



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Governor's Office of Economic Development
J. Pat Costello, Commissioner
711 East Wells Avenue
Pierre, SD 57501

We have performed the procedures below, which were agreed to by the Governor's Office of Economic Development (GOED). The GOED is responsible for the accounting records and the supporting files. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make 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.

Procedures and Findings: We requested the disbursements register for Dakota Seeds and Proof of Concept for January 1, 2009 through September 30, 2013 from South Dakota State University (SDSU) and Bureau of Finance & Management (BFM) respectively. Upon receiving the registers:

1. We verified that each payment in the disbursements register had a corresponding file.
 - *Each payment had a corresponding file.*
2. We verified that that each file contained a properly authorized agreement.
 - *Each file contained a properly authorized agreement or contract.*
3. We verified that each file contained sufficient supporting documentation as required by the agreement.
 - *We noted 43 out of 215 files were missing some form of sufficient supporting documentation required by the agreement. Our specific findings are as follows:*
 - a. *Four files were noted for not containing copies of quarterly progress reports as required by the agreement.*
 - b. *Seven files were noted for interns working outside of the approved date range included in the agreement. The employment reports contained in these files covered the term of the agreement, but they also included follow-on employment for the intern which extended beyond the term of the agreement.*
 - c. *One file was noted for reimbursing two months' worth of wages twice. The company was reimbursed earlier than they should have been as a result. However, the company was not reimbursed more than the annual limit per the agreement as the student's total wages exceeded the reimbursement cap.*

- d. *Thirty-one files were noted for not containing the student completion reports required to be submitted on the Dakota Seeds website per the agreements.*
4. We verified that the payments made matched the documents in the file.
- *Each disbursement was consistent with the dollar amount and payee authorized by the applicable agreement with two exceptions.*
 - o *We noted one disbursement in the amount of \$4,042.91 that was issued by SDSU to an entity other than the grantee. The payee was a sister company of the grantee.*
 - o *We noted one file where there was a disbursement in excess of 50% of the compensation provided to the student. Per the agreement, the company was supposed to be reimbursed up to 50% of the student's wages, not to exceed \$2,000. In this instance, the company was reimbursed for 50% of the company's collective expense for the two interns, instead of each intern individually, resulting in an overpayment of \$189.96.*

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. 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 Governor's Office of Economic Development, and is not intended to be and should not be used by anyone other than the specified parties.

Atulker, Petersen, Lingle, Walti + Jones, LLP

Pierre, South Dakota
January 13, 2014