

**LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

JUNE 30, 2006

State of South Carolina



Office of the State Auditor

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October 20, 2006

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Lander University
Greenwood, South Carolina

This report on the application of certain agreed-upon procedures to the accounting records and the statement of revenues, expenditures, and transfers of the Intercollegiate Athletics Program of Lander University for the fiscal year ended June 30, 2006, was issued by Elliott Davis, LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr." with a stylized flourish at the end.

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

RHGjr/trb

**LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

GREENWOOD, SOUTH CAROLINA

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mr. Richard H. Gilbert, Jr., CPA, Interim State Auditor
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Lander University (management), solely to assist the University in complying with NCAA Bylaw 6.2.3.1. for the fiscal year ended June 30, 2006. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described 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:

1. We obtained from management the Statement of Revenues, Expenditures and Transfers of Lander University Intercollegiate Athletics Program for the year ended June 30, 2006, as shown on page 4 of this report. We recalculated the addition of the amounts on the statement, traced those amounts to management's worksheets and agreed the amounts on management's worksheets to the related series of accounts in the University's general ledger. We discussed the nature of the worksheet adjustments with management. No additional procedures were performed with respect to management's representations.
2. We obtained from management the name of each outside organization not under the University's accounting control. Such an organization has as its principal or one of its principal purposes the generating of resources for or on behalf of the University's intercollegiate athletics program or the promotion of the program. We were told the University had one such organization, The Lander Foundation. We also obtained descriptions of the University's methods for gathering information on the nature and extent of this organization's activities for or on behalf of the intercollegiate athletics program. We found no exceptions as a result of the procedures.
3. From management, we obtained copies of The Lander Foundation's statement of revenues and expenditures for the University's fiscal year and agreed the revenues and expenditures on these statements with the outside organization's audited financial statements. We found no exceptions as a result of the procedures.
4. We obtained from management a listing which totaled \$139,675 of all expenditures made directly by The Lander Foundation (not under the University's accounting control) to or on behalf of the University's intercollegiate athletics program or employees to determine if they are included as revenues and expenditures on the University's intercollegiate athletics program's accounting records and its statement of revenues, expenditures, and transfers. We found no exceptions as a result of these procedures.

5. We scanned the intercollegiate athletics program contributions revenue accounts detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. All contributions were from a single source, The Lander Foundation. For these recorded receipts, we reviewed the supporting documentation to determine if they were properly classified, to determine if they were received from an independent outside source which does/does not have as one of its principal purposes the promotion and support of the athletic program; and to determine that the source and value of each such contribution is disclosed in a footnote to the statement. We found no exceptions as a result of the procedures.
6. From all recorded concession revenue receipts, we randomly selected two deposits and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. The total of the selected receipts was 7% of the aggregate total of recorded concession receipts. We found no exceptions as a result of the procedures.
7. We obtained the ticket revenue schedule detailing amount received and tickets sold per game. We recalculated ticket revenue based upon the ticket price, attendance, number of games, and season tickets sold. From this schedule, we traced the amounts into the ticket sales account. We obtained the South Carolina admissions tax forms (L-511) for the year ended June 30, 2006. We agreed amounts per these tax forms to the ticket revenue schedule. We found no exceptions as a result of the procedures.
8. We asked management to describe specific elements of the College's internal control unique to the intercollegiate athletics program's accounting system and financial reporting. We found the described elements operating as defined by management through general inquiry and observation. We found no material weakness as a result of the inquiry and observation.
9. We obtained from management the squad list which detailed scholarships provided for each sports team and traced the total scholarships to the University's trial balance within an immaterial difference. We haphazardly selected 20 students from the squad list and traced the awarded scholarship(s) for each student to each student's account (billing ledger). We found no exceptions as a result of the procedures.
10. We obtained from management a schedule of direct institutional support to the athletic program and the related University budget. We discussed with management the variances between actual and budget. Management was able to explain these variances from the budget.
11. We obtained a schedule of athletic department salaries from management and agreed those amounts to the appropriate general ledger salary accounts. We estimated the related employer contributions expenditures using the University's average fringe benefits rates for comparably paid employees and compared our estimates with reported expenditures in the appropriate general ledger accounts. We identified no material unexplained variance.
12. We obtained from management a listing of athletic department staff employed during the year. We haphazardly selected 15 staff members and agreed the financial terms and conditions of each employee to the related salaries/stipend and benefits recorded by the University. For each employee selected, we obtained a W-2 and compared it to the employee's salary or stipend for reasonableness. We found no exceptions as a result of this procedure.
13. We tested the reasonableness of reported student activity fees by comparing the recorded amount to our estimate of the fees using student enrollment and the fee per student per semester. We found no exceptions as a result of the procedures.
14. We randomly selected recorded expenditures for travel, supplies and equipment, insurance, recruiting, other contractual services and memberships to determine if these expenditures were properly valued, classified, and authorized based on review of the supporting documentation of vendor invoices, purchase requisitions, financial aid awards, travel vouchers and travel support documents and determined if procedures and documentation were performed in accordance with Lander's procurement policy.

