

## RECOMMENDATION

Post expenditures in a manner which would allow the preparation of a budget vs. actual statement.

## RESPONSE:

The current general ledger portrays a summary of account activity on a monthly basis by function. The department will produce a statement from its new financial system that compares budget to actual for each program and functional area by summary and line item category. This statement will give the user information by category of personal services, employer contributions, supplies, and contractual services etc.

## **CASH RECONCILIATION DEFICIENCIES**

The cash reconciliation was not being prepared in a timely manner. The cash reconciliations include items that are carried over from month to month for several months. The format for the cash reconciliation beings the ending balances per the Comptroller General's records with increases and decreases from reconciling items being shown to equal the Departments ending balance. The State Highway Fund account reconciliation for June 1999 was out of balance approximately \$81,000.

## RECOMMENDATION:

Reconcile all cash accounts to the Comptroller General's account balance within 30 days after each month end. Adopt a reconciliation format that clearly reflects the transit items from the unrecorded items by the Department. Transit items would include deposits in transit and outstanding vouchers. Unrecorded items would include all transactions recorded by the Comptroller General that were not recorded by the Department. No items more than 30 days old should appear on the reconciliations.

Have a designated senior management staff person review and approve all of the cash reconciliations. Also follow-up should be made by the designated senior staff person if the reconciliations are not available for the review within 30 days after each month end for all recording items that are over 30 day old on the reconciliation (excluding outstanding checks).

## RESPONSE:

The Department concurs with the recommendation to balance the cash accounts within 30 days after month end. A senior staff person will also monitor the timeliness of the reconciliation and any outstanding items to ensure the proper entry is recorded in the Department's financial records.

Cash reconciliations are not being prepared for the bond related cash accounts. Three accounts with small balances that were set up to fund bond issuance costs were not recorded on the Department's general ledger. Our review of the financial activity for the accounts disclosed one draw down for construction expenditures not recorded in the general ledger, one that was recorded for an incorrect amount and none of the interest earnings and expenditures were recorded for the bond issuance cost accounts. The net proceeds from the issuance of Series 1999A was recorded in the general ledger for \$180,000 more than actually received. The excess amount included the \$170,000 for issuance cost and a \$10,000 addition error.

## RECOMMENDATION:

Set up separate general ledger accounts in the general ledger for each cash account, including the bond related accounts.

## RESPONSE:

As Trustee of the bonds, the Office of State Treasurer is responsible for all bond related accounts. The Department does reconcile the bond accounts on a yearly basis to the Treasurer's actual balances and in the future, will reconcile the accounts on a monthly basis. This will ensure all entries for interest, draws, etc. are recorded in SCDOT's ledger in a timely manner. All known interest earned and draws made are recorded by journal voucher. The cost of issuance amounts are recorded in the proceeds account in the