South Carolina
Office of the Adjutant General

Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2025

and

Selected Procedures
For the Fiscal Year Ended June 30, 2024

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

Independent Accountant's Report on Applying Agreed Upon Procedures

September 5, 2025

Major General Robin B. Stilwell
Adjutant General
Office of the Adjutant General
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 Office of the Adjutant General (the Office) for the fiscal years ended June 30, 2025, and June 30, 2024. 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 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 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 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.

Brian A. Wilson, CPA
Senior Audit Manager

Attachment 1

South Carolina Office of the State Auditor
Agreed-Upon Procedures Related to the Office of the Adjutant General (E24)

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

Reporting Packages

1. Compare responses on the Master Reporting Package Checklist and any required supplemental information submitted to the South Carolina Enterprise System (SCEIS) or Office prepared records to observe the accuracy of the responses.

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

    a. Grants and Contributions Reporting Package

    Haphazardly select ten grants and agree the reported beginning and ending fund balances, receipts, expenditures, fund, grant number, accounts payable amounts, and assistance listing number to the prior year package, SCEIS general ledger, or SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.

    b. Capital Assets Reporting Package

    Observe if responses and reported amounts are accurate based on inspecting the Office's Asset History Report, Capital Projects Schedule, and ZGLA report and through inquiry with management.

    c. Accounts Payable Reporting Package

    Haphazardly select five payables to observe if reported amounts were properly identified, classified, and reported based on the inspection of the SCEIS general ledger, SCEIS *Yearend Reporting – Prior Year Payables with Vendor* report, SCEIS *Yearend Reporting – Inter-Agency Prior Year Payables* report, and Office prepared records.

    d. Lease Reporting Package

    Haphazardly select five leased assets and observe that:

    - The payment schedule in the reporting package agrees to the lease calculator provided by the Office.
    - The lease calculator agrees to information from the lease agreement, and the interest rate aligns with the South Carolina Comptroller General's Office (CG) guidance
    - The principal amount for each leased asset agrees to the asset's value on the SCEIS *Asset History Sheet*
    - The Office accurately recorded the principal and interest payments reported on the payment schedule for each selected lease in the general ledger as to the amount and account for fiscal year 2024.

    e. Subsequent Events Questionnaire

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

Findings

Grants and Contributions Reporting Package – The reported beginning fund balance for one grant did not agree to the ending balance on the Office's prior package.

Lease Reporting Package – The interest rate for three leases did not agree with the prescribed interest rate as stated by the CG's guidance. Additionally, the Office was unable to provide the correct lease calculator for one lease.

Reporting Packages Findings (continued)

Subsequent Events Questionnaire – The Office was unable to provide supporting documentation for the Subsequent Events Accounts Payable Worksheet. OSA was able to confirm three out of five Subsequent Events Accounts Payable amounts but was unable to confirm the other two.

Management's Responses

Grants and Contributions Reporting Package – The Office concurs with the finding. This appears to be a keying error. The Office will continue to use a preparer and reviewer for all year end packets to assist in identifying and preventing entry errors.

Lease Reporting Package – The Office concurs with the finding. The Office recently filled the role of Capital Project/Lease Accountant. The new employee is currently working by the CG's guidance to verify lease calculators and lease agreements, and to verify all items are stored on the network drives for easy access. The Office's lease reconciliation and policy/procedures will be implemented by November 01, 2025.

Subsequent Events Questionnaire – The Office concurs with the finding. Unfortunately, due to 100% Budget and Finance Department staff turnover or realignment from the prior year, the Office was unable to locate the requested information. The current Budget and Finance Department staff has been trained on properly storing all data on network drives in the appropriate closing folders. For future submission, the Budget and Finance Department will add documents to the files explaining how each packet was completed for that specific year.

Office-Specific Provisos

3. Observe compliance with Office-specific state provisos (100.3 – Event Parking Contracts and 100.17 – Use of Capital Funds – McEntire) by inquiring with management and observing supporting documentation.

   We found no exceptions as a result of the procedure.

The following procedures were performed for the fiscal year ended June 30, 2025:

Journal Entries and Transfers

4. Haphazardly select seven journal entries and three transfers and inspect journal entry forms to 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

5. Haphazardly select ten capital asset acquisitions and inspect invoices to observe 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 Office did not capitalize all costs of two items. Additionally, the Office combined two separate assets into the same asset number.

Management's Response

The Office concurs with the finding. This issue seems to occur when an asset has multiple funding lines. The CFO and Asset Manager will be working together to create a step-by-step process that requires a member of Budget and Finance to verify the lines of accounting and the amount each asset is settled. The Office Asset Capitalization policy/procedures will be implemented by November 01, 2025

Status of Prior Year Findings

6. Through inquiry of management and inspection of supporting documentation, observe that 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 prior findings except for the findings above.