

**South Carolina Governor's Office –
Executive Control of State**

Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2022



Independent Accountant's Report on Applying Agreed Upon Procedures

March 28, 2023

Mr. Jason Epting, Director of Administrative Services
South Carolina Department of Administration
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 Governor's Office – Executive Control of State (the Office) for fiscal year ended June 30, 2022. 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 fiscal year ended June 30, 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 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-Up Procedures:

- Errors of less than \$1,000 related to non-payroll procedures.

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 South Carolina Governor's Office – Executive Control of State, 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 South Carolina Governor's Office – Executive Control of State (D05)

Cash Disbursements/Non-Payroll Expenditures

1. Haphazardly select ten non-payroll disbursements and inspect invoices to determine:
 - Disbursement is properly completed as required by Office procedures and invoice agrees with the general ledger as to vendor, amount, and date.
 - All approvals are present.
 - Disbursement is a valid expenditure of the Office.
 - Disbursement is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.

2. Haphazardly select ten attorney payments to determine if the payments were properly approved by the Attorney General's Office, did not exceed the approved limit, and were for services within the approved time period.

Finding

A disbursement for the purchase of furniture was incorrectly classified in the general ledger. The disbursement should have been recorded as a low value asset.

Management's Response

Management agrees with the finding. We have reviewed the finding with Accounts Payable (AP) staff. As of April 1, 2023, AP staff will review any supply expenditure/503 general ledger account in excess of \$2,499.99 to ensure proper classification.

Payroll

3. Haphazardly select ten employee payments during the fiscal year and:
 - Inspect the employees' payroll and/or personnel files for various forms, communications, etc., to determine that they are valid employees of the Office.
 - Recalculate each employee payment to confirm that the employee was paid in accordance with their approved personnel/budget action request form.

4. Haphazardly select ten employees who terminated employment during the fiscal year to determine if they were removed from the payroll system in accordance with the Office's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated.

Finding

The final paycheck for one temporary employee was improperly calculated resulting in an underpayment of \$50.

Management's Response

Management has added a layer of quality control to calculate the last paycheck of all temporary employees. This added layer should ensure that these issues are caught and corrected timely in the future. We are working on compensating the employee for the extra 5 hours as well.

Lease Reporting

5. Obtain the Lease Reporting Package to determine:
 - The payment schedule for each leased asset agrees to the lease provided by the Office.
 - The principal amount for each leased asset agrees to the asset's value on the SCEIS Asset History Sheet.
 - The lease principal and interest general ledger account balances in SCEIS agree to the payment schedule on the package for payments made during the fiscal year.

We found no exceptions as a result of the procedure.

Personal Property

6. Inspect the inventory of personal property, excluding expendables, to determine that it 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 procedure.

Status of Prior Finding

7. Through an inspection of attorney payments made during the fiscal year, determine if the Office has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We determined the Office has taken adequate corrective action on the prior year finding.