15. We tested the reasonableness of reported NCAA revenue by comparing the recorded amount to copies of NCAA checks. We found no exceptions as a result of the procedures.
16. We obtained and reviewed the University's policy for recruiting and team travel included in the student-athlete handbook and Department of Athletics staff manual for the year ended June 30, 2006 and agreed the University's policy to the NCAA policy. We found no exceptions as a result of the procedure.
17. We provided the following list of activities to management. Management confirmed that these activities did not occur during the year ended June 30, 2006.
 - a. The University did not provide severance payments to employees within the athletic department during the year ended June 30, 2006.
 - b. The University did not officially host a sport-camp sponsored by the athletic department.
 - c. No additional procedures were performed related to these activities.
18. We obtained from management the budgeted expenditures for NCAA series of accounts for the fiscal year ended June 30, 2006. We compared actual expenditures to the budgeted amount for each NCAA series account and discussed variances with management. No additional procedures were performed with respect to management's representations as to the reasons for variances.

We were not engaged to, and we did not, perform an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items and on the effectiveness of internal control over financial reporting described in paragraph one and procedures one through nine of this report. Accordingly, we do not express such an opinion. Had we performed additional procedures or had we conducted an audit or review of the financial statements of the University's intercollegiate athletics program or any part thereof, 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 Governor and the users specified in paragraph one and is not intended to be and should not be used by anyone other than these specified parties.

Elliott Davis, LLC

September 29, 2006

LANDER UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND TRANSFERS
UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES
For the year ended June 30, 2006

	<u>Men's Sports</u>	<u>Women's Sports</u>	<u>Nonprogram Specific</u>	<u>Total</u>
Revenues				
Ticket sales	\$ -	\$ -	\$ 2,797	\$ 2,797
Concession sales	-	-	18,783	18,783
Student activity fees	-	-	275,580	275,580
NCAA distributions	12,152	9,168	6,717	28,037
Contributed support - The Lander Foundation	35,862	20,723	177,621	234,206
Peach Belt Conference distributions	-	-	8,053	8,053
Program revenue	-	-	29,309	29,309
Tuition waivers	244,757	119,453	-	364,210
State appropriations	<u>817,852</u>	<u>645,932</u>	<u>7,892</u>	<u>1,471,676</u>
 Total revenue	 <u>1,110,623</u>	 <u>795,276</u>	 <u>526,752</u>	 <u>2,432,651</u>
 Transfers in for scholarships	 <u>-</u>	 <u>-</u>	 <u>188,330</u>	 <u>188,330</u>
Expenditures				
Salaries	244,643	195,625	325,414	765,682
Other personal services	9,500	24,500	32,137	66,137
Fringes	73,836	60,970	88,399	223,205
Travel				
Team	46,461	28,057	-	74,518
Recruiting	7,289	11,621	-	18,910
Other	-	-	14,312	14,312
Insurance	-	-	70,458	70,458
Contractual services	21,377	21,528	27,227	70,132
Supplies and equipment	127,788	62,663	134,518	324,969
Memberships	555	605	18,869	20,029
Game Day	37,880	28,051	498	66,429
Scholarships, financial aid and tuition waivers	<u>541,294</u>	<u>361,656</u>	<u>3,250</u>	<u>906,200</u>
 Total expenditures	 <u>1,110,623</u>	 <u>795,276</u>	 <u>715,082</u>	 <u>2,620,981</u>
 Revenue and transfers over (under) expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

NOTE 1 - CONTRIBUTIONS

Contributed support from The Lander Foundation, an outside organization, in the amount of \$234,206 results from the Foundation making or committing to make expenditures on behalf of the intercollegiate athletics program for items such as athletic scholarships and equipment. Such contributions equaled 100% of the total contributions received for intercollegiate athletics during the year ended June 30, 2006.