



State of Delaware
Office of Auditor of Accounts
Kathleen K. McGuinness, RPh, CFE

Working Hard to Protect YOUR Tax Dollars

Agreed-Upon Procedures

Office of the State Treasurer Bank Reconciliation – Quarter Ended September 30, 2018

February 7, 2020

The Auditor of Accounts (AOA) performed an Agreed-Upon Procedures Engagement, in accordance with Title 29 of the Delaware Code, Chapter 29 Section 2906(b), to determine that the books and records maintained by the Office of the Secretary of Finance are kept in accordance with generally accepted accounting principles and are reconciled with various bank accounts. In conjunction therewith, AOA shall reconcile the records maintained by the Office of the Secretary of Finance with the fund balances maintained and reported by the Director of the Office of Management and Budget.

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Abbreviations:

AOA	Auditor of Accounts
FSF	First State Financials

The mission of the Delaware Office of Auditor of Accounts

The Delaware Auditor of Accounts serves Delawareans by ensuring accountability in the use of taxpayer dollars through independent assessments of financial operations, performance management and statutory compliance of state government.

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STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS

KATHLEEN K. MCGUINNESS, RPH, CFE
STATE AUDITOR

Independent Accountants' Report
on Applying Agreed-Upon Procedures

The Honorable Colleen C. Davis
State Treasurer
Office of State Treasurer
820 Silver Lake Boulevard, Suite 100
Dover, Delaware 19904

We have performed the procedures enumerated below, which were agreed to by the Office of State Treasurer. The management of the Office of the State Treasurer is responsible for the State of Delaware's (the State's) September 30, 2018 bank reconciliations. The sufficiency of these procedures is solely the responsibility of the Office of the State Treasurer. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Procedure 1: Compare the list of accounts generated from the First State Financial (FSF) *Activity by Balance Sheet Account* (DGL046) to the bank accounts reconciled by the Office of the State Treasurer and accounts included as part of each quarter's ending cash balance in FSF cash accounts. Report any discrepancies.

Results: AOA compared the list of accounts generated from FSF's *Activity by Balance Sheet Account* report to the bank accounts reconciled by the Office of the State Treasurer. No discrepancies were noted.

Procedure 2: For the bank accounts reconciled by the Office of the State Treasurer, obtain the following:

- a. The September 30, 2018 bank reconciliations prepared by the Office of the State Treasurer;
and

Result: AOA obtained the September 30, 2018 bank reconciliations from the Office of the State Treasurer.

- b. The September 30, 2018 general ledger from the Office of the State Treasurer.

Results: AOA obtained the September 30, 2018 general ledger from the Office of the State Treasurer.

Procedure 3: Perform the following procedures:

- a. Obtain bank confirmations directly from each bank of the cash on deposit as of September 30, 2018;

Results: AOA obtained bank confirmations directly from each bank of the cash on deposit as of September 30, 2018;

- b. Compare the balance confirmed by the bank to the amount shown on the respective bank reconciliation;

Results: AOA compared the confirmed bank balance to the amount shown on the respective bank reconciliation without exception.

- c. For the September 30th quarter reconciliation, inquire about significant reconciling items older than 30 days and greater than 0.15% (\$3,105,634) of the total amount of the cash reported in the general ledger, including about the subsequent clearing of these reconciling items in the following months, when applicable;

Results: AOA inquired about the reconciling items older than 30 days and over the 0.15% threshold. The Office of the State Treasurer provided supporting documentation that the reconciling items older than 30 days and over the 0.15% threshold cleared in the subsequent period or were otherwise, adequately supported.

- d. Mathematically check the bank reconciliations; and

Results: AOA mathematically checked the bank reconciliation without exception.


- e. Compare the cash balance per book listed in the reconciliation to the respective general ledger account balance and report the reconciliation.

Results: The following chart compares the cash balances in the reconciliation to the respective general ledger balances as of September 30, 2018 (rounded to nearest dollar):

Bank	Number of Accounts	Confirmed Bank Balance	Net Outstanding Items	Reconciled Balance	General Ledger Balance
Citizens	1	\$ 2,198,847	\$ (155,247)	\$ 2,043,600	\$ 2,043,599
Fidelity Investments	5	9,096,927	-	9,096,927	9,096,927
JPMorgan Chase	1	525,292	-	525,292	525,292
US Bank	1	929,057	-	929,057	929,057
BNY Melon	8	161,325,615	-	161,325,615	161,325,615
Northern Trust	10	1,982,652,043	-	1,982,652,043	1,982,652,043
PNC Bank	16	5,104,244	(91,626,233)	(86,521,989)	(86,521,989)
Bank of America	1	372,223	-	372,223	372,223
Total	43	\$2,162,204,248	\$ (91,781,480)	\$2,070,422,768	\$2,070,422,767

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. 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.

This report is intended solely for the information and use of the Office of the State Treasurer and the Office of Auditor of Accounts, State of Delaware, 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. This report, as required by statute, will be provided to the Governor, Controller General, Attorney General, Office of Management and Budget, and Department of Finance.


Kathleen K. McGuinness, RPh, CFE
Delaware State Auditor
February 7, 2020