

13.6

Federal and State Responsibilities

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.

Judgment

Compliant Non-Compliant Not Applicable

Narrative

The University of South Carolina conducts annual audits of its financial aid programs as required by federal and state regulations.

The university has contracted with Elliott Davis, LLC 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 University of South Carolina is in compliance with the program responsibilities under Title IV and the most recent Higher Education Amendments. Eligibility for the University of South Carolina Columbia was affirmed on March 28, 2017 and expires December 31, 2022. Affirmations for the four two-year campuses are as follows:

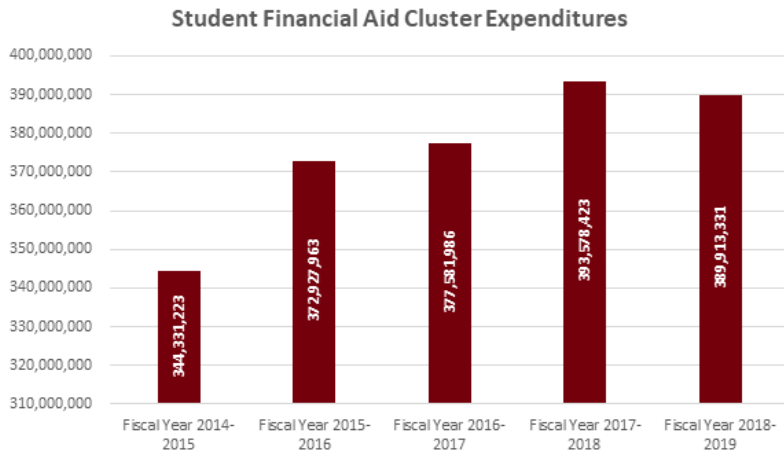
- Lancaster- affirmed March 20, 2018 and expires March 31, 2023
- Salkehatchie- affirmed March 20, 2018 and expires March 31, 2023
- Sumter- affirmed March 20, 2018 and expires March 31, 2023
- Union- affirmed September 7, 2018 and expires June 30, 2022

The Eligibility and Certification Approval Report (ECAR) and the Program Participation Agreement (PPA), signed on behalf of the Secretary of Education, acknowledge that the university 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.

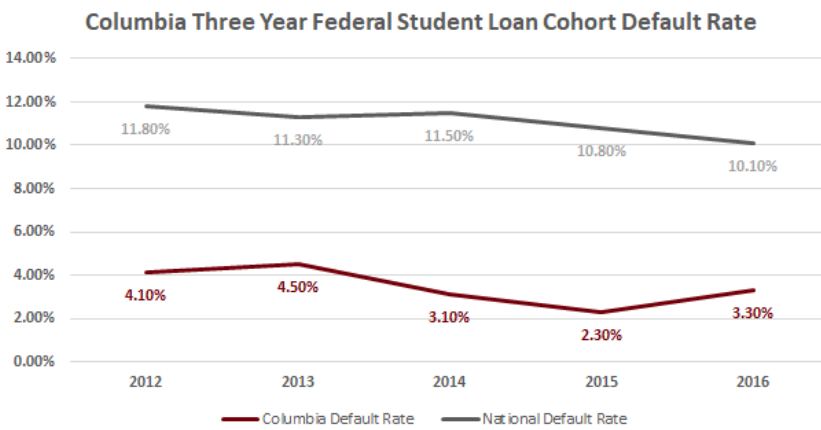
The University of South Carolina Columbia and its four two year campuses had several significant deficiencies in internal controls over compliance related to Student Financial Aid. All deficiencies have been addressed by management in a corrective action plan with follow-ups to ensure all are corrected and addressed prior to the end of fiscal year 2020. A matrix of those deficiencies and corrected action can be found below:

FY 19 Summary Schedule of Findings and Questioned Costs related to Title IV Funding								
Finding No.	Cluster	Title	Finding	Action	Significant Deficiency Internal Control Over Compliance	Questioned Costs	Repeat Finding	US Dept of Education Final Determination Letter Status
2019-005	Perkins Student Financial Aid	Perkins Loan Program - separation dates	Correct separation dates (the date the student ceased to be at least a half-time regular student) were not communicated to ECSI in a timely manner.	Automatic communication of dates and regular review of student enrollment information reported to ECSI and NSLDS to ensure accuracy, consistency and completeness. Completion date March 1, 2019. Current year findings were for the period prior to communication of the previous year finding.	X	-	X	Closed
2019-006	Student Financial Aid	FISAP	Inaccurate costs reported on FISAPs.	Training and review to ensure that information on the FISAP is accurately reported in accordance with the FISAP instructions and agrees to the university's records. Required review by Grants and Funds Management prior to submission. October 2019 submissions were correct.	X	-	X	Closed
2019-007	Student Financial Aid	Drug and Alcohol Abuse Prevention Program	The drug and alcohol abuse prevention program annual distribution did not include all required information. Required biennial reviews did not include all required items for certain campuses and was not performed by other campuses.	Training and review to ensure drug and alcohol abuse prevention programs contain all of the required elements and biennial reviews of the drug and alcohol abuse prevention program are performed and documented in a timely manner.	X	-	X	Closed - stressed importance of complete follow through on CAP
2019-008	Student Financial Aid	Enrollment Reporting - withdrawal dates	For students who received Title IV aid: Incorrect withdrawal dates reported to the NSLDS. Withdrawal dates were not reported to the NSLDS in a timely manner.	Develop procedures to ensure that enrollment reporting is performed in accordance with guidelines set forth in the NSLDS Enrollment Reporting Guide and the Department of Education's Federal Student Aid Handbook. Development of procedures will involve all campuses, to ensure that a system-wide, consistent approach is designed and implemented. Regular reviews will be conducted to ensure that these procedures are followed.	X	-		Satisfactorily addressed. No further action required.
2019-009	Student Financial Aid	Return of Title IV Funds	In performing calculations to determine the amount of aid earned by students who received Title IV funds and withdrew prior to the end of the academic term , last day of classes rather than the last day of exams was used to determine the payment period. Result was incorrect payment period applied in the return calculations.	Financial aid offices at each campus will work with their respective campus Registrar staff to ensure that the term end dates for each part of term represent the last date of exams rather than the last date of scheduled classes. Correct retroactively for Fall 2019 and Spring 2020.	X	\$9,894		University of South Carolina Columbia must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation within 45 days of the date of the letter. August 8th

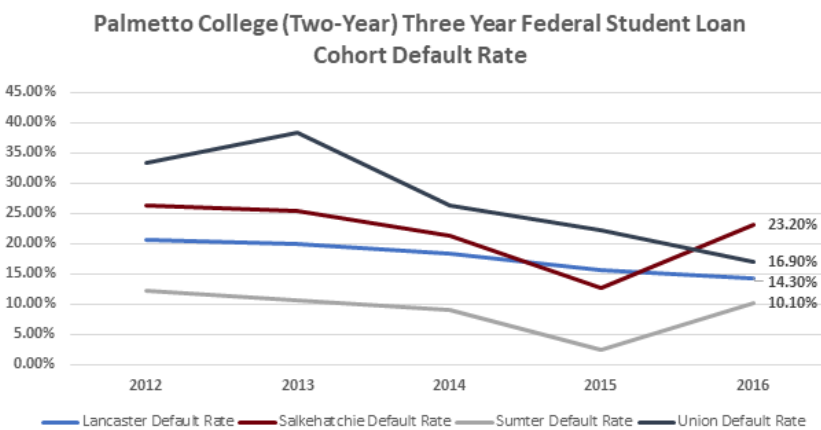
report's Schedule of Federal Expenditures the following chart represents expenditures for student financial aid cluster for the last five years.



The University of South Carolina Columbia has been below the national average federal student loan default rate for each of the last five federal fiscal years.



The University of South Carolina regional Palmetto College campuses student loan default rate for each of the last five federal fiscal years can be found below:



In accordance with Uniform Guidance, the single audit reporting package is completed annually and submitted to the Federal Audit Clearinghouse. The completed data collection is electronically signed by the Controller of the university and by the external auditors. The data collection submission for the years ended June 30, 2017, 2018 and 2019 have been accepted as complete by the Federal Audit Clearinghouse.

suspensions, or termination by the U.S. Department of Education in regard to student financial aid or other financial aid programs. There are no deficiencies.

The Financial Aid Office and the undergraduate and graduate catalogs provide information for students about Title IV and other financial assistance programs. For example, the financial aid website provides detailed information about application procedures and deadlines for students and provides the necessary forms such as the Authorization for Title IV Financial Aid Programs form. Before awarding financial aid, the University of South Carolina verifies student eligibility using the standards set forth by Title IV, including cost of attendance calculations, satisfactory academic progress, and the return of Title IV refund calculations. The eligibility requirements and the standards for academic progress are published on the Financial Aid Office’s website. The Financial Aid Office closely monitors the cumulative grade point average and completion rates of students on financial aid, and if a student fails to meet the standards, the Office places the students on financial aid probation. Students who continue to fail to meet the standards of satisfactory academic progress are placed on financial aid suspension. Students may appeal the suspension as a part of the student grievance process.

The University of South Carolina Annual Security Report is completed in compliance with the Clery Act. The Division of Law Enforcement and Safety compiles campus crime statistics and provides information on services and polices that support a safe and secure environment. The Division of Human Resources distributes the Drug-Free Workplace Policy and Alcohol and Other Drug Information. The university distributes this information in writing and via the web to all students and employees.

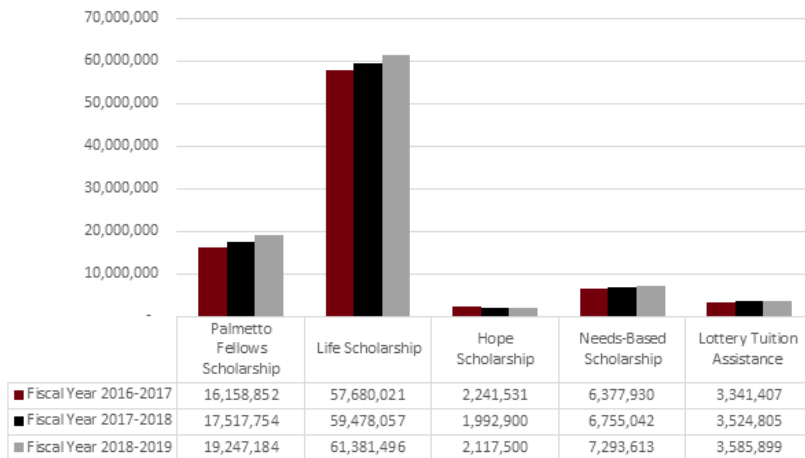
The university also submits all audit reports annually to the U.S. Department of Education through the eZ-Audit website. This submission is required by the U.S. Department of Education for all institutions participating in federal student aid programs and involves the electronic submission of financial statement information and compliance information. The university’s eZ-Audit submissions for the years ended June 30, 2017, 2018, and 2019 have been accepted by the U.S. Department of Education.

During fiscal years 2017, 2018 and 2019, the university participated in three federal campus-based aid programs: Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), and Federal Work-Study (FWS). Based on the federal requirements for participating in these programs, the university submits a Fiscal Operations Report and Application to Participate (FISAP) annually to the U.S. Department of Education. The FISAP report includes an application for participation in the three-federal campus-based programs for the upcoming year as well as a report on the operations of the programs for the previous year. Expenditures in these programs totaled \$20,347,077, \$21,543,027, and \$19,641,801 for fiscal years ended June 30, 2017, 2018 and 2019.

Funds are received from various federal agencies via electronic transfers. The electronic systems provide a mechanism for timely access to funds and for the management of programs. Those agencies include: The Department of Education, Department of Health & Human Services, National Science Foundation, U.S. Department of Justice, U.S. Department of Defense, Environmental Protection Agency, U.S. Department of Agriculture, U.S. Department of Commerce, U.S. Department of Housing and Urban Development, U.S. Department of Transportation, U.S. Department of Energy, National Aeronautics and Space Administration, National Foundation of Arts and the Humanities, Social Security Administration, Small Business Administration. The Grants and Funds Management Department within the Office of the Controller ensures timely and accurate drawdowns of federal funds and returns as needed. All systems are reconciled monthly at the time of drawdowns to ensure that the federal system and the university’s system are in balance.

The university also disburses funds from the state scholarship and grant programs. These programs include Palmetto Fellows scholarships, LIFE scholarships, HOPE scholarships, and Need-Based grants. Awards in these programs for fiscal year 2019 were \$93.63 million. These programs are audited periodically by the South Carolina Commission on Higher Education. The last audit for the University of South Carolina Columbia was completed in August 2018 and identified no material findings. The last audit for the regional Palmetto College campuses was October 2017. Lancaster, Salkehatchie and Union campuses had no material findings. Sumter campus had three minor issues that were addressed and resolved.

State of South Carolina Lottery Scholarships



Sources

Office of Management and Budget (OMB) Circular A-133
 PBC 09 COL ECAR

 PBC 12 COL PPA

 Single_Audit_Report_FY18-19

 USC Columbia Preliminary Memo and Draft Report _2016_2017 Scholarship Review

 USDE Determination Letter 6-24-20