

**SOUTH CAROLINA  
SENTENCING GUIDELINES COMMISSION**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 1997**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 7, 1998

The Honorable David M. Beasley, Governor  
and  
Members of the Commission  
South Carolina Sentencing Guidelines Commission  
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the management of the South Carolina Sentencing Guidelines Commission (the Commission), solely to assist you in evaluating the performance of the Commission for the fiscal year ended June 30, 1997, in the areas addressed. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures and the associated findings are as follows:

1. We tested selected recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records; were bona fide disbursements of the Commission; and were paid in conformity with State laws and regulations and if accounting procedures and internal accounting controls over the reporting of the tested disbursement transactions were adequate to provide proper control over these transactions. The items selected for testing were chosen randomly. The total of the selected items was 43 percent of the aggregate amount of all recorded non-payroll disbursements. We found no exceptions as a result of the procedures.
2. We tested selected recorded payroll disbursements to determine if the tested payroll and fringe benefits were properly described, classified, and distributed in the accounting records; persons on the payroll were bona fide employees; and payroll transactions including employee payroll deductions were properly authorized by the employees and were in accordance with existing legal requirements and if accounting procedures and internal accounting controls over the reporting of the tested payroll transactions were adequate to provide proper control over these transactions. The items selected for testing were chosen randomly. The total of the selected items was five percent of the aggregate amount of all recorded payroll disbursements. We found no exceptions as a result of the procedures.

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3. We tested 100 percent of recorded journal entries and appropriation transfers to determine if these transactions were properly described and classified in the accounting records; the accounting procedures and internal accounting controls over the reporting of these transactions were adequate to provide proper control over these transactions; and they agreed with the supporting documentation, were adequately documented and explained, were properly approved, and were mathematically correct. The items selected for testing were chosen randomly. We found no exceptions as a result of the procedures.
4. We tested selected entries and monthly totals in the subsidiary records of the Commission to determine if the amounts were mathematically accurate; the numerical sequences of selected document series were complete; the selected monthly totals were accurately posted to the general ledger; and the accounting procedures and internal accounting controls over the tested transactions were adequate to provide proper control over the books of original entry and the general ledger. The items selected for testing were chosen randomly. We found no exceptions as a result of the procedures.
5. We obtained all monthly reconciliations prepared by the Commission for the year ended June 30, 1997, and tested selected reconciliations of balances in the Commission's accounting records to those in the State's accounting system (STARS) as reflected on the Comptroller General's reports to determine if they were accurate and complete. For the selected reconciliations, we recalculated the amounts, agreed the applicable amounts to the Commission's general ledger, agreed the applicable amounts to the STARS reports, determined that reconciling differences were adequately explained and properly resolved, and determined that necessary adjusting entries were made in the Commission's accounting records or STARS. The reconciliations selected for testing were chosen randomly. We found no exceptions as a result of the procedures.
6. We tested the Commission's compliance with all applicable financial provisions of the South Carolina Code of Laws, Appropriation Act, and other laws, rules, and regulations for fiscal year 1997 by performing the applicable tests and procedures listed on the State Auditor's Office's Appropriation Act 1997 work program. We found no exceptions as a result of the procedures.
7. We obtained a copy of the accompanying schedule of expenditures - budget and actual for the year ended June 30, 1997, and notes thereto prepared by the Commission and agreed the amounts by line-item appropriation within budgetary fund category thereon to the accounting records of the Commission. We checked the schedule and notes for mathematical accuracy. We found no exceptions as a result of the procedures.
8. We obtained copies of all closing packages as of and for the year ended June 30, 1997, prepared by the Commission and submitted to the State Comptroller General and reviewed them to determine if they were prepared in accordance with the Comptroller General's GAAP Closing Procedures Manual requirements; if the amounts were reasonable; and if they agreed with the supporting workpapers and accounting records. We found no exceptions as a result of the procedures.

