

### ***CS 3.10.4 - Control of Finances***

The institution exercises appropriate control over all its financial resources.

#### **Compliance Finding: In Compliance**

##### **Narrative:**

The University of South Carolina Beaufort (USC Beaufort) exercises appropriate controls over its financial resources. The USC system provides a level of support which enables USC Beaufort to ensure proper control of financial resources. The University of South Carolina system provides support from central offices for business and finance, budget, financial services, controller, accounts payable and receivable, payroll, travel, and purchasing to USC Beaufort.

Financial support for the institution comes from state appropriations and grants, local funding, student tuition and fees, federal and private grants, and gifts. To facilitate the effective management of these funds, USC Beaufort develops and submits a planning budget and financial operations document which is reviewed by the central USC Budget Office and approved by the President of the University and the USC Board of Trustees on an annual basis. The budget document is broad in scope and covers restricted and unrestricted funds (i.e., state appropriations, auxiliary enterprises, designated funds, and local funds). Once approved by the USC Board of Trustees this document becomes the operational guide for the fiscal management of the campus.

The Chancellor is ultimately responsible to the President and the Board of Trustees for the financial operations of USC Beaufort. Reporting to the Chancellor, the Vice Chancellor for Finance and Operations is responsible for all aspects of financial, human resources, physical plant, and public safety management of the campus. USC Beaufort adheres to all policies and procedures of the University of South Carolina [i] which pertain to all campuses as minimum standards. Policies relating to the control of financial and physical resources are in the Business Affairs (BUSF), Business and Finance (BUSF), Facilities Management (FCMN), Health and Safety (HESA), and Law Enforcement and Safety (LESA) sections. Additional policies and procedures are outlined in the USC Beaufort Policies and Procedures Manual [ii]. The Office of Finance and Operations has responsibility for ensuring compliance with Federal and State laws and USC and USC Beaufort policies and procedures related to financial management, employment, workplace safety and emergency preparedness. Policies and procedures are communicated to faculty, staff, and students through training sessions and via the Vice Chancellors of the various departments.

USC Beaufort adheres to established University policies for the safeguarding and control of all expenditures including the University purchasing card [iii], petty cash [iv], travel [v], other purchases (purchasing [vi] and food [vii]) as minimum standards. All expenditures require the appropriate departmental approvals before being routed to the Purchasing Agent. The USC Beaufort purchasing agent adheres to the USC and State of South Carolina Procurement Code [viii]. USC Beaufort utilizes the State Purchasing Card [ix] to assist departments in making authorized purchases up to \$2,500 per transaction. Card holders attend a mandatory orientation and training session and are subject to disciplinary action up to and including dismissal for abuse of card privileges. All travel is currently routed for appropriate departmental review and approval and then to the USC Beaufort travel office for review and submission to the central

Travel office.

USC Beaufort operates offices at the North Campus and South Campus to support the business/financial services and human resource needs of the campus. There is one Bursar, one Purchasing Agent, and one Human Resources Manager. The Vice Chancellor, Bursar, Purchasing Agent, and Human Resources Manager work at both office locations. Additional staffing is provided by temporary employees, including two retired employees from within the University of South Carolina system, each with a minimum of 30 years experience with USC business functions, and an additional temporary employee with significant banking experience. The business office at each location has a direct live broadcast video connection that allows interaction between staff at each location to enhance customer service/support and provide an additional level of security. Cash deposits are made by USC Beaufort department of public safety personnel and every reasonable effort is made to ensure a minimum of 2 employees at each location at all times.

The Internal Audit department of the University of South Carolina [x] conducts periodic audits of campus operations including financial and physical plant. Audits are performed at appropriate intervals and upon a change in senior administration. Audits are inclusive of financial resources, physical plant inventory, and administrative practices. The latest internal audit for USC Beaufort is available for review on the USC website [xi]. Only four audit findings were submitted to the Board of Trustees for review. Corrective actions have been taken for all four findings. There were three (3) findings regarding financial aid and one (1) finding with regards to Pritchards Island. The financial aid findings were directly attributed to our regional office in Columbia. Two findings were for the “over award” of LIFE and HOPE scholarships. The USC Beaufort Financial Aid office has collected the over awards in full. The third finding was a revenue refund calculation error. The funds that were returned in error have since been collected. Please note USC Beaufort began a stand alone financial aid operation in the fall of 2006. The above mentioned audit findings were the responsibility of the regional financial aid office in Columbia. The final finding was accountability and control of a gift shop on Pritchards Island. Proper inventory and financial controls with regards to receipts and inventory were not followed. USC Beaufort evaluated the necessity of such an enterprise at a remote location and decided to close the gift shop. The employees who were managing the Pritchards Island operation are no longer employed by USC Beaufort. All audit findings have been resolved to the satisfaction of the Internal Audit department.

USC Beaufort does not manage its own endowment funds. Endowment funds are managed by the University of South Carolina foundations [xii] as specified in the Bylaws of the Educational Foundation [xiii] and the Development Foundation, Article III, Section 1 [xiv]. The USC Development Foundation acquires real estate and other special assets, either by purchase or gift, on behalf of the University of South Carolina and holds, develops, manages, and maintains these assets to serve the needs of the University.

### **Supporting Documentation**

- [i University of South Carolina Policies and Procedures](#)
- [ii USC Beaufort Policies and Procedures Manual](#)
- [iii University of South Carolina Policy -- University Purchasing Card](#)
- [iv University of South Carolina Policy -- Petty Cash](#)
- [v University of South Carolina Policy -- Travel](#)

- [vi University of South Carolina Policy -- Purchasing](#)
- [vii University of South Carolina Policy -- Food](#)
- [viii USC and State of South Carolina Procurement Code](#)
- [ix State Purchasing Card](#)
- [x USC Internal Audit Process](#)
- [xi USC Beaufort Internal Audit 2006](#)
- [xii University of South Carolina Foundations](#)
- [xiii Bylaws of the Educational Foundation](#)
- [xiv Bylaws of the Development Foundation](#)