

**South Carolina
Office of Regulatory Staff
Columbia, South Carolina**

**State Auditor's Report
For the Period July 1, 2022, through April 30, 2023
and
Selected Procedures
For the Fiscal Year Ended June 30, 2022**



Independent Accountant's Report on Applying Agreed Upon Procedures

July 18, 2023

Ms. Nanette S. Edwards, Executive Director
South Carolina Office of Regulatory Staff
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 Office of Regulatory Staff (the Office) for the period July 1, 2022, through April 30, 2023, and the 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 engagement periods described above. 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 \$2,500 related to non-payroll procedures excluding the purchasing card procedure.

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 Office of Regulatory Staff, 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 the Office of the Regulatory Staff (R06)**

The following procedures were performed for the period July 1, 2022, through April 30, 2023:

Cash Receipts/Revenues

1. Haphazardly select twenty cash receipts and inspect invoices and deposit reports to determine:
 - Receipt agrees 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 2023 Appropriation Act.
 - Both revenue collections and amounts charged were properly authorized by SC Code of Laws 58-23-560, 58-23-1700(E)(F), 48-46-40, 48-46-60, 48-46-80, 59-90-280(E)(2)(a), 58-9-2535(A)(3), Proviso 73.6(E), Public Service Commission Order 2018-691, or federal awards.
 - Receipt was recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Cash Disbursements/Non-Payroll Expenditures

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

For federally funded cash disbursements/non-payroll expenditures, inspect invoices and approvals to determine:

- The disbursement complied with the requirements and period of performance of the program and was properly reported on the South Carolina Enterprise Information System (SCEIS) Business Warehouse Schedule of Federal Awards (SEFA) report as to fund source, reportability, federal sponsor, assistance listing number, fund type and grant type.
3. Haphazardly select ten purchasing card transactions from the reports of the banking institution and inspect monthly purchase summaries and applicable receipts to determine:
 - Cardholder was an authorized user and individual credit limits have been properly approved in accordance with the South Carolina Purchasing Card Policy and Procedures.
 - Purchase was a valid expenditure.
 - Monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and approved by the supervisor.
 - Purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.
 - Purchase did not exceed the South Carolina Procurement Code's small purchase, no competition limit set forth in Section 11-35-1550(2)(a).

We found no exceptions as a result of the procedures.

Payroll

4. Haphazardly select ten employees who terminated employment to determine if they were removed from the payroll system in accordance with the best practices established by the South Carolina Human Resources Division, and that their last paycheck, including any leave payout, was properly calculated.
5. Haphazardly select ten employees hired to determine if they were added to the payroll system in accordance with the best practices established by the South Carolina Human Resources Division and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

6. Haphazardly select seven journal entries and three transfers and inspect journal entry and transfer forms to determine that the journal entries and transfers are valid and approved by someone with proper authority different from the preparer.

We found no exceptions as a result of the procedure.

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

Reporting Packages

7. Inspect fiscal year end reporting packages submitted to the Office of the 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. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
8. In addition to the procedure above, perform the following:
 - Tax Revenue Reporting Package

Agree amounts to Office spreadsheet calculations.
 - Loans Receivable Reporting Package

For both funds, agree responses and reported balances on the Loan and Note Receivables Summary Form to loan schedules. Additionally, determine if the documentation compiled by the Office to justify a zero-balance allowance for uncollectable loan receivables for each fund complies with the requirements of the CG's *Reporting Policies and Procedures Manual*.
 - Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Reporting Package

Haphazardly select five individual commitments from the Significant Miscellaneous Commitments Report Form and agree to responses. Additionally, determine if the amounts were properly reported and calculated as described in the CG's *Reporting Policies and Procedures Manual*.

We found no exceptions as a result of the procedures.

Lease Reporting

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

We found no exceptions as a result of the procedure.

Assets and Personal Property

10. 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.
11. Haphazardly select eight assets from the *SCEIS Asset History Report* and observe their existence and agree them to the Office's fiscal year 2022 asset inventory.

We found no exceptions as a result of the procedures.