

**UNIVERSITY OF SOUTH CAROLINA UPSTATE  
STATE LOTTERY PROGRAMS  
SPARTANBURG, SOUTH CAROLINA**

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



**UNIVERSITY OF SOUTH CAROLINA UPSTATE  
STATE LOTTERY PROGRAMS**  
For the Year Ended June 30, 2023

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Independent Accountants' Report On  
Applying Agreed-Upon Procedures

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Bryce Wilson, CPA  
Commission on Higher Education

We have performed the procedures enumerated below for the University of South Carolina Upstate's (USC Upstate) State Lottery programs disbursed by the Commission on Higher Education (CHE) as of June 30, 2023. USC Upstate'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 USC Upstate'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 USC Upstate 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
SC Need-based Grant	Yes
SC Need- based Grant - Foster Care	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	11	None noted
SC LIFE Scholarship & Enhancement	25	2
SC Hope Scholarship	25	None noted
SC National Guard College Assistance Program	6	None noted
SC Need-based Grant	25	None noted
SC Need-based Grant - Foster Care	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.

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.

- Four-year Institution criteria - Meet 2 out of 3:
  - o 3.0 SC UGP GPA
  - o 1100 SAT or 22 ACT
  - o Ranked in top 30% of graduating class.

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.

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.

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.

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

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.

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.



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

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 final high school transcript 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.

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

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.

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

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.

**SC Need-based Grant and Foster Care - 62-450 - 62-505**

1. We obtained financial records and documented proof of US Citizenship, South Carolina residency, and in-state tuition qualification.

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 proof that the student filed the Free Application for Federal Student Aid (FAFSA) and completed the process to determine eligibility for federal student aid each academic year.

We found no exceptions as a result of this procedure.

4. We obtained the Institutional Student Information Record (ISIR) to verify that the student had not received a baccalaureate degree.

We found no exceptions as a result of this procedure.

5. We obtained evidence that the student was determined to be "needy" based on Title IV regulations for determining financial aid.

We found no exceptions as a result of this procedure.

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

We found no exceptions as a result of this procedure.

7. We obtained evidence that the student enrolled and attended or had completed at the time of the grant disbursement in a minimum of six credit hours if part-time for the semester or twelve credit hours if full-time for the semester.

We found no exceptions as a result of this procedure.

8. For first-time applicants with previous credit hours, we obtained the credit hours and GPA to verify that the student earned at least a 2.0 cumulative GPA.

We found no exceptions as a result of this procedure.

**SC Need-based Grant and Foster Care - 62-450 - 62-505, Continued**

9. We obtained the institutional transcript to determine continued eligibility as follows:
- For graduation purposes, earned at least 12 credit hours each academic year as a part-time student. If awarded as a part-time student for only one term, earned 6 credit hours each academic year.
  - For graduation purposes, earned at least 24 credit hours each academic year as a full-time student. If awarded as a full-time student for only one term, earned 12 credit hours each academic year.
  - Earned at least a 2.0 grade point average on a 4.0 scale for graduation purposes at the end of each regular academic year.

We found no exceptions as a result of this procedure.

10. We obtained the students' financial aid file to verify that maximum eligibility terms were not exceeded.

We found no exceptions as a result of this procedure.

11. We obtained the financial aid record to verify and document the following:
- Award not to exceed the cost of attendance (Title IV methodology)
  - Award amounts not to exceed \$1,750 per eligible part-time student per academic year.
  - Award amounts not to exceed \$3,500 per eligible full-time student per academic year.

We found no exceptions as a result of this procedure.

12. For continued eligibility, we obtained evidence that the student was meeting satisfactory academic progress (SAP) and the credit hour requirement prior to disbursement.

We found no exceptions as a result of this procedure.

13. 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.

Foster Care

1. We obtained evidence that the Institution gave priority and awarded the maximum allowable Need-based grant.

We found no exceptions as a result of this procedure.

