

**South Carolina
Workers' Compensation Commission**

Columbia, South Carolina

State Auditor's Report

For the Period July 1, 2023, through March 31, 2024

and

**Selected Procedures
For the Fiscal Year Ended June 30, 2023**



Independent Accountant's Report on Applying Agreed Upon Procedures

June 10, 2024

Members of the Commission
South Carolina Workers' Compensation 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 Workers' Commission (the Commission) for the period July 1, 2023, through March 31, 2024, and the fiscal year ended June 30, 2023. 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 engagement periods. 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.

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 management of the South Carolina Workers' Compensation 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 Workers' Compensation Commission
(R08)**

The following procedures were performed for the period July 1, 2023, through March 31, 2024:

Cash Receipts/Revenues

1. Haphazardly select ten cash receipts and inspect payment received logs 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 2024 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by South Carolina Code of Law Sections 42-5-40, 42-5-25, 42-5-40, and Proviso 74.2.
 - Receipt was recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Non-Payroll Disbursements

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

For procurements over \$10,000, inspect the Memorandum of Understanding to determine:

- Disbursement complies with South Carolina Code of Laws (11-35-710).

Purchasing Card Transactions

3. Haphazardly select ten purchasing card transactions from the Office of Comptroller General (CG) listing of purchasing card transactions and inspect monthly purchase summaries and applicable receipts to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Commission policies and procedures.
 - The purchase is a valid expenditure.
 - The monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and appropriate reviewer.
 - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.
 - The purchase did not exceed the procurement code's small purchase, no competition limit set forth in Section 11-35-1550(2)(a).

Purchasing Card Transactions (Continued)

Finding

Three out of the five monthly summary statements inspected were not properly signed by cardholders.

Management's Response

We agree the cardholder signatures were not found on all the card statements. The Commission experienced the loss of a key staff member during the time periods selected. This resulted in a disruption in the workflow during the recruitment period and during the training period of the new employee. As is evident from the transactions selected during the December – January period, proper training has been completed and the issue has been addressed. In addition, the Commission has implemented a checklist to be included with each cardholder's statement and the process will conclude with review and oversight by the Executive Director. This will ensure that new employees have a reference guide for proper training.

Payroll

4. Select all (five) employees who terminated employment to determine if they were removed from the payroll in accordance with the best practices established by the South Carolina Human Resources Division, and that their last paycheck, including any leave payout or comp time, was properly calculated.

Select four employees hired to determine if they were added to the payroll 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

5. Haphazardly select four journal entries and three transfers and inspect Journal entry Form and SCEIS Workflow Overview to determine that the journal entries and transfers are valid and approved by someone with proper authority and different from the preparer.

We found no exceptions as a result of the procedures.

The following procedures were performed for the fiscal year ended June 30, 2023:

Assets and Personal Property

6. Select all (two) capital asset acquisitions and inspect invoices 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.
7. Select all (one) capital asset retirements and inspect invoices to determine that each asset was approved for removal and removed from the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
8. Through inquiry of management and inspection of Asset Listing, determine that an inventory of Commission property, excluding expendables, was completed during the most recent fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of the procedures.

Reporting Packages

9. Inspect fiscal year end reporting packages submitted to the CG. Compare responses on the Master Reporting Package Checklist and any required supplemental information to the CG, SCEIS and Commission prepared records.
10. In addition to the procedure above, perform the following:
 - Subsequent Events Questionnaire

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

We found no exceptions as a result of the procedures.

Status of Prior Finding

11. Through inquiry of management and inspection of supporting documentation, determine the Commission has taken appropriate corrective action on the finding reported during the engagement for the fiscal year ended June 30, 2022.

We determined the Commission had taken adequate corrective action on the prior year finding, except as described in the finding for the Purchasing Card Transaction section above.