



SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

Independence, Reliability, Integrity

HOUSE WAYS AND MEANS

Legislative, Executive, and Local Government Subcommittee

FY 24-25

Budget Presentation

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MISSION

Our mission is to perform independent, objective performance audits to help ensure that state agencies and programs are efficient, achieve desired outcomes, and comply with applicable laws. Our audits are conducted in accordance with generally accepted government auditing standards as set forth by the Comptroller General of the United States.

LEGISLATIVE MEMBERS

Senate

JUDICIARY COMMITTEE
Luke A. Rankin, Chairman
Wes Climer, Designee

FINANCE COMMITTEE
Harvey S. Peeler, Jr., Chairman

House of Representatives

JUDICIARY COMMITTEE
Wm. Weston J. Newton, Chairman

WAYS AND MEANS COMMITTEE
Bruce W. Bannister, Chairman

ORG CHART & FTEs

We have 19 filled FTE positions of the 26 authorized positions.

REQUESTS

Our audits are generated from three sources — legislative, mandated, and two oversight committees.

COUNCIL

We are governed by a Council of five public members elected by the General Assembly in a Joint Session for six-year terms. Council also includes four ex officio members or their designees.

BUDGET REQUEST

We are not requesting any additional recurring General Funds.

\$2,402,923 General Fund appropriation
\$400,000 Other Funds authorization

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PROVISO REQUEST SUMMARY

FY 24-25

Legislative Audit Council			
Proviso # (FY 22-23 Act)	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
91.11	LEG: Legislative Carry Forward	Funds appropriated and not expended during the fiscal year may be carried forward to be expended for the same purposes in the current fiscal year.	KEEP
91.19	LEG: LAC Matching Federal Funds	LAC can charge state agencies for federal funds, if available, for costs associated with audits and reviews.	KEEP

91.11. (LEG: Legislative Carry Forward) In addition to the funds appropriated in this section, the funds appropriated under Part IA, Sections 91A, 91B, 91C, 91D, and 91E for the prior fiscal year which are not expended during that fiscal year may be carried forward to be expended for the same purposes in the current fiscal year.

91.19. (LEG: LAC Matching Federal Funds) The Legislative Audit Council is authorized to use funds appropriated in this act as state matching funds for federal funds available for audits and reviews. The council is also authorized to charge state agencies for federal funds, if available, for the costs associated with audits and reviews. Agencies shall remit the federal funds to the Legislative Audit Council as reimbursement for the costs of audits and reviews.

2023 PROJECTS

AUDITS PUBLISHED

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STATE ELECTION PROCESS (JANUARY 2024)

We reviewed the overall process for handling elections, examined the state and county relationship regarding the administration of elections, and reviewed the process for maintaining voter registration records. We found numerous areas for potential improvement. In addition to other findings, we concluded, we found numerous areas for potential improvement. In addition to other findings, we concluded:

- The SEC should enter into an agreement with the S.C. Department of Probation, Parole and Pardon Services to obtain data, on a monthly basis, on probationers and parolees in order to properly reflect their status in the voter registration system.
- The General Assembly should amend state law to grant SEC the authority to reprimand, suspend, or terminate any board member or staff of a county election office if he/she fails to comply with state and federal election laws.
- The General Assembly should amend state law to stipulate that no South Carolina elections can use electronic poll books unless the machines pass a state certification program created and implemented by SEC.
- The General Assembly should amend state law to expand SEC's ability to require county election offices and facilities to meet a minimum physical security standard and to authorize SEC to appropriately sanction county election offices if they fail to satisfy minimum physical security standards.

We also found that SEC should dedicate a portion of unused Help America Vote Act funds to address the county election offices' physical security problems; SEC should implement the statewide asset management system it purchased in January 2022 as soon as possible; SEC should utilize its older vehicles before procuring additional vehicles for its fleet; the General Assembly should amend S.C. Code §7-13-72 to more accurately reflect the number of poll workers required to work on election day; and the General Assembly should amend state law to provide SEC the ability to sanction county election board members who are out of compliance with their training obligations.

We also conducted a follow-up review of our 2013 report to determine the implementation status of its recommendations.

