

South Carolina State Library

Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2021

and

For the Period July 1, 2021 through April 30, 2022



Independent Accountant's Report on Applying Agreed Upon Procedures

July 11, 2022

Ms. Leesa M. Aiken, Director
and
Members of the South Carolina State Library Board
South Carolina State Library
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 State Library (the Library) for the fiscal year 2021 and for the period July 1, 2021 through April 30, 2022. The Library's management is responsible for the systems, processes and behaviors related to financial activity.

The Library'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 Library 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 Library for the fiscal year 2021 and for the period July 1, 2021 through April 30, 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 Library's management. Management of the Library 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 non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the Library 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 Board and management of the South Carolina State Library, 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 State Library (H87)**

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

Reporting Packages

1. 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 Library prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
2. In addition to the procedure above, perform the following:
 - Prepaid Expenses Reporting Package
Agree amounts to Library prepared records. Haphazardly select five prepaid expenses and determine if the amounts were properly classified, calculated, and reported.
 - Subsequent Events Questionnaire
Compare responses and any required supplemental information to the SCEIS general ledger and Library prepared records.

We found no exceptions as a result of the procedures.

Personal Property

3. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Library 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 this procedure.

Library-Specific Provisos

4. Determine compliance with Library-specific proviso 27.1 (Aid to Counties Libraries Allotment) of the fiscal year 2021 Appropriation Act by inquiring with management and observing supporting documentation.

We found no exceptions as a result of this procedure.

The following procedures were performed for the period July 1, 2021 through April 30, 2022:

Cash Disbursements/Non-Payroll Expenditures

5. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by the Library 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 Library.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.

Cash Disbursements/Non-payroll Expenditures (Continued)

For federally funded cash disbursements/non-payroll expenditures, also 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.
6. Haphazardly select five purchasing card transactions from the CG's listing of purchasing card transactions for the period and inspect supporting documentation to determine:
- The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Library 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.

Finding

The Library recorded an expenditure for equipment that should have been recorded as a low value asset.

Management's Response

The transaction in question was incorrectly handled by the Procurement Officer. Had sales tax been included in the value of the asset, it would have been recorded as a low value asset instead of being recorded as an expenditure. In an effort to mitigate this type of error from happening again, the Library's Procurement Officer was sent to a refresher training on assets. In addition, internal training was held with the entire Finance Department and the procurement checklist was updated to include more detailed information on assigning assets.

Payroll

7. Haphazardly select three employees who terminated employment during the period to determine if they were removed from the payroll in accordance with the Library's policies and procedures, and that their last pay check, including any leave payout, was properly calculated.
8. Haphazardly select three employees hired during the period to determine if they were added to the payroll in accordance with the Library's policies and procedures and that their first pay check was properly calculated.

We found no exceptions as a result of these procedures.

Journal Entries

9. Haphazardly select five journal entries 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.

Capital Assets

10. Select all (two) 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.

Finding

The Library capitalized an asset with an acquisition cost that did not meet the State's capitalization threshold.

Capital Assets (Continued)

Management Response

The Library agrees with the finding. As noted in the fiscal year 2020 State Auditor's Report, the Library removed an asset from the SCEIS asset system that was still in use. While attempting to correct this error, the Procurement Officer did so incorrectly even though SCEIS provided adequate direction on how to add the asset back to the system. This asset should have been recorded as a low value asset.

The Procurement Officer was sent to and completed additional procurement classes related to asset management during fiscal year 2022. We plan to begin an internal review of assets procured during the last three years and are planning to review our internal controls to determine if additional monitoring is needed in the asset management process.

Status of Prior Findings

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

We found no exceptions as a result of this procedure.