

**South Carolina
State Election Commission**

Columbia, South Carolina

State Auditor's Report

For the Period of July 1, 2024, to May 31, 2025

and

**Selected Procedures
For the Fiscal Year Ended June 30, 2024**



Independent Accountant's Report on Applying Agreed Upon Procedures

July 31, 2025

Mr. Howard M. Knapp, Executive Director
and
Members of the South Carolina State Election 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 State Election Commission (the Commission) for the period July 1, 2024, to May 31, 2025, and the fiscal year ended June 30, 2024. 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.

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 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.

Vickie C. Funk, CPA
Senior Audit Manager

**South Carolina Office of the State Auditor
Agreed - Upon Procedures Related to the South Carolina State Election Commission (E280)**

The following procedures were performed for the period July 1, 2024, through May 31, 2025:

Cash Receipts/Revenues

1. Haphazardly select fifteen cash receipts and inspect receipts, checks and deposit slips to observe that:
 - Receipts agree with the general ledger as to amount, date, payor, and account classification.
 - Receipt was deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2025 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by South Carolina Code of Law Sections 7-3-20(D)(13), 7-5-10(7)(D), 11-35-3820, or state proviso 102.1.
 - Receipts are recorded in the proper fiscal year.

Finding

For one of fifteen receipts inspected, the Commission coded the sale of voter registration data to the State Run Primaries – Filing Fees general ledger account when it should have been coded to the Sale of Listings and Labels general ledger account. For a different inspected receipt, the Commission coded unclaimed funds returned by the State Treasurer’s Office to the Refund of Prior Year Expenditures general ledger account when it should have been coded to the Unclaimed Property general ledger account.

Management Response

We acknowledge the incorrect coding of receipts and have taken corrective action. Our internal documentation and revenue coding guides are being updated to reinforce proper account usage. The necessary corrections have been made in the system, and going forward, all transactions will be reviewed by a secondary approver to help prevent recurrence.

While we understand this has been identified as a finding, it is difficult to determine whether we would have detected and corrected the issue independently before year-end. As part of our standard year-end closeout process, we routinely review transactions and make journal entries to correct any discrepancies identified at that time.

Non-Payroll Disbursements

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

For procurements over \$10,000, inspect invoices and approvals to observe that:

- Disbursement is in compliance with the South Carolina Procurement Code.

Finding

For one of ten disbursements selected for inspection, the transaction exceeded the \$10,000 threshold that would require compliance with the South Carolina Procurement Code. The purchase of ballot bags totaled \$32,481 but the Commission did not use the methods of source selection or obtain competitive bids as required under South Carolina Code of Laws Section 11-35-1510. Additionally observed, for the same disbursement, the Commission failed to pay use taxes.

Non-Payroll Disbursements (Continued)

Management Response

We acknowledge the oversight in procurement compliance and use tax remittance. Procurement staff will undergo refresher training on competitive procurement requirements and source selection procedures. We are implementing an internal procurement checklist for purchases exceeding \$10,000 to ensure compliance with applicable laws.

Purchasing Card Transactions

3. Haphazardly select ten purchasing card transactions from the Office of Comptroller General (CG) listing of purchasing card transactions and inspect monthly purchase summaries and applicable receipts to observe that:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Commission 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.
 - 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) unless approval was obtained in accordance with Section IID of the Division of Procurement Services' *South Carolina Purchasing Card Policy and Procedures*.

We found no exceptions as a result of the procedure.

Lodging Card Transactions

4. Haphazardly select ten lodging card transactions from the CG listing of lodging card transactions and inspect monthly purchase summary and hotel folios to observe that:
 - Lodging costs do not exceed the current maximum lodging rates as established by the U.S. General Services Administration without written approval of the agency head prior to incurring the expenditure.
 - Lodging expenditures charged to the card were not for State employees whose headquarters or place of residence is within 50 miles of the lodging facility.
 - Lodging costs were for lodging, taxes, any required charges such as parking and were not used to pay for conferences, charges related to conferences, or any other events.
 - A detailed folio was submitted along with the monthly statement when payment was requested.
 - Travel advances were not allowed for lodging costs placed on this card.

We found no exceptions as a result of the procedure.

Payroll

5. Haphazardly select five employees who terminated employment to 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.
6. Haphazardly select five employees hired to 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.
7. Haphazardly select five bonus payments to observe that:
 - The bonuses received during the year did not exceed \$3,000.
 - The payment amount agreed to the Off-Cycle Bonus Payroll Request Form and the bonus was given in accordance with Commission policy.
 - The bonus pay was approved by the appropriate supervisor.

Payroll (Continued)

Findings

For one of five employees who terminated during the period, the incorrect termination date was keyed into SCEIS, resulting in an overpayment of approximately \$170. Additionally, two employees were not timely removed from the system in accordance with the best practices established by the South Carolina Human Resources Division.

