

Joe Boykin, Chair  
Henry Darby  
Kylon Middleton  
Brantley Moody



Audit Committee Agenda  
May 2, 2024 at 5:00 PM  
4045 Bridge View Drive, North Charleston, SC 29405

**1 MINUTES OF JANUARY 25, 2024**

**2 INTERNAL AUDIT REPORT**

**2A Probate Court - Inappropriate P-Card  
Expenditures**

**- Request to Consider**

**CHARLESTON COUNTY COUNCIL**

**MEMORANDUM**

**TO: Members of Audit Committee**  
**FROM: Kristen L. Salisbury, Clerk of Council**  
**DATE: April 29, 2024**  
**SUBJECT: Minutes of January 25, 2024**

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At the Audit Committee of May 2, 2024, the draft minutes of January 25, 2024, will be considered for approval.

Robert N. Stewart  
CFE, CIA, CPA  
Internal Audit Director



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## **MEMORANDUM**

**TO:** Joe Boykin, Chairman  
Charleston County Audit Committee

**FROM:** Robert N. Stewart, Internal Audit Director *RNS*

**SUBJECT:** Probate Court, Inappropriate Procurement Card  
(P-Card) Expenditures

**DATE:** April 24, 2024

### **Background Information**

On March 8, 2024, Herb Sass, Chairman for Charleston County Council, requested an audit of the Probate Court. The request was due to questionable expenditures by the Probate Court, specifically regarding procurement card expenditures.

The last regular audit report for the Probate Court was issued April 4, 2022. That report contained six findings. Three of the findings were repeat findings, including exceptions for procurement card activities. Additionally, on November 30, 2023, at the request of the Probate Court Judge, Internal Audit met with their new financial staff, to provide advice on document management and reconciliation processes.

### **Scope and Objective of Investigation**

The primary objective of this investigation was to determine if there were improprieties for any employees for p-card expenditures and the dollar amount, if any, resulting from the improprieties. In general, we did not evaluate the merits of any p-card expenditures.

During our investigation, we performed the following procedures:

- We obtained the procurement card (p-card) transactions for all cardholders within the department, reviewing documents for Fiscal Years 2022 through 2024 (to the date of our review, March 8, 2024). The starting date selected was October 15, 2021, which was the date after the last p-card audit of the Probate Court.
- We reviewed all p-card transactions for all employees with a p-card for the above-stated periods.
- Types and amounts of expenditures were evaluated based on Charleston County Financial Procedures, the Procurement Card Policies and Procedures Manual, and effective internal control procedures.
- We obtained input from the Procurement Director and the DCA for Finance regarding allowability of certain p-card transactions.
- We provided a list of all questionable p-card transactions to the Probate Court Judge to obtain his input for these p-card expenditures and updated the list based on his responses.

### **Summary of Investigation**

Based on our investigation, we found numerous p-card expenditures that were violations of County policies and procedures and/or standard internal control procedures. We reviewed 739 transactions totaling \$235,806.26 for approximately two and a half years of p-card expenditures. From this amount, we found 136 transactions totaling \$15,126.79 that were p-card violations. Of the \$15,126.79 amount, \$651.48 was subsequently reimbursed and \$276.13 was reversed by the credit card company. A summary of the p-card violations and other exceptions is shown below.

### **Unauthorized Food Purchases and without Documentation**

County procedures require pre-authorization for allowed food purchases and documentation of purpose, attendees, etc. This includes purchases from restaurants, supermarkets, or caterers. Food for departmental staff meetings and luncheons, including those related to birthdays, retirement, going-away celebrations, showers, personal celebrations, and congratulatory celebrations are prohibited.

