

**SOUTH CAROLINA  
DEPARTMENT OF PARKS, RECREATION, AND TOURISM  
COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2020**



## Independent Accountant's Report on Applying Agreed-Upon Procedures

April 13, 2021

Mr. Duane Parrish, Director  
South Carolina Department of Parks, Recreation, and Tourism  
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 Department of Parks, Recreation, and Tourism (the Department) for the fiscal year ended June 30, 2020. The Department's management is responsible for the systems, processes and behaviors related to financial activity.

The Department'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 Department 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 Department for the year ended June 30, 2020. 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 Department's management. Management of the Department has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$1,000 related to reporting packages.

We are required to be independent of the Department 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 management of the Department 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 Department of Parks, Recreation, and Tourism  
(P28)**

**Cash Receipts/Revenues**

1. Haphazardly select ten cash receipts transactions and inspect supporting documentation to determine:
  - Supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
  - Revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriations Act.
  - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriations Act.
  - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

**Cash Disbursements/Non-Payroll Expenditures**

2. Haphazardly select ten purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2020 and inspect supporting documentation to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Department policies.
  - The purchase is authorized based on the cardholder's job title/position.
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedure.

**Trust Activity**

3. Haphazardly select three non-payroll disbursements from the Department's trust activity population and inspect transactions to determine whether the disbursement complied with South Carolina Code of Laws Section 51-11-10 and/or the South Carolina State Park Service Field Manual Section 207, as applicable.

We found no exceptions as a result of the procedure.

**Payroll**

4. Haphazardly select ten employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Department's policies and procedures, that the employee's last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedure.

**Allowances for Residences (Proviso 117.15 of the Appropriations Act)**

5. Determine that salaries paid to officers and employees of the Department are in full for all services rendered. Determine that the fair market rental value of any residence furnished to a state employee is reported by the Department furnishing the residence to the Agency Head Salary Commission and the Department of Administration by October first of the fiscal year. In addition, determine that designated employee reward programs have written criteria approved by the Department governing board or commission.

We found no exceptions as a result of the procedure.

## Reporting Packages

6. Inspect fiscal year end reporting packages submitted to the CG. Compare the Master Reporting Package Checklist to reporting packages that were submitted. Compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
7. In addition to the procedure above, perform the following:
  - Operating Leases Reporting Package

For three haphazardly selected leases, determine that the effective and expiration dates and future minimum payments were properly calculated and reported on the future minimum payment schedule. Secondly, based on inspection of invoices and lease agreements, determine if rental payments were properly classified, coded, and calculated by inspecting and recalculating five haphazardly selected contingent rental payments.
  - Unearned Revenue Reporting Package

Compare reported amounts to the South Carolina Enterprise Information System (SCEIS) general ledger and/or Department prepared records.
  - Subsequent Events Reporting Package

Compare responses and any required supplemental information to the SCEIS general ledger and/or Department prepared records. In addition, haphazardly select three payables from the subsequent events accounts payable worksheet and determine if the amounts were properly classified, calculated, and reported and excluded from the original accounts payable reporting package submission.

## Findings:

**Timeliness of Reporting Packages** - The inventory reporting package was submitted to the CG seven business days late.

**Operating Leases Reporting Package** - Multiple reporting and calculation errors for two leases resulted in the future minimum lease payments being understated by \$495,524.

## Management's Response:

**Timeliness of Reporting Packages – Inventory Reporting** - The Department implemented a new point of sale system near the end of the fiscal year which caused a delay in getting the inventory information needed for the reporting package.

**Operating Leases Reporting Package** - The Department has noted the issues in the reporting package for correction in the FY21 reporting package.

## Composite Reservoir Accounts

8. Obtain a listing of Department composite reservoir accounts and inquire with Department management that the listing of composite reservoir accounts is complete. Document a summary of background information related to the accounts.
9. Determine that the Department submitted the required Bank Account Transparency and Accountability Report to the State Fiscal Accountability Authority by October first of the fiscal year in accordance with Proviso 117.82 of the fiscal year 2020 Appropriations Act.
10. Obtain fiscal year monthly reconciliations for both of the Department's composite reservoir accounts, select two reconciliations, and perform the following procedures:
  - Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with Department procedures.
  - Agree applicable amounts from reconciliations to the general ledger.

### **Composite Reservoir Accounts (Continued)**

- Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
- Determine if reconciling differences were explained and resolved.
- Determine if adjusting entries were made in the accounting records.

11. Haphazardly select and inspect five composite reservoir account receipts to determine that they were properly described and classified in the accounting records in compliance with the Department's policies and procedures and that they were recorded in the proper fiscal year.
12. Haphazardly select and inspect five composite reservoir account disbursements to determine that they were properly classified in the accounting records, were bona fide disbursements of the Department for food and beverages for the two state parks with golf courses, and that goods and/or services were procured in accordance with Department procedures.

We found no exceptions as a result of the procedures.

### **Assets and Personal Property**

13. Haphazardly select three capital asset acquisitions and inspect supporting documentation and agree to the SCEIS general ledger and the SCEIS asset history sheet. Determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
14. Haphazardly select three capital asset retirements and inspect supporting documentation and agree to the SCEIS asset history sheet. 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.
15. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Department property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

We found no exceptions as a result of the procedures.

### **Non-Recurring Revenue Proviso 118.16**

16. Through inquiry of management and inspection of supporting documentation, determine that the Department complied with Proviso 118.16 of the fiscal year 2020 Appropriations Act regarding nonrecurring revenue received during the fiscal year.

We found no exceptions as a result of the procedure.

### **Appropriation Act / Agency-Specific Provisos**

17. Determine compliance with the selected agreed-upon agency-specific state provisos (49.1, 49.2, 49.7, 49.11, 49.12, and 49.14) by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedure.

### **Status of Prior Findings**

18. Through inquiry of management and inspection of supporting documentation, determine the Department has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined the Department has taken adequate corrective action on the findings, with the exception of a similar finding regarding the operating leases reporting package. See finding at **Reporting Packages**.