2. We obtained the student's financial aid file including the student account history to verify that the Foster-Care grant amount did not exceed \$2,000 toward unmet need (\$1,000 per term if full-time, \$500 per term if part-time).

We found no exceptions as a result of this procedure.

3. We obtained evidence that the student met the eligibility requirements under SC Need-based grant and submitted proper documentation.

We found no exceptions as a result of this procedure.

4. We obtained the "SC Need-based grant Waiver Form for Foster Care Youth" completed by the student's DSS representative.

We found no exceptions as a result of this procedure.

Foster Care, Continued

5. Obtained letter from the DSS representative indicating that the student is in custody of DSS or participating in Independent Living Services.

We found no exceptions as a result of this procedure.

6. 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 USC Upstate 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 USC Upstate and is not intended to be and should not be used by anyone other than those specified parties.



April 29, 2024  
Gaffney, SC

## Reviewer's Findings

### **LIFE Scholarship**

*Based on a sample of 25 student*

**Condition:** We found one instance where a student was awarded a 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 and the SAT score was below 1100.

**Effect:** The institution incorrectly disbursed \$5,000 of LIFE scholarship during the student's first year of enrollment (2020-2021). The student met the continued eligibility requirements after the first year of enrollment and became eligible for LIFE scholarship, therefore, the subsequent LIFE scholarship disbursements are appropriate. The University must return to CHE \$5,000 due to this incorrect disbursement and may invoice CHE for \$2,800 for the HOPE Scholarship due to the student's initial eligibility.

**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's Response:** USC Upstate has an automated process in Banner for determining Life Eligibility based on class rank. The staff found there were some issues with the system inaccurately rounding numbers. The staff pulled a list of all students in the 30th percentile to manually verify that accuracy of the Banner Report. The student was not on the report for the manual verification, so she was inadvertently missed in final calculations. The USC Columbia campus has been made aware of the potential miscalculations. Moving forward the staff now has access to the CHE website to verify the students who rank in the top 30% of their class. Donette Stewart, Vice Chancellor Enrollment Management

## Reviewer's Findings, Continued

### **LIFE Scholarship**

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

**Condition:** During our review of LIFE scholarships awarded during the 2022-2023 academic year, we found one instance where the final high school transcript used to determine initial eligibility was not valid for scholarship awarding purposes.

**Criteria:** 62-1200.70 (B) states, according to the Audit Policies and Procedures for Scholarship and Grant Programs Manual, all eligible institutions that participate in the program must abide by program policies, rules, or regulations. Institutions also agree to maintain and provide all pertinent information, records, reports, or any information as may be required or requested by the Commission on Higher Education or the General Assembly to ensure proper administration of the program.

In order to determine eligibility for the State scholarship programs, the financial aid office/institution and/or CHE for the LIFE Scholarship must have an official transcript on file (electronic or otherwise) that demonstrates 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 letter stating designated school rep.
- 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:** The transcript provided was marked final and includes the South Carolina Uniform Grading Policy GPA or "SC UGP" GPA, the graduation date, and the calculation date. However, the transcript was not signed, and the date calculated was not within the graduation date and June 15<sup>th</sup>. The student's graduation date was 6/1/2022 and the calculation date was 1/26/2022.

**Effect:** The institution awarded and disbursed \$5,000 of LIFE scholarship to the student prior to obtaining a valid high school transcript for scholarship awarding purposes. Subsequent to disbursement, the institution verified that the high school transcript information was appropriate for the student to receive the 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's Response:** USC Upstate has changed processes since fall 2022. We now have a staff member assigned to review and verify transcripts before they are scanned into the student record. Our process includes verifying signature, calculation date, and graduation date before it is added to the record to update the student file in banner. All staff members have been trained to verify documents to meet CHE requirements. The staff is working to secure the final official transcript to update the file for the identified student. Donette Stewart, Vice Chancellor Enrollment Management.