

**South Carolina
Attorney General's Office
Columbia, South Carolina**

State Auditor's Report

June 30, 2020



Independent Accountant's Report On Applying Agreed-Upon Procedures

August 23, 2021

The Honorable Alan Wilson, Attorney General
South Carolina Attorney General's 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 Attorney General's 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 management of the South Carolina Attorney General's 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 Attorney General's Office (E20)**

Cash Receipts/Revenues

1. Haphazardly select five 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.
 - 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 five non-payroll disbursements 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.

For federally funded cash disbursements/non-payroll expenditures selected, 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.

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 three journal entries and two transfers 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:
 - Grants and Contributions Revenue Reporting Package

Haphazardly select three grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and CFDA number to the SCEIS general ledger and SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.
 - Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Reporting Package

Agree reported amounts to supporting documentation.
 - Subsequent Events Questionnaire

Compare responses and required supplemental information to the SCEIS general ledger and Office prepared records. In addition, haphazardly select five payables from the Subsequent Events Accounts Payable Worksheet and determine if the amounts were properly classified, calculated, reported, and excluded from the original Accounts Payable Reporting Package submission.

Findings

Similar to the findings reported in the prior year, discrepancies were encountered with amounts reported for grants receivables and miscellaneous commitments.

Grants and Contributions Revenue Reporting Package – The receivable balance of the inspected grants was overstated by approximately \$11 million due to calculation errors on the reporting package.

Miscellaneous Commitments Reporting – A difference of approximately \$1,700 was encountered between Office supporting documentation and total commitments reported through the reporting package process.

Management Response

Grants and Contributions Revenue Reporting Package – Payables from the prior year were included in the reporting package in error resulting in the overstatement of receivables mentioned above. The reporting package will be thoroughly examined by two levels of management prior to final submission to the CG to ensure accuracy.

Reporting Packages (Continued)

Management Response (Continued)

Miscellaneous Commitments Reporting – The error occurred due to the sub grants accounting operations being conducted from two separate systems. All sub grant award management including request for reimbursements to subrecipients are managed in the grants management system of the Office. All payables and receivables from sub grant awards are recorded in SCEIS. There is a delay in when the documents are approved in the grants management system and posting of payables and receivables recorded in SCEIS. This can create timing discrepancies in reporting grant subrecipient balances for the reporting package. The Office is seeking a new grants management system that will work in conjunction with SCEIS to ensure adequate cross referencing of grant transactions and accurate and timely reporting of grant activity between the two systems.

Composite Reservoir Accounts

8. Obtain a listing of Office composite reservoir accounts and inquire of Office management that the listing is complete.
9. Obtain three haphazardly selected monthly reconciliations from all composite reservoir accounts, and perform the following procedures:
 - Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with Office procedures.
 - Agree applicable amounts from reconciliations to the general ledger.
 - Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
 - Determine if reconciling differences were explained and resolved.
 - Determine if adjusting entries were made in the accounting records.
10. Haphazardly select and inspect five composite reservoir account receipts to determine that they were properly described and classified in the accounting records and that they were recorded in the proper fiscal year.
11. Haphazardly select and inspect five composite reservoir account disbursements to determine that they were properly classified in the accounting records, were actual disbursements of the Office, and that goods and/or services were procured in accordance with Office procedures.

Findings

Supporting documentation for one of the bank reconciliations inspected did not explain the differences between the book balance and the bank balance. In addition, the receipt date of two of the inspected receipt transactions could not be determined through the supporting documentation.

Management Response

The Clerk of Court's Office closely monitors the finance procedures to ensure all reporting and reconciliations of the Composite Reservoir Accounts meet the guidelines of the CG's Reporting Policies and Procedures. Our office will review and update procedures to ensure proper receipting procedures and bank reconciliations are in accordance with the CG's guidelines.

Assets and Personal Property

12. 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.

Assets and Personal Property (Continued)

13. 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.

Office-Specific Provisos

14. Determine compliance with Office-specific state provisos (59.5 – Securities Fee Revenue, 59.13 – Crime Victims Ombudsman, 59.14 – State Crime Victim Compensation Department) by inquiring with management and observing supporting documentation, where applicable.

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 if the Office has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined that the Office has taken adequate corrective action on the findings, except as described in the findings of the Reporting Packages section above.