

**South Carolina
Department of Labor, Licensing, and Regulation
Columbia, South Carolina**

**State Auditor's Report
For the Fiscal Year Ended June 30, 2021
and
Selected Procedures
For the Fiscal Year Ending June 30, 2022**



Independent Accountant's Report on Applying Agreed Upon Procedures

June 24, 2022

Ms. Emily Farr, Director
South Carolina Department of Labor, Licensing, and Regulation
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 Department of Labor, Licensing, and Regulation (the Department) for fiscal years 2021 and 2022. The Department's management is responsible for the systems, processes and behaviors related to financial activity.

The Department'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 Department 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 Department for fiscal years 2021 and 2022. 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 Department's management. Management of the Department 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 Department 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 Department 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 South Carolina Department of Labor, Licensing, and Regulation (R36)

These procedures were performed for the fiscal year ending June 30, 2022:

Cash Receipts/Revenues

1. Haphazardly select fifteen cash receipts transactions and inspect supporting documentation to determine:
 - 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 2022 Appropriations Act.
 - Both revenue collections and amounts charged are properly authorized by State law.
 - 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 Department 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 Department.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.

For federally funded cash disbursements/non-payroll expenditures, inspect supporting documentation to determine:

- Charges are in accordance with the requirements of the program, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.
3. Haphazardly select ten purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchase card transactions for fiscal year 2022 and inspect supporting documentation to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Department 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

4. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Department's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated in accordance with applicable State law. Additionally, agree salary/hourly rate to the Department's internal documentation and inspect any changes for proper approval.
5. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Department's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law. Additionally, agree salary/hourly rate to the Department's internal documentation and inspect any changes for proper approval.
6. For all staff attorneys hired during the fiscal year, confirm compliance with SC Code of Laws Section 1-7-160.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

7. 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 this procedure.

Assets and Personal Property

8. Haphazardly select 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. Select all (four) capital asset retirements and inspect supporting documentation to determine that each asset was approved for removal and removed from the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.

We found no exceptions as a result of the procedures.

Lease Reporting

10. Obtain the lease reporting package due on March 31, 2022, and for three haphazardly selected leases, agree leased asset values in the South Carolina Enterprise Information System (SCEIS) to Department supporting documentation. In addition, agree lease principal and interest expense general ledger account balances in SCEIS to Department supporting documentation.

We found no exceptions as a result of this procedure.

Appropriation Act / Department-Specific Provisos

11. Determine compliance with Department-specific state provisos 81.2 (Real Estate - Special Account), 81.5 (Firefighter Mobilization Project), 81.8 (Immigration Bill Funding Report), and 81.13 (LLR: First Responder PTSD Treatment) by inquiring with management and observing supporting documentation.

We found no exceptions as a result of this procedure.

These procedures were performed for the fiscal year ended June 30, 2021:

Assets and Personal Property

12. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Department property, excluding expendables, was completed during fiscal year 2021 as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of this procedure.

Reporting Packages

13. 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, SCEIS and Department prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.

14. In addition to the procedure above, perform the following:

- Cash and Investments Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting - Cash and Investments* report, and year end reconciliations using Department prepared records.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Department prepared records. In addition, inspect both payables from the subsequent events accounts payable worksheet and determine if the amounts were properly classified, calculated, reported, and properly excluded from the original accounts payable reporting package submission.

We found no exceptions as a result of the procedures.

Status of Prior Findings

15. Through inquiry of management and inspection of supporting documentation, determine the Department has taken appropriate corrective action on the findings reported during the engagement for the fiscal year ended June 30, 2020.

We determined the Department has taken adequate corrective action on the findings reported during the prior fiscal year engagement.