

**ALLEN UNIVERSITY  
STATE LOTTERY PROGRAMS  
COLUMBIA, SOUTH CAROLINA**

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**Independent Accountants' Report On  
Applying Agreed-Upon Procedures  
June 30, 2022**



**ALLEN UNIVERSITY**  
**STATE LOTTERY PROGRAMS**  
For the Year Ended June 30, 2022

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Independent Accountants' Report On  
Applying Agreed-Upon Procedures

Dr. Ernest C. McNealey  
President, Allen University  
1530 Harden St.  
Columbia, S.C. 29204

Bryce Wilson, CPA  
Commission on Higher Education

We have performed the procedures enumerated below for Allen University's State Lottery programs disbursed by the Commission on Higher Education (CHE) as of June 30, 2022. Allen University's management is responsible for compliance with state requirements for the state lottery programs.

CHE has agreed to and acknowledges that the procedures performed below are appropriate to meet the intended purpose which is to assist CHE in evaluating whether Allen University's state lottery programs are in compliance with state requirements. 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, 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.

The procedures and associated findings are as follows:

We obtained the population of the state lottery programs disbursed by CHE from Allen University to select a sample of students for each program. For the year ended June 30, 2022, the institution had disbursements to students in the following programs:

<b>State Lottery Programs Disbursed by CHE</b>	<b>June 30, 2022</b>
SC LIFE Scholarship	Yes
SC Hope Scholarship	Yes
SC National Guard College Assistance Program	Yes

We obtained the student file for each student selected and performed procedures for eligibility requirements as prescribed in the four areas of: Initial eligibility and continued eligibility, records, retention, and award amount based on the specified laws, regulations, and contracts.

The result of those procedures are as follows:

<b>State Lottery Program Disbursed by CHE</b>	<b>Sample Size</b>	<b>Exceptions Noted</b>
SC LIFE Scholarship	4	1
SC Hope Scholarship	1	None Noted
SC National Guard College Assistance Program	1	None Noted

**SC LIFE Scholarship – 62-1200.1 – 62-1200.75**

1. We obtained and documented proof of SC residency and US Citizenship at the time of high school graduation and College enrollment and proof of South Carolina residency of the parent or guardian for dependent students.

We found no exceptions as a result of this procedure.

2. We obtained financial aid records and documented the signing of the required attestation affidavit for each academic year.

We found no exceptions as a result of this procedure.

3. We obtained the student’s final high school transcript signed by the school official and documented the graduation date, SC UGPA, ACT/SAT score, and class ranking.

Finding: We found one exception. Our finding as a result of the procedure performed is presented on the Reviewer’s Findings section of the report.

4. For transferring students, we obtained the academic transcripts to verify the following criteria:
  - Recipient earned a cumulative LIFE GPA of 3.0 or higher and
  - Recipient met the annual credit hour requirements based on the initial enrollment date:
    - o Second year transfer - 30 non-remedial credit hours (or equivalent)
    - o Third year transfer – 60 credit hours (or equivalent)
    - o Fourth year transfer – 90 credit hours (or equivalent)

We found no exceptions as a result of this procedure.

5. We obtained the FINAL official transcript and verified that the date calculated was between 3 days prior to the date of the high school graduation and no later than June 15<sup>th</sup>. Covid-19 waivers were taken into consideration, if applicable.

We found no exceptions as a result of this procedure.

6. We obtained and evaluated the institutional academic transcript and documented the initial enrollment date, initial eligibility date, student’s academic classification, academic term, credits earned and LIFE GPA to verify that the student met the continued eligibility criteria:
  - Earned a cumulative Life GPA of 3.0 or higher by the end of the academic year.
  - Received the award in one of eight consecutive terms from the time of initial enrollment.
  - Met the annual credit hour requirement based on initial college enrollment date:
    - o Second year - 30 non-remedial credit hours (or equivalent)
    - o Third year - 60 credit hours (or equivalent)
    - o Fourth year - 90 credit hours (or equivalent)

We found no exceptions as a result of this procedure.

**SC LIFE Scholarship – 62-1200.1 – 62-1200.75, Continued**

7. We recalculated the student LIFE GPA and compared it to the institution's calculation.

We found no exceptions as a result of this procedure.

8. We obtained proof of full-time enrollment and documented any remedial or developmental courses taken.

We found no exceptions as a result of this procedure.

9. We agreed the student's awarding documentation to the awarding information in CHE's AS400 (CHEMIS).

We found no exceptions as a result of this procedure.

10. We obtained the financial aid record and documented the LIFE award amount to verify that the annual grant amount was not exceeded.

We found no exceptions as a result of this procedure.

11. We obtained the financial aid awarding and disbursing records to verify that the cost of attendance (COA) was not exceeded.

