

**SOUTH CAROLINA
CRIMINAL JUSTICE ACADEMY
COLUMBIA, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2018



Independent Accountant's Report on Applying Agreed-Upon Procedures

March 27, 2019

Mr. Lewis J. Swindler, Director
and
Members of the Law Enforcement Training Council
South Carolina Criminal Justice Academy
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Criminal Justice Academy (the Academy), on the systems, processes and behaviors related to financial activity of the Academy for the fiscal year ended June 30, 2018. The Academy's management is responsible for the systems, processes and behaviors related to financial activity. 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 either for the purpose for 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 related to financial activity of the Academy. 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 Academy 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.

This report is intended solely for the information and use of the governing body and management of the South Carolina Criminal Justice Academy 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 Criminal Justice Academy (N20)**

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 from management an understanding of variations in G/L Account 4280080000 (Federal Capital Grants – Restricted) for the Federal Fund.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

2. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain from management an understanding of variations in the 502- G/L Accounts (Contractual Services) for the General Fund.
3. Randomly select twenty non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by Academy procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by Academy procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the Academy.
 - The transaction is properly classified in the general ledger.
 - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
 - Determine that disbursements are recorded in the proper fiscal year.
 - Clerical accuracy / confirm proper sales/use tax.

For federally funded cash disbursements/non-payroll expenditures, 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.
4. Haphazardly select ten purchasing card transactions from the Comptroller General's listing of purchasing card transactions for fiscal year 2018 and inspect supporting documentation to determine:
 - The cardholder is an authorized user.
 - 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 procedures.

Payroll

5. 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 variations greater than 10%.
6. 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 greater than 10%.
7. Randomly select ten 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 Academy.
 - Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.
8. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Academy'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.
9. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Academy's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

10. Haphazardly select ten journal entries and 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.

Reporting Packages

11. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.

Reporting Packages (Continued)

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

- Grants and Contributions Revenue Reporting Package

Haphazardly select three grants to determine if the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and CFDA number agree to the South Carolina Enterprise Information System (SCEIS) general ledger and/or SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue to determine accuracy.

- Unearned Revenue Reporting Package

Determine if responses are reasonable/accurate based on inspection of the SCEIS general ledger and Academy prepared records. In addition, haphazardly select five items to determine if the amounts were properly classified, calculated and reported.

- Inventory Reporting Package

Determine if reported amounts agree to the SCEIS Yearend Rptg - Inventory report. In addition, determine if the Academy's reconciliation of physical inventory to SCEIS was properly completed by agreeing amounts to the SCEIS general ledger and/or Academy prepared records.

- Operating Leases Reporting Package

Determine if amounts agree to the SCEIS general ledger, the SCEIS Yearend Rptg Operating Lease Expense with Vendor report and/or Academy prepared records. In addition, based on inspection of invoices and lease agreements, determine if rental payments were properly classified, coded and calculated by inspecting and recalculating the following reported amounts: (1) Two haphazardly selected month to month rental payments and (2) Four haphazardly selected contingent rental payments.

- Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and/or Academy prepared records.

Finding

Operating Leases Reporting Package - We identified the Academy classified \$9,609 of rental base charges as contingent rental payments instead of other rental charges. Additionally, the Academy reported these contingent rental payments on the 'Cancelable Leases' line instead of the 'Contingent Rental Payments' line in Part I of the Operating Leases Summary Form.

Management's Response

The staff will analyze procedures to make sure accurate responses are placed in the proper locations on the appropriate forms.

Governance, Risk and Compliance (GRC) SCEIS Module

13. Select all five controls identified through the SCEIS GRC system that were in place during fiscal year 2018 and inspect mitigating control documentation. Confirm with management the controls are operating as designed.

We found no exceptions as a result of the procedures.

Appropriation Act

14. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.

We found no exceptions as a result of the procedures.

Capital Assets

15. Haphazardly select five capital asset acquisitions and inspect supporting documentation, the SCEIS general ledger and the SCEIS Asset History Sheet to determine that each asset was properly capitalized and posted to the general ledger as to amount and account and assigned the proper useful life in accordance with the CG's Reporting Policies and Procedures Manual.
16. Haphazardly select five capital asset retirements and inspect supporting documentation to ensure the asset was properly removed from the Academy's books, asset disposal was properly approved based on inspection of supporting documentation, and that the asset was originally recorded in the proper asset class.

We found no exceptions as a result of the procedures.

Minutes

17. Inspect the Academy's approved minutes beginning with the end date of prior year fieldwork through the end of our field work.

We found no other matters related to our agreed-upon procedures.

Status of Prior Findings

18. Through inquiry and inspection, determine if the Academy has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedures.