

**South Carolina
Governor's School for Science and Mathematics**

Hartsville, South Carolina

State Auditor's Report

June 30, 2020



Independent Accountant's Report on Applying Agreed-Upon Procedures

July 23, 2021

Mr. Daniel Dorsel, 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 on the systems, processes and behaviors related to financial activity of the South Carolina Governor's School for Science and Mathematics (the School) for the fiscal year ended June 30, 2020. The School's management is responsible for the systems, processes and behaviors related to financial activity.

The School management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the systems, processes and behaviors related to financial activity. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the School for the year ended June 30, 2020. Accordingly, we do not express such 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 School's management. 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.

We are required to be independent of the School and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Cash Receipts/Revenues

1. Haphazardly select five non-federal cash receipts transactions and inspect supporting documentation to determine:
 - Transaction agrees with the general ledger as to amount, date, payor, and account classification.
 - Receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2020 Appropriations Act.
 - Both revenue collections and amounts charged are properly authorized by law and that any fee increases are in accordance with Proviso 117.7 of the fiscal year 2020 Appropriations Act.
 - Receipts are recorded in the proper fiscal year.

Finding

The School incorrectly recorded \$3,060 for student meal fees in the commission vending machine sales and telephone account that should have been recorded in the tuition and student fees account.

Management Response

The supporting documentation listed the correct account number for the \$3,060 deposit. The error was made when entered in the accounting system. We will implement a review process to verify proper recording of these transactions.

Cash Disbursements/Non-Payroll Expenditures

2. Haphazardly select five non-federal non-payroll disbursements and inspect supporting documentation to determine:
 - The transaction is properly completed as required by School procedures and invoice(s) agree(s) with general ledger as to vendor, amount, and date.
 - All supporting documents and approvals required by School procedures are present and agree with the invoice.
 - The transaction is an expenditure of the School.
 - The transaction is properly classified in the general ledger.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy.

3. Haphazardly select seven purchasing card transactions from the Office of the State Comptroller General's listing of purchasing card transactions for fiscal year 2020 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.

We found no exceptions as a result of the procedures.

Payroll

4. Haphazardly select five employees who terminated employment during the fiscal year to determine they were removed from the payroll and that the employee's last paycheck, including any leave payout, was properly calculated.

We found no exceptions as a result of the procedure.

Journal Entries

5. Haphazardly select five journal entries for the fiscal year to:
 - Trace postings to the general ledger and supporting documentation.
 - Determine transaction is properly approved.
 - Inspect supporting documentation to determine the purpose of the transaction.

We found no exceptions as a result of the procedure.

Composite Reservoir Accounts

6. Obtain a listing of the School's composite reservoir accounts and inquire of School management that the listing is complete.
7. Determine 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 117.82 of the fiscal year 2020 Appropriations Act.
8. Obtain fiscal year monthly reconciliations for the composite reservoir account, haphazardly select three reconciliations, and perform the following procedures:
 - Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with School procedures.
 - 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 explained and resolved.
 - Determine if adjusting entries were made in the accounting records.
9. Haphazardly select and inspect three composite reservoir account receipts to determine that they were properly described and classified in the accounting records in compliance with the School's policies and procedures and that they were recorded in the proper fiscal year.
10. Haphazardly select and inspect three composite reservoir account disbursements to determine that they were properly classified in the accounting records, were disbursements of the School, and that goods and/or services were procured in accordance with School procedures.

Findings

Cash receipts, totaling approximately \$2,600, were not deposited in a timely manner. The receipts were collected from 10/17/19 - 12/4/19 and were not deposited until 12/11/19.

One disbursement was for an employee's paycheck, which is not a purpose of the composite reservoir account.

Management Response

Management is working to improve this process. We are utilizing more online payments. As a part of process improvement, employees who do not follow procedures will no longer be allowed to collect money.

The paycheck disbursement was a one-time payment to a long-time employee who was not paid on time due to hourly information being finalized late in SCEIS. This amount was repaid to the account the next week. A manual paycheck was then issued to the employee as the standard procedure that should have been followed. This is the only time this has been done with the account funds. Similar items will not be allowed as this is not a proper usage of the composite account.

Assets and Personal Property

11. Through inquiry of management and inspection of supporting documentation, determine 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.

We found no exceptions as a result of the procedure.

Fiscal Monitoring of Schools

12. 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.
13. Obtain a trial balance for the School for the current and prior fiscal year. Haphazardly select three balances from the trial balances and inspect supporting documentation to determine that the balance is properly recorded, described, and classified on the trial balance.
14. Inspect budget allocations for the current year and the prior year to determine consistent budgeting to support the School.
15. Compare School total revenues to total expenditures for the current fiscal year and obtain an explanation from management if school district expenditures exceeded revenues and appropriations.
16. Through inquiry of 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, follow-up with the School's response to the COVID-19 global pandemic.

Finding

During our inspection of trial balances, we found that an asset of \$2,266 was incorrectly capitalized instead of being recorded as an expenditure.

Management Response

We will enhance our review of asset classifications to ensure accurate reporting.

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

17. 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.

We found no exceptions as a result of these procedure.

Appropriation Act / School-Specific Provisos

18. Determine compliance with School-specific state provisos 1.7 - Governor's School for Science and Math, 1.29 - Governor's Schools' Fees, and 117.45 - Facility Rental Fee by inquiring with management and observing supporting documentation.

We found no exceptions as a result of the procedure.

Status of Prior Findings

19. Through inquiry of management and inspection of supporting documentation, determine the School has taken appropriate corrective action on the findings reported during the engagement for the prior fiscal year.

We determined that the School has taken adequate corrective action on the findings reported during the engagement for the prior fiscal year, except for the timely deposit of composite reservoir receipts finding above.