

Agreed-Upon Procedures:

SOUTH DAKOTA BOARD OF ACCOUNTANCY

Year ended
June 30, 2023



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

South Dakota Board of Accountancy
Sioux Falls, SD

We have performed the procedures enumerated in Appendix A, which were agreed to by the South Dakota Board of Accountancy (the Board) in connection with performing certain agreed-upon procedures for the fiscal year ended June 30, 2023. The Board is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error.

The Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of analyzing financial information provided by the Board. 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.

We were engaged by the Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 the financial information provided by the Board. 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 Board 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 Board and the State of South Dakota and is not intended to be and should not be used by anyone other than these specified parties.

*Schechter Dokken Kanter
Andrews & Selcer Ltd.*

December 4, 2023
Minneapolis, MN

**South Dakota Board of Accountancy
Agreed-Upon Procedures
Fiscal Year Ended June 30, 2023**

Appendix A

We performed the following procedures for the year ended June 30, 2023:

1. **Procedure:** Inquire of management regarding the internal control procedures as they relate to cash receipts for the revenue process and provide recommendations for improvements to be considered.

Results: We inquired of the Executive Director regarding the cash receipts process and noted the following:

- The staff includes the Executive Director, Senior Secretary and Accounting Assistant.
- The Senior Secretary opens all mail, prepares a cover sheet of all receipts and forwards it to the Executive Director for review/signature.
- The Accounting Assistant inputs vouchers, non-cash vouchers and cash receipts into the Board's accounting software called QuickBooks (QB Desktop Pro 2020) which is reconciled monthly with local bank statements and the "State of South Dakota Cash Center Balances" report. A report is printed from the Board's database called GL Suite entitled, "Receipts List by Payment Method" which tracks all payments by receipt number and in sequential order. The report provides details which tracks any changes/corrections by user, date and time. The Executive Director and Senior Secretary have full administrative rights to the *database*. The Executive Director and Accounting Assistant have full administrative rights to *QuickBooks*.
- The Senior Secretary deposits checks within 5 days at a local bank.
- No cash is accepted for payment.
- The Board accepts credit/debit card payments including Visa/Mastercard. Authorized.net is the credit card processing provider and receipt is generally posted to the bank account within 2-3 days after processing.
- Approximately 2-3 days after deposit, amounts are transferred to the State.
- Bank reconciliations are completed by the Accounting Assistant, reviewed by the Executive Director and approved by the Board at their meetings (denoted by approval of monthly financial statements as listed in the meeting minutes).
- The Senior Secretary provides copies of the deposit transactions to the State Auditor and State Treasurer, which provides another level of oversight in the cash receipts process.

We did not note any recommendations to enhance the existing controls.

2. **Procedure:** Recalculate the annual revenue for the following categories:

- Initial CPA Certificate
- Individual Renewal in Active, Inactive and Retired
- Firm Permit Renewal
- Firm Owners' Fee

Results: We recalculated the annual revenue for the above referenced categories for the fiscal year ended June 30, 2023, by reconciling QuickBooks activity to the "Receipts by Category" report noting the following differences netted to a total of \$70 more in the "Receipts by Category" report compared to QuickBooks:

- "Receipts by Category" report has \$50 more than QuickBooks for the active individual renewals
- "Receipts by Category" report has \$50 more than QuickBooks for the Firm Owners' Fee
- QuickBooks has \$30 more than the "Receipts by Category" report for retired individual renewals

3. **Procedure:** Select two months of the local checking account and compare internal records to the State's report of monthly activity and ending balances. One month must be June, the outside accountant has the discretion to select any other month during each fiscal year.

Results: We selected the months of May 2023 and June 2023 and traced all deposits for each respective month to the local checking account, to QuickBooks and to the related transfer to the State's report of monthly activity.

We identified the following differences:

- For May 2023, there was one deposit on May 30, 2023 for \$268.15 that cleared the local bank account in May 2023, but was not included in QuickBooks or the State Rec at May 31, 2023.
- For June 2023, there were two deposits clearing the local bank account on June 29 and 30, 2023 totaling \$11,278.15, that were not included in QuickBooks or the State Rec at June 30, 2023.

We also agreed the local bank account balance with reconciling items to QuickBooks for June 30, 2023, noting the local bank account balance was \$26,049.93; however, the QuickBooks balance was \$14,771.78. The QuickBooks balance did not include two deposits that cleared the local bank on June 29 and 30, 2023, totaling \$11,278.15, as these amounts were recorded after June 30, 2023, but should have been recorded in June 2023.

For May 31, 2023, the local bank account balance was \$4,460.23; however, the QuickBooks balance was \$4,192.08. The QuickBooks balance did not include one deposit that cleared the local bank on May 30, 2023, totaling \$268.15, as this amount was recorded after May 31, 2023, but should have been recorded in May 2023.

We also compared the State report to QuickBooks and agreed ending pooled cash balance without exception.

4. **Procedure:** For the two months selected in step 3, compare all journal entries in QuickBooks for agreement to the State provided reports.

Results: For the two months selected in step 3, we compared all journal entries in QuickBooks (primarily includes payroll and non-cash vouchers) to the State provided reports without exception.

5. **Procedure:** Meet with management to review any preliminary findings and/or recommendations. Issue a final report to management and the Board and provide access to workpapers, if requested.

Results: We did not identify any recommendations as part of our procedures other than related to the bank reconciliations. Based on procedure 1 above, while bank reconciliations are completed, they are not completed in QuickBooks monthly. We understand QuickBooks bank reconciliations are completed when there are no reconciling items, which was the case as of March 31, 2023. We recommend completing bank reconciliations in QuickBooks at each month end whether there are reconciling items or not.

A draft report was provided to the Board on December 4, 2023, and the final report is dated December 4, 2023. Access to our workpapers will be provided upon request.