

**SOUTH CAROLINA DEPARTMENT
OF ARCHIVES AND HISTORY**

AGREED UPON PROCEDURES REPORT

JUNE 30, 2011

State of South Carolina



Office of the State Auditor

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May 24, 2012

The Honorable Nikki R. Haley, Governor
and
Members of the Commission
South Carolina Department of Archives and History
Columbia, South Carolina

This report on the application of certain agreed-upon procedures to the accounting records of the South Carolina Department of Archives and History for the fiscal year ended June 30, 2011, was issued by WebsterRogers, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

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

RHGjr/cwc

SOUTH CAROLINA DEPARTMENT OF ARCHIVES AND HISTORY
Columbia, South Carolina

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Richard H. Gilbert, Jr., CPA
Interim State Auditor
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the governing board and management of the South Carolina Department of Archives and History and the South Carolina Office of the State Auditor (the specified parties), solely to assist you in evaluating the performance of the South Carolina Department of Archives and History (the Department) for the fiscal year ended June 30, 2011, in the areas addressed. The Department'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.

Our procedures and findings are as follows:

1. Cash Receipts and Revenues

- We inspected 25 recorded receipts to determine if these receipts were properly described and classified in the accounting records in accordance with the Department's policies and procedures and State regulations.
- We inspected 25 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 prior year. We investigated changes in the earmarked and federal funds to ensure that revenue was classified properly in the Department's accounting records. The scope was based on agreed upon materiality levels of \$3,600 in the earmarked fund and \$4,000 in the federal fund and \pm 10%.

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

2. Non-Payroll Disbursements and Expenditures

- We inspected 25 recorded non-payroll disbursements to determine if these disbursements were properly described and classified in the accounting records in accordance with the Department's policies and procedures and State regulations, were bona fide disbursements of the Department 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.

2. **Non-Payroll Disbursements and Expenditures** (Continued)

- We inspected 25 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 the expenditures were properly classified in the Department's accounting records. The scope was based on agreed upon materiality levels of \$7,000 for the general fund, \$4,300 for the earmarked fund, and \$4,000 for the federal fund and $\pm 10\%$.

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

3. **Payroll Disbursements and Expenditures**

- We inspected 15 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, including employee payroll deductions, were properly authorized and were in accordance with existing legal requirements and processed in accordance with the Department's policies and procedures and State regulations.
- We inspected payroll transactions for the sole new employee hired and 5 who terminated employment to determine if the employees were added and/or removed from the payroll in accordance with the Department'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 Department's accounting records. The scope was based on agreed upon materiality levels of \$7,000 for the general fund, \$4,300 for the earmarked fund, and \$4,000 for the federal fund and $\pm 10\%$.
- We compared the percentage change in recorded personal service expenditures to the percentage change in employer contributions; and computed 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 $\pm 5\%$ to ensure that payroll expenditures were classified properly in the Department's accounting records.

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

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

- We inspected 10 recorded journal entries, 5 recorded operating transfers, and 5 recorded 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 were documented and explained, the transactions were properly approved, and were mathematically correct; and the transactions were processed in accordance with the Department's policies and procedures and State regulations.

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

5. General Ledger and Subsidiary Ledgers

- We inspected selected entries and monthly totals in the subsidiary records of the Department to determine if the amounts were mathematically accurate, the selected monthly totals were accurately posted to the general ledger, and selected entries were processed in accordance with the Department's policies and procedures and State regulations.

The transactions were chosen randomly. We found no exceptions as a result of our procedures.

6. Composite Reservoir Accounts

- We inquired of the Department if they had any composite reservoir accounts. We were told they had none.

7. Appropriation Act

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

We found no exceptions as a result of the procedures.

8. Closing Packages

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

We found no exceptions as a result of the procedures.

9. 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 Department 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 and if the amounts agreed with the supporting workpapers and accounting records.

We found no exceptions as a result of our procedures.

10. 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 Department resulting from their engagement for the fiscal year ended June 30, 2008, to determine if the Department had taken corrective action. We applied no procedures to the Department's accounting records and internal controls for the years ended June 30, 2010 and 2009.

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 accounting records. 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, the governing board and management of the South Carolina Department of Archives and History and the South Carolina Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Webster Rogers LLP

Columbia, South Carolina
May 15, 2011

ACCOUNTANTS' COMMENTS

SECTION A – STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on findings reported in the Accountant's Comment section of the State Auditor's Report on the Department for the fiscal year ended June 30, 2008, and dated February 19, 2009. We applied no procedures to the Department's accounting records and internal controls for the years ended June 30, 2010 and 2009. We determined the Department has taken adequate corrective action on each of the findings.