

**SOUTH CAROLINA STATE AGENCY
OF VOCATIONAL REHABILITATION**

WEST COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2020



Independent Accountant's Report on Applying Agreed-Upon Procedures

April 22, 2021

Ms. Felicia W. Johnson, Commissioner
and
Members of the Board of Directors
South Carolina State Agency of Vocational Rehabilitation
West 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 Agency of Vocational Rehabilitation (the State Agency) for the fiscal year ended June 30, 2020. The State Agency's management is responsible for the systems, processes and behaviors related to financial activity.

The State Agency'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 State Agency 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 State Agency 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 State Agency's management. Management of the State Agency 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 State Agency 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 State Agency, 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 State Agency of Vocational Rehabilitation (H73)**

Payroll

1. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll and that the employee's last pay check and leave payout were properly calculated.
2. Haphazardly select five employees hired during the fiscal year to determine if their start dates were added to the payroll correctly and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

3. Haphazardly select three journal entries and two transfers for the fiscal year and:
 - Trace postings to the general ledger and supporting documentation.
 - Determine transaction is properly approved.
 - Inspect supporting documentation to determine the purpose of the transaction.

We found no exceptions as a result of the procedure.

Reporting Packages

4. Inspect fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Compare the Master Reporting Package Checklist to reporting packages that were submitted. Compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
5. In addition to the procedure above, perform the following:
 - Other Receivables Reporting Package

Haphazardly select five items and determine if reported amounts are accurate based on inspection of the South Carolina Enterprise Information System (SCEIS) general ledger, the *SCEIS Yearend Reporting - Accounts Receivable Current with Customer* report and State Agency prepared records.
 - Inventory Reporting Package

Determine if reported amounts agree to the *SCEIS Yearend Reporting - Inventory* report and State Agency records. Haphazardly select two work training centers and compare the number of items from the physical count sheets to the quantity listed in SCEIS.

Reporting Packages (Continued)

- Operating Leases Reporting Package

Agree applicable effective dates and future minimum lease payments on the Future Minimum Lease Payment Schedule ("Schedule") to the prior year Schedule. Additionally, agree the total cost of property leases to others and the future rental payments to be received to amounts reported in the prior year reporting package.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and State Agency 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.

We found no exceptions as a result of the procedures.

Composite Reservoir Accounts

6. Obtain a listing of State Agency composite reservoir accounts and inquire of State Agency management that the listing is complete.
7. Determine compliance with the Bank Account Transparency and Accountability proviso of the Appropriation Act.
8. Obtain fiscal year monthly reconciliations for each composite reservoir account, and for a total of two haphazardly selected reconciliations (one from each composite account), perform the following procedures:
 - Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with State Agency 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.
9. Haphazardly select and inspect five composite reservoir account disbursements to determine if these disbursements were properly classified in the accounting records, were disbursements of the State Agency, and that goods and/or services were procured in accordance with State Agency procedures.

We found no exceptions as a result of the procedures.

Assets and Personal Property

10. Haphazardly select five capital asset acquisitions and inspect supporting documentation. Agree the acquisitions to the SCEIS general ledger and the SCEIS *Asset History Sheet* to determine that each asset was properly capitalized, 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.

Assets and Personal Property (Continued)

11. Through inquiry of management and inspection of supporting documentation, determine that an inventory of State Agency 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.

Appropriation Act / State Agency-Specific Provisos

12. Determine compliance with the selected agreed-upon State-Agency specific state provisos (32.1, 32.2 & 32.6) by inquiring with management and observing supporting documentation, where applicable.
13. Through inquiry of management and inspection of supporting documentation, determine State Agency compliance with Proviso 118.16 of the fiscal year 2020 Appropriation Act regarding nonrecurring revenue received during the fiscal year.

We found no exceptions as a result of the procedures.

Status of Prior Finding

14. Through inquiry of management and inspection of supporting documentation, determine if the State Agency has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedures.