

**SOUTH CAROLINA  
STATE FISCAL ACCOUNTABILITY AUTHORITY**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2020**



## Independent Accountant's Report on Applying Agreed Upon Procedures

June 21, 2021

Mr. Grant Gillespie, Executive Director  
South Carolina State Fiscal Accountability Authority  
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 Fiscal Accountability Authority (the Agency) for the fiscal year ended June 30, 2020. The Agency's management is responsible for the systems, processes and behaviors related to financial activity.

The 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 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 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 Agency's management. Management of the 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 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 management of the South Carolina State Fiscal Accountability Authority, 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 Fiscal Accountability Authority (E55)**

**(Activity of the Insurance Reserve Fund was not subject to procedures 1, 2, and 4-9)**

**Cash Receipts/Revenues**

1. Randomly select ten 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 2020 Appropriation Act.
  - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriations Act.
  - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

**Cash Disbursements/Non-Payroll Expenditures**

2. Randomly select ten non-payroll disbursements and inspect supporting documentation to determine:
  - The transaction is properly completed as required by Agency procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
  - All supporting documents and approvals required by Agency procedures are present and agree with the invoice.
  - The transaction is a true expenditure of the Agency.
  - The transaction is properly classified in the general ledger.
  - Disbursements are recorded in the proper fiscal year.
  - Clerical accuracy.
3. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Agency policies.
  - The purchase is authorized based on the cardholder's job title/position.
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

## Payroll

4. Randomly select ten employee payments during the fiscal year to:
  - Inspect the employee's payroll and/or personnel file for various forms, communications, etc., to determine that the person is an actual employee of the Agency.
  - Agree payment to supporting documentation.
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 Agency's policies and procedures and that their last pay check, including any leave payout, was properly calculated in accordance with applicable State law.
6. Haphazardly select three employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Agency's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

## Journal Entries and Transfers

7. Haphazardly select three journal entries and two transfers 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 procedures.

## Reporting Packages

8. Obtain copies of fiscal year end reporting packages submitted to the CG. Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
9. In addition to the procedure above, perform the following:

- Other Receivables Reporting Package

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 Agency prepared records.

- Operating Leases Reporting Package

Agree amounts to the SCEIS general ledger, the SCEIS *Yearend Reporting Operating Lease Expense with Vendor* report and Agency prepared records. In addition, based on inspection of invoices and lease agreements, determine if rental payments were properly classified, coded and calculated by inspecting and recalculating the following reported amounts: (1) Five haphazardly selected payments included in the Other Detailed Rental Charges (PO Box Rentals, Month to Month Rentals, Cancelable Leases) ; and (2) The lease on the Future Minimum Lease Payment (FMLP) Schedule to determine that it was reported accurately and to determine the FMLP reported amounts were properly classified and calculated.

## Reporting Packages (Continued)

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Agency prepared records. In addition, haphazardly select three 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.

### Findings:

**Operating Leases Reporting Package** – No contingent rental payments were reported on the reporting package, but contingent rental payments were recorded in the accounting system.

**Subsequent Events Questionnaire** – One of the payables inspected was not paid within thirty business days from the receipt of the proper invoice in accordance with South Carolina Code of Laws Section 11-35-45.

### Management's Response:

We concur with the findings regarding the error in reporting contingent rental payments in the Operating Leases Reporting Package and the invoice identified in the Subsequent Events Questionnaire that was not paid within thirty business days from receipt. Applicable controls are being implemented to prevent similar findings from occurring in the future.

## Personal Property

10. Through inquiry of management and inspection of supporting documentation, determine that an inventory of 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.

## Agency-Specific Provisos

11. Determine compliance with the Agency-specific state provisos (104.5 – IRF Report, 104.7 – IT Planning Transfer) by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedures.