



SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

Independence, Reliability, Integrity

HOUSE WAYS AND MEANS

Legislative, Executive, and Local Government Subcommittee

FY 21-22

Budget Presentation

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PUBLIC MEMBERS

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HOUSE WAYS AND MEANS

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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

ORG CHART & FTEs

We have 18 funded FTE positions of the 26 authorized positions. Currently, we have 2 auditor positions vacant.

FINANCE COMMITTEE
Hugh K. Leatherman, Sr., Chairman

REQUESTS

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

House of Representatives

JUDICIARY COMMITTEE
Chris Murphy, Chairman

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.

WAYS AND MEANS COMMITTEE
G. Murrell Smith, Jr., Chairman
Garry R. Smith, Designee

BUDGET REQUEST

We are not requesting any additional recurring General Funds.

\$2,105,478 General Fund appropriation
\$400,000 Other Funds authorization

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Agency Name:	Leg Dept - Legislative Audit Council		
Agency Code:	A200	Section:	91E



**Fiscal Year FY 2021-2022
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

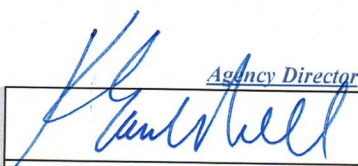
CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2021-2022, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	K. Earle Powell, Director	(803) 253-7612	epowell@lac.sc.gov
SECONDARY CONTACT:	Marcia A. Lindsay	(803) 253-7612	mlindsay@lac.sc.gov

I have reviewed and approved the enclosed FY 2021-2022 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE: TYPE/PRINT NAME:	<i>Agency Director</i>	<i>Board or Commission Chair</i>
	 K. EARLE POWELL	10/20/20

This form must be signed by the agency head – not a delegate.

PROVISO REQUEST SUMMARY

FY 21-22

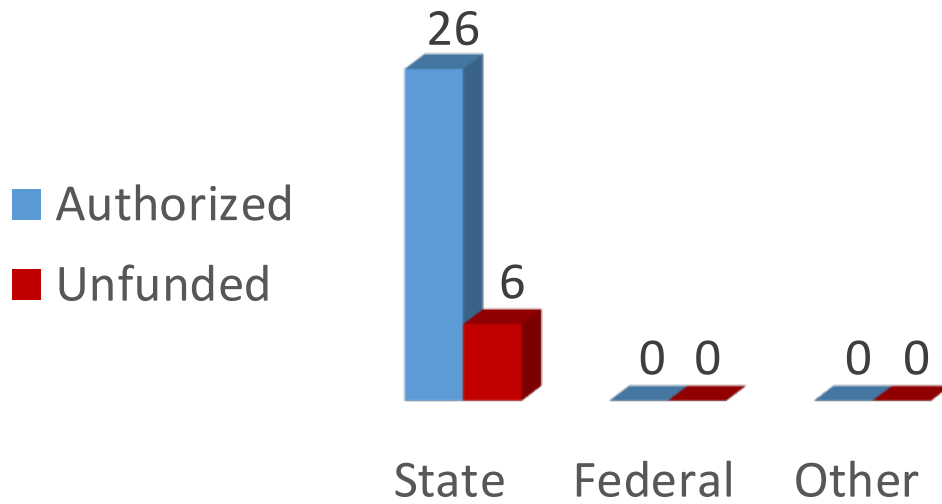
Legislative Audit Council				
Proviso # in FY 19-20 Act	Renumbered FY 20-21 Proviso #	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
91.11	tbd	LEG: Legislative Carry Forward	Funds appropriated and not expended during the fiscal year may be carried forward to be expended for the same purposes in the current fiscal year.	KEEP
91.19	tbd	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.

FTE BREAKDOWN

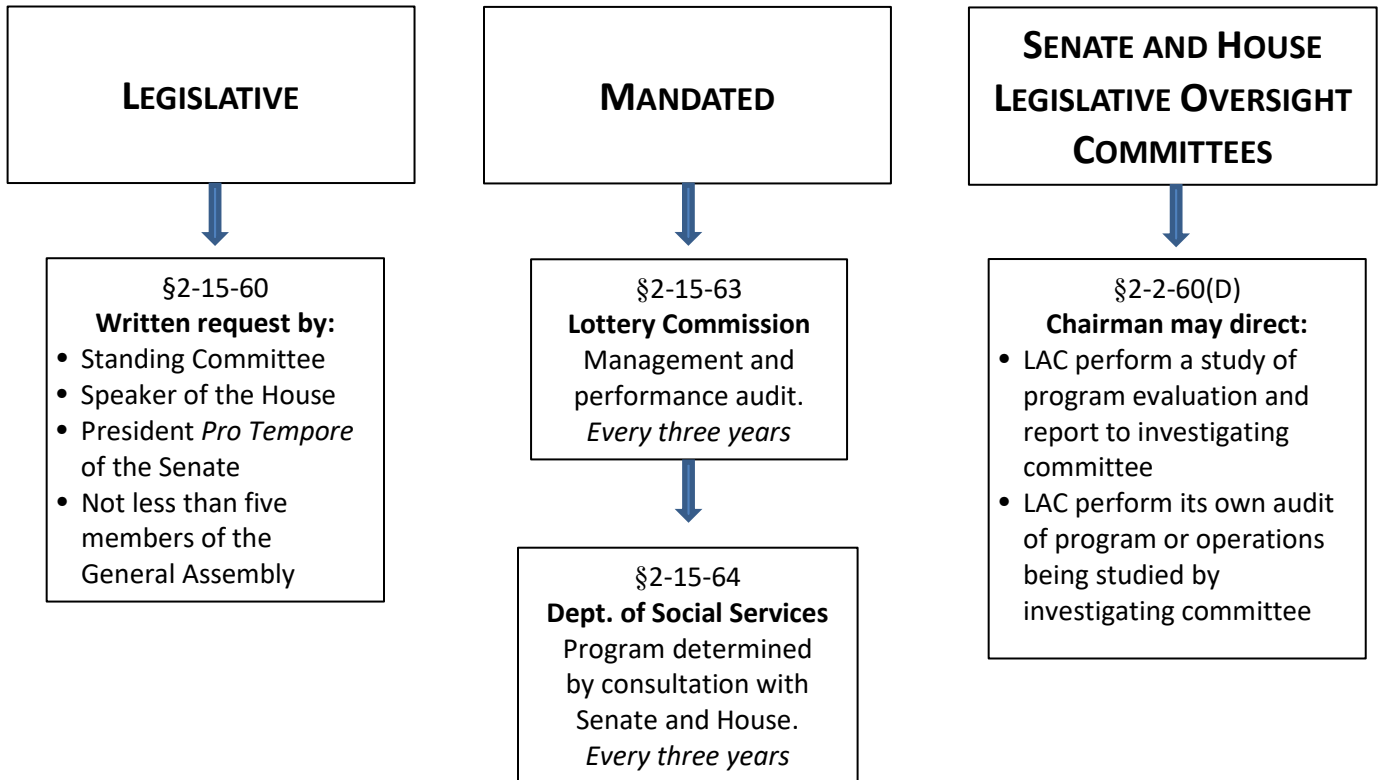
FY 21-22



Legislative Audit Council	
Director and Administration	4.00
Auditors	*14.00
TOTAL FTEs Funded	20.00
FTEs Unfunded	6.00
TOTAL FTEs Authorized	26.00

*As of January 2021, two auditor positions are vacant.

AUDIT REQUESTS



2020 PROJECTS

REVIEW OF INCENTIVE PROGRAMS ADMINISTERED BY THE S.C. DEPARTMENT OF COMMERCE (JUNE 2020)

The primary incentive programs administered by DOC are business development grants and job development credits (JDC). From January 2009 through September 2019, a total of 34,562 new jobs were created and approximately \$8.4 billion was invested by the certified JDC projects, 100% of the projects' collective goal. Of the 248 grant projects that are either closed, pending closeout, or in maintenance status, 31,298 new jobs were created, 92% of their collective goal, with investments of approximately \$11.8 billion, exceeding their collective goal of \$10 billion.

We found that DOC does not verify that the job figures grant recipients submit are accurate other than by using the recipients' own documents. We also found that the S.C. Department of Revenue is not completing statutorily-required audits of all JDC recipients with claims in excess of \$10,000 per year at least once every three years. We found that the cost-benefit model DOC uses to estimate the economic and fiscal impacts of proposed projects has not been updated since the mid-1990s. We analyzed a sample of impact analyses and found that DOC's use of outdated data potentially inflated projected employment numbers for companies seeking incentives.

Requesters:

Sen. Richard A. Harpootlian
Sen. Chip Campsen
Sen. Scott Talley
Sen. John L. Scott
Sen. Shane R. Martin

Sen. Brad Hutto
Sen. Wes Climer
Sen. A. Shane Massey
Sen. Vincent A. Sheheen
Sen. Tom Davis

A REVIEW OF THE S.C. DEPARTMENT OF AGING (JUNE 2020)

Between 2003 and 2020, prior to becoming a cabinet department, responsibility for implementing senior services under the federal Older Americans Act had been placed in a stand-alone commission, several agencies, the Governor's office, and Office of the Lieutenant Governor, with more than 10 directors, many of whom served temporarily and lacked experience in aging programs. Our audit found insufficient and, in some cases, nonexistent program monitoring; a lack of attention to basic human resources management practices, poor communication practices, potential violations of the state's Freedom of Information Act, a toxic work culture, insufficient documentation for sole source procurements, and impediments to our ability to audit SCDOA's Long Terms Care Ombudsman Program.

