

**State of Delaware  
Office of Auditor of Accounts**

*Working Hard to Protect YOUR Tax Dollars*

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**Office of the State Treasurer  
Bank Reconciliations  
Agreed-Upon Procedures**

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*Quarter Ended December 31, 2018*

**Kathleen K. McGuinness, CFE, RPh  
State Auditor**



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Abbreviations:

**OAOA**            Office of 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 to identify fraud, waste and abuse through independent assessments of financial operations, performance management and statutory compliance of state government.

For further information on this release please contact:

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

Independent Accountants' Report  
on Applying Agreed-Upon Procedures

The Honorable Colleen C. Davis  
State Treasurer  
Office of the 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 the State Treasurer. The management of the Office of the State Treasurer is responsible for the State of Delaware's (the State's) December 31, 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. 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.

The procedures and associated findings are as follows:

**Procedure 1:** Compare the list of accounts generated from the First State Financials (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 the December 31, 2018 cash balance in FSF cash accounts. Report any discrepancies.

**Results:** OAOA 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 as of December 31, 2018. No discrepancies were noted.

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

- a. The December 31, 2018 bank reconciliations prepared by the Office of the State Treasurer;
- b. The December 31, 2018 general ledger from the Office of the State Treasurer; and

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- c. Compare each bank balance to bank statements and agree each book balance to the FSF summary trial balance report.

**Results:** On the December 31, 2018 bank reconciliations, OAOA agreed each bank balance to bank statements and each book balance to the FSF summary trial balance report without exception.

**Procedure 3:** Perform the following procedures:

- a. For the December 31, 2018 reconciliation, inspect the significant reconciling items older than 30 days and greater than 0.0015 times the total amount of the general ledger, including the subsequent clearing of these reconciling items in the following months, when applicable;

**Results:** OAOA inspected the reconciling items older than 30 days and over the 0.0015 threshold (\$3,218,808). The Office of the State Treasurer provided supporting documentation that the reconciling items older than 30 days and over the 0.0015 threshold cleared in the subsequent period or were otherwise adequately supported.

- b. Mathematically check the bank reconciliations;

**Results:** OAOA mathematically checked the bank reconciliations without exception.

- c. 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 December 31, 2018 (rounded to nearest dollar):

<u>Bank</u>	<u>Number of Accounts</u>	<u>Bank Balance</u>	<u>Net Outstanding Items</u>	<u>Reconciled Balance</u>	<u>General Ledger Balance</u>
Citizens	1	\$ 690,606	\$ (188,216)	502,390	502,390
Fidelity Investments	5	1,090,806	(2,007)	1,088,799	1,088,799
JPMorgan Chase	1	546,969	-	546,969	546,969
US Bank	1	1,014,228	(12,626)	1,001,602	1,001,602
BNY Mellon	8	123,800,056	(18,729,943)	105,070,113	105,070,113
Northern Trust	10	2,117,518,246	(7,108,542)	2,110,409,704	2,110,409,704
PNC Bank	16	5,228,877	(79,607,557)	(74,378,680)	(74,378,680)
Bank of America	1	1,632,395	(1,002)	1,631,393	1,631,393
<b>Total</b>	<b>43</b>	<b>\$ 2,251,522,183</b>	<b>\$ (105,649,893)</b>	<b>2,145,872,290</b>	<b>2,145,872,290</b>

- d. Agree the December 31, 2018 cash balance to the Department of Finance's monthly Financial Report submitted to the Governor by the Secretary of Finance;

**Results:** OAOA agreed the December 31, 2018 cash balance to the Department of Finance's monthly financial report submitted to the Governor by the Secretary of Finance without exception.

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- e. Inquire about the Office of the State Treasurer's bank reconciliations policies and procedures in order to determine if these policies and procedures were applied when performing quarterly reconciliations;

**Results:** OAOA inquired about the Office of the State Treasurer's bank reconciliations policies and procedures. OAOA determined the policies and procedures have remained unchanged from the previous year. OAOA found no exceptions to the policies and procedures.

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 General 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 the 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.

We are required to be independent of the Office of the State Treasurer and to meet our 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 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, CFE, RPh  
State Auditor

Dover, Delaware  
September 3, 2020

