

**SOUTH CAROLINA COMMISSION
ON PROSECUTION COORDINATION**

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2011

CONTENTS

	<u>PAGE</u>
I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
II. ACCOUNTANT'S COMMENTS	
SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	5
PERSONAL PROPERTY INVENTORY	6
COMPENSATED ABSENCES REPORTING PACKAGE	7
ACCOUNT CODING	8
SECTION B - OTHER WEAKNESS	9
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	10
SECTION C - STATUS OF PRIOR FINDINGS	11
MANAGEMENT'S RESPONSE	12

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 19, 2012

The Honorable Nikki R. Haley, Governor
and
Members of the Commission
South Carolina Commission on Prosecution Coordination
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the governing body and management of the South Carolina Commission on Prosecution Coordination (the Commission), solely to assist you in evaluating the performance of the Commission for the fiscal year ended June 30, 2011, in the areas addressed. The Commission's management is responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. **Cash Receipts and Revenues**

- We inspected selected recorded receipts to determine if these receipts were properly described and classified in the accounting records in accordance with the agency's policies and procedures and State regulations.
- We inspected selected recorded receipts to determine if these receipts were recorded in the proper fiscal year.
- We made inquiries and performed substantive procedures to determine if revenue collection and retention or remittance were supported by law.
- We compared current year recorded revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. We investigated changes in the earmarked and federal funds to ensure that revenue was classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$51,800 – earmarked fund and \$21,300 – federal fund) and ± 10 percent.

- We made inquiries of management pertaining to the agency's policies for accountability and security over permits, licenses, and other documents issued for money. We observed agency personnel performing their duties to determine if they understood and followed the described policies.

The individual transactions selected were chosen randomly. Our finding as a result of these procedures is presented in Account Coding in the Accountant's Comments section of this report.

2. **Non-Payroll Disbursements and Expenditures**

- We inspected selected recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records in accordance with the agency's policies and procedures and State regulations, were bona fide disbursements of the Commission and were paid in conformity with State laws and regulations; if the acquired goods and/or services were procured in accordance with applicable laws and regulations.
- We inspected selected recorded non-payroll disbursements to determine if these disbursements were recorded in the proper fiscal year.
- We compared current year expenditures at the subfund and account level to those of the prior year. We investigated changes in the general, earmarked and federal funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$61,400 – general fund, \$47,000 – earmarked fund, and \$18,800 – federal fund) and ± 10 percent.

The individual transactions selected were chosen randomly. Our finding as a result of these procedures is presented in Account Coding in the Accountant's Comments section of this report.

3. **Payroll Disbursements and Expenditures**

- We inspected selected recorded payroll disbursements to determine if the selected payroll transactions were properly described, classified, and distributed in the accounting records; persons on the payroll were bona fide employees; payroll transactions were properly authorized and were in accordance with existing legal requirements and processed in accordance with the agency's policies and procedures and State regulations.
- We inspected payroll transactions for selected new employees and those who terminated employment to determine if the employees were added and/or removed from the payroll in accordance with the agency's policies and procedures, that the employee's first and/or last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
- We compared current year payroll expenditures at the subfund and account level to those of the prior year. We investigated changes in the general, earmarked and federal funds to ensure that expenditures were classified properly in the agency's accounting records. The scope was based on agreed upon materiality levels (\$61,400 – general fund, \$47,000 – earmarked fund, and \$18,800 – federal fund) and ± 10 percent.

- We compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions; and computed the percentage distribution of recorded fringe benefit expenditures by fund source and compared the computed distribution to the actual distribution of recorded payroll expenditures by fund source. We investigated changes of ± 5 percent to ensure that payroll expenditures were classified properly in the agency's accounting records.

The individual transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

4. **Journal Entries, Operating Transfers and Appropriation Transfers**

- We inspected selected recorded journal entries, operating transfers, and appropriation transfers to determine if these transactions were properly described and classified in the accounting records; they agreed with the supporting documentation, the purpose of the transactions was documented and explained, the transactions were properly approved, and were mathematically correct; and the transactions were processed in accordance with the agency's policies and procedures and State regulations.

The individual transactions selected were chosen randomly. We found no exceptions as a result of the procedures.

5. **Appropriation Act**

- We inspected agency documents, observed processes, and/or made inquiries of agency personnel to determine the Commission's compliance with Appropriation Act general and agency specific provisos.

Our finding as a result of these procedures is presented in Personal Property Inventory in the Accountant's Comments section of this report.

6. **Reporting Packages**

- We obtained copies of all reporting packages as of and for the year ended June 30, 2011, prepared by the Commission and submitted to the State Comptroller General. We inspected them to determine if they were prepared in accordance with the Comptroller General's Reporting Policies and Procedures Manual requirements and if the amounts reported in the reporting packages agreed with the supporting workpapers and accounting records.

Our finding as a result of these procedures is presented in Compensated Absences Reporting Package in the Accountant's Comments section of this report.

7. **Schedule of Federal Financial Assistance**

- We obtained a copy of the schedule of federal financial assistance for the year ended June 30, 2011, prepared by the Commission and submitted to the State Auditor. We inspected it to determine if it was prepared in accordance with the State Auditor's letter of instructions; if the amounts agreed with the supporting workpapers and accounting records.

Our finding as a result of these procedures is presented in Schedule of Federal Financial Assistance in the Accountant's Comments section of this report.

8. **Status of Prior Findings**

- We inquired about the status of the findings reported in the Accountant's Comments section of the State Auditor's Report on the South Carolina Commission on Prosecution Coordination resulting from our engagement for the fiscal year ended June 30, 2007, to determine if the Commission had taken corrective action. We applied no procedures to the Commission's accounting records and internal controls for the years ended June 30, 2010, 2009, and 2008.

We found no exceptions as a result of the procedures.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor and of the governing body and management of the South Carolina Commission on Prosecution Coordination and is not intended to be and should not be used by anyone other than these specified parties.



Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENTS

SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of each State agency is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the agency require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

PERSONAL PROPERTY INVENTORY

Section 10-1-140 of the South Carolina Code of Laws states, “The head of each department, agency, or institution of this State is responsible for all personal property under his supervision and each fiscal year shall make an inventory of all such property under his supervision, except expendables.”

Our review of the Commission’s compliance with this law revealed that the Commission did not adequately document their performance of the required annual inventory of personal property.

We recommend that the Commission develop and implement procedures to ensure its compliance with Section 10-1-140 of the South Carolina Code of Laws, as amended, is adequately documented.

COMPENSATED ABSENCES REPORTING PACKAGE

We determined that the Commission did not properly complete the compensated absences closing package because it did not report the annual leave liability associated with a certain class of employee.

State law specifies that retired employees who return to work and earn leave are not eligible to receive payment for accrued leave when they terminate employment. However, this does not prevent the employee from earning leave and taking any accrued leave before he or she terminates employment. Section 3.17 of the Comptroller General's Reporting Policies and Procedures Manual states, "The accumulated unused annual leave earned by employees at June 30 is the actual annual leave balance in the agency's records for each employee, even if that employee's balance exceeds the 337.5 hours for which they could be paid upon termination."

When the Commission completed the compensated absences closing package it excluded the accrued leave earned by "retired employees who returned to work". The Commission did not report the leave liability because it misinterpreted the closing package instructions. As a result the compensation absences closing package was understated by \$14,057.

We recommend the Commission ensure that the person(s) responsible for completing the compensated absences closing package receive appropriate training to ensure that the closing package is completed in accordance with instruction.

ACCOUNT CODING

One of twenty-five expenditure transactions and two of twenty-five revenue transactions randomly selected for testing were identified as being coded to the wrong general ledger account. The expenditure transaction was a rent payment (5040060000 – Rent Non-State Owned Property) coded to 5021430000 – Non-State Employee Travel. The revenue transactions were receipts of Federal sub-grant funds from another state agency (4890100000 – Federal Grant Sub-Contract State Agencies) coded to 4280020000 – Federal Operating Grants – Restricted.

The expenditure discrepancy was the result of a keying error in processing the disbursement transaction and the revenue discrepancies were due to a misinterpretation of the Comptroller General's Office account definitions.

We recommend the Commission develop and implement procedures to ensure that the individuals responsible for recording accounting transactions and those reviewing and approving the transactions are utilizing the Comptroller General's Office definitions to help ensure proper coding.

SECTION B - OTHER WEAKNESS

The condition described in this section has been identified while performing the agreed-upon procedures but it is not considered a violation of State Laws, Rules or Regulations.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

We tested the Commission's fiscal year 2011 schedule of federal financial assistance (SFFA) and noted exceptions associated with two of the ten grants reported on the schedule. The Commission did not report the complete grant title and improperly reported the grant as direct assistance. In addition, the Commission used an incorrect CFDA number to identify a second grant. The Commission's SFFA reported a grant under CFDA 16.803 instead of CFDA number 16.738.

The State Auditor's Office provides a letter of instructions to each State agency for the proper completion of the SFFA. The accuracy of the information reported by agencies directly impacts the classification of federal programs in the statewide single audit report.

We recommend that the Commission develop and implement procedures to ensure the accuracy of the information reported on the schedule of federal financial assistance.

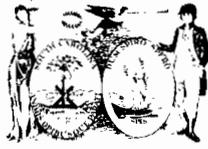
SECTION B - STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the State Auditor's Report on the Commission for the fiscal year ended June 30, 2007, and dated April 3, 2008. We applied no procedures to the Commission's accounting records and internal controls for the year ended June 30, 2010, 2009, and 2008. We determined that the Commission has taken adequate corrective action on each of the findings.

MANAGEMENT'S RESPONSE

STATE OF SOUTH CAROLINA

Commission on Prosecution Coordination



JERRY W. PEACE, CHAIRMAN
SOLICITOR, EIGHTH JUDICIAL CIRCUIT

KEVIN S. BRACKETT, VICE-CHAIRMAN
SOLICITOR, SIXTEENTH JUDICIAL CIRCUIT

SCARLETT A. WILSON
SOLICITOR, NINTH JUDICIAL CIRCUIT

WILLIAM W. WILKINS III
SOLICITOR, THIRTEENTH JUDICIAL CIRCUIT

ISAAC McDUFFIE STONE III
SOLICITOR, FOURTEENTH JUDICIAL CIRCUIT

LARRY A. MARTIN
SENATE JUDICIARY COMMITTEE

P.O. BOX 11561
COLUMBIA, SOUTH CAROLINA 29211-1561
TELEPHONE: (803) 343-0765
FAX: (803) 343-0766

DAVID M. ROSS
EXECUTIVE DIRECTOR

RICK QUINN
HOUSE JUDICIARY COMMITTEE

MARK A. KEEL
CHIEF, STATE LAW
ENFORCEMENT DIVISION

LEROY SMITH
DIRECTOR, DEPARTMENT
OF PUBLIC SAFETY

MARY C. POWELL
DIRECTOR, FIFTEENTH JUDICIAL
CIRCUIT PRE-TRIAL
INTERVENTION PROGRAM

STEPHANIE R. JOSEPH
TENTH JUDICIAL CIRCUIT
VICTIM/WITNESS ASSISTANCE
ADVOCATE

July 20, 2012

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
1401 Main Street, Suite 1200
Columbia, SC 29201

Dear Mr. Gilbert:

This letter is in response to the Accountant's Comments in the Agreed-Upon Procedures Report for the period ending June 30, 2011, for the South Carolina Commission on Prosecution Coordination.

Each of the findings noted in your report has been reviewed and the necessary corrections to procedures have been implemented.

The South Carolina Commission on Prosecution Coordination continues to work diligently to ensure compliance with all State laws, rules, and regulations. We will continue to strive to be a good steward of taxpayers' dollars while ensuring that our financial reporting is accurate and timely.

We authorize the release of the final report and have enclosed a current list of Commission members along with their contact information. We appreciate your diligent efforts on behalf of the State of South Carolina and commend your staff for the efficiency and courtesy demonstrated during the review.

Sincerely,

A handwritten signature in black ink, appearing to read "David M. Ross", written over a horizontal line.

David M. Ross
Executive Director

Enclosure

4 copies of this document were published at an estimated printing cost of \$1.49 each, and a total printing cost of \$5.96. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.