Requesters:

Rep. Garry Smith	Rep. Lee Hewitt	Rep. Mike Burns	Rep. Mark Willis
Rep. Bobby Cox	Rep. Roget Nutt	Rep. Murrell Smith	Rep. Heather Crawford
Rep. Ryan McCabe	Sen. Billy Garrett	Rep. Tommy Pope	Rep. Joseph Bustos
Sen. Wes Climer	Rep. Chris Murphy	Sen. Dwight Loftis	Rep. Steven Long
Sen. Larry Grooms	Rep. Bart Blackwell	Rep. Chip Huggins	Rep. Russell Fry
Rep. Anne Thayer	Rep. Jason Elliott	Rep. Josiah Magnuson	Rep. Bill Taylor
Sen. Rex Rice	Rep. West Cox	Sen. Tom Corbin	Rep. Tim McGinnis
Sen. Scott Talley	Rep. R J May	Sen. Tom Young	Rep. Patrick Haddon
Sen. Sandy Senn	Rep. David Hiott	Rep. Stewart Jones	Rep. Bill Chumley
Rep. Vic Dabney	Rep. Melissa Oremus	Rep. Richie Yow	Rep. Bill Hixon
Rep. Ashley Trantham	Rep. Mark N. Smith	Sen. Richard Cash	Rep. Shannon Erickson
Sen. Penry Gustafson	Sen. Chip Campsen	Sen. Michael Johnson	Rep. Craig Gagnon
Sen. Josh Kimbrell	Sen. Tom Davis	Rep. John McCravy	Sen. Katrina Shealy

DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

PART 1 (MARCH 2023)

DDSN is unique in its structure and Commission involvement as compared to other states. We recommended that the General Assembly eliminate the Commission and make the agency a cabinet agency. We also found inappropriate Commissioner behavior including likely violations of FOIA, using their positions to access information for their own family members, micromanaging the agency, acting uncooperatively, and making time-consuming requests of agency staff.

Additionally, from 2019 to 2021, all Commission-related expenditures, including per diem and travel reimbursements, significantly increased from \$16,661 to \$84,472. Examples of other Commission expenses include items like custom tablecloths, plaque picture frames for all Commissioners, and a design of a separate Commission logo. We also found that one Commissioner's expenses were not always adequately documented regarding payment for this Commissioner's aide.

PART 2 (OCTOBER 2023)

Prior to this audit, we conducted audits of DDSN in 2008 and 2014. We found that there are some continuing issues noted in those audits that we also found during this audit:

- An adult abuse registry is still needed.
- Regional centers are not consistently and appropriately providing consumers training on their rights.
- The agency's response to allegations of abuse and neglect needs improvement. We found late reporting to entities charged with investigations, failure to review available videos of potential incidents, and allowing staff in violation of abuse, neglect, or exploitation (ANE) to resign in lieu of termination.
- Individuals on waiting lists for services are waiting even longer than in the past with the person on the top of the Intellectual Disability/Related Disabilities list waiting for over seven years to receive services.

- In 49% of the HR files reviewed in our sample, there was either no documentation of the required criminal background check, the checks were conducted after the employee was hired, or the criminal background checks were incomplete.
- Procurement issues ranged from inadequate documentation of sole source procurements to inaction in updating the procurement manual to reflect corrective plans the agency stated it would implement after an audit.

New issues noted in this audit included:

- DDSN has not supported the development of a state Olmstead plan.
- The agency has not supported the use of assistive technology or implemented Technology First, even though one of its providers has found success in this area.
- Although DDSN has installed cameras at its regional centers, we found that the video was not always viewed, the system deletes video after 60 days, and the agency does not have adequate maps indicating where the cameras are located.
- DDSN has withheld the fact that certain eligibility decisions can be appealed to the Administrative Law Court.

Requesters:

Sen. Katrina Shealy
 Sen. Shane Martin
 Sen. Shane Massey
 Sen. Tom Alexander
 Sen. Tom Davis

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL (AUGUST 2023)

DHEC does not follow its own hiring policies. We reviewed hiring documents for a sample of 50 positions filled between July 2, 2021 and November 21, 2022 and found that DHEC hired individuals who did not meet the required qualifications, changed job postings to accommodate certain candidates, changed interview scores to select certain candidates, extended written offers prior to obtaining approval from DHEC's Office of Human Resources, did not follow agency policy for checking candidate references, and did not follow written agency guidance for interviewing candidates. We also found DHEC does not maintain hiring records according to policy, nor are they maintained in a centralized location. In addition, we found DHEC's hiring processes have not been audited internally in the past four years.

DHEC's employment practices from FY 18-19 through FY 21-22 have not resulted in disproportionate accusations or findings of violating federal and state equal employment opportunity (EEO) law compared to similarly sized state agencies. DHEC had two lawsuits that alleged discrimination in violation of EEO law; both settled. DHEC had the fewest grievance appeals in comparison to similar, large state agencies during the same period.

We evaluated DHEC’s training and relevant policies and procedures from FY 18-19 through FY 21-22 and found that the training does not contain content that violates nondiscrimination law, nor does the training developed by the agency’s Public Health Diversity, Equity, and Inclusion Office. DEI content has been included in DHEC’s public health training since at least FY 18-19; however, DEI content has increased, especially in FY 21-22, corresponding with a trend in the general field of public health.

Requesters:

Sen. Dwight Loftis
Rep. Garry Smith
Rep. Mike Burns
Rep. Steven Long
Rep. Mark Willis

Rep. RJ May
Rep. Patrick Haddon
Rep. Melissa Oremus
Rep. Sandy McGarry
Rep. Doug Gilliam

Rep. Ashely Trantham
Rep. David Hiott
Rep. Stewart Jones

AUDITS IN PROGRESS

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UNIVERSITY OF SOUTH CAROLINA

We are reviewing the economic and business development activities of the University of South Carolina’s Office of Economic Engagement (OEE). Our objectives include determining if OEE’s administrative and project management practices comply with USC’s policies, state and federal laws and regulations, and conform with best practices; determining how OEE collaborates with external partners; and whether controls exercised by USC in its relationships with the S.C. Research Foundation and the USC/Columbia Technology Incubator conform with best practices and are effective in minimizing the risk of waste, fraud, and abuse.

Requesters:

Sen. Richard A. Harpootlian
Sen. Greg Hembree
Sen. Wes Climer
Sen. Scott Talley
Sen. Michael Johnson
Sen. Josh Kimbrell

S.C. EDUCATION LOTTERY

We are conducting a statutorily-required audit of the South Carolina Education Lottery (SCEL). Our objectives include reviewing the adequacy of internal controls by SCEL for oversight of lottery retailers and comparing operations of SCEL with those of lotteries in other states to determine opportunities for improvement. Additionally, we are reviewing SCEL’s human resources’ practices to determine compliance with state law and equitable decision making and determining the implementation status of recommendations made in the 2018 and 2019 LAC audits of SCEL.

Statutory

S.C. DEPARTMENT OF COMMERCE FOLLOW-UP REVIEW

We are conducting a follow-up review of our audit entitled *Review of Incentive Programs Administered by the S.C. Department of Commerce* published in June 2020 to determine the status of the recommendations. In our audit, we made recommendations for several areas, including reporting on incentives, oversight of companies receiving incentives, economic impact analyses, and applications for incentives.

DEPARTMENT OF JUVENILE JUSTICE FOLLOW-UP REVIEW

We are conducting a follow-up review of our audit entitled *A Limited Review of the S.C. Department of Juvenile Justice and Follow Up to Our January 2017 Audit* published in April 2021 to determine the status of the recommendations. In our audit, we made recommendations for areas including security, staffing, human resources, medical services, educational services, staff training, and financial issues.



NATIONAL CONFERENCE OF STATE LEGISLATURES

NATIONAL LEGISLATIVE PROGRAM EVALUATION SOCIETY

2023 Certificate of Impact

Presented to

South Carolina Legislative Audit Council

in recognition for its report that had significant impact on public policy

*Review of Incentive Programs Administered by the South Carolina Department of
Commerce*

Eric Thomas

Eric Thomas, NLPES Chair

