



FR 4.7 | Publication of Policies

The institution is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended.

CS 3.10.2 | Title IV Program Responsibilities/Financial Aid Audits

The institution audits financial aid programs as required by federal and state regulations.

Compliance Finding: IN COMPLIANCE

Narrative:

Compliance with Title IV

The University of South Carolina Beaufort (USCB) is in compliance with its program responsibilities under Title IV of the most recent *Higher Education Act* as amended. The university is in compliance with all applicable rules and regulations explicitly stated or extended under the authority of the United States Department of Education (DOE) and Title IV of the Higher Education Act of 1965, as amended. USCB has not received any limitations, suspensions, or terminations from the DOE with regard to student financial aid. There are no reimbursements or exceptional statuses in regard to federal or state financial aid. No issues exist with our Title IV Programs. USCB has not been placed on a reimbursement basis. The USC system's independent audits of USCB's financial aid programs show no evidence of noncompliance. There are no significant impending litigation issues with respect to financial aid activities. USCB does not owe any funds to the Department of Education and has not received any adverse communication from the Department of Education. USCB is not aware of any infractions to regulations which would jeopardize Title IV funding. USCB has not been obligated to post a letter of credit on behalf of the Department of Education or other financial regulatory agencies.

Financial Aid Audits

USCB financial aid programs are audited annually as required by federal and state regulations. USCB is authorized to participate in Title IV Federal Student Aid Programs in accordance with the federally required [Program Participation Agreement \(PPA\)](#), including the *PPA Addendum* and an active [Eligibility and Certification Approval Report \(ECAR\)](#). Reauthorization was completed in 2011, and the institution's PPA is effective until 2016.

Since the 2007 fiscal year, the USC system has contracted with Elliott Davis, LLC to conduct the annual audit of the Title IV student aid programs. USCB financial aid audits demonstrate compliance with the standards of the Single Audit Act Amendment of 1996, in accordance with the Office of Management and Budget (OMB) and Audit Criteria A-133.

The OMB Circular A-133 Audit Reports for [2010-11](#), [2011-12](#), and [2012-13](#) are the most recent A-133 Audits, and the 2013-14 A-133 Audit results will be available in October 2014 online at: <http://web.admin.sc.edu/fr/reports.php>

The A-133 Audit is completed for all campuses in the USC system simultaneously, and findings are reported for the USC system. Findings are reported for individual campuses only when findings are campus-specific. The 2012-13 Audit revealed no findings for USCB and one finding in the USC system's accounting method. The [finding in the USC OMB A-133 2012-13 Report](#) relates to the USC system's accurate reporting of grant receivables and related revenues. According to the Governmental Accounting Standards Board ([GASB 33, paragraph 21](#)), grant recipients should recognize receivables and revenues when all applicable eligibility requirements are met. During the review, the Auditor found that:

During May 2013, the University [system] met eligibility requirements related to approximately \$5.1 million in reimbursable grant expenditures. However, revenue and grant receivables related to these expenditures were not recorded in the University's closing general ledger for the year ended June 30, 2013.

In response, the USC system has enhanced internal controls over the accounting method it uses for all campuses. Grant revenues and grant receivables are recorded at the end of each monthly accounting period. Any outstanding transactions at the end of the fiscal year will be accrued and recorded in accordance with University and accounting rules and policies. This one-time occurrence was due to a procedural change to increase efficiency. The revised process has been analyzed and is deemed to be in compliance with GASB 33 standards.

The sections of the [2010-11](#), [2011-12](#), and [2012-13](#) audits relating to the federal award programs revealed no reportable conditions and no instances of noncompliance with laws, regulations, or provisions of contracts and grants.

The U. S. Department of Education conducted a routine federal program review of USCB during the 2010-11 academic year. The review included, but was not limited to, an examination of

USCB’s policies and procedures regarding institutional and student eligibility, financial aid and academic files, attendance records, student account ledgers, and fiscal ledgers. The [Federal Program Review Report](#) disclosed some areas of concern that USCB immediately resolved ([USCB Response](#)). The Department of Education’s [Final Federal Program Review Determination](#) concluded that the resolutions were appropriate and satisfactory.

