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**South Carolina
Human Affairs Commission**

Columbia, South Carolina

State Auditor's Report

**For the Fiscal Year Ended June 30, 2022
and**

Selected Procedures

For the Fiscal Year Ended June 30, 2021



Independent Accountant's Report on Applying Agreed Upon Procedures

August 12, 2022

Ms. Janie A. Davis, Commissioner
and
Members of the Commission
South Carolina Human Affairs 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 Human Affairs Commission (the Commission) for the fiscal years 2021 and 2022. 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 fiscal years 2021 and 2022. 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 \$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 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 Human Affairs 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, CPA
State Auditor

**South Carolina Office of the State Auditor
Agreed-Upon Procedures – South Carolina Human Affairs Commission (L36)**

The following procedures were performed for the fiscal year ended June 30, 2021:

Reporting Packages

1. Inspect fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) or Commission prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
2. In addition to the procedure above, perform the following:
 - Accounts Payable Reporting Package

Agree amounts to the SCEIS general ledger, SCEIS *Yearend Reporting - Prior Year Payables with Vendor* report and Commission prepared records. In addition, haphazardly select three payable transactions to determine if reported amounts were properly identified, classified, and reported on the reporting package.
 - Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Commission prepared records.

We found no exceptions as result of the procedures.

The following procedures were performed for the fiscal year ended June 30, 2022:

Cash Receipts/Revenues

3. Haphazardly select five cash receipts transactions and inspect supporting documentation to determine:
 - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, and account classification.
 - Revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2022 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by law.
 - Receipts are recorded in the proper fiscal year.

Finding

Similar to the finding reported in the prior year, \$118,539 of contracted sale of service revenue was recorded as unrestricted federal grant revenue and a pension funding credit totaling \$14,456 was recorded as photocopying fee revenue.

Management's Response

Both coding errors occurred due to changes in staffing and the lack of continuity in communication. In October 2020, the Administrative Program Manager over finance took another job and was replaced by an internal staffer. The internal staffer subsequently left employment in December 2021. As a result of these personnel changes, the Commission contracted with the Department of Administration to assist with finance matters in November 2020.

This finding will be shared with the new point person soon to be hired by the Commission to provide better internal support and continuity between the agencies.

Cash Disbursements/Non-Payroll Expenditures

4. Haphazardly select ten non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Commission procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
 - All supporting documents and approvals are present and agree with the invoice.
 - The transaction is an actual expenditure of the Commission.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.

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

- Charges are in accordance with the requirements of the program and incurred during the approved grant period.

We found no exceptions as a result of the procedures.

Payroll

5. Haphazardly select three employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Commission's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated.
6. Haphazardly select three employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Commission's policies and procedures, and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

7. Haphazardly select five journal entries and inspect supporting documentation to determine:
 - Postings in the general ledger agree to supporting documentation.
 - Transaction is properly approved.
 - The purpose of the transaction.

We found no exceptions as a result of the procedure.

Personal Property

8. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Commission property, excluding expendables, was completed during fiscal year 2022 as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of the procedure.

Status of Prior Findings

9. Through inquiry of management and inspection of supporting documentation, determine if the Commission has taken appropriate corrective action on the findings reported during the engagement for the fiscal year ended June 30, 2020.

We determined that the Commission has taken adequate corrective action on prior year findings, except as reported in the **Cash Receipts/Revenues** finding above.

Recommendation

Department of Housing and Urban Development (HUD) cooperative agreements –

We recommend the Commission consult with the federal awarding agency and the CG on how to properly record HUD reimbursements in the accounting system.