

**South Carolina Department of
Probation, Parole and Pardon Services**

Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2022

and

Selected Procedures

For the Period July 1, 2022 to May 31, 2023



Independent Accountant's Report on Applying Agreed Upon Procedures

August 16, 2023

Mr. Melvin Warren, Acting Director
South Carolina Department of Probation,
Parole, and Pardon Services
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 Probation, Parole and Pardon Services (the Department) for the fiscal year ended June 30, 2022, and the period July 1, 2023, to May 31, 2023. 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 fiscal year ended June 30, 2022, and the period July 1, 2023, to May 31, 2023. 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-Up on 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 the 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 Probation, Parole and Pardon
Services (N08)**

The following procedures were performed for the fiscal year ended June 30, 2022:

Reporting Packages

1. 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), or Department prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.
2. In addition to the procedure above, perform the following:
 - Prepaid Expenses Reporting Package

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

Agree amounts to the SCEIS general ledger, *SCEIS Yearend Reporting - Prior Year Payables with Vendor* report or Department prepared records. Haphazardly select five payables 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 or Department prepared records.

We found no exceptions as a result of the procedures.

Personal Property

3. Inspect the inventory of personal property, excluding expendables, provided by the Department to determine that it was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

Finding

The Department did not complete an inventory of personal property for fiscal year 2022, as required by South Carolina Code of Laws 10-1-140.

Management Response

We agree with the Office of the State Auditor's finding regarding the inventory of personal property for fiscal year 2022. The agency did not complete the inventory due to unforeseen circumstances of staff shortage and turnover within that area. We are in the process of rebuilding the area and adjustments to position duties and cross training of staff has been implemented. Upon review of our process, we will assign back up duties to staff in the event of staff shortages and implement monthly or quarterly reporting to the process to ensure that the inventory of personal property has been completed timely.

The following procedures were performed for the period July 1, 2022, to May 31, 2023:

Cash Receipts/Revenues

4. Haphazardly select fifteen deposits and inspect deposit slips, deposit reports, copies of checks, invoices, and check logs to determine:
 - Receipts agree with the general ledger as to amount, date, payor, and account classification.
 - Receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2023 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by South Carolina Code of Laws Section 23-3-540, 24-21-490, 24-21-80, 24-21-85, 24-21-960, Proviso 66.2, Proviso 66.5, or Proviso 66.6.
 - Receipts are recorded in the proper fiscal year.

Finding

Receipts for one deposit were not deposited in a timely manner in accordance with Proviso 117.1 of the fiscal year 2023 Appropriation Act.

Management Response

We agree with the Office of the State Auditor's finding regarding the receipts not deposited in a timely manner in accordance with Proviso 117.1. The receipts received were money orders attached to the Pardon Application. These applications do not come directly to Finance but are logged in the section receiving the applications. The current procedure is to send the daily receipt log along with the money orders to Finance daily. In this case that did not happen timely. We will counsel with the section manager and reiterate the importance of providing the log and money orders daily. The Accounts Receivable Supervisor will review the logs as received to monitor adherence to the daily submission requirement of the log upon receipt of the application fee payment.

Cash Disbursements/Non-Payroll Expenditures

5. Haphazardly select fifteen non-payroll disbursements and inspect invoices, SCEIS workflow, and email attachments to determine:
 - Invoices agree with general ledger as to vendor, amount, and date.
 - The disbursement approval was performed by an individual, with proper authority, other than the preparer.
 - The disbursement is a valid expenditure of the Department.
 - The disbursement is properly classified in the general ledger.
 - The disbursement is recorded in the proper fiscal year.

For federally funded cash disbursements/non-payroll expenditures, inspect invoices, SCEIS workflow and email attachments to determine:

- Disbursements 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.

We found no exception as a result of the procedure.

Payroll

6. Haphazardly select ten employees who terminated employment to determine if they were removed from the payroll in accordance with the Department's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated.

Payroll (Continued)

7. Haphazardly select ten employees hired to determine if they were added to the payroll in accordance with the Department's policies and procedures, and that their first paycheck was properly calculated.
8. Haphazardly select ten bonus payments to determine:
 - The employee does not make more than \$100,000 annually.
 - The bonuses received during the fiscal year did not exceed \$3,000.
 - The payment amount agreed to the bonus justification form and the bonus was given in accordance with Department policy.
 - The bonus payment was approved by the appropriate supervisor.

We found no exception as a result of the procedures.

Journal Entries and Transfers

9. Haphazardly select fourteen journal entries and one transfer and inspect journal entry justification forms, emails, and invoices to determine that the journal entries and transfer are valid and approved by someone with proper authority and different from the preparer.

We found no exception as a result of the procedure.

Assets

10. Haphazardly select five capital asset acquisitions and inspect related invoices or lease calculators 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.

We found no exception as a result of the procedure.

Status of Prior Finding

11. Through inquiry of management and inspection of the updated Lease Reporting Package and lease calculator, determine the Department has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We determined that the Department has taken adequate corrective action on the Lease Reporting Package.