

**WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
ROCK HILL, SOUTH CAROLINA**

**Independent Accountants' Report On
Applying Agreed-Upon Procedures
June 30, 2007**

WINTHROP UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
For the Year Ended June 30, 2007

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State of South Carolina



Office of the State Auditor

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January 10, 2008

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Winthrop University
Rock Hill, South Carolina

This report on the review of the statement of revenues, expenditures and transfers of the Winthrop University Intercollegiate Athletics Program for the fiscal year ended June 30, 2007, and the application of certain agreed-upon procedures to the accounting records of the Winthrop University Intercollegiate Athletics Program was issued by Cline Brandt Kochenower & Co., P.A., 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 black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

Independent Accountants' Report On
Applying Agreed-Upon Procedures

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina

Dr. Anthony J. DiGiorgio
President
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We have audited the financial statements of Winthrop University as of and for the year ended June 30, 2007, and have issued our unqualified report thereon under date of August 31, 2007. At your request, we have also performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor and the Board of Trustees and management of Winthrop University, solely to assist these users in evaluating the performance of the University's Intercollegiate Athletics Program and to assist the University in complying with NCAA Bylaw 6.2.3.1 for the fiscal year ended June 30, 2007. Management is responsible for Winthrop University's compliance with the requirements of NCAA Bylaw 6.2.3.1, the Intercollegiate Athletics Program's financial records, internal controls and compliance with applicable laws, rules and regulations. 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 made 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:

Procedures Related to the Statement of Revenues, Expenditures and Transfers

1. We obtained the statement of revenues, expenditures and transfers of Winthrop University Intercollegiate Athletics Program for the year ended June 30, 2007, as prepared by management of the University and shown on pages 6 and 7 (Attachment A) in this report. We recalculated the addition of the amounts on the statement, traced the individual line item amounts from the Statement of Revenues, Expenditures and Transfers to management's worksheets and compared the amounts on management's worksheets to the 191000 & 192000 series of accounts in the University's general ledger.

We found no exceptions as a result of this procedure.

2. We obtained from management a list of all outside organizations not under the University's accounting control that have as its principal or one of its principal purposes the generating of resources for or on behalf of the University's Intercollegiate Athletics Program or the promotion of the Program. We then confirmed the amounts received from these outside organizations directly with the responsible official of these organizations. We compared the amount per the confirmation with the amount recorded in the Athletic Department's general ledger and on the Statement of Revenues, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

3. We scanned the Intercollegiate Athletics Program contributions revenue account detail to identify each individual contribution received directly that constitutes more than ten percent of all contributions received for intercollegiate athletics. For these recorded receipts, we obtained and read correspondence from the donor to determine the receipts were classified in accordance with NCAA guidelines, to identify those received from independent outside sources and to determine that the source and value of each such contribution is disclosed in a footnote to the statement.

We found the contribution described in Note 1 of Attachment A to be the only individual contribution in excess of ten percent of all contributions.

4. We asked management to describe the basis for allocating student activity fees and student athletic fees to athletics and obtained from management the reconciliation of total student fees revenue. We obtained the University's general ledger detail from management and compared the total with the amount of Student Activity Fee revenue recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers.

We found no exceptions as a result of this procedure.

5. We obtained all daily cash receipts reports for the Intercollegiate Athletics Program prepared by various program representatives. We then selected a sample and recalculated the reports, compared the amount on the department deposit receipt with the amount on the cashier's office deposit transmittal, and compared the amount recorded on the cashier's office deposit transmittal to the amount recorded in University's general ledger accounts for the Intercollegiate Athletics Program.

- During our testing we determined that one employee within marketing was responsible for both cash and record keeping responsibilities.

Management's Response: Management will work to implement division of duties to help to insure proper accounting standards.

- We also noted \$26,286 of In-kind services exchanged for advertising that was not recorded by the University.
- We noted a \$13,623 unreconciled difference between the Statement of Revenue and Expenditures and the detail listing of Advertising Contracts.

Management's Response: The "Summary of Marketing Sponsorship Contracts" report which is referenced is an in-house review document and is not created nor maintained for the purpose of accounting reconciliation. Management will work to develop a tracking report which can be used for such purposes.

6. We obtained and read copies of the game guarantee contracts. We recalculated the total amount of the contracts, and compared this amount with the amount recorded as Guarantee revenue on the Statement of Revenues, Expenditures and Transfers. We also compared expenditures per the contracts to expenditures recorded in the program's accounts in the general ledger.

We found no exceptions as a result of this procedure.

7. We obtained a schedule of athletics department salaries from management. We compared the amounts listed on the schedule to amounts recorded in the general ledger and on the Statement of Revenues, Expenditures and Transfers. We calculated the related fringe expenditures using Winthrop's fringe benefit rate and compared the amounts calculated with the reported expenditures in the appropriate general ledger accounts.

We found no exceptions as a result of this procedure.

Procedures Related to Internal Control Over Financial Reporting

8. We obtained from management the general ledger activity for all cash receipts related to intercollegiate athletics. We selected a sample of individual receipts and compared the recorded cash receipt amount to the amount on the cashier office deposit transmittal reports prepared by the athletic department and submitted along with the cash to the treasurer's office.

We found no exceptions as a result of this procedure.

9. We asked management to describe specific elements of the University's internal control unique to the Intercollegiate Athletics Program's accounting system and financial reporting.

We found no exceptions as a result of this procedure.

10. We obtained from management a listing of coliseum events for the year and from this list we selected a sample of events. For coliseum lease events we obtained and read the signed rental agreement. We compared the amount of lease revenue per the contract with the amount recorded in the general ledger. For the events that have ticket sales, we compared the number of tickets sold per the lease agreement with the amount of tickets sold per the future ticket report. We recalculated the mathematical accuracy of the amount of ticket sales revenue by multiplying the number of tickets sold, per the future ticket sales report, by the individual ticket price. We obtained and read the correspondence accompanying any concession revenue commission checks received. We compared the amount on the accompanying correspondence with the amount recorded in the general ledger.

| | <u>Event</u> | <u>Date</u> | <u>Amount</u> |
|-----|--------------------|--------------------|---------------|
| 1. | Women's Basketball | November 22, 2006 | \$ 93 |
| 2. | Women's Basketball | December 22, 2006 | 81 |
| 3. | Women's Basketball | February 24, 2007 | 458 |
| 5. | Men's Baseball | April 24, 2007 | 172 |
| 6. | Men's Baseball | March 4, 2007 | 532 |
| 7. | Men's Baseball | February 10, 2007 | 658 |
| 9. | Men's Basketball | February 14, 2007 | 1,264 |
| 10. | Men's Basketball | January 27, 2007 | 7,313 |
| 11. | Men's Basketball | November 27, 2006 | 791 |
| 13. | Volleyball | October 13, 2006 | 261 |
| 14. | Volleyball | September 26, 2006 | 135 |
| 15. | Women's Soccer | October 24, 2006 | 21 |
| 16. | Women's Soccer | September 15, 2006 | 36 |
| 17. | Men's Soccer | October 11, 2006 | 1,245 |
| 18. | Men's Soccer | September 16, 2006 | \$ 198 |

We noted an \$11,407 difference between Ticket Sales Reported on the Statement of Revenues and Expenditures and the Ticketing Software.

Management's Response: The TicketReturn Software system is not utilized for all ticket sales at all Winthrop athletic events. Management will work to better document ticket sales not on the ticket software system.

11. We selected a sample of recorded expenditures for contractual services, travel, uniforms, financial aid and equipment and supplies from the general ledger. We compared the classification of the selected expenditures in the statement to the classifications permitted by NCAA Guidelines as stated by the NCAA Audit Legislation. For the selected expenditures we obtained the related disbursement package to determine the items required by Winthrop's procurement policy were included and that the expenditure had been authorized in accordance with Winthrop's procurement policy.

| Description | Voucher Number | Amount Disbursed |
|-----------------------------|-------------------|---------------------|
| 1. Robert Roth | P710550 | \$ 940.00 |
| 2. NCAA | PCS9225 | 2,188.00 |
| 3. Conder Flag Co. | P710344 | 1,359.02 |
| 4. Belco Athletic Laundry | P710070 | 3,498.00 |
| 5. The Big South Conference | 7001678 | 12,000.00 |
| 6. Thomas N. Hickman | 7007358 | 1,199.34 |
| 7. Show Pros Entertainment | P71143 | 785.12 |
| 8. Andrea McCartney | 7007130 | 438.36 |
| 9. Melissa Basilio | 7007571 | 4,850.00 |
| 10. Jessey Mike's | P710676 | 65.34 |
| 11. Tennis Machines | PCS2023 | 107.00 |
| 12. CID Carvalho | 7000956 | 2,000.00 |
| 13. Red Lion Mtg. | P710515 | 1,553.35 |
| 14. Jim Brown Signs | P710890 | 1,326.60 |
| 15. GMAC | P710317 | 232.19 |
| 16. The Herald Classified | PCS7474 | 1,500.00 |
| 17. Deborah Newsome | 7009648 | 6,000.00 |
| 18. Red Lion River Inn | P711927 | 23,578.08 |
| 19. Central Florida Sport | P711444 | 6,910.92 |
| 20. Bookworm at Winthrop | 507349 | 19,638.52 |

We found no exceptions as a result of this procedure.

Procedures Related to Expenditures by Outside Organizations

12. We obtained from management a listing of all expenditures made directly by the respective outside organizations (not under the University's accounting control) on behalf of the University's Intercollegiate Athletics Program or employees to determine if they were included as revenues and expenditures on the University's Intercollegiate Athletics Program's accounting records and the Program's statement of revenues, expenditures, and transfers. We compared the amounts of this list with the amounts recorded on management's worksheets.

We found no exceptions as a result of this procedure.

13. We requested a listing of all expenditures made directly by other external parties (e.g. related parties, foundations, individuals, business, or other organizations) for or on behalf of the University's Intercollegiate Athletics program or the Program's employees to determine if they were included as revenues in the Program's statement of revenues, expenditures, and transfers.

We found no exceptions as a result of this procedure.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with NCAA Bylaw 6.2.3.1 or the expression of an opinion on The Statement of Revenues, Expenditures and Transfers of the Intercollegiate Athletics Program of Winthrop University for the year ended June 30, 2007 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and procedures one through twelve of this report. 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 Office of the South Carolina State Auditor and the Board of Trustees and management of Winthrop University and is not intended to be and should not be used by anyone other than these specified parties.



January 8, 2008