The following purchases were not pre-authorized and adequate documentation was not available to support the purchases:

- Restaurants and supermarkets (39 transactions totaling \$6,895.89). The reasons provided for the purchases were employee appreciations, employee meetings, and conducting two one-hour lunch training sessions per semester for Charleston School of Law Students in the Adult Guardianship Assistance and Monitoring Program created by the Court.
- Luncheons (three with the Rotary Club of Charleston and twelve with the Mount Pleasant Chamber of Commerce, totaling \$438.00). The reasons provided for the purchases were education and networking with professionals and business

leaders about Probate Court functions. Events where professional educational credits are not obtained and food purchase is a specific part of the purchase has the appearance of a personal event, even if the department classifies the luncheons as outreach. All these outreach luncheons occurred only in Mount Pleasant.

- A lunch meeting at TW Graham & Co in McClellanville totaling \$36.88 between Judge Condon and the Court's Outreach Coordinator.
- Five purchases totaling \$47.44 for twenty individual- sized candy bars/packages. The reason provided for the purchases was they were used for workshops' rewards.
- Supermarket purchases involving packages of candy, protein bars, and snack food (31 transactions totaling \$2,099.07). The reasons provided for the purchases were employee appreciations, employee meetings, workshops' rewards, Adult Guardianship Assistance and Monitoring Program training, outreach events, and incentives for the participants of the Charleston County Adult Drug, Mental Health, and Veterans Treatment Courts.

#### **Authorized Food Purchase but without Documentation**

Pre-authorization was obtained for the following purchase, but documentation was not available to support the purchase (dates, purpose, attendees, etc.).

- A \$111.15 transaction for 3 boxes of candy to be used for incentives for the participants of the Charleston County Adult Drug, Mental Health, and Veterans Treatment Courts, rewarding those who are doing well. The purchase was approved by the Procurement Director, with requirement that the purchase be heavily documented.

#### **Prohibited County Vehicle Expenses**

Use of the p-card is prohibited for County vehicle expenses which are incurred within Charleston County limits. For these expenses, Fleet provides a dedicated gas card. The following purchases were made with the p-card:

- Two transactions for \$20.00 for gas and \$4.41 for electric vehicle charging, were made.

#### **Unauthorized Gift Cards and Employee "Perks"**

In almost all cases, gift cards are prohibited. An exception is when authorized in writing by the Procurement Director and/or County Administrator. Purchase of employee "perks" are also prohibited. The following purchases were unauthorized:

- Nine purchases totaling \$772.90 was spent on gift cards. The total amount is after \$74.99 was reimbursed to the Probate Court via check from the SC Association of Drug Court Professionals, a 501c3 run by the Probate Court, on March 7, 2024, for part of one of the gift card purchases.

- One purchase (cost of \$25.00) was at the request of the Exchange Club of Charleston for the Senior Day event at the Coastal Carolina Fair outreach to be given as part of the prizes for Bingo and other Senior Day events.
- Another receipt noted that a gift card purchased was for the 2022 March Madness office pool winner.
- Purchase for 30 stainless steel tumblers totaling \$339.67 for the S.C. Association of Treatment Court Professionals' Conference. The full amount of \$339.67 was reimbursed to the Probate Court via check from the S.C. Association of Drug Court Professionals on March 7, 2024.
- Four transactions totaling \$59.07 for birthday, sympathy, graduations, and congratulation cards.

### **Unauthorized Purchases of Printers**

Computers, iPads, tablets, netbooks, software, printers, and scanners are not allowed on the Procurement Card, unless prior written approval has been received by the Information Technology Services Department. The following purchases were unauthorized:

- Six purchases totaling \$2,832.43 for ten HP printers. These printers were purchased to replace printers purchased during 2020 when employees worked from home during the COVID shutdown. However, the IT department did not have a request for authorization to replace the printers on file.

### **Personal Purchases**

Personal purchases of any kind are prohibited. The following were apparently unintentional purchases:

- In June and July of 2022, fourteen Amazon transactions totaling \$448.36 appeared on Judge Condon's p-card statements and were noted by the Court as unintentional personal purchases. All transactions were either reimbursed by Judge Condon, with two checks written on September 15, 2022, totaling \$171.43, or reversed by the credit card company in the amount of \$276.93. No notification was sent to Procurement about the unintentional personal charges.

