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**South Carolina
Aeronautics Commission**

West Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2021

And

**Selected Procedures
For the Fiscal Year Ending June 30, 2022**



Independent Accountant's Report on Applying Agreed Upon Procedures

May 16, 2022

Mr. James Stephens, Executive Director
and
Members of the Commission
South Carolina Aeronautics Commission
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 Aeronautics Commission (the Commission) for the fiscal years. 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. 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-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 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 Commissioners and management of the South Carolina Aeronautics 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 Related to the South Carolina Aeronautics Commission (U30)**

These 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) and 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:
 - Inventory Reporting Package
Agree amounts to the SCEIS *Yearend Reporting - Inventory* report. In addition, agree the Commission's reconciliation of physical inventory to the SCEIS general ledger and Commission prepared records.
 - Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Reporting Package
Haphazardly select seven commitments and confirm the remaining commitment balance at June 30, 2021 by inspecting Commission prepared records, Commission approvals, and total project expenditures recorded in SCEIS.

Finding

A discrepancy was observed between the inventory amount reported on the inventory reporting package and the Commission's supporting records which overstated the inventory reporting package balance by \$3,000.

Management Response

We agree with this finding. The miscalculation was due to a clerical error. The Department of Administration Finance department has reviewed the finding with the year-end reporting team to ensure a more complete review of inventory calculations and reporting.

Assets and Personal Property

3. Select all (three) capital asset acquisitions and inspect supporting documentation to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
4. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Commission 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.

These procedures were performed for the fiscal year ending June 30, 2022:

Cash Receipts/Revenues

5. Haphazardly select fifteen 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.

For rent of aircraft cash receipt transactions, also inspect supporting documentation to determine:

- The flight dates from the invoice agrees to a supporting flight log and the amount is calculated based on an appropriate hourly rate established by the Commission.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

6. Haphazardly select twenty 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, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.

7. Haphazardly select five purchasing card transactions from the CG's listing of purchasing card transactions for fiscal year 2022 and inspect supporting documentation to determine:
- The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Commission 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.

Finding

Two county distributions totaling \$500,000 of State appropriated funds were miscoded as allocations of other than State appropriated funds.

Management's Response

We agree with this finding. The Commission has coordinated with the Department of Administration Finance department to ensure all appropriate parties are aware of the issue and the correct account coding. In addition, the Commission will prepare a correcting journal entry for the account coding of these two items.

Journal Entries and Transfers

8. Haphazardly select two 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.

Lease Reporting

9. Obtain the Lease Reporting Package due on March 31, 2022, and agree Commission leased asset value to lease documentation. In addition, agree lease land principal and interest general ledger account balances in SCEIS as of March 31, 2022, to lease documentation.

We found no exceptions as a result of the procedures.

Flight Logs

10. Inspect the Commission's log of all flights online for public inspection and determine that any aircraft owned or operated by the Commission is used only for official business in compliance with Proviso 117.22 (State-Owned aircraft – Flight Logs) of the fiscal year 2022 Appropriation Act.

We found no exceptions as a result of the procedure.

Aviation Grants Process

11. Obtain a listing of Commission grants awarded during fiscal year 2022 and the grant program regulations in effect during that fiscal year. Haphazardly select two grants to determine if the Commission followed its grants process and addressed project priority, airport selection, and criteria for distribution of funds among eligible airports in accordance with Proviso 87.5 of the fiscal year 2022 Appropriation Act.

We found no exceptions as a result of the procedures.

Other Commission - Specific Provisos

12. Determine compliance with Commission-specific state provisos 87.2 (Office Space Rental), 87.3 (Funding Sequence), and 87.4 (Hangar/Parking Facilities) by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedure.