

**NEWBERRY COLLEGE
STATE LOTTERY PROGRAMS
NEWBERRY, SOUTH CAROLINA**

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

NEWBERRY COLLEGE
STATE LOTTERY PROGRAMS
For the Year Ended June 30, 2022

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Independent Accountants' Report On
Applying Agreed-Upon Procedures

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Commission on Higher Education

We have performed the procedures enumerated below for Newberry College's State Lottery programs disbursed by the Commission on Higher Education (CHE) as of June 30, 2022. Newberry College'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 Newberry College'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 Newberry College 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:

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.

State Lottery Programs Disbursed by CHE	June 30, 2022
Palmetto Fellow Scholarship	Yes
SC LIFE Scholarship	Yes
SC LIFE Scholarship Enhancement	Yes
SC Hope Scholarship	Yes
SC National Guard College Assistance Program	Yes

The result of those procedures are as follows:

State Lottery Program Disbursed by CHE	Sample Size	Exceptions Noted
Palmetto Fellow Scholarship	1	None Noted
SC LIFE Scholarship	25	6
SC LIFE Scholarship Enhancement	4	None Noted
SC Hope Scholarship	13	3
SC National Guard College Assistance Program	1	None Noted

Palmetto Fellows Scholarship - 62-300 - 62-375

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 institutional academic transcript and documented the initial enrollment date, initial eligibility date, student's academic classification, academic terms, credits earned and GPA.

We found no exceptions as a result of this procedure.

4. We documented the student's enrollment status, credit hour enrollment, and if applicable, made note of any remedial and developmental courses taken to verify full time enrollment and that hours for AP, IB, Dual Enrollment, or CLEP are not used towards the credit hour requirements.

We found no exceptions as a result of this procedure.

5. 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.

6. We obtained the financial aid record and documented the Palmetto Fellows award amount to verify that the annual grant amount was not exceeded.

We found no exceptions as a result of this procedure.

7. 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.

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.

Palmetto Fellows Scholarship - 62-300 - 62-375, Continued

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

We found no exceptions as a result of this procedure.

10. We obtained proof of the initial CHE approval. The approval from CHE signifies that the student satisfied the following criteria:

- 3.5 SC UGP GPA (4.0 without ranking); and
- 1200 SAT or 25 ACT (1400 SAT or 31 ACT without ranking); and
- Top 6% rank in 10, 11, or 12 grade.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

12. We obtained evidence that the award term is within the maximum number of eligible terms.

We found no exceptions as a result of this procedure.

13. If the student did not retain their eligibility by the end of the spring term, we obtained the non-renewal notification. We verified that the notification included information regarding the student's ability to attend summer school in order to meet the continued eligibility requirements.

We found no exceptions as a result of this procedure.

SC LIFE Scholarship and Enhancement – 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.

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.

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 three exceptions. Our findings as a result of the procedure performed is presented on the Reviewer's Findings section of the report.

SC LIFE Scholarship and Enhancement – 62-1200.1 – 62-1200.75, Continued

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)

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.

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 15th. 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)

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.

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.

SC LIFE Scholarship and Enhancement – 62-1200.1 – 62-1200.75, Continued

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.

Enhancement Only:

1. We obtained the student's program of study and traced the program to CHE's approved enhancement program listing.

We found no exceptions as a result of this procedure.

2. We obtained the academic transcript to verify that the student successfully completed at least 14 credits of STEM credit hours by the end of the student's first year of enrollment.

We found no exceptions as a result of this procedure.

3. We obtained and evaluated academic transcripts and documented the student's year of enrollment and number of awarding terms to not exceed 6 terms of eligibility.

We found no exceptions as a result of this procedure.

4. We obtained the academic transcript to verify that the student is in their 2nd, 3rd, or 4th year of full-time enrollment (based on initial enrollment date).

We found no exceptions as a result of this procedure.

5. We obtained the student's financial aid award file to verify that total aid including the enhancement amount was not exceeded for the 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.

Finding: We found two exceptions. Our findings as a result of the procedure performed is presented on the Reviewer's Findings section of the report.

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.

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. 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 two exceptions. Our findings 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 Newberry College 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 Newberry College and is not intended to be and should not be used by anyone other than those specified parties.



October 24, 2024
Gaffney, SC

Reviewer's Findings

Findings #1-3

SC LIFE Scholarship

Based on a sample of twenty-five (25) students

Condition: During our review of the LIFE scholarships awarded during the 2021-2022 academic year, we found three instances where the high school transcript used to determine initial eligibility was not valid for scholarship awarding purposes.

Criteria: 62-900.135 (B) states, "...all eligible institutions that participate in the program must abide by program policies, rules, or regulations..."

In order to determine eligibility for the State scholarship programs, the institution must have a final and official transcript on file demonstrating, but not limited to, the following items:

- A valid signature (electronic or otherwise) from the principal. In the event that the principal is not available, the Superintendent signature is acceptable. For Independent/Private and home school students: The administrator, registrar, or an official from the home school/accountability group. Should provide a letter stating the designated school representative.
- SC UGP GPA: must be demonstrated.
- Calculation Date: All final official transcripts must be date calculated between the date of the high school graduation and no later than June 15th (regardless of academic year). For the LIFE Scholarship and the Palmetto Fellows Scholarship Late Award the transcript MUST demonstrate that it is the final official transcript, as well as reflect a graduation date.
- Rank: If an independent high school or home school association has an approved policy on rank, a rank must be demonstrated on the official transcript (even if the student is not using rank for scholarship eligibility). A rank report must also be submitted with a date calculated matching the transcripts even if the student is not using rank. (LIFE 62-1200.10.C)

Cause: There was management oversight in the process of obtaining a valid high school transcript for scholarship awarding purposes prior to disbursing LIFE Scholarship funds for the 2021-2022 academic year.

Effect:

- **Student Sample #8** – The high school transcript provided included the South Carolina Uniform Grading Policy GPA or "SC UGP" GPA, the graduation date, and the calculation date. However, the transcript did not have a valid signature from the principal or superintendent. The institution subsequently obtained a signed transcript, and funds do not have to be returned to the CHE.
- **Student sample #11** – The high school transcript used to award and disburse LIFE Scholarship funds was not a final high school transcript. The institution used a work-in-process transcript which is not valid for scholarship awarding purposes. The institution is required to immediately reimburse \$5,000 to the SC LIFE Scholarship Program for improperly awarding funds.
- **Student Sample #13** - The high school transcript provided included the South Carolina Uniform Grading Policy GPA or "SC UGP" GPA, the graduation date, and the calculation date. However, the transcript did not have a valid signature from the principal or superintendent. The institution is required to immediately reimburse \$5,000 to the SC LIFE Scholarship Program for improperly awarding funds.

Reviewer's Findings, Continued

Findings #1-3, Continued

SC LIFE Scholarship

Recommendation: We recommend the institution evaluate all functional areas that impact how and when initial eligibility is determined and identify weaknesses that increase the risk of incorrect awarding and disbursing.

Management Response: The institution agrees with the finding and that the funds will need to be returned to CHE on 11/26/2024 via check. The college has implemented quality control checks in our financial aid software system to ensure there is a secondary check of final high school transcripts to determine final eligibility for state scholarships.

Finding #4

SC LIFE Scholarship

Based on a sample of twenty-five (25) students

Condition: We found one instance where the institution was not able to provide evidence of a signed affidavit prior to the 2021-2022 SC LIFE Scholarship disbursement(s).

Criteria: 62-1200.60 (O)(7) states that the institution must retain annual paper or electronic documentation for each award to include at a minimum: Affidavit documenting that the student has never been convicted of any felonies and/or any second alcohol/drug related misdemeanor offenses within the past academic year as stated under the "Student Eligibility" Section.

Cause: Management failed to obtain the required affidavit prior to disbursing the 2021-2022 SC LIFE scholarship.

Effect: The institution disbursed LIFE scholarship for the 2021-2022 academic year prior to obtaining a signed affidavit by the student. As a result, the institution is required to immediately reimburse \$7,500 (including enhancement funds) to the SC LIFE Scholarship Program for improperly awarding funds.

Recommendation: We recommend the institution evaluate current policies and procedures to reduce the risk of awarding and disbursing prior to obtaining all required documentation.

Management Response: The institution agrees with the finding and that the funds will need to be returned to CHE on 11/26 via check. The college has implemented quality control checks in our financial aid software system to ensure there is a secondary check of receipt of a signed affidavit before state scholarships are applied to student accounts.

Reviewer's Findings, Continued

Findings #5-6

LIFE Scholarship

Based on a sample of twenty-five (25) students

Condition: During our review of LIFE scholarships awarded during the 2021-2022 academic year, we found two instances where the institution did not properly identify the student's initial term of eligibility and continued eligibility at the time of transfer.

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.

