

RICHARD H. GILBERT, JR., CPA

STATE OF SOUTH CAROLINA  
OFFICE OF THE STATE AUDITOR  
QUALITY REVIEW REPORT

YEAR ENDED JUNE 30, 2009



Richard H. Gilbert Jr., CPA  
Deputy State Auditor  
Office of the State Auditor  
Columbia, South Carolina

We have reviewed the system of quality control of the South Carolina Office of the State Auditor (the Office) in effect for the period July 1, 2008 through June 30, 2009. A system of quality control encompasses the Office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional auditing and attestation standards. The design of the system and compliance with it are the responsibility of the Office. Our responsibility is to express an opinion on the design of the system, and the Office's compliance with the system based on our review.

We conducted our review using the various questionnaires, checklists and other documents developed by the National State Auditors Association (NSAA) and the American Institute of Certified Public Accountants (AICPA) Peer Review Board. In performing our review, we obtained an understanding of the Office's system of quality control for engagements conducted in accordance with *Government Auditing Standards* and for agreed upon procedures for engagements conducted in accordance with *Statements on Standards for Attestation Engagements* issued by the AICPA. In addition, we tested compliance with the Office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the Office's engagements conducted in accordance with the aforementioned professional auditing and attestation standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of South Carolina Office of the State Auditor in effect for the period July 1, 2008 through June 30, 2009 has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with the aforementioned professional auditing and attestation standards.

As is customary in a peer review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

Greenwood, South Carolina  
January 27, 2010



Richard H. Gilbert Jr., CPA  
Deputy State Auditor  
Office of the State Auditor  
Columbia, South Carolina

We have reviewed the system of quality control of South Carolina Office of the State Auditor (the Office) in effect for the period July 1, 2008 through June 30, 2009 and have issued our report thereon dated January 27, 2010. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment #1 - Auditing standards specify that audit documentation must be in sufficient detail to provide a clear understanding of the work performed, the audit evidence obtained and its source, and the conclusions reached. On an audit engagement, the original audit documentation did not document the process followed by the auditor for determining how to classify a control deficiency as a significant deficiency or a material weakness.

Recommendation - We recommend the Office provide training opportunities related to audit documentation requirements in areas that require professional judgment and conclusions.

In the attached correspondence dated February 24, 2010, the South Carolina Office of the State Auditor provided its response to the Letter of Comments recommendation.

Greenwood, South Carolina  
January 27, 2010

Elliott Davis LLC

# State of South Carolina



## Office of the State Auditor

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February 24, 2010

### Office of the State Auditor's Response to Letter of Comments

This letter represents our response to the report and the letter of comments issued in connection with the review of the South Carolina Office of the State Auditor's auditing and attestation practice for the year ended June 30, 2009.

Audit Documentation - Our Office was aware of this matter and implemented corrective action for fiscal year 2009 engagements. We have developed new forms to document the logic followed in classifying control deficiencies as significant deficiencies and/or material weaknesses.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written over a faint circular stamp.

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