We found no exceptions as a result of this procedure.

12. We traced the disbursements to the student's account history from the business office.

We found no exceptions as a result of this procedure.

13. We obtained and documented award notifications to determine if scholarship terms and conditions were provided.

We found no exceptions as a result of this procedure.

14. We obtained the student account history and verified that the student did not receive Palmetto Fellows scholarship, HOPE scholarship, or Lottery Tuition Assistance during the same award year.

We found no exceptions as a result of this procedure.

**SC Hope Scholarship – 62-900.85 - 62-900.140**

1. We obtained and documented proof of the student's South Carolina residency and US Citizenship at the time of high school graduation and College enrollment and proof of SC residency of the parent or guardian for dependent students.

We found no exceptions as a result of this procedure.

2. We obtained financial aid records and documented the signing of the required attestation affidavit for each academic year.

We found no exceptions as a result of this procedure.

**SC Hope Scholarship – 62-900.85 - 62-900.140, Continued**

3. We obtained the student's final high school transcript signed by the school official and documented the high school graduation date and verified that the SC UGP GPA was at least a 3.0.

We found no exceptions as a result of this procedure.

4. We obtained the institutional academic transcript and documented the initial enrollment date, academic terms, and registered hours, excluding any remedial or developmental courses, to verify full-time enrollment and that the student is a first-time entering freshman who does not qualify for LIFE or Palmetto Fellows Scholarships.

We found no exceptions as a result of this procedure.

5. We obtained the student account history to verify that the award amount did not exceed two thousand eight hundred dollars (includes \$300 book allowance) during the freshman year only.

We found no exceptions as a result of this procedure.

6. We obtained the student's financial aid file and documented the cost of attendance (COA) and all other gift aid to verify that COA was not exceeded.

We found no exceptions as a result of this procedure.

7. We obtained the award notifications to determine if scholarship terms and conditions were provided.

We found no exceptions as a result of this procedure.

8. We traced the disbursements to the student's account history from the business office.

We found no exceptions as a result of this procedure.

9. We obtained the student account history and verified that the student did not receive Palmetto Fellows scholarship, LIFE scholarship, or Lottery Tuition Assistance during the same award year.

We found no exceptions as a result of this procedure.

10. We agreed the student's awarding documentation to the awarding information in CHE's AS400 (CHEMIS).

We found no exceptions as a result of this procedure.

11. We obtained evidence that the student was a Hope scholarship recipient for only 2 eligible terms.

We found no exceptions as a result of this procedure.

**SC National Guard College Assistance Program - 62-250 - 62-262**

1. We obtained proof of student eligibility from CHE.

We found no exceptions as a result of this procedure.

2. We obtained the student's award letter and the total lifetime award from CHE to ensure that the annual and total lifetime maximum was not exceeded.
  - Army NG \$4,500 max per academic year
  - Air NG \$9,000 max per academic year
  - Lifetime max \$18,000

We found no exceptions as a result of this procedure.

3. We obtained the student's institutional transcript to verify that the amount disbursed agreed to the student's enrollment status.

We found no exceptions as a result of this procedure.

4. We obtained evidence that the student was making satisfactory academic progress as defined by the institution.

We found no exceptions as a result of this procedure.

5. We obtained evidence that the student was enrolled in a degree-seeking program.

We found no exceptions as a result of this procedure.

6. We traced the disbursements to the student's account history from the business office and verified that ROTC scholarship funds were not disbursed to the student.

We found no exceptions as a result of this procedure.

7. We obtained the student's financial aid file and documented the cost of attendance (COA) and all other gift aid to verify that COA was not exceeded.

We found no exceptions as a result of this procedure.

8. We agreed the student's awarding documentation to the awarding information in CHE's AS400 (CHEMIS).

We found no exceptions as a result of this procedure.



### Other Procedures

1. We obtained the institution's current policies and procedures for monitoring lottery funded scholarships to ensure that the documents are readily available.

We found no exceptions as a result of this procedure.

2. We obtained and completed the CHEMIS variance analysis form with information provided by the institution and CHE to determine if the state lottery programs have been reconciled properly and in a timely manner.

Finding: We found one exception. Our finding as a result of the procedure performed is presented on the Reviewer's Findings section of the report.

We were engaged by CHE to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. 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 State Lottery programs disbursed by CHE. 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.

We are required to be independent of Allen University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of CHE and Allen University and is not intended to be and should not be used by anyone other than those specified parties.



June 26, 2024  
Gaffney, SC

## Reviewer's Findings

### LIFE Scholarship

*Based on a sample of four students (4) students*

**Condition:** We found one instance where a student was awarded LIFE scholarship, but the student did not meet two of the three academic requirements for initial eligibility.

