

South Carolina Vocational Rehabilitation Department**Response to Auditor's Comments****1999 State Audit**

During the audit period, the agency has been in the process of converting from a mainframe environment to a client/server environment. This conversion required all financial programs to be rewritten. This resulted in some difficult situations during the year, but the end result should be an improved financial system.

Section A – MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONSReceipts not deposited timely

The agency has a clear policy instructing staff to deposit funds received a least weekly. Compliance in the area will be given a priority by emphasizing this regulation to all staff involved with letters and more frequent audits of this area.

Error in Fixed Asset closing package

During this fiscal year the value of equipment inventory was redefined from \$150 to \$350 per item. Those items removed from inventory were done so as a deletion to inventory. We concur that these deletions should have been classified as an adjustment to the prior year balance.

Federal funds not requested timely

We concur with this finding and have instituted the necessary procedures to ensure compliance in this area.

Reconciliations not performed timely

We concur with this finding and with the completion of our computer conversions, we anticipate the necessary programs and controls are in place to address this area.

SECTION B – OTHER WEAKNESSES NOT CONSIDERED MATERIALAccounting policies and procedures manual

We concur with this finding. Documentation of policies and procedures has begun with the completion of the new computer system and finance programs.