

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

**HARTSVILLE, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2019**



Independent Accountant's Report on Applying Agreed-Upon Procedures

July 21, 2020

Dr. Ershela Sims, Interim President  
and  
Members of the Board of Trustees  
South Carolina Governor's School for Science and Mathematics  
Hartsville, South Carolina

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, 2019. 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:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.

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

**Cash Receipts/Revenues**

1. Compare current year revenues at the fund and account level from sources other than State General Fund appropriations to those of the prior year. Obtain from management an understanding of variations for the Earmarked Funds general ledger (G/L) account 4310030000 - General Operating Contributions & Donations – Restricted.
2. Haphazardly select five cash receipts transactions and inspect supporting documentation to:
  - Ensure supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
  - Determine that revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2019 Appropriation Act.
  - Ensure that both revenue collections and amounts charged are properly authorized by law.
  - Determine that receipts are recorded in the proper fiscal year.

**Finding**

**Untimely Deposit** – During our inspection of cash receipts and revenues and inspection of composite account receipts, we identified four receipts totaling \$1,603 that were not deposited in a timely manner. Additionally, we identified one deposit with receipts that were not stamped when received due to the responsible employee being on leave and the School not having a backup employee in place to perform the function.

**Management’s Response**

There were two issues regarding timely deposits. First, we had the employee responsible for depositing the funds on leave for an extended period. We have assigned a backup employee to handle the deposits when the responsible party is on leave. The other issue was a program sponsor bringing the funds to the Business Office in a timely manner per the School's procedures. We will reemphasize to all employees who collect money the importance of turning in funds to the Business Office at the end of the business day in which the money was collected.

**Cash Disbursements/Non-Payroll Expenditures**

3. Compare current year non-payroll expenditures at the fund and account level to those of the prior year. Obtain from management an understanding of variations for the following G/L account series: General Funds: 502 - Contractual Services, 503 - Supplies & Materials, and Earmarked Funds: 502 - Contractual Services.
4. Haphazardly select ten non-payroll disbursements, including lottery related transactions, and inspect supporting documentation to determine:
  - The 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.
  - The transaction is properly classified in the general ledger.
  - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
  - Disbursements are recorded in the proper fiscal year.
  - Clerical accuracy / confirm proper sales/use tax.
  - Lottery disbursement was monitored and expended in compliance with Proviso 3.1 of the fiscal year 2019 Appropriations Act.

## Cash Disbursements/Non-Payroll Expenditures (Continued)

5. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2019 and inspect supporting documentation to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with School policies.
  - The purchase is authorized based on the cardholder's job title/position.
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

## Findings

**Attorney Fees** – The School paid attorney fees at an hourly rate that exceeded the rate approved by the South Carolina Attorney General's Office. This error resulted in an overpayment of \$1,280.

**Monthly Purchase Summary** – One monthly purchase summary was signed by the cardholder but not by the supervisor.

## Management's Response

**Attorney Fees** - The attorney in question has more than 10 years of experience, which warranted an increase from \$110 per hour to \$150 per hour. The School thought that the original form sent in to the Attorney General's Office covered the entire year but an amended form was needed for April 1, 2019 to June 30, 2019. The form for the 2019 - 2020 fiscal year was correct.

**Monthly Purchase Summary** - The supervisor was not available for his signature at the time. We now have procedures in place to have a backup person sign if the supervisor is not available.

## Payroll

6. 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 variations greater than 10%.
7. 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% when the proportion of employer contribution to personal service expenditures also varies at a rate greater than 5% between fiscal years.
8. Haphazardly select five 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 paycheck was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
9. 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 paycheck was properly calculated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

## **Journal Entries and Transfers**

10. 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 procedure.

## **Composite Reservoir Accounts**

11. Obtain a listing of the School's composite reservoir accounts and confirm with the School's management that the listing is complete.
12. Confirm that the School submitted the required Bank Account Transparency and Accountability Report to the State Fiscal Accountability Authority by October first of the fiscal year in accordance with Proviso 117.83 of the fiscal year 2019 Appropriation Act.
13. Obtain fiscal year monthly reconciliations for each composite reservoir account and for two haphazardly selected reconciliations, perform the following procedures:
  - Determine that selected reconciliations were timely performed, reviewed, and properly documented in accordance with State regulations, and are mathematically correct.
  - Agree applicable amounts from reconciliations to the general ledger.
  - Agree applicable amounts from reconciliations to the State Treasurer's Office monthly reports.
  - Determine if reconciling differences were adequately explained and properly resolved.
  - Determine if necessary adjusting entries were made in the accounting records.
14. Haphazardly select and inspect five composite reservoir account receipts to determine that they were properly described and classified in the accounting records in accordance with the School's policies and procedures and State regulations and that they were recorded in the proper fiscal year, and that any retention or remittance of revenue is supported by law.
15. Haphazardly select and inspect five composite reservoir account disbursements to determine if these disbursements were properly described and classified in the accounting records in accordance with the School's policies and procedures and State regulations, were bona fide disbursements of the School, were paid in conformity with State laws and regulations and that goods and/or services were procured in accordance with applicable laws and regulations.

## **Finding**

See composite reservoir receipts finding regarding Untimely Deposits in the Cash Receipts/Revenues Section.

## **Assets and Personal Property**

16. Confirm that an inventory of School property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.
17. Inspect the School's portion of the Summary of Permanent Improvement Projects from the South Carolina 2018 Comprehensive Permanent Improvement Plan for the Plan Years 2019-2023 in accordance with South Carolina Code of Laws Section 2-47-55. Through inquiry with management, document the status of each project to determine if the plan is an accurate representation of the School's activities.

We found no exceptions as a result of the procedures.

## **Fiscal Monitoring of Schools**

18. Inquire of management regarding any investigation, audit or review associated with the School which was ongoing or completed during the fiscal year. Inspect reports of any completed investigation, audit or review associated with the School to determine impact on our agreed upon procedures.
19. 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%.
20. Inspect budget allocations for the previous five years to determine consistent budgeting to support the School.
21. Compare total revenues to total expenditures for the current fiscal year and each of the previous four years and obtain an explanation from management for any year in which the School's expenditures exceeded revenues and appropriations.
22. Through inquiry with management, determine and document the School's reserves/funding to maintain school operations if an emergency or budget shortfall should occur. Additionally, through inquiry with management, document the School's response to the COVID-19 global pandemic.

We found no exceptions as a result of the procedures.

## **The Governor's School for Science and Mathematics Foundation (the Foundation)**

23. Obtain and inspect agreements between the School and the Foundation as well as any applicable background information to determine if there are any areas of noncompliance.
24. Haphazardly select five transactions that occurred between the School and the Foundation to ensure the transactions were properly recorded and in compliance with the agreement between the School and the Foundation.

## **Recommendation**

**Memorandum of Understanding** – The School and the Foundation should finalize and adopt a formal memorandum of understanding to define the relationship between the two entities and to ensure Foundation support and activities are aligned with School priorities.

## **Appropriation Act / School-Specific Provisos**

25. Confirm that the School submitted to the State Human Affairs Commission employment and filled vacancy data by race and sex by October thirty-first of the fiscal year in accordance with Proviso 117.13 of the fiscal year 2019 Appropriation Act.
26. 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.

## **Status of Prior Finding**

27. Through inquiry and inspection, determine if the School has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedure.