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Report on Data Verification of State Funded Scholarships

June 30, 2023

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The South Carolina Commission on Higher Education (CHE) has the responsibility of ensuring that all lottery funded grants and scholarships awarded by institutions are in compliance with the prerequisites of Title 59, of the 1976 Code of Laws for the State of South Carolina, as amended, regulations established by CHE, and applicable program guidelines. To meet this responsibility, CHE conducts data verification reviews of institutions as mandated by Proviso 3.1 of the General Appropriations Bill (Proviso). The data verification review evaluates whether systems are in place to adequately administer recipient awards in accordance with the requirements of the Proviso, regulations, pertinent statutes, and program guidelines. Our testing did not include the entire population of recipients, rather procedures were performed on a randomly selected sample of recipients.

CHE performed procedures throughout this report to evaluate Northeastern Technical College's (College) administration of the LIFE Scholarship (LIFE) and Need-Based Grant (NBG) for the 2020-2021 academic year.

The procedures and the associated findings are as follows:



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General Procedures & Requirements for All State Supported Scholarships/Grants:

1. We obtained a copy of the College's policies and procedures for awarding state scholarships and assistance programs.
2. We reviewed the State's Proviso, regulations, statutes, and program guidelines for the scholarship and grant programs funded by the State of South Carolina.
3. We reconciled invoices paid by CHE with information in the Commission on Higher Education's Management Information System (CHEMIS) and the College's disbursement report generated by its Management Information System.
4. We obtained records of scholarships and assistance awards disbursed during the period from July 1, 2020, through June 30, 2021, from CHEMIS. We selected a random sample of five LIFE and twelve NBG and performed the following procedures for each sample item, as applicable:

Findings: Based on the reconciliation, total NBG expenditures reflected in CHEMIS, and the College's disbursement report were \$900 more than what was invoiced to CHE. Also, total LIFE expenditures on the invoices paid by CHE reflected \$5,000 less than the total LIFE expenditures reflected in CHEMIS and the College's disbursement report. The College should correct CHEMIS to reflect the correct amounts in the associated student accounts for a total of \$900. In addition, the College had two late disbursements for LIFE and failed to submit an invoice for reimbursement of \$5,000. Regulation 62-1200.65 Institutional Disbursement of LIFE Scholarship and LIFE Scholarship Enhancements requires the College to perform a year-end reconciliation report after each award period to ensure that CHEMIS is properly recorded, and CHE is accurately and timely invoiced. Because the College did not provide a year-end reconciliation report by June 30, 2021, CHE will not disburse the additional \$5,000.

Management's Response: The College agrees with the findings and will correct CHEMIS for the associated NBG students. The College's Business Office experienced high turnover and the COVID pandemic during the test year. Unfortunately, this caused some disconnect with the reconciliation process as updates were not submitted in a timely manner. However, the College has a new Business Office Manager and there are processes in place to ensure that the Financial Aid Office records match the Business Office records. In addition, the College will strengthen internal controls and perform reconciliations after each academic period to ensure CHEMIS is accurately reflecting the amounts posted to the student accounts and invoiced to CHE.

General Eligibility Requirements for State Supported Scholarships/Grants

(59-112-10 et seq), (LIFE/62-1200.10, 59-149-30, 59-149-50(A)), (NBG/62-465):

1. We inspected student financial aid records generated by the College's Management Information System for indication of the following:
 - a. Recipient is a U.S. Citizen or legal permanent resident that meets the definition of an eligible non-citizen under State residency statutes whose lawful presence has been verified at the time of enrollment at the institution.
 - b. Recipient is a resident of South Carolina for in-state purposes at the time of high school graduation and at the time of enrollment at the institution is:
 - i. either a member of a class graduating from a high school located in this State,
 - ii. a student who has successfully completed at least three of the final four years of high school within this State,
 - iii. a home school student who has successfully completed a high school home school program in this State in the manner required by law,
 - iv. a student graduating from a preparatory high school outside this State, while a dependent of a parent or guardian who is a legal resident of this State and has custody of the dependent, or
 - v. a student whose parent or guardian has served in or has retired from one of the United States Armed Forces within the last four years, paid income taxes in this State for a majority of the years of service and is a resident of this State.
 - c. Recipient is a graduate of an approved high school or equivalent program.
 - d. Recipient is admitted, enrolled full-time (LIFE or NBG) or part-time (NBG) and classified as a degree-seeking student at a public or independent institution in South Carolina.
 - e. Recipient certified that he/she has not defaulted and does not owe a refund or repayment on any federal or state financial aid.
 - f. Recipient certified that he/she has never been adjudicated delinquent, convicted, or pled guilty or nolo contendere to any felonies or any second subsequent alcohol/drug related offenses under the laws of this state or any other state or under the laws of the United States.

2. We inspected documentation to determine whether the recipient completed an annual affidavit regarding felonies and loan default prior to being awarded a state scholarship each year.

Finding(s): No exceptions were found as a result of the procedures.

Eligibility Attribute Testing for LIFE Scholarship

Initial Eligibility for LIFE Scholarship Incoming Students (R62-1200.10)

1. We verified that the recipient met the following academic eligibility requirement by obtaining a copy of the high school transcript obtained by the Admissions office:
 - a. Recipient earned a minimum 3.0 cumulative grade point average (“GPA”) on the South Carolina Uniform Grading Policy (“UGP”) scale as documented on the final official transcript.
2. We reviewed student registrations to confirm the recipient was enrolled in at least twelve hours of non-remedial/developmental, non-continuing education, or degree-credit courses at the time the scholarship funds were disbursed.
3. We reviewed financial aid award documentation to confirm that the recipient did not receive Lottery Tuition Assistance in addition to the LIFE scholarship in the same academic year.

Additional Eligibility for Transferring Students (R62-1200.10)

1. We reviewed academic transcripts to confirm that:
 - a. Recipient earned a cumulative LIFE UGP GPA of 3.0 or higher and,
 - b. Recipient met the annual credit hour requirement based on his/her initial enrollment date in a degree seeking program.
2. We reviewed financial aid award documentation to confirm that the recipient did not receive Lottery Tuition Assistance in addition to the LIFE scholarship in the same academic year.

Continuing Eligibility (R62-1200.15)

1. We reviewed academic records for indication that each recipient selected for verification:
 - a. Earned a cumulative LIFE UGP GPA of 3.0 or higher by the end of each academic year, which excluded remedial/developmental course grades.
 - b. Received the award for no more than two consecutive terms for a one-year program or four consecutive terms for an associate/two-year program from the time of initial college enrollment.
 - c. Met the annual credit hour requirement based on the initial college enrollment date in a degree seeking program.
2. We verified that the student completed the annual re-certification(s) regarding residency, convictions, transcripts, and loan default.
3. We reviewed award notifications and disbursement records to confirm that the recipient did not receive Lottery Tuition Assistance in addition to the LIFE Scholarship in the same academic year.

Finding(s): No exceptions were found as a result of the procedures.

Eligibility Attribute Testing for Need-based Grants

Initial Eligibility for Need-based Grant Recipients (R62-465)

1. We reviewed the recipient's file to confirm that the recipient completed the Free Application for Federal Student Aid ("FAFSA") and was identified as a needy student following the need analysis established by Title IV.
2. We verified the recipient was enrolled for at least six credit hours if awarded a part-time award, and for at least twelve credit hours if awarded a full-time award.
3. For students who previously earned credit hours and were applying for the grant for the first time, we reviewed transcripts from all institutions to verify that the recipient earned at least a cumulative 2.0 GPA on a 4.0 scale for graduation purposes at the end of the academic year preceding the award.

Continuing Eligibility (R62-475)

1. We reviewed academic records to confirm that each recipient selected for verification:
 - a. Resubmitted the FAFSA each academic year and continued to meet all general eligibility requirements.
 - b. Completed the minimum number of credit hours each academic year based on the student's enrollment status for awarding purposes.
 - c. Earned at least a cumulative 2.0 GPA on a 4.0 scale for graduation purposes at the end of the preceding academic year.
 - d. Met satisfactory academic progress (SAP) as defined by the College's policy for the purpose of complying with Title IV regulations for Federal Student Aid Programs.
2. We reviewed academic records to confirm that each recipient had not received a NBG for more than a maximum of eight full-time equivalent semesters.
3. We reviewed the annual certification to confirm that the student attested that the student has not earned a baccalaureate degree.

Finding(s): No exceptions were found as a result of the procedures.

Scholarship Award Disbursement Testing (R62-1200.65/LIFE), (R62-490/NBG)

1. We traced award amounts to the student's account to confirm that the awarded amounts were credited to the recipient's account.
2. We compared total award disbursements for the academic year as reflected on the award letter to data submitted to CHEMIS.
3. We compared total award disbursements for the academic year as reflected on the award letter to the following legislatively established award allowances:
 - a. LIFE Scholarship:
 - i. Award amount disbursed was up to the published cost-of-tuition to include a \$300 book allowance, not to exceed \$5,000 per academic year.
 - ii. Award amount was not applied to costs of continuing education or remedial/developmental courses.

- iii. The award amount in combination with all other gift aid, including Federal, State, private, and institutional funds did not exceed the cost-of-attendance as defined in Title IV regulations for any academic year.
- b. Need-based grant:
- i. Award amount disbursed was up to the published cost of attendance, with limitations on room and board charges, not to exceed \$1,250 per eligible part-time student and \$2,500 per eligible full-time student per academic year based on the College's allocated funds for NBGs and other financial aid awarded to participants.
 - ii. No more than fifty percent of the grant was disbursed each term.
 - iii. Award amount was determined after applying all other sources of gift aid to the total cost-of-attendance.

Finding(s): No exceptions were found as a result of the procedures.

Record Retention

We determined if the College retained in the student files the following information for each scholarship/grant recipient:

1. Certification that the student has no felony and not more than one alcohol/drug-related misdemeanor offense conviction.
2. Certification that the student has not defaulted and does not owe a refund or repayment on any Federal or State financial aid.
3. All transcripts for previous and current institutions attended.
4. Award letter and terms of award.
5. Verification of a 3.0 LIFE UGP GPA for LIFE recipients, and cumulative 2.0 GPA for NBG recipients.

Finding(s): No exceptions were found as a result of the procedures.

This report is intended solely for the information and use of management of Northeastern Technical College and the South Carolina Commission on Higher Education, and it is not intended to be and should not be used by anyone other than these specified parties. Do not hesitate to contact Christina (Tina) Seale at (803) 856-0086 or cseale@che.sc.gov should you have any questions or concerns.

Bryce Wilson

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