



SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

Independence, Reliability, Integrity

HOUSE WAYS AND MEANS

Legislative, Executive, and Local Government Subcommittee

FY 23-24

Budget Presentation

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Director

PUBLIC MEMBERS

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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 21 funded 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.

\$2,271,697 General Fund appropriation

\$400,000 Other Funds authorization

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PROVISO REQUEST SUMMARY

FY 23-24

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.

2022 PROJECTS

AUDITS PUBLISHED

LAC.SC.GOV

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL'S CERTIFICATE OF NEED PROGRAM (FEBRUARY 2022)

We did not conclude that the CON program should be eliminated. However, we found numerous areas for potential improvement. In addition to other findings, we concluded:

- S.C. General Assembly should consider eliminating the requirement for a certificate of need for home health agencies.
- S.C. General Assembly should consider eliminating the requirement for a certificate of need for narcotic treatment programs and opioid treatment programs.
- S.C. General Assembly should increase the thresholds for equipment and capital expenditures for the certificate of need program and adjust those thresholds pursuant to the Medical Care Index component of the Consumer Price Index.
- S.C. General Assembly should consider limiting the extent of judicia review of DHEC certificate of need decisions by eliminating the 18-month time limit to the pendency of contested case hearings regarding CON decisions before the Administrative Law Court; eliminate the party consent and/or good substantial exceptions to the pendency of contested case hearings before the ALC; and requiring direct appeal of Administrative Law Court decisions to the Supreme Court of South Carolina, bypassing the Court of Appeals review.
- S.C. DHEC should add appropriate, quantitative quality metrics from the Center for Medicare & Medicaid Services to the State Health Plan.

Requesters:

Sen. Wes Climer
Sen. Larry Grooms
Sen. Ross Turner
Sen. Dwight Loftis
Sen. Chip Campsen
Sen. Tom Davis
Sen. Dick Harpootlian

Sen. Danny Verdin
Sen. Harvey Peeler
Sen. Shane Massey
Sen. Sandy Senn
Sen. Rex Rice
Sen. Penry Gustafson

DEPARTMENT OF ALCOHOL AND OTHER DRUG ABUSE SERVICES (SEPTEMBER 2022)

- Overdose deaths in South Carolina involving opioids increased annually from 2015–2020 and increased 60% from 2019–2020 with a dramatic 105% increase in fentanyl overdose deaths from 2019–2020.
- First responders in rural areas, where the opioid crisis is extremely severe, lag behind urban colleagues in training in the use of naloxone, an opioid overdose reversal medication.
- While COVID-19 had an impact on non-opioid services, providers delivered services within the constraints of lockdowns and staff availability.

- DAODAS allocates funds for opioid-related services without regard to the most current mortality data.
- The Alcohol and Drug Safety Action Program (ADSAP) operates in a deficit each year, which results in providers diverting funds from other purposes to cover program costs.
- DAODAS' monitoring efforts of subgrantees is inadequate.
- DAODAS does not have a viable internal audit function.
- DAODAS lacks sufficient internal controls to verify the accuracy of provider reimbursements and prevent purchasing card (P-Card) misuse by its own staff.
- Errors and omissions in DHEC's online Find a Facility mapping tool for licensed outpatient alcohol and drug addiction treatment providers may lead to misinformation or deter some people from seeking treatment.

Requesters:

Rep. William Herbkersman

Rep. Todd Rutherford

Rep. Heather Crawford

Rep. Garry Smith

Rep. Lonnie Hosey

AUDITS IN PROGRESS

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DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS

We are reviewing concerns about agency organization and structure, service delivery and contracts with providers, employment policies and practices, compliance with state and federal laws and regulations, and use of best practices.

Requesters:

Sen. Katrina Shealy

Sen. Shane Martin

Sen. Shane Massey

Sen. Tom Alexander

Sen. Tom Davis

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

We are reviewing Personnel Services and Office of Diversity, Equity, and Inclusion to address concerns about changes to the agency's workplace culture by way of training staff. In addition, we will review potential related impacts on employee hiring, promotion, and retention practices, to evaluate compliance with State and Federal nondiscrimination and equal opportunity laws.

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

STATE ELECTION PROCESS

We are reviewing the State’s overall process for handling elections to address concerns regarding, among other things, maintenance of voter registration records, the process for conducting training for election officials, and the processing of ballots.

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

UNIVERSITY OF SOUTH CAROLINA

We are reviewing the economic and business development activities of the University of South Carolina’s Office of Economic Engagement.

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.

STATUTORY



To: K. Earle Powell, Director
South Carolina Legislative Audit Council

From: Leah Blevins
Utah Office of the Legislative Auditor General

Craig Timmons
Georgia Department of Audits and Accounts

Brenda Erickson
NCSL Liaison to NLPES

Date: Dec. 30, 2022

Scott Bedke
Speaker of the House
Idaho
President, NCSL

Anne Sappenfield
Director
Legislative Council
Wisconsin
Staff Chair, NCSL

Tim Storey
Chief Executive Officer
NCSL

At your request, and under the terms of a 2022 contract executed with the National Conference of State Legislatures (NCSL), we reviewed the system of quality control of the South Carolina Legislative Audit Council (LAC) in effect for a three-year compliance period from 2019 to 2022.

Government Auditing Standards Section 5.72 allows the peer-reviewed agency to receive one of three possible ratings—pass, pass with deficiencies, or fail.

In the peer review team’s opinion, the LAC has a quality control system that was suitably designed and followed during the period reviewed to provide LAC with reasonable assurance that its performance audit engagements conform with applicable Government Auditing Standards in all material respects. Based on its professional judgment, **the peer review team gives a rating of pass to the South Carolina Legislative Audit Council.**

The team’s assessment is based on observations made during an in-person peer review conducted Oct. 23-28, 2022. The team reviewed statutes relevant to LAC and its work, the LAC’s audit-related policies and procedures, four performance audit reports and the supporting workpaper documentations, and continuing professional education records. Team members talked with LAC staff. Interviews were conducted with the five public members of the LAC Board. The team notes that the conduct of the peer review work was not impaired in any way. To the extent allowed under South Carolina law, team members were granted access to relevant reports, working papers, supporting documentation and staff.

The peer review team appreciates the courtesy and cooperation extended to us in conducting this review. We commend you for your willingness to contract for this peer review to independently confirm the quality of your performance audits.



NATIONAL CONFERENCE OF STATE LEGISLATURES

NATIONAL LEGISLATIVE PROGRAM EVALUATION SOCIETY

2022 Certificate of Impact

Presented to

South Carolina Legislative Audit Council

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

*A Limited Review of the S.C. Department of Juvenile Justice
and Follow Up to Our January 2017 Audit*

Kristen Rottinghaus

Kristen Rottinghaus, NLPES Chair

