

**CHARLESTON SOUTHERN UNIVERSITY  
STATE LOTTERY PROGRAMS  
CHARLESTON, SOUTH CAROLINA**

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**Independent Accountants' Report On  
Applying Agreed-Upon Procedures  
June 30, 2023**



**CHARLESTON SOUTHERN UNIVERSITY**  
**STATE LOTTERY PROGRAMS**  
For the Year Ended June 30, 2023

Table of Contents

Independent Accountants' Report On Applying Agreed-Upon Procedures	1-8
Reviewer's Findings	9

Independent Accountants' Report On  
Applying Agreed-Upon Procedures

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Commission on Higher Education

We have performed the procedures enumerated below for Charleston Southern University's State Lottery programs disbursed by the Commission on Higher Education (CHE) as of June 30, 2023. Charleston Southern 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 Charleston Southern 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 Charleston Southern University to select a sample of students for each program. For the year ended June 30, 2023, the institution had disbursements to students in the following programs:

<b>State Lottery Programs Disbursed by CHE</b>	<b>June 30, 2023</b>
Palmetto Fellow Scholarship and Enhancement	Yes
SC LIFE Scholarship & Enhancement	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>
Palmetto Fellow Scholarship and Enhancement	20	None Noted
SC LIFE Scholarship & Enhancement	25	2
SC Hope Scholarship	20	None Noted
SC National Guard College Assistance Program	1	None Noted

**Palmetto Fellows Scholarship and Enhancement - 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 and Enhancement - 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.

Enhancement Only:

14. 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.

15. 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.

16. We obtained and evaluated the academic transcript and documented the student's year of enrollment and number of awarding terms to not exceed 6 terms of usage.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

18. 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 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 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.

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.

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

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.

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.

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 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 total lifetime award from CHE to ensure that the total lifetime maximum was not exceeded.
  - Army NG \$5,500 max per academic year
  - Air NG \$11,000 max per academic year (AIR National Guard recipients may receive up to a maximum of \$11,000 per academic year if enrolled in a two-year program at two-year or four-year eligible SC Institutions OR a maximum of \$5,500 at eligible SC four-year Institutions per academic year).
  - Lifetime max \$22,000

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.

We found no exceptions as a result of this procedure.

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 Charleston Southern 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 Charleston Southern University and is not intended to be and should not be used by anyone other than those specified parties.



August 7, 2024  
Gaffney, SC

## Reviewer's Findings

### SC LIFE Scholarship

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

**Condition:** We found one instance where the annual affidavit was not signed prior to the 2022-2023 SC LIFE Scholarship disbursement.

**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 2022-2023 LIFE scholarship.

**Effect:** The institution disbursed LIFE scholarship for the fall 2022 academic term prior to obtaining a signed affidavit by the student. As a result, the institution is required to immediately reimburse \$2,500 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 disbursement of the Life Scholarship and all CHE funds is contingent upon the receipt of all required residency verification documents. If these documents are not received, the funds will not be reflected on the account. Unfortunately, in 2022-2023, a systematic error led to funds being disbursed before the residency form was marked as received. This issue has been corrected, and the setup has been thoroughly verified and tested to ensure it will not happen again.

**Condition:** We found one instance where a student was awarded HOPE Scholarship in their first year of enrollment but was eligible for LIFE Scholarship instead.

**Criteria:** 62-900.85 states the purpose of the SC HOPE Scholarship Program is to provide funding to first-time entering freshmen who do not qualify for the LIFE or Palmetto Fellows Scholarships.

**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 eligible for the LIFE Scholarship. The institution must make all appropriate and necessary adjustments to the student's 2022-2023 award period. The institution must return to CHE \$2,800 due to the incorrect disbursement of the Hope Scholarship.

**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 Response:** We have identified and addressed this issue by implementing a process where multiple parties review the final transcripts and system weaknesses. This comprehensive review of our current policies and procedures is aimed at reducing the risk of incorrect awarding and disbursement.

Our actions include:

- Additional training for staff
- Implementation of more rigorous checks and balances
- Enhancement of our system protocols to ensure accurate eligibility determination moving forward

These measures are designed to improve accuracy and compliance in our scholarship award processes, preventing similar issues in the future.