

South Carolina Judicial Department

Columbia, South Carolina

State Auditor's Report

June 30, 2020



Independent Accountant's Report On Applying Agreed-Upon Procedures

August 23, 2021

The Honorable Donald W. Beatty, Chief Justice
and
Management of the South Carolina Judicial Department
South Carolina Judicial Department
Columbia, South Carolina

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the management of the South Carolina Judicial Department (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 \$5,000 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 the management of the South Carolina Judicial 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 Judicial Department (B04)**

Cash Receipts/Revenues

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

We found no exceptions as a result of this procedure.

Cash Disbursements/Non-payroll Expenditures

2. Haphazardly select five non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by Judicial Department procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
 - All supporting documents and approvals are present and agree with the invoice.
 - The transaction is an actual expenditure of the Judicial Department.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.
 - Clerical accuracy.

For federally funded cash disbursements/non-payroll expenditures, inspect supporting documentation to determine:

- Charges are in accordance with the requirements of the program, incurred during the approved grant period, and applied uniformly to both federally assisted and other activities of the recipient.
3. Haphazardly select five taxable subsistence payments and inspect supporting documentation to:
 - Agree payment for taxable subsistence to travel reimbursement request.
 - Determine that the employee was paid in accordance with the Judicial Department's policies and procedures and Proviso 117.20 (F)-(G) of the fiscal year 2020 Appropriation Act.

We found no exceptions as a result of these procedures.

Payroll

4. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Judicial Department's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated in accordance with applicable State law.
5. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Judicial Department's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law.

We found no exceptions as a result of these procedures.

Journal Entries and Transfers

6. Haphazardly select three journal entries and two transfers and inspect supporting documentation to determine:
 - Postings in the general ledger agree to supporting documentation.
 - Transaction is properly approved.
 - The purpose of the transaction.

We found no exceptions as a result of this procedure.

Reporting Packages

7. Inspect fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and Judicial Department prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.

8. In addition to the procedure above, perform the following:

- Grants and Contributions Revenue Reporting Package

Haphazardly select three grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and CFDA number to the SCEIS general ledger and SCEIS Display Grant Master. In addition, recalculate the reported total receivable balance.

- Prepaid Expenses Reporting Package

Agree amounts to the SCEIS *Yearend Reporting - Prepaid Expenses* report and Judicial Department prepared records. Haphazardly select five prepaid expenses and determine if the amounts were properly classified, calculated, and reported.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Judicial Department prepared records. In addition, haphazardly select five payables from the Subsequent Events Accounts Payable Worksheet and determine if the amounts were properly classified, calculated, reported, and excluded from the original Accounts Payable Reporting Package submission.

We found no exceptions as a result of these procedures.

Composite Reservoir Accounts

9. Obtain fiscal year monthly reconciliations for each composite reservoir account, and for a total of four reconciliations (two from each account), perform the following procedures:

- Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with Judicial Department procedures.
- Agree applicable amounts from reconciliations to the general ledger.
- 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.

10. Haphazardly select and inspect ten composite reservoir account receipts to determine that they were properly described and classified in the accounting records and that they were recorded in the proper fiscal year.

Composite Reservoir Accounts (Continued)

11. Select all (four) composite reservoir account disbursements to determine that they were properly classified in the accounting records, were actual disbursements of the Judicial Department, and the disbursement was made in accordance with Judicial Department procedures.

We found no exceptions as a result of these procedures.

Assets and Personal Property

12. Haphazardly select four capital asset acquisitions and inspect supporting documentation to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
13. Haphazardly select four capital asset retirements and inspect supporting documentation to 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.
14. Through inquiry of management and inspection of supporting documentation, determine that an inventory of Judicial 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 these procedures.

Appropriation Act Provisos

15. Determine compliance with Judicial Department-specific state provisos (57.5 – Judicial Expense Allowance; 57.10 – Interpreters; 57.11 – Reimbursement Receipt Deposit; and 57.14 – Case Management Services) by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedure.

Status of Prior Findings

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

We determined that the Judicial Department has taken adequate corrective action on the findings reported during the engagement for the prior fiscal year.