**Criteria:** 62-1200.10 (A-C) states, Students must meet two of the three criteria if a first-time freshman at an eligible four-year institution:

- 3.0 SC UGP GPA
- 1100 SAT or 22 ACT
- Ranked in top 30% of graduating class.

**Cause:** The student earned at least a 3.0 SC UGP GPA; however, the student did not rank in the top 30% of their graduating class nor did they have test scores required available.

**Effect:** The institution incorrectly disbursed \$5,000 of LIFE Scholarship during the student's freshman year when the student was only eligible for the HOPE Scholarship. The student did meet the continued eligibility requirements after the 2021-2022 award year and, the LIFE Scholarship was disbursed in the subsequent year. The institution must refund the LIFE Scholarship Program immediately by returning \$5,000 to the CHE due to an incorrect disbursement of LIFE funds during initial eligibility. The institution also should make the necessary and appropriate adjustment to award the student with the SC HOPE scholarship of 2,800.

**Recommendation:** We recommend the institution evaluate all functional areas that impact how and when initial eligibility is determined and identify weaknesses in current policies and procedures to reduce the risk of incorrect awarding and disbursing.

### **Management's Response:**

#### **Review Process:**

- The financial aid team will implement a thorough review process before disbursing scholarships, including verification of all eligibility criteria.
- Establish checkpoints to ensure consistent application of eligibility criteria across all scholarship awards.

#### **Disbursement Procedures:**

- We will disburse scholarships only after confirming that the student meets all specified eligibility criteria.
- We will ensure clear communication with students regarding the types and amounts of scholarships awarded based on their eligibility.

#### **Auditing and Monitoring:**

- Financial Aid will conduct periodic audits of scholarship awards and disbursements to identify any discrepancies or instances of incorrect eligibility determination.
- Maintain documentation of audit findings and corrective actions taken.

By implementing and adhering to this policy, the institution aims to prevent instances of incorrect scholarship disbursements, such as the over-disbursement of the LIFE Scholarship, thereby ensuring compliance with regulatory requirements and maintaining accountability in financial aid administration.

## Reviewer's Findings, Continued

### Other Procedures

**Condition:** We found that the institution failed to return funds to the CHE for unused HOPE scholarships in the amount of \$2,800 and did not invoice the CHE for \$2,500 of LIFE scholarships to students during the 2021-2022 academic year.

**Criteria:** 62-370 (B) and 62-1200.70 (B) state, "...all eligible institutions that participate in the program must abide by program policies, rules, or regulations..."

The state lottery programs must be continuously reconciled at the end of each award period to ensure that CHEMIS is properly recorded, and CHE is accurately and timely invoiced.

**Cause:** Oversight in the process of refunding and invoicing the CHE for scholarships that were previously invoiced to the CHE, but never disbursed and total scholarships disbursed but not invoiced.

**Effect:** The institution is not in compliance with the CHE fund management requirements and must return the cancelled HOPE scholarship of \$2,800 immediately. Because the institution did not comply with the requirements of the regulations as stated in the criteria above, the institution will be unable to collect \$2,500 for the LIFE Scholarship Program.

**Recommendation:** The institution must implement policies and procedures to ensure the state lottery programs are continuously reconciled at the end of each award period to ensure student disbursements, invoices to the CHE and information reported on CHEMIS agree.

### Management's Response:

#### **Reconciliation Process:**

- The financial aid department will conduct a thorough reconciliation of state lottery program funds at the end of each award period.
- The financial aid department will verify that disbursements to students, refunds for unused funds, and invoices to CHE accurately reflect transactions recorded in CHEMIS (Commission on Higher Education Management Information System).

#### **Handling Unused Funds:**

- Promptly identify and return unused funds (e.g., from cancelled scholarships) to CHE as per program guidelines.
- Maintain records documenting the return of unused funds and ensure compliance with CHE reporting requirements.

#### **Invoicing Procedures:**

- Ensure timely and accurate invoicing of CHE for all disbursed LIFE scholarships.
- Verify that all disbursed scholarships are properly invoiced to CHE to facilitate accurate financial reporting and reimbursement.

#### **Documentation and Record-Keeping:**

- Maintain comprehensive documentation of all transactions related to HOPE and LIFE scholarships, including disbursements, refunds, and invoices.
- Retain records for audit purposes and provide transparency in financial reporting to CHE as required.

By implementing these policies and procedures, the institution aims to address the audit findings regarding the mishandling of HOPE and LIFE scholarships, ensuring proper reconciliation, compliance with regulatory requirements, and accurate financial reporting to CHE. This proactive approach will help prevent similar issues in the future and maintain transparency in financial aid administration.