62-1200.30 (C) states, for determining initial eligibility for transfer students for the first-time at an eligible public or independent institution in South Carolina, students must meet the following requirements at the end of the previous academic year:

- Earn a cumulative LIFE GPA of 3.0 or higher and
- Meet the annual credit hour requirements based on the initial enrollment date:
 - Second year transfer - 30 non-remedial credit hours (or equivalent)
 - Third year transfer – 60 credit hours (or equivalent)
 - Fourth year transfer – 90 credit hours (or equivalent)

Cause: There was an oversight in the process of evaluating the student's LIFE Scholarship eligibility at the time of transfer into the institution.

Effect: The institution inadvertently omitted a student's initial LIFE Scholarship eligibility for the Spring 2021 term when the student transferred as a first-time freshman. The second student was also inadvertently omitted from LIFE continued eligibility in award year 2020-2021 when the student transferred into the institution as a rising junior. The institution must make the necessary and appropriate adjustments to award the students with the SC LIFE Scholarship in the amount of \$2,500 and \$5,000, respectively.

Recommendation: We recommend the institution evaluate all functional areas that impact the determination of initial and continued eligibility and identify weaknesses that increase the risk of incorrect awarding and disbursing.

Management Response: The institution agrees with the finding. The institution will award and fund by 11/26/24. The college has implemented quality control checks in our financial aid software system to ensure there is a secondary check of final high school transcripts and college transcripts to determine final eligibility for state scholarships and remaining eligibility.

Reviewer's Findings, Continued

Findings #7-8

HOPE Scholarship

Based on a sample of thirteen (13) students

Condition: We found two instances where the annual affidavit was not signed prior to the 2021-2022 HOPE Scholarship disbursement(s).

Criteria: 62-900.125 (C)(6) states that the institution must retain annual paper or electronic documentation for each award to include at a minimum: Affidavit documenting that the student has never been convicted of any felonies and/or any second alcohol/drug related misdemeanor offenses within the past academic year as stated under the "Student Eligibility" Section.

Cause: Management oversight in obtaining all required documentation prior to disbursing the HOPE scholarships.

Effect: The institution disbursed HOPE scholarship for the 2021-2022 academic year prior to obtaining a signed affidavit by the students. As a result, the institution is required to immediately reimburse \$4,200 to the HOPE Scholarship Program for improperly awarding funds. One student had fall and spring disbursements totaling \$2,800 and the second student had only a spring disbursement of \$1,400.

Recommendation: We recommend the institution evaluate current policies and procedures to reduce the risk of awarding and disbursing prior to obtaining all required documentation.

Management's Response: The institution agrees with the finding and that the funds will need to be returned to CHE on 11/26/24 via check. The college has implemented quality control checks in our financial aid software system to ensure there is a secondary check of receipt of a signed affidavit before state scholarships are applied to student accounts.

Findings #9

HOPE Scholarship

Based on a sample of thirteen (13) students

Condition: We found one instance where a student was awarded HOPE Scholarship in their first year of enrollment but did not meet the minimum GPA requirement.

Criteria: 62-900.95 (A)(3) states that to be eligible for a SC HOPE Scholarship, the student must earn a cumulative 3.0 grade point average (GPA) based on the South Carolina Uniform Grading Policy (UGP) upon high school graduation.

Cause: The student's initial state scholarship eligibility was incorrectly determined by the institution.

Effect: The student was incorrectly awarded and disbursed \$2,800 of SC HOPE Scholarship during the student's freshman year when the student was not eligible. As a result, the institution is required to immediately reimburse \$2,800 to the HOPE Scholarship Program for improperly awarding funds.

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: The institution agrees with the finding and that the funds will need to be returned to CHE on 11/26/24 via check. The college has implemented quality control checks in our financial aid software system to ensure there is a secondary check of final high school transcripts to determine final eligibility for state scholarships.

Reviewer's Findings, Continued

Findings #10-11

Other Procedures

Condition: We found that the institution over-invoiced the CHE in the amounts of \$2,500 and \$2,800 for LIFE Scholarship funds and HOPE Scholarship funds 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.

Effect: The institution is not in compliance with the CHE fund management requirements and must return the LIFE and HOPE Scholarship funds of \$2,500 and \$2,800 immediately.

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: The institution agrees with the finding and that the funds will need to be returned to CHE on 11/26/24 via check. The college will reconcile state scholarship payments at the end of each semester to ensure the amount disbursed to student accounts reconciles with what the college has invoiced CHE.