

**South Carolina
Department of Archives and History**

Columbia, South Carolina

State Auditor's Report

For the Fiscal Year Ended June 30, 2022



Independent Accountant's Report on Applying Agreed Upon Procedures

March 10, 2023

Dr. W. Eric Emerson, Director
and
Members of the South Carolina Commission of Archives and History
South Carolina Department of Archives and History
Columbia, South Carolina 29233

We have performed the procedures described in Attachment 1 on the systems, processes and behaviors related to financial activity of the South Carolina Department of Archives and History (the Department) for the fiscal year ended June 30, 2022. The Department's management is responsible for the systems, processes and behaviors related to financial activity.

The Department's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the Department to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Department for the fiscal year ended June 30, 2022. Accordingly, we do not express such 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 Department's management. Management of the Department has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Up on 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.

We are required to be independent of the Department and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the governing body and 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 Archives and History (H79)**

Cash Receipts/Revenues

1. Haphazardly select ten deposits and inspect the deposit slip, daily check log deposit form, daily receipts/closing reports, gift shop sales receipts, customer invoices, order forms, South Carolina historical marker applications, and payable request forms to determine:
 - Transactions agree with the general ledger as to amount, date, payor, and account classification.
 - All individual revenues/receipts within the selected deposit were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2022 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by South Carolina Code of Laws Title 60, Chapter 11.
 - All individual receipts within the deposit are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select fifteen non-payroll disbursements and inspect invoices and approvals to determine:
 - The transaction is properly completed as required by Department policies and procedures and invoices agree with general ledger as to vendor, amount, and date.
 - The transaction approval was performed by an individual other than the preparer, with proper authority.
 - The transaction is a valid expenditure of the Department.
 - The transaction is properly classified in the general ledger.
 - Disbursement is recorded in the proper fiscal year.

For federally funded cash disbursements/non-payroll expenditures, inspect invoices and approval 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.
3. Haphazardly select five purchasing card transactions from the Office of the Comptroller General (CG) listing of purchasing card transactions for fiscal year 2022 and inspect the monthly purchase summaries and applicable receipts to determine:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Department policies and procedures.
 - The monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and approved by the supervisor.
 - 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 these procedures.

Payroll

4. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Department's policies and procedures, and that their last paycheck, including any leave payout, was properly calculated.

Payroll (Continued)

5. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Department's policies and procedures and that their first paycheck was properly calculated.

We found no exceptions as a result of these procedures.

Journal Entries

6. Haphazardly select ten journal entries and inspect the Journal Entry Justification forms, invoices, and memos to determine:
 - Entry is valid and agrees to the Journal Entry Justification form as well as copies of the original invoices and memos when applicable.
 - Approval was performed by an individual other than the preparer of the entry, with proper authority.

We found no exceptions as a result of these procedure.

Reporting Packages

7. Inspect fiscal year end reporting packages submitted to the CG. Compare responses in the Master Reporting Package Checklist and any required supplemental information to year end reporting packages submitted to the CG, the South Carolina Enterprise Information System (SCEIS) and Department prepared records. Additionally, compare the dates submitted to the due dates established by the CG's Reporting Policies and Procedures Manual.

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

- Grants and Contributions Revenue Reporting Package

Haphazardly select three grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and Catalogue of Federal Domestic Assistance (now known as Assistance Listing Number) to the SCEIS general ledger or SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger and Department prepared records.

We found no exceptions as a result of these procedures.

Assets and Personal Property

9. Select all five capital asset acquisitions and inspect related invoices or lease calculators to determine that each asset was properly capitalized and posted to the general ledger in accordance with the CG's Reporting Policies and Procedures Manual.
10. Inspect the inventory of personal property, excluding expendables, provided by the Department to determine that it was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.

Assets and Personal Property (Continued)

Finding

Maintenance and support charges were improperly included in the capitalization of two assets by the Department.

Management's Response

The Department has taken steps that will help facilitate improved interdepartmental communication and oversight during the procurement process to ensure that staff follow proper procedures. These include focusing on processes for ensuring that maintenance and support charges are separated from the actual value of the asset when preparing purchase orders.

Status of Prior Finding

11. Through inquiry of management and inspection of the Department's personal property performance, determine the Department has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We determined that the Department had taken adequate corrective action on the prior year finding.