

**SOUTH CAROLINA STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

**ORANGEBURG, SOUTH CAROLINA**

**YEAR ENDED JUNE 30, 2003**

State of South Carolina



Office of the State Auditor

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February 9, 2005

The Honorable Mark Sanford, Governor  
and  
Members of the Board of Trustees  
South Carolina State University  
Orangeburg, South Carolina

This report on the application of certain agreed-upon procedures to the accounting records, internal controls, and statement of revenues and expenditures of the South Carolina State University Intercollegiate Athletics Program for the fiscal year ended June 30, 2003, was issued by Rogers & Laban, PA, 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 cursive script that reads 'Tom Wagner'.

Thomas L. Wagner, Jr., CPA  
State Auditor

TLWjr/trb

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INTERCOLLEGIATE ATHLETICS PROGRAM  
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**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Mr. Thomas L. Wagner, Jr., CPA  
State Auditor  
State of South Carolina  
Columbia, South Carolina

We have performed the procedures enumerated below, which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of South Carolina State University (the University), solely to assist those users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Constitution section 6.2.3.1 for the fiscal year ended June 30, 2003. The University's Board of Trustees and management are responsible for the University's compliance with these requirements. This engagement to apply agreed-upon procedures was performed in accordance with attestation 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 and expenditures of the University's Intercollegiate Athletics Program for the year ended June 30, 2003, as prepared by management of the University and shown as Attachment A in 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 relevant accounts in the University's general ledger. Our findings as a result of these procedures are presented in the Accountant's Comment section of this report.
2. We obtained from management a list of all outside organizations not under the University's accounting control. Such an organization has its principal or one of its principal purposes the generating of resources for or on behalf of the intercollegiate athletics program or the promotion of the program. We also obtained descriptions of the University's methods for gathering information on the nature and extent of each of those organization's activities for or on behalf of the intercollegiate athletics program. Our findings as a result of these procedures are presented in the Accountant's Comments section of this report.
3. From management, we obtained copies of each outside organization's statement of expenditures for the University's fiscal year and confirmed the expenditures on these statements directly with responsible officials of the respective organizations. We found no exceptions as a result of the procedures.

4. 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. There were two such contributions this year.
5. From recorded intercollegiate athletics program revenues, we selected certain receipts for intercollegiate athletics and tested them to determine if they were properly recorded and classified in the accounting records based on our review of the supporting documentation. Our findings as a result of these procedures are presented in the Accountant's Comments section of this report.
6. We asked management to describe specific elements of the University's internal controls unique to the intercollegiate athletics program accounting system and financial reporting.
  - a) Based on the materiality of certain revenue sources as reported on the statement, we tested selected recorded ticket sales and NCAA revenues, to determine if they were complete and properly classified based on a review of the supporting documentation of ticket sales reports prepared by management, ticket prices, and number of games; letters and checks received from the NCAA; and review of various general ledger accounts. We also tested the selected recorded revenues to determine if internal controls over the recording of these revenues were operating as described. Our finding as a result of these procedures is presented in the Accountant's Comments section of this report.
  - b) Based on the materiality of certain expenditure accounts reported on the statement, we tested selected recorded expenditures for contractual services, travel, supplies, membership dues and fees, fixed charges, admission tax, equipment purchase, resale of raw material, financial aid and financial aid waivers to determine if these expenditures were complete, properly classified, and properly authorized based on a review of the supporting documentation of vendor invoices, travel vouchers, contracts with suppliers, purchase orders and supporting workpapers for the allocation of financial aid expenditures including financial aid award letters and if internal controls over the recording of these expenditures were operating as described. Our finding as a result of these procedures is presented in the Accountant's Comments section of this report.
  - c) We attempted to test the reconciliation of sales prepared by the Athletic Department to revenue for one of the six home football games and one of the ten home basketball games by verifying their mathematical accuracy and agreeing amounts thereon to the supporting documentation. Our finding as a result of these procedures is presented in the Accountant's Comments section of this report.
7. We obtained a listing of receipts for the intercollegiate athletics program from the Controller's office. We randomly selected receipts for testing, verified their clerical accuracy, reviewed supporting documentation to determine if the receipts were properly classified, and traced the receipts to the University's general ledger accounts for the intercollegiate athletics program. Our finding as a result of these procedures is presented in the Accountant's Comments section of this report.
8. We examined guarantee contracts for all football and basketball games during fiscal year 2003 and compared the contract revenues to recorded revenues in the general ledger for agreement of the amount and revenue classification. We also compared guarantee expenditures per the contracts to expenditures recorded in the general ledger for agreement and expenditure classification. Our finding as a result of these procedures is presented in the Accountant's Comments section of this report.
9. We obtained a schedule of the Athletic Department salaries 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. Our finding as a result of these procedures is presented in the Accountant's Comments section of this report.

