

South Carolina Department of Commerce Palmetto Partners – 2021 Summary of Activity

OVERVIEW

The South Carolina Department of Commerce (S.C. Commerce) is responsible for the stimulation of economic development activity, including recruiting new business to the state and helping existing businesses grow. To help support the mission, S.C. Commerce manages the Palmetto Partners program. The primary purpose of the Palmetto Partners program is to assist funding special marketing events and initiatives with the goal of bringing jobs and capital investment to South Carolina.

During calendar year 2021, while the global business landscape experienced ongoing impacts from COVID-19, South Carolina continued to navigate disruptions while incrementally resuming pre-pandemic activities. The team remained flexible in pivoting the execution of initiatives and events facilitated via Palmetto Partners funding. With that perspective, the Palmetto Partners facilitated funding for five (5) major initiatives and one (1) unique economic development event in calendar year 2021.

INITIATIVES

Small Business Development

The COVID pandemic underscored the importance of business resiliency and throughout calendar year 2021, companies remained flexible and pivoted to ensure operational continuity. S.C. Commerce continued to provide SizeUpSC as an additional resource for businesses facing complex challenges and those exploring new ways of working and servicing customers. This easy-to-use, online platform allows a company to receive data to help make better decisions around competitive benchmarking, customers, suppliers, even marketing and advertising. Business intelligence can be a huge differentiator, and SizeUpSC is an additional tool to support South Carolina companies.

Lead Generation

To support ongoing efforts to build relationships with domestic and international prospects, business leaders and decision-makers to encourage investment and to establish export connections, S.C. Commerce utilized lead generation efforts to targeted geographic locations and, as part of, select mission trips.

Branding Campaign

S.C. Commerce maintained 'legacy' promotion of the 'Just right' brand in a limited capacity. The agency identified the need to explore the development of a new statewide brand.

Economic Development Training

S.C. Commerce hosted the 31st Annual Rural Summit virtually, providing community leaders, economic developers and state officials the opportunity to come together online for collaborative discussions on innovative approaches to improving rural South Carolina.

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Site Consultant and Tradeshow Events

To better connect with leading industry site consultants and highlight the state’s pro-business environment, S.C. Commerce hosted multiple site consultant luncheons in cities across the U.S. and attended select, industry-specific trade shows. With S.C. Commerce leadership, these events provided unique opportunities to share the “why South Carolina” story.

SPECIAL MARKETING EVENTS

PGA Championship

S.C. Commerce, along with S.C. Parks, Recreation and Tourism, committed to a statewide sponsorship to use the prestigious 103rd playing of the PGA Championship in May 2021 at The Ocean Course at Kiawah Island Golf Resort (for the second time) to showcase South Carolina to potential businesses.

SUMMARY

During the 2021 calendar year, the Palmetto Partners structure continued to provide the public-private framework necessary to execute activities that complement S.C. Commerce’s traditionally funded business recruitment and retention efforts. Recognizing many of these efforts had significantly shifted or remained paused as a result of the pandemic, S.C. Commerce did not seek contributions during the calendar year.

The Palmetto Partners initiatives and events help position and accelerate economic development in South Carolina and are not possible without the overall good health and management of the program.

**South Carolina
Department of Commerce**

Palmetto Partners

Columbia, South Carolina

State Auditor's Report

December 31, 2021



Independent Accountant's Report on Applying Agreed Upon Procedures

September 12, 2022

Mr. Harry M. Lightsey, III, Secretary of Commerce
State of South Carolina
Columbia, 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 Department of Commerce's (the Department) Palmetto Partners Composite Reservoir Account (the Account) for the year ended December 31, 2021. The Department's management is responsible for the systems, processes and behaviors related to financial activity.

The accompanying unaudited Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Cash Basis Method of Accounting for the Year Ended December 31, 2021 represents a summarization of data derived from the accounting records of the Account prepared by staff of the Department.

The Department'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 Department 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 Department for the year ended December 31, 2021. 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 Department's management. Management of the Department 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 Department 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 management of the Department, 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 South Carolina Department of Commerce – Palmetto Partners (P32)****Cash Receipts**

1. Haphazardly select five cash receipts and inspect supporting documentation to determine:
 - Receipts are properly classified in the accounting records in accordance with the Department's policies and procedures and conforms with the purpose of the Account.
 - Receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the state fiscal years 2021 and 2022 Appropriations Acts.
 - Receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

Cash Disbursements

2. Haphazardly select five disbursements and inspect supporting documentation to determine:
 - Disbursements are properly classified in the accounting records in accordance with the Department's policies and procedures and conforms with the purpose of the Account.
 - All supporting documents and approvals are present and agree with the invoice.
 - Disbursements are actual expenditures of the Account.
 - Disbursements are recorded in the proper fiscal year.
 - Clerical accuracy.

We found no exceptions as a result of the procedure.

Composite Reservoir Account

3. Obtain fiscal year monthly reconciliations for the Account and for two haphazardly selected reconciliations, perform the following procedures:
 - Recalculate selected reconciliations and determine that they were timely performed, reviewed, and properly documented in accordance with State regulations.
 - Agree amounts from the reconciliations to accounting records.
 - Agree amounts from the 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.

We found no exceptions as a result of the procedure.

Financial Statement Tie-Out

4. Obtain the unaudited *Statement of Cash Receipts, Disbursements and Changes in Cash Balances* for the year ended December 31, 2021, for the Account and determine:
 - The amounts agree by classification to the accounting records.
 - The mathematical accuracy of the statement.

We found no exceptions as a result of the procedure.

Bank Account Transparency

5. Obtain the *Bank Account Transparency and Accountability* report submitted for the Account, per Proviso 117.80 of the state fiscal year 2022 Appropriations Act, and determine:
 - The transaction amounts and dates agree to accounting records.
 - The mathematical accuracy of the report.
 - The beginning balance agrees to the prior fiscal year ending balance.
 - The report was properly prepared and submitted by the October first deadline.

We found no exceptions as a result of the procedure.

Status of Prior Finding

6. Through inquiry of management and inspection of supporting documentation, determine the Department has taken appropriate corrective action on the finding reported during the engagement for the prior year.

The Department has taken adequate corrective action regarding the prior year finding reported in their year ended December 31, 2020 agreed upon procedures report.

South Carolina Department of Commerce - Palmetto Partners
Statement of Cash Receipts, Disbursements and Changes in Cash Balance
Cash Basis Method of Accounting
Unaudited
For the Years Ended

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash Receipts:		
Donations	60,667	331,833
Economic Development Training	26,500	36,965
Match Making Events	-	18,247
Tradeshow/Site Consultant	-	13,577
PGA Championship Sponsorship	180,000	-
Heritage Golf Tournament	-	3,349
Opportunity Zone Conference	-	4,575
Other Receipts	870	3,676
Total Cash Receipts	268,037	412,222
Cash Disbursements:		
Lead Generation	125,300	69,950
Tradeshow/Site Consultant	9,147	5,843
Branding Campaign	48,937	12,543
Economic Development Training	17,635	56,307
Heritage Golf Tournament	-	3,850
Small Business Development	25,000	-
Foreign Missions & Trade	1,063	1,733
Match Making Events	-	17,031
PGA Championship Sponsorship	180,000	-
Opportunity Zone Conference	-	492
Other Expenditures	2,258	3,721
Total Disbursements	409,340	171,470
Net Change in Cash Balance	(141,303)	240,752
Net Position:		
Cash Beginning of Year	952,959	712,207
Cash Ending of Year	811,656	952,959