We surveyed agency employees and found perceptions of mistrust, lack of teamwork, malicious talk, inequities in treatment between management and non-management employees, poor communication, and fear of retaliation. The agency had failed to maintain position descriptions for all employees, inconsistently completed performance appraisals, failed to recognize or address salary inequities, and failed to endure staff training for some programs while providing only insufficient documentation of training in others.

Public notice was not provided and minutes were not recorded for meetings between the state office and local areas on ageing. Despite having been appropriated funding to upgrade its information system for tracking client and service data, SCDOA had not completed the upgrade as of March 2020. The agency has used outdated data to allocate federal funds to regions, and its method for allocating federal funds for evidence-based health programs does not account for medically underserved areas as required by the Older Americans Act. SCDOA had no plan to reduce or eliminate waiting lists, had not tracked the number of people on waiting lists, or evaluated the effectiveness of regional waiting list reduction efforts. The agency lacked tools to contain service costs.

We were denied access to case files of the agency’s Long-Term Care Ombudsman (LTCO) program because we lacked subpoena authority; and while SCDOA eventually allowed us limited access to case files, vital information had been redacted, impeding our ability to audit this program effectively, lengthening the audit process, and resulting in a scope impairment. We found relocating Adult Protective Services (APS) from the S.C. Department of Social Services, to SCDOA could result in administrative inefficiencies.

Requesters:

Sen. Katrina F. Shealy
Sen. Michael W. Gambrell
Sen. Ross Turner
Sen. Wes Climer

Sen. Margie Bright Matthews
Sen. Rex F. Rice
Sen. Sandy Senn
Sen. Mike Fanning
Sen. J. Thomas McElveen

AUDITS IN PROGRESS

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DEPARTMENT OF JUVENILE JUSTICE

We are conducting an audit of the Department of Juvenile Justice to address concerns, including financial issues, educational opportunities for juveniles, security measures, medical care for juveniles, and human resources’ issues including hiring, promotions, salaries, and training. We will include follow-up on the most impactful recommendations from our January 2017 audit entitled *A Limited Review of the S.C. Department of Juvenile Justice*. In our 2017 audit, we made recommendations for areas including security, accounting issues, education, data issues, and community placement.

Requesters:

Rep. Dennis Moss
Rep. Richie Yow
Rep. T. Randolph “Randy” Ligon
Rep. L. Douglas Gilliam
Rep. Garry R. Smith

DEPARTMENT OF SOCIAL SERVICES

We are conducting an audit of food assistance programs administered by the Department of Social Services to determine how effectively the agency uses data analytics to detect potential misuse of Supplemental Nutrition Assistance Program (SNAP) benefits; review initial training, performance improvement strategies, and salaries of front-line workers administering SNAP; analyze the consistency, timeliness, and effectiveness of DSS' investigation and appeal processes regarding alleged misuse of benefits and adverse decisions in the administration of food assistance programs; and determine the efficiency and effectiveness with which DSS monitors the Child and Adult Care Food Program (CACFP).

Requesters:

Statutory

S.C. PUBLIC CHARTER SCHOOL DISTRICT

We are conducting an audit of the South Carolina Public Charter School District (District). We are reviewing South Carolina state laws and regulations regarding charter schools to determine if the District's role can be better defined. We are also examining the relationship between the District and its charter schools; reviewing the relationship between the District and the S.C. Department of Education; reviewing the District's evaluation of charter schools; and examining the District's administrative fee policy.

Requesters:

Rep. Garry R. Smith

Rep. Leola Robinson

Rep. Bill Chumley

Rep. Mark Willis

Rep. Mike Burns

Rep. Patrick Haddon

Rep. Ashley Trantham

Sen. Dwight Loftis

AWARDS

The Legislative Audit Council received a *2020 Certificate of Impact* award from the National Conference of State Legislatures for our report *A Limited Review of the S.C. Department of Corrections* published in August 2019.

Members of the House Legislative Oversight Committee had concerns about agency policies and internal controls regarding security, litigation costs, human resources' areas, and inmate incidents. We developed the following audit objectives:

- Review SCDC's security policies, internal controls, and classification system to determine their adequacy and if they align with national best practices.
- Review human resources' issues, including hiring, retention, training, work environment, and corrective actions.
- Review the consistency and transparency of reporting of various indicators, including performance measures, types of contraband, types of incidents, etc. to determine if improvement is needed.
- Report on litigation costs and determine what, if any, trends are identified for lawsuits filed by employees and/or inmates.