Management Response

We respectfully disagree with the portion of the finding stating that we failed to follow state HR best practices, as there is no statute or formal requirement mandating adherence to those specific practices. However, we recognize the value of the recommendation and will take it under advisement.

We would also like to clarify that, aside from the one instance where an incorrect termination date was entered—resulting in an overpayment of approximately \$170, which has been addressed—no other employees flagged in the agreed-upon procedures were overpaid. While there were delays in removing two employees from the system, those individuals were not paid beyond what they were owed.

To help prevent similar issues in the future, HR has implemented standardized onboarding and offboarding checklists. The offboarding checklist includes a required step for timely system access removal, aligned with South Carolina Human Resources Division best practices. Additionally, HR will now conduct a file audit after an employee receives their first paycheck, documenting compliance in the designated audit section of the checklist.

These actions are intended to strengthen internal controls and improve the accuracy and timeliness of personnel system updates.

Journal Entries

8. Haphazardly select five journal entries and inspect journal entry documentation and invoices 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 and Personal Property

9. Select five 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*.
10. Haphazardly select five assets from the SCEIS *Asset History Report* and observe their existence and agree them to the Commission's fiscal year asset inventory.
11. Inspect the inventory of personal property, excluding expendables, provided by the Commission to observe that it was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

Findings

Capital Asset Acquisitions - Infrastructure maintenance fees were excluded from the historical cost of three vehicles selected for inspection. A similar finding was reported in the prior year State Auditor's Report.

Asset Observations - For one asset selected for observation from the SCEIS *Asset History Report*, the Commission retired the bus in a prior fiscal year but failed to remove the asset from SCEIS.

Assets and Personal Property (Continued)

Management Response

We acknowledge the omission of infrastructure maintenance fees from the historical cost of the vehicles, as well as the failure to retire a previously disposed asset in SCEIS. To address these issues, we have contacted SCEIS for clarification on proper asset creation and cost allocation procedures. A step-by-step internal guide is being developed to ensure all associated costs—such as infrastructure fees, taxes, installation, and shipping—are accurately captured in the asset's historical cost.

Additionally, we are reviewing all retired assets and will work to clean up records in SCEIS to ensure asset data is complete and accurate. These measures will help prevent recurrence and improve compliance with asset reporting requirements.

Appropriation Act / Agency-Specific Provisos

12. Observe compliance with Commission-specific state provisos 102.7 (ELECT: Training & Certification Program) and 102.11 (ELECT: Use of Election Funds) by inquiring with management and observing the training schedule and list of funding per county, where applicable.

We found no exceptions as a result of the procedure.

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

Reporting Packages

13. Inspect fiscal year end reporting packages submitted to the CG. Compare responses on the Master Reporting Package Checklist and any required supplemental information to the South Carolina Enterprise Information System (SCEIS) general ledger or Commission prepared records.
14. 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, expenditures, fund, grant number, accounts payable amounts, and Catalogue of Federal Domestic Assistance number (now known as 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.
 - Prepaid Expenses Reporting Package

Agree amounts to the Commission prepared records. Haphazardly select three prepaid expenses and observe that the amounts were properly classified, calculated, and reported.
 - Subsequent Events Questionnaire

Compare responses on the Subsequent Events Questionnaire to SCEIS or Commission prepared records. Observe that any required supplemental information was properly completed and submitted to the CG as directed by the questionnaire. In addition, haphazardly select up to 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 Reporting Package - For one of three grants selected for inspection, the expenditures reported on the package did not agree with the grant expenditures recorded in the SCEIS general ledger.

Reporting Packages (Continued)

Prepaid Expenses Reporting Package - The Commission was unable to provide documentation supporting the amounts reported on the reporting package.

Subsequent Event Questionnaire - On the Accounts Payable Worksheet, the Commission improperly classified accounts payable related to county distributions as vendor payables instead of intergovernmental payables.

Management Response

We acknowledge the discrepancies identified in the Reporting Packages. Staffing changes during the reporting period affected our ability to retrieve certain files used to verify submitted information. We take full responsibility and have implemented procedures to improve documentation and oversight going forward.

All supporting documentation for reporting packages will now be electronically scanned and stored on the shared drive to ensure accessibility by authorized personnel. Additionally, we are strengthening our review process to ensure reported expenditures align with the SCEIS general ledger and that all payables are accurately classified. Supporting documentation for all reported amounts will be reviewed and verified prior to submission to improve accuracy and compliance.

Status of Prior Findings

15. Through inquiry of management and inspection of personal property inventory, excluding expendables, observe that the Commission has taken 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 the findings reported during the prior engagement, except as described in the Capital Asset Acquisitions section of this report.