

**SOUTH CAROLINA HIGHER EDUCATION  
TUITION GRANTS COMMISSION**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2017**



## Independent Accountant's Report on Applying Agreed-Upon Procedures

August 2, 2018

Katherine H. Harrison, Director  
and  
Members of the Commission  
South Carolina Higher Education Tuition Grants Commission  
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Higher Education Tuition Grants Commission (the Commission), on the systems, processes and behaviors related to financial activity of the Commission for the fiscal year ended June 30, 2017. The Commission's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted 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 an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Commission. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of the Commission has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Clerical errors of less than \$1,000 related to processing cash receipts and cash disbursements transactions unless the errors occur in ten percent or more of the transaction class inspected.
- Clerical errors of less than \$1,000 related to reporting packages.
- Errors in applying account coding definitions to accounting transactions unless it is determined that ten percent or more of the accounting transactions inspected were found to be in error.
- Reporting packages which are submitted less than three business days after the due date unless it is determined that more than two of the reporting packages were submitted late.

This report is intended solely for the information and use of the governing body and management of the South Carolina Higher Education Tuition Grants Commission 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.

George L. Kennedy, III, CPA  
State Auditor

**South Carolina Office of the State Auditor  
Agreed-Upon Procedures Related to the South Carolina Higher Education Tuition Grants  
Commission (H06)**

**Cash Receipts/Revenues**

1. Randomly select six cash receipts transactions and inspect supporting documentation to:
  - Agree transaction amount, date, payor, document number, and account coding to the general ledger.
  - Determine that revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the Appropriation Act.
  - Ensure that both revenue collections and amounts charged are properly authorized by law.
2. Randomly select five cash receipts and inspect supporting documentation to determine that receipts were recorded in the proper fiscal year.

We found no exceptions as a result of these procedures.

**Cash Disbursements/Non-Payroll Expenditures**

3. Compare current year non-payroll expenditures at the subfund and account level to those of the prior year. Obtain and document an understanding of variations for the following: Earmarked Fund: 510-accounts.
4. Randomly select twenty-five non-payroll disbursements and inspect supporting documentation to determine:
  - Transaction is properly completed as required by Commission procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
  - All supporting documents and approvals required by Commission procedures and good business practice are present and agree with the invoice.
  - The transaction is a bona fide expenditure of the Commission, properly coded to the general ledger.
  - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations, etc.
  - Clerical accuracy / confirm proper sales/use tax.
  - For Scholarship Disbursements:
    - Use enrollment report to confirm no student received more than \$3,200 annually.
    - Agree check report total to the total listed on the enrollment report.
    - Confirm all selected certification forms were signed by a designated college official.
    - Agree voucher listing to South Carolina Enterprise Information System (SCEIS) General Ledger.
5. Randomly select five non-payroll disbursements and inspect supporting documentation to determine that disbursements were recorded in the proper fiscal year.

We found no exceptions as a result of these procedures.

## **Payroll**

6. Haphazardly select two employees and inspect supporting documentation during the fiscal year to:
  - Obtain and inspect the employee's payroll and/or personnel file for various forms, communications, etc., to confirm that the person is a bona fide employee of the Commission.
  - Agree gross pay to supporting documentation confirming all changes to gross salary for the year. Determine that all changes have been properly approved.
7. Select all (3) bonus pay disbursements to determine:
  - Employee does not make more than \$100,000 annually.
  - Bonuses received during the year did not exceed \$3,000.
  - Transaction was appropriately documented and approved.
8. Select all (1) employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Commission's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.
9. Select all (1) employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Commission's policies and procedures, that the employee's last pay check was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
10. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of variances over 10%.

We found no exceptions as a result of these procedures.

## **Journal Entries and Transfers**

11. Randomly select four journal entries and one transfer for the fiscal year to:
  - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
  - Confirm transaction is properly approved.
  - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of these procedures.

## **Appropriation Act**

12. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.

We found no exceptions as a result of these procedures.

## **Reporting Packages**

13. Obtain copies of fiscal year end reporting packages submitted to the Office of the State Comptroller General (CG). Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were prepared and submitted by the due date established by the CG's Reporting Policies and Procedures Manual.

## Reporting Packages (Continued)

14. In addition to the procedure above, perform the following:

- Other Receivables Reporting Package

Haphazardly select two transactions to determine if reported amounts are accurate based on inspection of the SCEIS general ledger, the SCEIS Yearend Reporting – Accounts Receivable Current with Customer report and/or Commission prepared records. Determine if responses are reasonable/accurate based on inspection of applicable supporting documentation.

- Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the SCEIS general ledger and/or Commission prepared records.

We found no exceptions as a result of these procedures.

## Monitoring of Schools

15. Obtain a listing of all independent, nonprofit, in-state colleges participating in the tuition grant program. Haphazardly select one college to determine if the Commission monitored the disbursements of tuition grant funds throughout the year in accordance with its policy, including an annual review by independent accountants.

We found no exceptions as a result of these procedures.

## Minutes

16. Inspect the Commission's approved minutes beginning with the end date of prior year fieldwork through the end of our fieldwork.

We found no other matters related to our agreed-upon procedures.