Table 1: Federal Program Review Findings and Resolution

Finding	Action Taken	Resolved Satisfactorily?
1. Late/Unpaid Return of Funds for Withdrawn Students	Process updated so that financial aid office updates awards at the time Title IV is processed. Review of the subsequent year indicated that the internal control process allows the institution to monitor and implement procedures and catch discrepancies while ensuring that the return of funds is processed in a timely manner.	Yes
2. Incorrect Return Calculations for Withdrawn Students	Beginning with the 2010-11 year, the financial aid office reviewed all R2T4 calculations and corrected any miscalculations due to the exclusion of scheduled breaks. All overpayments to applicable programs were reversed and credited to the students' accounts.	Yes
3. Admissions Policy Not Followed/Student Eligibility	The admissions office identified and reviewed the files of all Title IV recipients who transferred to USCB beginning with July 1, 2009 to determine if students were properly admitted to USCB and identify any ineligible Title IV recipients.	Yes
4. Satisfactory Academic Progress (SAP) Policy Needs Correction	The financial aid office revised and implemented its Title IV SAP Policy to allow only documented and unusual circumstances as the basis of appealing for SAP reasons. In addition, the forgiveness and one semester needed to graduate options are no longer permissible. Students were notified of the changes in the SAP Policy .	Yes
5. Campus Security Policy must be Expanded	<p>The University agreed that it should strengthen its communications with respect to complying with the Clery Act, and is committed to making improvements to its communication with students and parents. The 2014-2015 Student Handbook (see pages 48-51, 59) and USCB Public Safety website were updated to include the following:</p> <ul style="list-style-type: none"> • <i>Rights of Victims of Sexual Assault:</i> procedures students should follow pursuant to signing a confidentiality agreement including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported. 	Yes

	<ul style="list-style-type: none"> • Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities if the student requests the assistance of these personnel. • Procedures for campus disciplinary action in cases of an alleged sexual Assault, including a clear statement that the accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding. 	
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USCB also meets the reporting requirements of the U. S. Department of Education including FISAP (Fiscal Operations Report Application to Participate) and E-Z Audit. The [FISAP](#) requires the Institution to report its expenditures and apply for funding for its Federal Work-Study Program and Federal Supplemental Educational Opportunity Program. E-Z Audit requires that the Institution submit its financial statements and compliance audits electronically to the Department of Education. The institution has not been required to obtain a letter of credit in favor of the Department of Education.

Financial Aid Complaints

Only one financial aid complaint was reported to the U. S. Department of Education (DOE) within the last 5 years. In 2012-2013, a student's cost of attendance was significantly reduced because his residency status changed from out-of-state to in-state in the middle of the spring term, resulting in a decrease in tuition and an associated overpayment on the student's account. According to the Federal over award regulation in [34 CFR 673.5\(b\)](#), colleges are required to take into account any resources they know about or can anticipate when awarding or disbursing aid to prevent over awards and overpayments. The overpayment was resolved by returning the refunded tuition to the student's Direct Loan accounts. The University provided [e-mail statements](#) and the following documentation to the DOE:

- [Common Origination and Disbursement Reports \(COD\)](#)
- [Summary of Tuition and Payments](#)
- [Fall 2012 Accounts Receivable Trial Balance](#)
- [Spring 2013 Accounts Receivable Trial Balance](#)

As of today, the University has not received a response from the DOE on this matter.

Cohort Default Rates

The 2011 3 Year Official Cohort Default Rate (CDR) will be released in September 2014; however, the USCB 2011 Draft rate is 8.3.

Table 2: Cohort Default Rate Comparison

	2011	2010
USCB 2-Yr. CDR	6.8	5.6
National 2-Yr. CDR	10.0	9.1
USCB 3-Yr. CDR	8.3 (Draft)	11.3
National 3-Yr. CDR	Not Available	14.7

The national two year CDR in FY 2011 was 10.0 and the three year CDR in FY 2010 was 14.7. Thus, USCB's CDR is below the national average.

Supporting Documents

1. [Program Participation Agreement \(PPA\)](#)
2. [Eligibility and Certification Approval Report \(ECAR\)](#)
3. [OMB Circular A-133 Audit Reports for 2010-11](#)
4. [OMB Circular A-133 Audit Reports for 2011-12](#)
5. [OMB Circular A-133 Audit Reports for 2012-13](#)
6. [OMB A-133 2012-13 Report Finding](#)
7. [GASB 33, paragraph 21](#)
8. [Schedule of Findings and Questioned Costs 2010-11](#)
9. [Schedule of Findings and Questioned Costs 2011-12](#)
10. [Schedule of Findings and Questioned Costs 2012-13](#)
11. [Federal Program Review Report](#)
12. [USCB Response to Federal Program Review Report](#)
13. [Final Federal Program Review Determination](#)
14. [SAP Policy](#)
15. [2014-2015 Student Handbook-Sexual Assault Policy](#)
16. [2012-2013 FISAP](#)
17. [34 CFR 673.5\(b\)](#)
18. [USCB Email Statements—Financial Aid Complaint](#)
19. [Common Origination and Disbursement Reports \(COD\)](#)
20. [Summary of Tuition and Payments](#)
21. [Fall 2012 Accounts Receivable Trial Balance](#)
22. [Spring 2013 Accounts Receivable Trial Balance](#)