



UNIVERSITY OF
SOUTH CAROLINA


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Item FR - 4.7 and CS - 3.10.2

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Title IV Program Responsibilities and Financial Aid Program Audits

The institution is in compliance with its program responsibilities under Title IV of the most recent *Higher Education Act* as amended. **(Federal Requirement 4.7)** The institution audits financial aid programs as required by federal and state regulations. **(Comprehensive Standard 3.10.2)**

Judgment

☒ Compliant ☐ Non-Compliant ☐ Not Applicable

Narrative

The University of South Carolina conducts annual audits of its financial aid programs as required by federal and state regulations.

Since the 2007 fiscal year, the University has contracted with Elliott Davis Decosimo, LLC to conduct the annual audit of federal award programs as required by the Single Audit Act of 1984 as amended in 1996 and implemented by the Office of Management and Budget (OMB) Circular A-133. This report is now referred to as Reports Required by Government Auditing Standards and Uniform Guidance.

The University of South Carolina is in compliance with the program responsibilities under Title IV and the most recent Higher Education Amendments. Eligibility for the University of South Carolina was affirmed in April 2012 and expires March 31, 2017. The Eligibility and Certification Approval Report (ECAR) and the Program Participation Agreement (PPA), signed on behalf of the Secretary of Education, acknowledge that the College has qualified to participate in programs under the Higher Education Act of 1965, as amended (HEA), and the federal student financial assistance programs (Title IV, HEA programs). All required consumer information concerning federal aid is provided to students via the Financial Aid Office.

The required audits for the years ended June 30, 2014, 2015 and 2016 resulted in an unqualified report on compliance for major programs, no material weaknesses reported and no significant deficiencies reported. In addition, there were no findings or questioned costs related to federal awards. Based on these audits, the University's federal student financial aid is categorized as a major program and the institution has been designated as a low risk auditee.

Federal Title IV expenditures represent the largest component of the University's financial aid awards. As evidenced in the federal audit report's Schedule of Federal Expenditures, for the years ended June 30, 2014, 2015 and 2016, expenditures in the student financial aid cluster for the USC System totaled \$328,912,536, \$344,331,223, \$372,927,963, respectively. For the USC Columbia campus, Pell Grants totaled \$23,671,997 for 5,613 recipients, and the Federal Education Loan Program totaled \$264,356,386 for 17,331 recipients. Cohort default rates for fiscal years 2011, 2012, and 2013 were 4.7%, 4.1% and 4.5%. The Financial Aid Office for USC Columbia processed 48,209 FAFSAs.

The University also disburses funds from the state scholarship and grant programs. These programs include Palmetto Fellows scholarships, LIFE scholarships, HOPE scholarships, and Need-Based grants. Awards in these programs for the USC System totaled \$78,567,012, \$80,827,573, and \$82,891,807 for fiscal years ended June 30, 2014, 2015 and 2016, respectively. These programs are audited periodically by the South Carolina Commission on Higher Education. The last audit was completed for the period ended June 2015 and identified no findings.

The Office of Financial Aid has not received any limitations, suspensions, or termination by the U.S. Department of Education in regard to student financial aid or other financial aid programs. There are no deficiencies.

The Financial Aid Office and the undergraduate and graduate catalogs provide information for students about Title IV and other financial assistance programs. For example, the financial aid website provides detailed information about application procedures and deadlines for students and provides the necessary forms such as the Authorization for Title IV Financial Aid Programs form. Before awarding financial aid, the University of South Carolina verifies student eligibility using the standards set forth by Title IV, including cost of attendance calculations, satisfactory academic progress, and the return of Title IV refund calculations. The eligibility requirements and the standards for academic progress are published on the Financial Aid Office's website. The Financial Aid Office closely monitors the cumulative grade point average and completion rates of students on financial aid, and if a student fails to meet the standards, the Office places the students on financial aid probation. Students who continue to fail to meet the standards of satisfactory academic progress are placed on financial aid suspension. Students may appeal the suspension as a part of the student grievance process.

The USC Columbia Financial Aid Office complies with the audit required by the Office of Management and Budget Circular A-133 now known as the Reports Required by Government Auditing Standards and Uniform Guidance. The audits of the 2014, 2015 and 2016 fiscal years had no material findings or issues of noncompliance and resulting in no findings for the financial aid cluster. The University of South Carolina

has not received any limitations, suspensions, or terminations from the U.S. Department of Education with regard to student financial aid or other financial aid programs during the previous three years. There are no reimbursements or exceptional statuses in regard to federal or state financial aid. The University of South Carolina student loan default rate is well within acceptable parameters.

The Financial Aid Office personnel are committed to working with each individual student in an attempt to ensure appropriate access to the funds to which a student may be entitled. The Financial Aid Office is staffed with personnel qualified to implement university, state and federal policies and procedures.

The University of South Carolina Annual Security Report is completed in compliance with the Clery Act. The Division of Law Enforcement and Safety compiles campus crime statistics and provides information on services and policies that support a safe and secure environment. The Division of Human Resources distributes the Drug-Free Workplace Policy and Alcohol and Other Drug Information. The University distributes this information in writing and via the web to all students and employees.