10. We reviewed the status of the findings reported in the prior year to determine if the University had taken adequate corrective action. We determined that adequate corrective action had not been taken on the findings.

We were not engaged to, and did not, perform an examination, the objective of which is the expression of an opinion on the specified areas, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, 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 of this report and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

*Rogers & Lalan, PA*

December 17, 2004

**SOUTH CAROLINA STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

**ACCOUNTANT'S COMMENTS  
YEAR ENDED JUNE 30, 2003**

**ERRORS IN RECORDING TRANSACTIONS AND PREPARING FINANCIAL STATEMENT**

Our testing of various amounts reported on the statement of revenues and expenditures disclosed the following:

1. \$1,490 of supplies expenditures relating to concession was recorded under both football and basketball.
2. A \$214 expenditure posted twice in the prior fiscal year was reversed in the fiscal year ending June 30, 2003 resulting in a \$214 negative expenditure reported.
3. A donation of \$4,152 was reported as a reduction of expenditures instead of as revenue.
4. \$31,800 of revenue sharing item from NCAA and \$325 of miscellaneous income was misclassified as cost recovery revenue.
5. \$24,123 in coach's salaries for basketball were incorrectly recorded as non-coaches salaries.
6. \$16,089 in team travel expense paid through the deduction of guarantee revenue were not recorded in the general ledger.
7. \$75,000 in guarantee expense relating to an away football game paid subsequent to year-end was not recorded.
8. \$149,790 of guarantee revenue was incorrectly recorded as ticket sales revenue.
9. \$13,414 in basketball revenue sharing from NCAA was included that was recorded as a receivable and revenue in the prior fiscal year was also reported as revenue in the current.
10. \$20,007 in basketball guarantee revenue attributable to the prior fiscal year was recorded as guarantee revenue in the current year.
11. \$13,400 in guarantee expense was included in both FY02 and FY03 statement.
12. \$117,139 for athletic student accident insurance was incorrectly recorded as fixed charges account under non-specific programs instead of being allocated to each sport as insurance expense.
13. \$156,594 in books purchased for athletes on scholarship were recorded as non-program specific instead of being allocated to each sport,
14. The University is not adjusting the statement for various receivables recorded at year-end as part of the University wide audit that are not reflected in their general ledger.

The statement was not prepared in a manner consistent with the prior year's statement and numerous errors were noted in the recording of entries and the preparation of the statement of revenues and expenditures.

The statement of revenues and expenditures was adjusted to correct the errors noted in 1 – 14 above.

A similar finding was cited in the prior year's report.

**SOUTH CAROLINA STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

**ACCOUNTANT'S COMMENTS  
YEAR ENDED JUNE 30, 2003**

We recommend that additional care be taken to ensure that all revenues and expenditures are properly classified by source, nature and sport. Entries should be reviewed on a monthly basis by management to verify the accuracy of entries recorded. Additional care should be taken to ensure that the statement of revenues and expenditures includes all revenues and expenditures applicable to the intercollegiate athletic program. We also recommend that management ensure that the employees involved in coding transactions, posting them to the accounting records and preparing the statements have the proper training to prepare the report and management should verify that the statements are correct.

**DEFICIENCIES IN CONTROLS OVER TICKETS SOLD**

The amounts reported as ticket sales did not agree with the Ticket Master report and adequate support was not maintained to allow us to account for the difference. The University could not account for unsold tickets. The Athletic Department could not provide us with a report to show the number of tickets actually printed for a game. No reports were maintained which would show the number of tickets sold and sales receipts for each game and for the season by sport. No reconciliation was prepared by the University detailing the number of tickets sold, used for complementary tickets, or unsold for each game.

A similar finding was cited in the prior year's report.

We recommend that the University implement a system to account for all tickets printed. The report should show the number of tickets sold which should be agreed to the revenue recorded in the general ledger, the number of complementary tickets and the number of unsold tickets. All unsold records should be retained for audit purposes.

**LACK OF CONTROLS OVER RECEIPTS**

Our test of amounts received by the Athletic Department disclosed that there are no procedures in place to maintain control over receipts and for tracking monies received by the Athletic Department through deposit and posting in the accounting records. Also, there were no backup available for numerous receipts tested, a number of athletic agreements/contracts were not kept on file to ensure that all revenues/expenses were properly recorded and accounted for. There were no settlement reports available to justify the numerous differences between those revenue amounts recorded and the amounts shown on contracts.

A similar finding was cited in the prior year's report.

We recommend that Athletic Department reconcile revenue recorded in the accounting records to contracts/agreements amount and the deposits made, Care should be taken to maintain all athletic contracts/agreements, and adequate support documentation should also be kept in accounting office to ensure the proper posting of all items.



