

**South Carolina
Sea Grants Consortium**

Charleston, South Carolina

State Auditor's Report

For the Period of July 1, 2024 to April 30, 2025

and

**Selected Procedures
For the Fiscal Year Ended June 30, 2024**



Independent Accountant's Report on Applying Agreed Upon Procedures

June 5, 2025

Dr. Susan Lovelace, Executive Director
and
Members of the Board of Directors
South Carolina Sea Grant Consortium
Charleston, 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 Sea Grant Consortium (the Consortium) for the period July 1, 2024, through April 30, 2025, and the fiscal year ended June 30, 2024. The Consortium's management is responsible for the systems, processes and behaviors related to financial activity.

The Consortium's 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 Consortium 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 Consortium for the engagement periods. 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 Consortium's management. Management of the Consortium 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 \$500 related to reporting packages.

We are required to be independent of the Consortium 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 governing body and management of the South Carolina Sea Grant Consortium, 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.

Renee Johnson, CPA
Senior Audit Manager

**South Carolina Office of the State Auditor
Agreed - Upon Procedures Related to the South Carolina Sea Grants Consortium (P260)**

The following procedures were performed for the period July 1, 2024 through April 30, 2025:

Cash Receipts/Revenues

1. Haphazardly select nine cash receipts and inspect reimbursement request forms, receipts, and deposit slips to observe that:
 - Receipts agree 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 2025 Appropriation Act.
 - Both revenue collections and amounts charged are properly authorized by South Carolina Code of Law Section 48-45-70 (B,6), Proviso 48.1 and Proviso 48.2.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Non-Payroll Disbursements

2. Haphazardly select nine non-payroll disbursements and inspect invoices, travel authorization forms, emails, reimbursement requests, and grant awards to observe that:
 - Disbursement's invoice agrees to the general ledger as to vendor, amount, date, and account classification.
 - Disbursement approval was performed by an individual, with proper authority, other than the preparer.
 - Disbursement is a valid expenditure of the Consortium.
 - Disbursement is recorded in the proper fiscal year.

For federally funded cash disbursements/non-payroll expenditures, inspect invoices to observe that:

- Disbursements were made in accordance with the requirements and period of performance of the program and was properly reported on the South Carolina Enterprise Information System (SCEIS) Business Warehouse Schedule of Federal Awards (SEFA) report as to fund source, reportability, federal sponsor, and assistance listing number.

We found no exceptions as a result of the procedure.

Purchasing Card Transactions

3. Haphazardly select two purchasing card transactions, per purchasing card holder, from the Office of Comptroller General (CG) listing of purchasing card transactions and inspect monthly purchase summaries and applicable receipts to observe that:
 - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Consortium policies and procedures.
 - The purchase is a valid expenditure.
 - The monthly purchase summary was submitted along with applicable receipts and signed by the cardholder and appropriate reviewer.
 - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.
 - The purchase did not exceed the procurement code's small purchase, no competition limit set forth in Section 11-35-1550(2)(a).

We found no exceptions as a result of the procedure.

Payroll

4. Haphazardly select three employees who terminated employment to observe that they were removed from the payroll in accordance with the best practices established by the South Carolina Human Resources Division, and that their last paycheck, including any leave payout or comp time, was properly calculated.
5. Haphazardly select three employees hired to observe that they were added to the payroll in accordance with the best practices established by the South Carolina Human Resources Division and that their first paycheck was properly calculated.

We found no exceptions as a result of the procedures.

Journal Entries and Transfers

6. Haphazardly select three journal entries and inspect SCEIS memos and workflows to observe that the journal entries are valid and approved by someone with proper authority and different from the preparer.

We found no exceptions as a result of the procedure.

The following procedures were performed for the fiscal year ended June 30, 2024:

Reporting Packages

7. Inspect fiscal year end reporting packages submitted to the CG. Compare responses on the Master Reporting Package Checklist and any required supplemental information to the SCEIS or Consortium prepared records.
8. In addition to the procedure above, perform the following:

- Grants and Contributions Revenue Reporting Package

Haphazardly select five grants and agree the reported beginning and ending fund balances, receipts, qualified expenditures, fund, grant number, and ALN number to the SCEIS general ledger or SCEIS Display Grant Master. In addition, recalculate the reported total receivables and deferred revenue.

- Accounts Payable Reporting Package

Agree amounts to the SCEIS general ledger, SCEIS *Yearend Reporting - Prior Year Payables with Vendor* report or Consortium prepared records. Haphazardly select five payables from the Accounts Payable Summary Form and determine if the amounts were properly classified, calculated, and reported.

- Subsequent Events Questionnaire

Compare responses and any required supplemental information to the SCEIS general ledger or Consortium prepared records.

We found no exceptions as a result of the procedures.

Lease Reporting

9. Obtain the Lease Reporting Package to observe that:
 - The payment schedule for each leased asset agrees to the lease or the lease calculator provided by the Consortium.
 - The lease calculator agrees to information from the lease agreement, and the interest rate aligns with CG's guidance.

Lease Reporting (Continued)

- The principal amount for each leased asset agrees to the asset's value on the SCEIS *Asset History Sheet*.
- The lease principal and interest general ledger account balances in SCEIS agrees to the payment schedule on the package for payments made during the fiscal year.

Finding

For one of two leases inspected, the Consortium used an interest rate that did not align with the CG's guidance.

Consortium Response

Upon implementation of the leased assets procedures detailed within the GASB-87 guidelines, Consortium Administration coordinated with the Comptroller General on establishing these assets in SCEIS as well as creating the associated lease calculators. This finding has determined the initial rates utilized by both assets are inaccurate resulting in errant payments processed for principal and interest amounts since their inception. Since both assets are now multiple years into service, the Consortium will not adjust the current interest rates for either asset. However, at the end of each lease, Consortium Administration will create a correcting entry to balance the principal and interest payment amounts spanning the life of the assets. Additionally, Consortium Administration has updated its GASB-87 lease calculators with the appropriate interest rates (and designated the reference sources for this information) to ensure accuracy of each asset at its end-of-life cycle as well as all future leased assets moving forward.

Inventory

10. Inspect the inventory of personal property, excluding expendables, provided by the Consortium to observe that it 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.

Status of Prior Finding

11. Through inquiry of management and inspection of cash receipt transactions, observe that the Consortium 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.