identified through the SCEIS GRC system that were in place during fiscal year 2021 and inspect mitigating control documentation. Confirm with management the controls are operating as designed.

We found no exceptions as a result of the procedures.

Appropriation Act/Laws

14. Confirm compliance with the selected Commission agreed-upon agency-specific state provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedures.