

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

COLUMBIA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2016



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 5, 2017

Mr. Duane Parrish, Director
South Carolina Department of Parks,
Recreation and Tourism
1205 Pendleton Street, Suite 248
Columbia, South Carolina 29201

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Department of Parks, Recreation and Tourism (the Department), solely to assist you in evaluating the systems, processes and behaviors of the Department for the fiscal year ended June 30, 2016. 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 in Attachment 1 for the purpose of which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted 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, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors of the Department. Accordingly, we do not express 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 specified parties. 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:

- Clerical errors of less than \$1,000 related to processing cash receipts and cash disbursements transactions unless the errors occur in ten percent or more of the transaction class inspected.
- Clerical errors of less than \$1,000 related to reporting packages.
- Errors in applying account coding definitions to accounting transactions unless it is determined that ten percent or more of the accounting transactions inspected were found to be in error.
- Reporting packages which are submitted less than three business days after the due date unless it is determined that more than two of the reporting packages were submitted late.

Mr. Duane Parrish, Director
South Carolina Department of Parks,
Recreation and Tourism
October 5, 2017

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 Parks, Recreation and Tourism (P28)

Cash Receipts/Revenues

1. Compare current year revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain and document an understanding of variations over \$100,000 and 10% for the Earmarked Fund, \$50,000 and 10% for the Restricted Fund, and \$600,000 and 10% for the Federal Fund.
2. Randomly select twenty-five cash receipts transactions and inspect supporting documentation to:
 - Agree transaction amount, date, payor, document number, and account coding to the general ledger.
 - Determine that revenues/receipts were deposited in a timely manner.
 - Ensure that both revenue collections and amounts charged are properly authorized by law.
3. Randomly select twenty-five cash receipts and inspect supporting documentation to determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

4. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain and document an understanding of variations over \$340,000 and 10% for the General Fund, \$320,000 and 10% for the Earmarked Fund, \$140,000 and 10% for the Restricted Fund, and \$200,000 and 10% for the Federal Fund.
5. Randomly select twenty-five non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by agency procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by agency procedures and good business practice are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the agency, properly coded to the general ledger.
 - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations, etc.
 - Clerical accuracy / verify proper sales/use tax.

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

- Charges are necessary and reasonable for the proper administration of the program, incurred during the approved grant period, given consistent accounting treatment and applied uniformly to both federally assisted and other activities of the recipient.
6. Randomly select twenty-five non-payroll disbursements and inspect supporting documentation to determine that disbursements are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Payroll

7. Compare current year payroll expenditures at the subfund and account level to those of the prior year. Obtain an understanding of variations over \$340,000 and 10% for the General Fund, \$320,000 and 10% for the Earmarked Fund, \$140,000 and 10% for the Restricted Fund, and \$200,000 and 10% for the Federal Fund.

8. Randomly select twenty-five employees and inspect supporting documentation during the fiscal year to:

For Salaried Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the agency.
- Agree gross pay to supporting documentation noting all changes to gross salary for the year. Determine that all changes have been properly approved.

For Hourly Employees:

- Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the agency.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

9. Randomly select twenty-five bonus pay disbursements authorized by the 2015-2016 Supplemental Appropriations to determine:

- Employee is a permanent state employee in a full-time equivalent position who has been in continuous state service for at least six months prior to July 1, 2015.
- Employee does not make more than \$100,000 annually.
- Bonus pay was split between funds according to the ratio of the employee's base salary.

10. Randomly select twenty-five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the agency's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.

11. Randomly select twenty-five employees who were terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the agency'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.

12. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of changes of +/- 10%.

13. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded personal service expenditures by fund source. Obtain an explanation of changes of +/- 10%.

Findings

Removal of Terminated Employees:

We noted three employees who were included in our terminations population that did not work at the Department during FY16. In addition, during our inspection of terminations, we observed four additional employees who were not removed from the system in a timely manner after their termination date. This resulted in the Department having employees on its payroll system who were not utilized.

Findings (Continued)

Bonus Pay:

Additionally, during our bonus pay inspection, we observed emails provided by the Department that stated the reason one of their employees received an \$800 bonus was because they did not meet the criteria for the FY16 supplemental bonus due to being in a grant position. However, on the Bonus Justification Form the reason given for the bonus was "Productivity/Customer Service". Based on this information, it appears that an FY16 supplemental bonus was given to an employee that was not eligible to receive the bonus.

Management's Response

SCPRT's Human Resources Office is instituting a procedure to review non-active seasonal employees on a regular basis to ensure they are terminated in a timely manner.

Management determined the employee met the guidelines of the agency's bonus plan while not meeting the general bonus guidelines for the state appropriated bonuses authorized by the General Assembly.

Journal Entries and Transfers

14. Randomly select eighteen journal entries and seven transfers for the fiscal year to:
- Trace postings to the general ledger, confirming amounts agree with supporting documentation.
 - Confirm transaction is properly approved.
 - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of the procedures.

Appropriation Act

15. Inspect the Appropriation Act work program, provided to and completed by management, noting areas of noncompliance, if any.
16. Confirm compliance with agency-specific state provisos by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedures.

Reporting Packages

17. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General. Inspect the following reporting packages, Master Reporting Package, Accounts Payable Reporting Package, Capital Assets Reporting Package, Inventory Reporting Package, and Subsequent Events Reporting Package to:
- Determine if preparation was in accordance with Comptroller General Office requirements (<http://www.cg.sc.gov/guidanceandformsforstateagencies>)
 - Determine if amounts reported in the reporting packages agree with the supporting workpapers and accounting records

We found no exceptions as a result of the procedures.

Composite Reservoir Accounts

18. Obtain a listing of agency composite reservoir accounts from agency management and confirm that the list is complete.
19. Obtain fiscal year monthly reconciliations for each composite reservoir account and for two of the reconciliations, perform the following procedures:
 - Determine the selected reconciliations were timely performed and properly documented in accordance with State regulations, and are mathematically correct.
 - 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 adequately explained and properly resolved.
 - Determine if necessary adjusting entries were made in the accounting records.
 - Obtain a reconciliation of applicable composite reservoir account balances to the liability for assets held in custody for others and determine mathematical accuracy.
 - Agree the reconciled balance of the liability for assets held in custody for others per the reconciliation to the general ledger.
20. Inspect twenty-five composite reservoir account receipts to determine that they were properly described and classified in the accounting records in accordance with the agency's policies and procedures and State regulations and that they were recorded in the proper fiscal year, and that any retention or remittance of revenue is supported by law.
21. Inspect twenty-five composite reservoir account 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 agency, were paid in conformity with State laws and regulations and that goods and/or services were procured in accordance with applicable laws and regulations.

We found no exceptions as a result of the procedures.

Status of Prior Findings

22. Inquire about the status of findings reported during the engagement for the prior fiscal year to determine if the agency has taken appropriate corrective action.

We found no exceptions as a result of the procedures.