### **Missing Receipts**

County procedures regarding missing receipts had not been followed. The following were missing during our review:

- Nine purchases were found without receipts uploaded to Works or inadequate receipts that lacked details on items purchased and required further information from the Probate Court's staff for validation. The Probate Court staff was able to obtain all the necessary receipts.
  - For one purchase, the Probate Court was reimbursed \$65.39 on March 18, 2024, from the S.C. Association of Drug Court Professionals P.A.

### **Possible Donations**

State transparency law requires all donations to be included as a line item in budget or specifically approved by Council. Also, as with any use of public funds, they must meet the public purpose test. For the following transactions, there was the appearance of being a donation:

- All-Access pass for the 2022 North Charleston Business Expo for \$140.00 to attend breakfast with speakers and the business luncheon with additional speakers.
- Donation for two tickets to the 2023 MLK Breakfast summit totaling \$150.00.
- Donation for 2 tickets to the 2023 7<sup>th</sup> Anniversary Celebration by Motley Rice Attorneys at Law at the Harbour Club at WestEdge for \$103.00.
- Donation for 1 ticket to the Seventh Annual Giving Breakfast by Wake-Up Carolina for \$54.00.
- The 2022 virtual MLK breakfast for \$25.00
- The Morris Brown AME Church annual conference for \$384.14. Invoice states the full amount is a gift designation for the conference vendor space. This event appears to be specifically for church congregations instead of community outreach.
- The voluntary MPCC Foundation donation \$25.00.

### **Purchases Mailed to a Personal Address**

Standard practice for county purchases is that all items are mailed to the applicable County address. We found several Amazon and Walmart.com purchases that were sent to home addresses without prior notification to Procurement explaining why the purchases should be sent to a private residence.

### **Potential Conflict of Interest**

A program created by Judge Condon regarding Guardianship, that uses students from the Charleston School of Law and other universities to meet and work with guardians, was started approximately 17 years ago. Judge Condon's spouse is employed with the Charleston School of Law and recently became the Director of Externships and Director of Public Services and Pro Bono for the Charleston School of Law in 2022. This may create the appearance of a conflict of interest.

### **Recommendations for P-Card Procedures and Controls**

Based on our investigation, we recommend the following:

- The Probate Court Judge, as a primary responsibility, should ensure that County policies and procedures are followed and establish effective internal control procedures for the Probate Court, including authorization for the following.
  - Purchases of food and gift cards if they are appropriate transactions.

- Any other purchase that requires authorization. The fact that the expenditure is for the benefit of employees or citizens does not waive the requirement of authorization.
- All employees involved with procurement cards should become familiar with County procurement card policies and procedures.
- The p-card liaison and other applicable Probate Court employees should request training from the Procurement Department for administration of p-card procedures.
- All relevant documentation for p-card expenditures should be maintained to support the expenditures.
- The Procurement Department should continue to monitor the Probate Court p-card activities and restrict p-card usage to the minimum needed until the above items have been completed.
- County Council should review the p-card violations to determine which of the expenditures, if any, should be reimbursed.
- When programs are started, such as the one with the Charleston School of Law, these should be reviewed with County Procurement to ensure procurement policies and procedures are followed. During this process, appropriate contracts and any potential conflicts of interest can be evaluated.

The responsibilities of the Internal Audit Director for reporting of losses are as follows: notification to the Chairman of County Council and the Chairman of the Audit Committee; ascertain the extent of loss, if any; determine the adequacy of existing internal controls; and, if necessary, suggest improvements to the internal controls. This memorandum serves as the official notification. If you have any questions or need additional information, please let me know.

cc: Chair, County Council  
County Council Members  
County Administrator  
DCA Finance  
Procurement Director  
County Attorney