

South Carolina Arts Commission

Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2024

and

Selected Procedures

For the Fiscal Year Ended June 30, 2023



Independent Accountant's Report on Applying Agreed Upon Procedures

October 1, 2024

Mr. David Platts, Executive Director
and
Members of the Commission
South Carolina Arts Commission
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 Arts Commission (the Commission) for the fiscal year ended June 30, 2024, and selected procedures for the fiscal year ended June 30, 2023. The Commission's management is responsible for the systems, processes and behaviors related to financial activity.

The Commission'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 Commission 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 Commission for the engagement periods. 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 Commission's management. Management of the Commission has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Up on Procedures:

- Errors of less than \$500 related to reporting packages.

We are required to be independent of the Commission 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 governing body and management of the South Carolina Arts 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.

George L. Kennedy, III
State Auditor

**South Carolina Office of the State Auditor
Schedule of Agreed-Upon Procedures Related to the South Carolina Arts Commission (H910)**

The following procedures were performed for the fiscal year ended June 30, 2024:

Cash Receipts/Revenues

1. Haphazardly select five cash receipts and inspect receipts, subawards, and RCV Bank Deposits and observe that:
 - Receipts agree with the general ledger as to amount, date, payor, and account classification.
 - Receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2024 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by SC Code of Laws 11-35-3820 or 56-3-7200(A).
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Non-Payroll Disbursements

2. Haphazardly select five non-payroll disbursements and inspect invoices and grant awards and observe that:
 - Disbursement's supporting documentation agrees to the general ledger as to vendor, amount, date, and account classification.
 - Disbursement approval was performed by an individual other than the preparer, with proper authority.
 - Disbursement is a valid expenditure of the Commission.
 - Disbursement is recorded in the proper fiscal year.

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

- Disbursements was in accordance with the requirements and period of performance of the program and was properly reported on the South Carolina Enterprise Information System (SCEIS) Business Warehouse Schedule of Federal Awards (SEFA) report as to fund source, reportability, federal sponsor, and assistance listing number.

For procurements over \$10,000, inspect supporting documentation to determine:

- Disbursement complies with South Carolina Code of Laws 11-35-710(A) or 11-35-1550.

We found no exceptions as a result of the procedure.

Purchasing Card Transactions

3. Haphazardly select five purchasing card transactions from the Office of Comptroller General (CG) listing of purchasing card transactions and inspect monthly purchase summaries and applicable receipts and observe that:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with the Commission's policies and procedures.
 - The purchase is a valid expenditure.
 - The monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and appropriate reviewer.

Purchasing Card Transactions (Continued)

- The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.
- The purchase did not exceed the procurement code's small purchase, no competition limit set forth in Section 11-35-1550(2)(a).

We found no exceptions as a result of the procedure.

Payroll

4. Haphazardly select five employees who terminated employment and observe that they were removed from the payroll in accordance with the best practices established by the South Carolina Human Resources Division, and that their last paycheck, including any leave payout or comp time, was properly calculated.
5. Haphazardly select five employees hired and observe that they were added to the payroll in accordance with the best practices established by the South Carolina Human Resources Division and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedure.

Journal Entries and Transfers

6. Haphazardly select five journal entries and transfers and inspect Journal Entry Documentation Forms and observe that the journal entries and transfers are valid and approved by someone with proper authority and different from the preparer.

We found no exceptions as a result of the procedure.

Assets and Personal Property

7. Haphazardly select twenty paintings from the Commission's asset inventory records and observe their existence at the Commission.
8. Inspect the inventory of personal property, excluding expendables, provided by the Commission and observe that it 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 procedure.

Travel Advances

9. Haphazardly select five travel advances from G/L Account 5052010000 and inspect Travel Cash Advance Expense Reports and receipts to observe that:
 - The travel advance was not made to an employee for travel within the state without proper approval from the CG.
 - The travel advance was not made for more than 80% of the estimated amount of total travel expenses or made in instances where 80% of the estimated travel expense does not exceed \$250.
 - The Commission maintained adequate records/supporting documentation regarding the advance.
 - The travel advance was submitted for approval no later than seven business days prior to the beginning of the trip.
 - The traveler repaid the advance within thirty days after the end of the trip.

Findings

For one out of five travel advances, an employee, the traveler, did not repay the advance within thirty days after the end of the trip.

Travel Advances (Continued)

Management Response

We agree with this finding. Finance staff will add a layer of review to all travel advance transactions and remind staff of the policy to repay the advance within 30 days of the end of the trip.

Appropriation Act / Agency-Specific Provisos

10. Determine compliance with Commission-specific state provisos (28.5 Distribution to Subdivisions) by inquiring with management and observing the Allocation and Aid Expenditures Reports, where applicable.

We found no exceptions as a result of the procedure.

Non-Recurring Revenue Proviso 118.19

11. Through inquiry of management and inspection of the SCEIS General Ledger, observe that the Commission complied with Proviso 118.19 of the fiscal year 2024 Appropriation Act regarding nonrecurring revenue received during the fiscal year.

We found no exceptions as a result of the procedure.

The following procedures were performed for the fiscal year ended June 30, 2023:

Reporting Packages

12. Inspect fiscal year end reporting packages submitted to the CG's Office. Compare responses on the Master Reporting Package Checklist and any required supplemental information to the South Carolina Enterprise Information System (SCEIS) general ledger and Commission prepared records.

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

- Accounts Payable Reporting Package

Agree amounts to SCEIS general ledger, SCEIS Yearend Reporting – Prior Year Payables with Vendor report and the Commission prepared records.

- Grants and Contributions Revenue Reporting Package

Haphazardly select five grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and assistance listing number to the SCEIS general ledger or SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.

We found no exceptions as a result of the procedure.

Status of Prior Findings

14. Through inquiry of management and inspection of supporting documentation, observe that the Commission took appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined that the Commission has taken adequate corrective action on all prior engagement findings.