



## REPORT OF THE REAFFIRMATION COMMITTEE

### Statement Regarding the Report

*The Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is responsible for making the final determination on reaffirmation of accreditation based on the findings contained in this committee report, the institution's response to issues contained in the report, other assessments relevant to the review, and application of the Commission's policies and procedures. Final interpretation of the Principles of Accreditation and final action on the accreditation status of the institution rest with SACSCOC Board of Trustees.*

**Name of the Institution:**            **University of South Carolina - Columbia**

**Date of the Review:**                **March 22 – 25, 2021**

**SACSCOC Staff Member:**        **Dr. Linda Thomas-Glover**

**Chair of the Committee:**           **Dr. Laurie Casteen**  
**Associate Dean of Students**  
**University of Virginia**  
**Charlottesville, VA**

policy document that established the charter for the institution's internal audit function, known as Audit and Advisory Services, including its purpose and mission, structure and authority, independence and objectivity, and scope and responsibility was provided. The institution also provided a copy of the Internal Control policy.

- 13.5 The institution maintains financial control over externally funded or sponsored research and programs.  
*(Control of sponsored research/external funds)*

The institution provided a copy of the annual audit of federal award programs in accordance with Uniform Guidance for the fiscal year ended June 30, 2019. The institution had one finding related to the Uniform Guidance or Single Audit that was considered a significant deficiency in internal control over financial reporting. A discrepancy between the institution's capital asset module within PeopleSoft and the general ledger was identified by management during the fiscal year and corrected so there was no impact on the financial statements at fiscal year-end. This finding was related to an Enterprise Resource Planning (ERP) implementation which began in July 2015. The current policy of monthly reconciliation and review is designed to promptly identify and correct any discrepancies prior to the close of the fiscal year. There were two material weaknesses in internal control over compliance regarding proper identification and classification related to Catalog of Federal Domestic Assistance (CFDA) numbers and clusters on the Schedule of Expenditures of Federal Awards and a lack of subrecipient monitoring of federal subawards. The institution reports that these material weaknesses have been addressed through a reconciliation and validation process for all federal grants and the development and implementation of a subrecipient monitoring program led by a compliance manager and a subrecipient accountant. There were also six (6) significant deficiencies in internal controls over compliance, one (1) within the research and development cluster and five (5) within the student financial aid cluster. According to the institution, these deficiencies have been addressed by management in a corrective action plan with follow-ups to ensure all are corrected and addressed prior to the end of fiscal year 2020. A new audit is needed to confirm that these corrective measures have resolved the concerns.

The institution's financial procedures for managing externally funded or sponsored research and programs are governed by state laws and are in compliance with the requirements of the federal principals and guides. Compliance with policies and procedures is subject to review by the University of South Carolina Audit and Advisory Services, state auditors and federal auditors. The institution's annual audit includes reports on basic financial statements as required by Generally Accepted Accounting Principles, and reports on compliance as required by Uniform Guidance. Additionally, the South Carolina Auditor's Office, as part of the state-wide Single Audit, may include all aspects of the institution's sponsored research and other sponsored programs in its report.

The Office of the Controller's Compliance section leads the institution in the areas of regulatory compliance and policy adherence. This section is responsible for assisting the departments in the Office of the Controller with the development and maintenance of policies and procedures, managing time and effort collection and reporting and managing grant subrecipient contracts in accordance with Uniform Guidance.

The On-Site Reaffirmation Committee reviewed the institution's most recent Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance dated February 26, 2021, which indicated some deficiencies had been resolved while others remain. The On-Site Reaffirmation Committee met with the Associate Vice President for Administration and Finance and University Controller, the Executive Vice President for Administration and Chief Financial Officer, and an auditor from their external audit firm, Elliott Davis. During this meeting, the institution submitted a corrective action plan for year ending June 30, 2020. The external auditor confirmed the university's implementation plan and their actions taken to date. The action plan has also been reported to the Federal Clearing House in the Annual Reporting of the Uniform Guidance Single Audit. Even though the institution anticipates that all remaining deficiencies will be resolved, a completed audit report is necessary to confirm compliance. The external auditor confirmed that the final audit will not be available until early fall of 2021.

Recommendation 2: The On-Site Reaffirmation Committee recommends that the institution provide an updated audit, rectifying previously identified deficiencies, that demonstrates that it maintains financial control over externally funded or sponsored research and programs.

- 13.6 The institution (a) is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended and (b) audits financial aid programs as required by federal and state regulations. In reviewing the institution's compliance with these program responsibilities under Title IV, SACSCOC relies on documentation forwarded to it by the U. S. Department of Education.  
*(Federal and state responsibilities)* **[Off-Site/On-Site Review]**

The institution conducts annual audits of its financial aid programs as required by federal and state regulations. The institution has contracted with an external auditor to conduct the annual audit of federal award programs as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Student financial aid for all campuses is handled by the Columbia campus, and therefore, all financial aid audits are for the University of South Carolina system.

The Eligibility and Certification Approval Report (ECAR) and the Program Participation Agreement (PPA), signed on behalf of the Secretary of Education, acknowledge that the institution has qualified to participate in programs under the Higher Education Act of 1965, as amended (HEA), and the federal student financial assistance programs (Title IV, HEA programs). All required consumer information concerning federal aid is provided to students via the Financial Aid Office.

The institution provided the Single Audit Report for FY2019 as documentation for this Standard.

The institution and its four (4) two-year campuses had several significant deficiencies in internal controls over compliance related to Student Financial Aid. According to the institution, all deficiencies have been addressed by management in a corrective action