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We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of the internal control structure over financial reporting described in paragraph one and procedures one through eight of this report. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit or review of the Commission's financial statements or any part thereof, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Edgar A. Vaughn, Jr., CPA  
State Auditor

**SOUTH CAROLINA SENTENCING GUIDELINES COMMISSION**

Schedule of Expenditures -  
 Budget and Actual - Budgetary General Fund  
For the Year Ended June 30, 1997

	<u>Legal Basis Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance</u>
<b>Expenditures:</b>			
Personal Services	\$106,842	\$ 97,540	\$ 9,302
Employer Contributions	27,500	22,009	5,491
Other Operating Expenses	24,000	23,064	936
<i>Special Item:</i>			
Miscellaneous Operations	<u>13,615</u>	<u>-</u>	<u>13,615</u>
<b>Total Expenditures</b>	<u>\$171,957</u>	<u>\$142,613</u>	<u>\$ 29,344</u>
<b>Lapsed to the State General Fund</b>	<u>\$ -</u>	<u>\$ 13,615</u>	<u>\$ (13,615)</u>

The accompanying notes are an integral part of this schedule.

# **SOUTH CAROLINA SENTENCING GUIDELINES COMMISSION**

Notes to Schedule

June 30, 1997

## **NOTE 1 - BUDGET POLICY**

The South Carolina Sentencing Guidelines Commission is granted an annual appropriation for operating purposes by the General Assembly. The appropriation as enacted becomes the legal operating budget for the Commission. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total funds. The Total Funds column in the Appropriation Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenues budget is not adopted for individual budgetary units. The General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit within budgetary fund category, State General Fund or other budgeted funds. Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the State's budgetary accounting system only if enough cash and appropriation authorization exist.

Transfers of funds may be approved by the State Budget and Control Board under its authority or by the agency as set forth in 1997 Appropriation Act Proviso 72.9. as follows: Agencies are authorized to transfer appropriations within programs and within the agency with notification to the Board's Division of Budget and Analyses and to the State Comptroller General. No such transfer may exceed 20 percent of the program budget. Transfers from personal services accounts or from other operating accounts may be restricted to any level set by the Board.

During the fiscal year-end closeout period in July, agencies may continue to charge vendor, interagency, and interfund payments for the fiscal year to that fiscal year's appropriations. Any unexpended State General Fund monies as of June 30 automatically lapse to the General Fund of the State on July 31 unless authorization is received from the General Assembly to carry over the funds to the ensuing fiscal year. State law does not require the use of encumbrance accounting.

State law does not precisely define the budgetary basis of accounting. The current Appropriation Act states that the General Assembly intends to appropriate all State funds and to authorize and/or appropriate the use of all other monies to operate State government for the current fiscal year. The State's annual budget is prepared primarily on the modified accrual basis of accounting with several exceptions, principally the cash disbursements basis for payroll expenditures.

The schedule of expenditures - budget and actual presents actual expenditures on the budgetary basis of accounting compared to the legally adopted and modified budget on a line-item expenditure basis. The level of legal control for each agency for each fiscal year is reported in a publication of the State Comptroller General's Office titled A Detailed Report of Appropriations and Expenditures.

# **SOUTH CAROLINA SENTENCING GUIDELINES COMMISSION**

Notes to Schedule

June 30, 1997

## **NOTE 2 - STATE APPROPRIATIONS**

The following is a reconciliation of the 1997 Appropriation Act as originally enacted by the General Assembly to amounts available for the South Carolina Sentencing Guidelines Commission's budgetary general fund expenditures as reported on Schedule 1 for the year ended June 30, 1997.

Original Appropriation	\$157,290
State Budget and Control Board Allocation for Employee Base Pay Increases and Related Employee Benefits (Proviso 17C.19.)	2,047
Supplemental Appropriation from 1995-96 Surplus General Fund Revenues for Statistician and Other Operating Expenditures	<u>6,000</u>
Revised Appropriation - Legal Basis	165,337
Plus: 1996 Appropriation Brought Forward (Proviso 72.44.)	<u>6,620</u>
Amount Available for 1997 Expenditures	<u>\$171,957</u>

1996-97 Appropriation Act Proviso 72.44. authorized the carry-forward of unspent State General Fund appropriations from the prior fiscal year into the current year. Pursuant to this proviso, the Commission brought forward \$6,620.

Pursuant to Proviso 72.44. of the 1997-98 Appropriation Act, the South Carolina Sentencing Guidelines Commission carried forward \$15,729 of unspent State General Fund appropriations from the current fiscal year into fiscal year 1998. This proviso authorized a maximum carry-forward of 10 percent of an agency's original appropriation with certain limitations for reductions and separate carry-forward authority.

In addition, Part V of the 1996-97 Appropriation Act provided a supplemental appropriation of \$6,000 from the State General Fund surplus revenues from fiscal year 1995-96 to be used for a statistician position and other operating expenditures. These funds were received in fiscal year 1996-1997.