The Regional Campuses (Palmetto College Campuses) of the University of South Carolina administer student aid from federal, state, institutional, and private funding sources. The majority of financial aid awards are federal Title IV funds. The Regional Campuses Central Financial Aid Office (RCCFAO) is a department under Palmetto College and provides administrative support to the Financial Aid Offices located on the four regional campuses (Lancaster, Salkehatchie, Sumter and Union). The RCCFAO serves as the reporting campus for the four regional campuses for all Federal Title IV processing, reporting, fund procurement and issues of compliance. The RCCFAO is managed by the director, associate director, assistant director, electronic data coordinator and three student assistants. Each Regional Campus Financial Aid Office (RCFAO) is an attending campus for federal reporting and maintains the daily operations of the campus financial aid office while ensuring compliance with processing, awarding and distribution. The Lancaster Financial Aid Office is managed by a director and two counselors. The Salkehatchie Financial Aid Office is managed by a director, assistant director and counselor. The Sumter Financial Aid Office is managed by a director, a counselor and data manager. The Union financial aid office is managed by a director and a federal work-study coordinator. The RCCFAO and RCFAOs administer Title IV funding in accordance with regulations of the Higher Education Act of 1965 as amended. The Eligibility and Certification Approval Report (ECAR) and the Program Participation Agreement (PPA) acknowledge that the USC Regional Campuses are qualified to participate in programs under the Higher Education Act of 1965, as amended (HEA), and the federal student financial assistance programs (Title IV, HEA programs). Eligibility for the Regional Campuses of the University of South Carolina was affirmed in March 2012 and expires March 31, 2018.

The Regional Campuses of the University of South Carolina have not received any limitations, suspensions, or terminations from the U.S. Department of Education with regard to student financial aid or other financial aid programs during the past five years. There are no reimbursements or exceptional statuses in regard to federal or state financial aid. The Regional Campuses of the University of South Carolina student loan default rate is within acceptable parameters except for the Union Campus.

















	Lancaster	Salkehatchie	Sumter	Union
2015-2016 Academic Year Data	OPE ID 003453	OPE ID 003454	OPE ID 003426	OPE ID 004927
Total Financial Aid Applicants	2147	1592	2032	717
Federal Pell Grant Recipients	586	560	390	247
Federal Pell Grant Dollars	\$2,375,036	\$2,245,454	\$1,440,248	\$1,005,262
Federal Subsidized/Unsubsidized Loan Recipients	790	675	534	309
Federal Subsidized/Unsubsidized Loan Dollars	\$3,297,413	\$3,194,391	\$1,960,360	\$1,565,436

The Union Campus FY 2012 and FY 2013 3-year official cohort default rates exceeded 30%. Under Section 435(a)(7) of the HEA, an institution that has a 3-year cohort default rate of 30% or greater for any one year is required to establish a Default Prevention Task Force and submit a written Default Prevention Plan to the US DOE to reduce defaults and prevent the loss of institutional eligibility. The Union Campus submitted a Default Prevention Plan in accordance with established guidelines November 2015. The plan was reviewed and deemed acceptable by the assigned analyst of the US DOE Federal Student Aid Direct Loan Division. The Union campus updated the plan and sent a revision to DOE December 2016. USC Union contracted with EdManage, a division of the South Carolina Student Loan Corporation, to assist with default prevention and financial literacy. This partnership provides the needed resources to effectively manage and decrease the cohort default rate of the campus. The contractual services began January 1, 2015. The collaborative efforts of the task force, campus wide initiatives and partnership with EdManage will yield a significant impact on future default rates. While these efforts were not implemented in a timeline to affect the FY2013 rate, it is projected that the FY2014 will be less than 30%. All four Regional Campuses have contractual agreements with EdManage to assist with default aversion and financial literacy.

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The Regional Campuses Financial Aid Offices comply with the audit procedures required by the Office of Management and Budget Circular A-133 now known as the Reports Required by Government Auditing Standards and Uniform Guidance. There have been no audit findings.

Sources

-  ECAR USC Columbia
-  ECAR USC Regional Campuses 2012
-  OSFAS Organizational Chart 2016
-  PPA USC Columbia
-  PPA USC Regional Campuses 2012
-  Revised 122016 USC Union 00492700 Required Default Prevention Plan
-  STATE of SC Annual Scholarship Year-End Summary Reports of Award by Institution-2014
-  STATE of SC Annual Scholarship Year-End Summary Reports of Award by Institution-2015
-  STATE of SC Annual Scholarship Year-End Summary Reports of Award by Institution-2016
-  USC A133 FY2014
-  USC A133 FY2015
-  USC Columbia - Key Updates Usage Data 1516
-  USC Columbia Application for Approval to Participate
-  USC GASUG FY2016
-  USC System Response - State Supported Scholarships - AUP Report 2015
-  USC Union 00492700 Required Default Prevention Plan