

**SOUTH CAROLINA GOVERNOR'S SCHOOL
FOR SCIENCE AND MATHEMATICS**

HARTSVILLE, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2017



Independent Accountant's Report on Applying Agreed-Upon Procedures

September 24, 2018

Dr. Hector E. Flores, President
South Carolina Governor's School
for Science and Mathematics
Hartsville, South Carolina 29550

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Governor's School for Science and Mathematics (the School), on the systems, processes and behaviors related to financial activity of the School for the fiscal year ended June 30, 2017. The School'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 School. 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 School 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.
- 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.

This report is intended solely for the information and use of the management of the School 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 Governor's School for Science and Mathematics (H63)**

Cash Receipts/Revenues

1. Compare current year revenues at the subfund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain and document an understanding of variations for the following: Earmarked Fund: tuition and student fees general ledger account and Federal Fund: federal grant subcontract state agencies and refund prior year revenue general ledger accounts.
2. Haphazardly select five 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.
3. Haphazardly select two cash receipts and inspect supporting documentation to determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Cash Disbursements/Non-Payroll Expenditures

4. 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: General Fund: contractual services account series; Earmarked Fund: supplies and materials account series; and Federal Fund: contractual services account series.
5. Randomly select twenty-five non-payroll disbursements and inspect supporting documentation to determine:
 - Transaction is properly completed as required by School procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
 - All supporting documents and approvals required by School procedures are present and agree with the invoice.
 - The transaction is a bona fide expenditure of the School, 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 federally funded cash disbursements/non-payroll expenditures, inspect supporting documentation to determine:

- Charges are necessary and reasonable for the proper administration of the program, incurred during the approved grant period, given consistent accounting treatment and applied uniformly to both federally assisted and other activities of the recipient.

Cash Disbursements/Non-Payroll Expenditures (Continued)

6. Randomly select twenty-five non-payroll disbursements and inspect supporting documentation to determine that disbursements are recorded in the proper fiscal year.

We found no exceptions as a result of the procedures.

Payroll

7. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the School's policies and procedures and that their first pay check was properly calculated in accordance with applicable State law.
8. Haphazardly select ten employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the School'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.
9. 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 changes greater than 10%.
10. Compute the percentage distribution of fringe benefit expenditures by fund source and compare to the actual distribution of recorded personal service expenditures by fund source. Obtain an explanation of changes greater than 10%.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

11. Haphazardly select five journal entries and transfers 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 the procedures.

Appropriation Act

12. Inspect the Appropriation Act work program, provided to and completed by management, confirming areas of noncompliance, if any.
13. Confirm compliance with the selected agreed-upon School-specific State provisos by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedures.

Procurement Card Transactions

14. Haphazardly select five procurement card purchases and inspect supporting documentation to determine:
 - The cardholder is an authorized user.
 - The purchase is reasonable based on the cardholder's position.

Procurement Card Transactions (Continued)

- The monthly purchase statement was submitted along with applicable receipts and signed by both the cardholder and supervisor.
- The transaction did not exceed the single transaction limit or the individual credit card limit.

We found no exceptions as a result of the procedures.

The Governor's School for Science and Mathematics Foundation

15. Inquire with management regarding the status of its corrective action related to the recommendations provided within the State Inspector General's report entitled "Review of the South Carolina Governor's School for Science and Mathematics and the Organizational Relationship to its Supporting Foundation".

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

Memorandums of Understanding

16. Obtain and inspect the Memorandums of Understanding between the School and the University of South Carolina, Clemson University, and the South Carolina Governor's School for the Arts and Humanities to determine if there are any areas of noncompliance.

We found no exceptions as a result of the procedures.

Fiscal Monitoring of Schools

17. Inquire with management regarding any investigation, audit or review associated with the School which was ongoing or completed during the fiscal year. Inspected reports of any completed investigation, audit or review associated with the School.
18. Compare current year trial balance account balances, excluding revenues and expenditures, to those of the prior year. Obtain and document an understanding of variations over \$500,000 and 10%.
19. Inspect budget allocations for the previous five years to determine consistent budgeting to support the School.
20. Compare total revenues to total expenditures for the current year and each of the previous four fiscal years and obtain an explanation from management for any year in which the School's expenditures exceeded revenues and appropriations.
21. Through inquiry with management, determine and document the School's reserves/funding to maintain school operations if an emergency or budget shortfall should occur.

We found no exceptions as a result of the procedures.

Minutes

22. Inspect the board'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.