

**SOUTH CAROLINA  
CONFEDERATE RELIC ROOM  
AND MILITARY MUSEUM  
COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2017**



Independent Accountant's Report on Applying Agreed-Upon Procedures

July 2, 2018

Mr. W. Allen Roberson, Executive Director  
and  
Members of the Commission  
South Carolina Confederate Relic Room and Military Museum  
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Confederate Relic Room and Military Museum (the Museum), on the systems, processes and behaviors related to financial activity of the Museum for the fiscal year ended June 30, 2017. The Museum'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 Museum. 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 Museum 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.

This report is intended solely for the information and use of the Commission and management of the South Carolina Confederate Relic Room and Military Museum 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 Confederate Relic Room and Military Museum (H96)**

**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 \$20,000 and 10% in the Earmarked Funds.
2. Randomly select fifteen 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, in accordance with Proviso 117.1 of the Appropriation Act.
  - Ensure that both revenue collections and amounts charged are properly authorized by law.
3. Randomly select five cash receipts and inspect supporting documentation to determine that receipts are recorded in the proper fiscal year.

**Finding**

Two receipt transactions were not deposited in accordance with Proviso 117.1 of the fiscal year 2017 Appropriation Act which requires the remittance of state revenues to the State Treasurer at least once each week.

**Management's Response**

The Museum brings cash and checks weekly to the Department of Administration for deposit. The Department of Administration processes deposits within 3 business days, and generally deposits are made on the same day cash and checks are received. Due to unexpected and documented staffing turnover, emergency absences, and to maintain Museum and public security, the Museum was unable to deliver deposits in a timely manner, due to its limited staff. Additional guidance and training to new personnel will be provided to ensure timely processing of deposits going forward.

**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 \$100,000 and 10% in General Funds and \$20,000 and 10% in Earmarked Funds.
5. Randomly select twenty-five non-payroll disbursements and inspect supporting documentation to determine:
  - Transaction is properly completed as required by Museum procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
  - All supporting documents and approvals required by Museum procedures and good business practice are present and agree with the invoice.
  - The transaction is a bona fide expenditure of the Museum, 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 / confirm proper sales/use tax.

## Cash Disbursements/Non-Payroll Expenditures (Continued)

6. Randomly select five non-payroll disbursements and inspect supporting documentation to determine that disbursements are recorded in the proper fiscal year.

### Finding

Two invoices were not paid in a timely manner which resulted in the expenditures not being posted in the correct fiscal year. An invoice for Museum cell phone service for the period 5/2/14 - 6/1/14 was posted to the South Carolina Enterprise Information System (SCEIS) on 12/13/16. An invoice for copier service and supply expense for the period 6/2/16 - 7/2/16 was posted to SCEIS on 12/9/16. Museum personnel stated the original invoices may have been lost or misplaced.

### Management's Response

The Department of Administration processes disbursements for the Museum. While researching past due amounts, the Department of Administration, working with the vendor, discovered that these invoices had not been received. Due to staffing issues and turnover these invoices were not sent to the Department of Administration for processing. New staff are currently in place and training has been completed to ensure invoices received by the Museum are sent to the Department of Administration timely. The Museum will insure that vendors' invoices are sent to the Department of Administration within five business days.

### 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 \$100,000 and 10% in General Funds.
8. Haphazardly select 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 Museum.
- Agree gross pay to supporting documentation confirming 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 Museum.
- Confirm the hourly rate and time sheets are properly approved; recalculate gross pay.

9. Select all employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Museum's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.
10. Select all employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Museum'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.
11. 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%.

We found no exceptions as a result of the procedures.

## Journal Entries and Transfers

12. Haphazardly select five 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.

## Finding

An entry to retroactively correct the positional role in SCEIS of a Museum employee adjusted fiscal year 2017 GL Accounts for prior year payroll activity, resulting in a negative expenditure balance for the Unclassified Positions GL Account (5010600000). The entry should have been effective for the current fiscal year and periods going forward.

## Management's Response

The position change should have been dated 7/1/16 but was erroneously dated 1/1/16 which caused a retroactive payroll adjustment. We will continue to work with the Department of Administration to ensure adequate review. We have communicated with the Department of Administration to explain this process and prevent this going forward.

## Appropriation Act

13. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.
14. Confirm compliance with the selected agreed-upon Museum-specific state provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedures.

## Reporting Packages

15. 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.
16. In addition to the procedure above, we will perform the following:
- Inventory Reporting Package  

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

Determine if responses and reported amounts are reasonable/accurate based on inspection of the SCEIS general ledger, the SCEIS Asset History Sheet and/or Museum prepared records.

## Reporting Packages (Continued)

- Operating Leases Reporting Package

Determine if amounts agree to the SCEIS general ledger, the SCEIS Yearend Reporting Operating Lease Expense with Vendor report and/or Museum 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) Three haphazardly selected contingent rental payments; (2) One haphazardly selected payment for each vendor included in the remaining rental payment classifications (One Time Rental Payments and Other Adjustments).

- 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 Museum prepared records. In addition, determine if the amounts from the Subsequent Events Accounts Payable Worksheet were properly classified, calculated and reported and excluded from the original Accounts Payable Reporting Package submission.

We found no exceptions as a result of the procedures.

## Procurement Card Transactions

17. Haphazardly select one month during the fiscal year and determine if the procurement card monthly purchase summary was submitted along with applicable receipts and signed by both the cardholder and supervisor.

We found no exceptions as a result of the procedures.

## Foundation

18. Inspect the Museum Foundation's bylaws and any other related documents to determine if any additional procedures are deemed necessary by management.

We received the Museum Foundation's bylaws; however, we noted no activity during fiscal year 2017 and no additional procedures were deemed necessary by management.

## Recommendation

The Museum and the Foundation should create a formal memorandum of understanding to define the relationship between the two entities.

## Observe Collection Items

19. Haphazardly select five items from the inventoried list of collection items provided by the Museum and confirm their existence. Haphazardly select five exhibited collection items and confirm that the items are included on the list.

We found no exceptions as a result of the procedures.

## Recommendation

The Museum should collaborate with the SCEIS team and the Department of Administration to determine the most feasible way to add items in the Museum's collection to the SCEIS Asset Module.