



**Denmark Technical College**  
**Policy for Monitoring the Expenditure of South Carolina Lottery Funds**

**Policy Title:** Procedures for Monitoring the Expenditure of South Carolina Lottery Funds

**Policy Type:** Administrative Policy

**Policy Number:** ADM# 03.50.07.01

**Approval Date:** September 25, 2024

**Division of Responsibility:** Division of Student Affairs

**Responsible Executive:** Vice President of Student Affairs

**Responsible Office:** The Office of Financial Aide and Veteran Affairs

**Applies to:** College Community and Recipients of the South Carolina Lottery Funds

**POLICY STATEMENT**

It is the policy of Denmark Technical College that the awarding of the South Carolina Lottery Funds are used responsibly and in awarded within the compliance laws noted in Proviso 3.1 of the State's Fiscal Year (FY) 2024-2025 General Appropriations Bill and Section 3 of the H660 Lottery Expenditure Account.

**POLICY AND PROCEDURAL PURPOSE**

Denmark Technical College has established a series of detailed procedures to ensure that all South Carolina lottery funds are used responsibly and in compliance with Proviso 3.1 of the State's FY 2024-25 General Appropriations Bill and Section 3 of the H660 Lottery Expenditure Account.

**PROCEDURES**

Below is a step-by-step outline of each procedure to monitor these funds.

**1. Establishment of Internal Control Procedures**

- **Designation of a Lottery Funds Compliance Officer (LFCO):**  
The College appoints a resolute LFCO who is responsible for managing all aspects of lottery fund expenditures. The LFCO's duties include:
  - **Monitoring Expenditures:** Regularly review all transactions to ensure compliance with state laws and internal policies.

- **Maintaining Records:** Keep detailed and accurate records of all expenditures, including receipts, invoices, contracts, and authorization documents.
- **Reporting:** Prepare monthly and annual reports on fund usage to be reviewed by the Compliance Committee and submitted to the Commission on Higher Education (CHE).
- **Coordination with Auditors:** Work closely with internal and external auditors to provide necessary documentation and facilitate audits.
- **Creation of a Lottery Funds Compliance Committee:**  
A Compliance Committee is formed to provide oversight and ensure that all lottery funds are spent according to their intended purpose. The committee:
  - **Composition:** Includes representatives from the Finance, Administration, and Academic departments to ensure diverse perspectives and expertise.
  - **Meetings:** Holds quarterly meetings to review all expenditures, discuss any issues or concerns, and provide recommendations for improvement.
  - **Oversight Functions:** Reviews significant expenditures and provides approval before funds are disbursed to ensure compliance with approved budgets and policies.
- **Implementation of Financial Controls:**  
To safeguard against misuse of funds, the College has implemented a series of financial controls, including:
  - **Approval Process:** All expenditures require multiple levels of approval. For example, expenditures over a certain threshold require approval from both the LFCO and the Compliance Committee.
  - **Segregation of Duties:** Duties are divided among different individuals to reduce the risk of fraud or error. For example, the person responsible for authorizing expenditures is different from the person processing payments.
  - **Regular Reconciliation:** Monthly reconciliations of accounts are conducted to compare actual expenditures against budgeted amounts, identify discrepancies, and correct errors promptly.
  - **Document Retention:** All documents related to lottery fund expenditures are retained for a minimum of five years, as required by state law.
- **Automated Awarding via Ellucian System:**  
Denmark Technical College uses the Ellucian system, which is automated with rules to award students in accordance with the South Carolina Lottery regulations. This system:
  - **Ensures Compliance:** Automatically applies the rules and regulations of the SC Lottery to award decisions.
  - **Reduces Errors:** Minimizes manual errors in the awarding process through automation.
  - **Enhances Efficiency:** Streamlines the process of awarding funds to eligible students.

## 2. Annual Verification and Audit Process

- **Preparation for Annual Audits:**

The LFCO is responsible for preparing all documentation required for the annual audit by the CHE. This includes:

- **Financial Statements:** Complete and accurate financial statements that reflect all lottery fund transactions for the fiscal year.
- **Expenditure Reports:** Detailed reports that break down all expenditures by category (e.g., scholarships, facility improvements, program support).
- **Supporting Documentation:** Copies of all receipts, invoices, contracts, and other documents that provide evidence of the expenditures.

- **Conducting Internal Audits:**

In addition to the external audits by the CHE, Denmark Technical College conducts its internal audits annually to ensure compliance. The internal audit process includes:

- **Audit Planning:** Developing an audit plan that outlines the scope, objectives, and timeline for the audit.
- **Execution:** Performing a detailed review of all lottery fund expenditures, including verifying documentation, testing transactions for compliance, and evaluating internal controls.
- **Reporting:** Documenting findings in an internal audit report, which is submitted to the College's Board of Trustees and the Compliance Committee.
- **Follow-up:** Ensuring that any corrective actions recommended by the internal audit are implemented promptly.

- **Undergoing External Audits on a Rotational Basis:**

The College participates in external audit reviews conducted by the CHE on a rotational schedule, not exceeding three years. This process includes:

- **Providing Access:** Granting external auditors access to all relevant financial records, documents, and personnel.
- **Compliance Review:** The audit assesses whether the College has adhered to state laws, rules, and regulations regarding the use of lottery funds.
- **Response to Findings:** The College responds to any audit findings by addressing concerns and implementing corrective actions, as necessary.

### 3. Reporting and Transparency Requirements

- **Monthly Financial Reporting:**

The LFCO prepares monthly financial reports detailing the use of lottery funds. These reports include:

- **Summary of Expenditures:** A breakdown of all expenditures by category, including the amount spent, the purpose, and the date of the transaction.
- **Fund Balances:** Current balances of all lottery fund accounts, including any remaining funds and commitments.
- **Issues and Concerns:** Identification of any issues or discrepancies discovered during the month and the actions taken to address them.

- **Submission for Review:** The reports are submitted to the College President and the Compliance Committee for review and approval.
- **Annual Reporting to the Commission on Higher Education (CHE):**  
An annual report is prepared by the LFCO and submitted to the CHE summarizing the use of lottery funds for the fiscal year. This report includes:
  - **Detailed Expenditure Summary:** A comprehensive breakdown of all expenditures, categorized by purpose (e.g., scholarships, facilities, program support).
  - **Issues Identified:** A description of any issues or concerns identified during the year, along with steps taken to resolve them.
  - **Responses to Recommendations:** Responses to any recommendations made by auditors, including corrective actions implemented and their outcomes.

#### 4. Addressing Non-Compliance

- **Identification of Non-Compliance Issues:**  
The LFCO, internal auditors, or Compliance Committee may identify non-compliance issues through regular monitoring, internal audits, or external audits. When an issue is identified:
  - **Documentation of Issues:** The LFCO documents the nature of the non-compliance, the parties involved, and the potential impact on fund use.
  - **Root Cause Analysis:** An analysis is conducted to determine the root cause of the non-compliance to prevent recurrence.
- **Development and Implementation of Corrective Action Plans:**  
If non-compliance is identified, the LFCO develops a corrective action plan that includes:
  - **Specific Actions:** Steps to correct the non-compliance issue, such as changes to procedures, additional training, or enhanced controls.
  - **Timeline:** A clear timeline for implementing the corrective actions.
  - **Review and Approval:** The corrective action plan is reviewed and approved by the College President and the Compliance Committee.
- **Monitoring Corrective Actions:**  
The LFCO monitors the implementation of corrective actions to ensure they are conducted as planned. Progress is documented, and any challenges are reported to the Compliance Committee and CHE.

#### 5. Staff Training and Continuous Improvement

- **Regular Training Sessions:**  
Denmark Technical College provides regular training for all staff members involved in managing lottery funds. Training sessions include:
  - **Understanding State Requirements:** Education on state laws, rules, and regulations governing the use of lottery funds.

- **Internal Procedures:** Guidance on internal procedures, financial controls, and documentation requirements.
- **Best Practices:** Instruction on best practices for fiscal management, including ethical standards, proper documentation, and audit readiness.
- **Continuous Improvement through Annual Review:**  
The Compliance Committee conducts an annual review of all procedures to ensure they reflect any changes in state laws or regulations. The review process includes:
  - **Assessment of Current Procedures:** Evaluating the effectiveness of existing procedures and identifying areas for improvement.
  - **Updating Procedures:** Revising procedures as needed to address any gaps or enhance controls.
  - **Communication of Updates:** Communicating any updates to all relevant staff members to ensure continued compliance.

## **ROLES AND RESPONSIBILITIES**

The Vice President of Student Affairs officially interprets this policy. Additionally, the Vice President of Student Affairs is responsible for obtaining approval for any revisions as required by Administrative Policy #03.50.07.01 (2024) Policy for Monitoring the Expenditure of South Carolina Lottery Funds through the appropriate governance structures. Questions regarding this policy should be directed to the Office of Financial Aid and Veterans Affairs.

## **POLICY CONTENTS PUBLICATION**

The policy will be widely distributed to the College community. To ensure timely publication and distribution thereof, the Vice President of Student Affairs will make every effort to:

- Communicate the policy in writing, electronically, or otherwise to the College community, including current and prospective students within fourteen days of approval;
- Submit this policy for inclusion in the policy library within fourteen days of approval
- Post the policy on the College's webpage and all other related webpages, in the student handbook, and the College catalog; and
- Educate and train all stakeholders and appropriate audiences on the policy's content as necessary.

## **REVIEW SCHEDULE**

- Next Scheduled Review: September 26, 2027
- Approval Date: September 26, 2024
- Revision History: none
- Supersedes: NA

Denmark Technical College procedures regarding monitoring expenditures of lottery funds

Denmark Technical College herewith confirms the following procedures for processing the South Carolina Lottery

**A. Denmark Technical College Disbursement Report Processing**

On the Denmark Technical College determined deadline for each academic term, the College financial aid office will compile, review, and submit a (invoice) to the college official state aid disbursement report.

**B. Initial Notification from the Financial Aid Office to the Business Office**

Once the state disbursement report has been accepted by CHE, the financial aid office will send an emailed FATR notification to the business office. The FATR will include: The amount (statement) indicating the CHE has accepted. DTC state aid disbursement (FATR) report **and** the pending amount of aid (by fund type) that may be invoiced to the state of South Carolina.

**C. Invoicing the State of South Carolina for Lottery.** Upon receiving the official notification from the financial aid office, the business office will perform a state aid reconciliation and submit an invoice to the state of South Carolina. The invoice amount will match the amounts as reported on the accepted state aid disbursement report.

**D. Receiving State Aid Funds,** after sending the invoice to the state of South Carolina, the business office will check on a regular basis to see when the requested state funds have posted to the College. Once the funds have posted, the business office will send proof to the financial aid office.

**E. State Aid Disbursement (Financial Aid)** Upon receiving confirmation of the amount of funds to be disbursed. The financial aid office will award the eligible students process a disbursement of the state aid funds in Colleague system. The financial aid office will then email the FATR (disbursement roster) to the business office.

**F. State Aid Disbursement (Business Office)** Upon receiving the disbursement roster via FATR, the business office will (1) post the funds to each of the eligible student accounts and the Colleague system will update showing the posted amount.