SOUTH CAROLINA STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM

STATEMENT OF REVENUES AND EXPENDITURES

YEAR ENDED JUNE 30, 2003

Description	Football	Basketball	Other Sports	Nonprogram Specific	Total
<b>Revenues:</b>					
Ticket Sales	\$ 560,851	\$ 18,597	\$	\$	\$ 579,448
Parking & Vending	10,975				10,975
NCAA/Conference Distribution		258,965		158,140	417,105
Game Guarantees	149,790	132,000			281,790
Concession	72,126	7,146			79,272
SCSU Educational Foundation and the S.T.A.T.E. Club - in kind	185,437	50,729	18,310	21,463	275,939
Advertising	19,288			2,340	21,628
Investment Income	976				976
Other	325			72	397
Donation				4,152	4,152
Financial Aid Waivers	145,811	41,850	321,426	26,616	535,703
<b>Total Revenues</b>	<b>1,145,579</b>	<b>509,287</b>	<b>339,736</b>	<b>212,783</b>	<b>2,207,385</b>
<b>Expenditures:</b>					
Coaches' Salaries	299,523	329,866	182,716		812,105
Other Salaries	105,441	1,080	3,336	462,128	571,985
Fringe Benefits	99,376	78,048	35,173	126,484	339,081
Uniforms & Clothing Supplies	11,705	18,539	22,477	660	53,381
Other Supplies	94,355	12,274	24,690	59,298	190,617
Medical Health Services	5,077		4,960	9,911	19,948
Telephone	10,399	5,229	4,513	15,674	35,815
Other Contractual Services	149,366	26,449	32,287	144,074	352,176
Team Travel	124,979	228,237	262,394	1,453	617,063
Recruiting Travel	10,991	30,368	841		42,200
Other Travel	29,002	24,780		14,459	68,241
Insurance (Student)	57,529.00	9,142	41,428	9,428	117,527
Membership Dues & Fees	29,595	42,435	2,815	38,895	113,740
Fixed Charges	13,351	2,732	6,122	10,719	32,924
Equipment Purchases	36,296	7,475	8,527	5,208	57,506
Utilities	70,732			790	71,522
Concession Expenses	33,880				33,880
Financial Aid	557,193	195,227	564,545	69,325	1,386,290
Financial Aid Waivers	145,811	41,850	321,426	26,616	535,703
Advertising & Promotions	49,783			6,889	56,672
Guarantees	75,000				75,000
Stipends		50	2,500	6,450	9,000
Scholarships	42,831	25,235	16,036	4,655	88,757
<b>Total Expenditures</b>	<b>2,052,215</b>	<b>1,079,016</b>	<b>1,536,786</b>	<b>1,013,116</b>	<b>5,681,133</b>
<b>Excess of Revenues over (Under) Expenditures</b>	<b>\$ (906,636)</b>	<b>\$ (569,729)</b>	<b>\$ (1,197,050)</b>	<b>\$ (800,333)</b>	<b>\$ (3,473,748)</b>

## **MANAGEMENT RESPONSE**

### **ERRORS IN RECORDING TRANSACTIONS AND PREPARING FINANCIAL STATEMENT**

The University has implemented two policies that will strengthen the controls for proper posting of transactions and preparing the financial statements as follows:

1. All receipts received by the Athletic Department will be forwarded to the Controller along with adequate support documenting the nature and timing of the receipt. The Controller or his/her designee will prepare the deposit form ensuring that the proper coding and posting to the financial records is applied.
2. Copies of all intercollegiate contracts will be submitted to and maintained in the Controller's Office. The Controller's Office will perform reviews to ensure that all guarantees are properly paid/received in the correct fiscal year. The employee responsible for preparing the Statement of Revenues and Expenditures will be provided training to ensure the proper presentation of the report.

### **DEFICIENCIES IN CONTROLS OVER TICKETS SOLD**

The University has implemented the following policies and practices to strengthen controls over the weaknesses over managing ticket sales.

1. Unsold tickets are now being stored in a vault under lock and key, by name and date of event. Previously tickets were being destroyed.
2. Ticketmaster has provided the ticket office with a report that can be run to determine the number of tickets printed for each event.
3. An audit report run through Ticketmaster will support the number of tickets sold, comp tickets or unsold tickets for each event.
4. With an entirely new staff in the Ticket Office, all day training has been scheduled for the entire office, with Ticketmaster in Charlotte, NC on February 15, 2005.

### **LACK OF CONTROLS OVER RECEIPTS**

All receipts received by the Athletic Department will be forwarded to the Controller along with adequate support documenting the nature and timing of the receipt. The Controller or his/her designee will prepare the deposit form ensuring that the proper coding and posting to the financial records is applied.

The Accountant for the Athletic Department has been assigned the responsibility of reconciling the receipts and payments related to the intercollegiate contracts on a monthly basis.