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State Auditor's report June 30, 2019

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**SOUTH CAROLINA
PROCUREMENT REVIEW PANEL
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2019



Independent Accountant's Report on Applying Agreed-Upon Procedures

March 24, 2020

Mr. C. Brian McLane, Sr., Chairman
South Carolina Procurement Review Panel
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Procurement Review Panel (the Panel), on the systems, processes and behaviors related to financial activity of the Panel for the fiscal year ended June 30, 2019. The Panel's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted 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 an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Panel. Accordingly, we do not express 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 Panel 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.

This report is intended solely for the information and use of the management of the South Carolina Procurement Review Panel 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 Procurement Review Panel (S60)**

Cash Disbursements/Non-Payroll Expenditures

1. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Panel procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Panel procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Panel.
 - The transaction is properly classified in the general ledger.
 - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy / confirm proper sales/use tax.

We found no exceptions as a result of the procedure.

Journal Entry

2. Inspect the sole (one) journal entry for the fiscal year to:
 - Trace posting 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 procedure.

Reporting Packages

3. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
4. In addition to the procedure above, perform the following:
 - Capital Assets Reporting Package

Determine if responses and reported amounts are reasonable/accurate based on inspection of the South Carolina Enterprise Information System (SCEIS) general ledger, the SCEIS Asset History Sheet and/or Panel prepared records.
 - Operating Leases Reporting Package

Confirm that the Panel submitted copies of all leases to the CG in accordance with the CG's Reporting Package Instructions.

Reporting Packages (Continued)

- Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and/or Panel prepared records.

Finding:

During our inspection of reporting package submissions, we observed that the Master Reporting Checklist was submitted late. The checklist was due on 7/5/19, but it was submitted on 7/8/19.

Management's Response:

Due to extenuating circumstances (death of a family member), the Administrative Coordinator was out of the office at the time the report was due. The Administrative Coordinator will work with the Staff Attorney to implement a backup strategy in the event of a similar emergency.

Assets and Personal Property

5. Select the sole (one) capital asset acquisition and inspect supporting documentation, the SCEIS general ledger and the SCEIS Asset History Sheet to determine that the asset was properly capitalized and posted to the general ledger as to amount and account and assigned the proper useful life in accordance with the CG's Reporting Policies and Procedures Manual.
6. Confirm that an inventory of Panel 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.

Governance, Risk and Compliance (GRC) SCEIS Module

7. Select the sole (one) control identified through the SCEIS GRC system that was updated during fiscal year 2019 and confirm with management the control is operating as designed.

We found no exceptions as a result of the procedure.

Panel-Specific Proviso

8. Confirm compliance with the sole (one) Panel-specific state proviso by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedure.

Status of Prior Finding

9. Through inquiry and inspection, determine if the Panel has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We identified a similar finding regarding the timely submission of reporting packages, see finding at **Reporting Packages**.