



South Carolina State University

Schedule of Expenditures of Federal Awards and Reports Required by *Government Auditing Standards* and the Uniform Guidance

Year Ended June 30, 2017

South Carolina State University

Schedule of Expenditures of Federal Awards and Reports Required by
Government Auditing Standards and the Uniform Guidance
Year Ended June 30, 2017

South Carolina State University

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
South Carolina State University
Orangeburg, SC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Carolina State University (the "University"), which comprise the statement of net position as of June 30, 2017, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in item 2017-001 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's response to the findings identified in our audit is described in the accompanying corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

December 11, 2017



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421 Fayetteville Street
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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
South Carolina State University
Orangeburg, SC

Report on Compliance for Each Major Federal Program

We have audited South Carolina State University's (the "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2017. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, and 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs items 2017-002, 2017-004, 2017-005, 2017-007, 2017-009 and 2017-010, that we consider to be significant deficiencies.



The University's response to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of South Carolina State University as of and for the year ended June 30, 2017, and have issued our report thereon dated December 11, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

March 30, 2018

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Student Financial Assistance Cluster	Research and Development Cluster	Other	Total Expenditures
EXPENDITURES OF FEDERAL AWARDS:							
U.S. Department of Agriculture							
Agricultural Research Basic and Applied Research	10.001		\$ -	\$ -	\$ -	\$ 9,621	\$ 9,621
Plant and Animal Disease, Pest Control, and Animal Care	10.025		-	-	-	96,216	96,216
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		-	-	2,693,790	813,017	3,506,807
1890 Institution Capacity Building Grants	10.216		31,151	-	41,958	616,504	658,462
Cooperative Extension Service	10.500		-	-	72,084	1,196,885	1,268,969
Pass-through from State Agency							
Cooperative Extension Service	10.500	N/A	-	-	-	11,040	11,040
Total U.S. Department of Agriculture			31,151	-	2,807,832	2,743,283	5,551,115
U.S. Department of Transportation							
Pass-through from Florida A&M University:							
University Transportation Centers Program	20.701	N/A	-	-	37,095	-	37,095
Total U.S. Department of Transportation			-	-	37,095	-	37,095
National Aeronautics and Space Administration							
NASA Space Grant Consortium	43.001		-	-	14,606	45,278	59,884
Pass-through from State Agency							
Education	43.008	N/A	-	-	6,176	-	6,176
Total National Aeronautics and Space Administration			-	-	20,782	45,278	66,060
National Science Foundation							
Mathematical and Physical Sciences	47.049		8,811	-	86,282	-	86,282
Computer and Information science and engineering and cyber Infrastructure	47.070		-	-	-	8,156	8,156
Education and Human Resources	47.076		369,777	-	706,278	-	706,278
Pass-through from State Agency:							
Education and Human Resources	47.076	HRD-1332449	28,280	-	84,809	-	84,809
Total National Science Foundation			406,868	-	877,369	8,156	885,525
Small Business Administration							
Small Business Development Centers	59.037		-	-	-	27,254	27,254
Pass-through from University of South Carolina:							
Small Business Development Centers	59.037	N/A	-	-	-	12,157	12,157
Total Small Business Administration			-	-	-	39,411	39,411
Nuclear Regulatory Commission							
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008		-	-	-	162,082	162,082
Total Nuclear Regulatory Commission			-	-	-	162,082	162,082
U.S. Department of Energy							
Pass-through from State Agency:							
Office of Science Financial Assistance Program	81.049	DE-SC0012530	-	-	114,439	-	114,439
Office of Environmental Waste Processing and Disposal	81.104		-	-	-	415	415
Pass-through from University of Tennessee:							
Nuclear Energy Research, Development and Demonstration	81.121	DE-NE0008273	-	-	73,602	-	73,602
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123		7,000	-	206,382	-	206,382
Pass-through from State Agency:							
National Nuclear Security Administration (NNSA) Minority Serving Institutions (MSI) Program	81.123	DE-NA0002686	-	-	313,461	-	313,461
Total U.S. Department of Energy			7,000	-	707,884	415	708,299
U.S. Department of Education							
Federal Supplemental Educational Opportunity Grants	84.007		-	363,851	-	-	363,851
Special Education Grants to States	84.027		-	-	-	2,349	2,349
Pass-through from Medical University of South Carolina:							
Special Education Grants to States	84.027	N/A	-	-	-	12,866	12,866
Title III Strengthening Historically Black Colleges and Universities Program	84.031		6,800	-	-	4,425,000	4,425,000
Federal Work-Study Program	84.033		-	223,378	-	-	223,378
TRIO Student Support Services	84.042		-	-	-	263,965	263,965
TRIO Talent Search	84.044		-	-	-	47,439	47,439
TRIO Upward Bound	84.047		-	-	-	249,198	249,198
TRIO Educational Opportunity Centers	84.066		-	-	-	247,902	247,902
Total TRIO Cluster			-	-	-	808,504	808,504
Federal Pell Grant Program	84.063		-	9,109,720	-	-	9,109,720
Rehabilitation Long-Term Training	84.129		-	-	-	792,492	792,492
Federal Direct Loan Program	84.268		-	32,417,820	-	-	32,417,820
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		-	-	-	441,466	441,466
Teacher Education Assistance for College and Higher Education Grants	84.379		-	14,000	-	-	14,000

South Carolina State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Student Financial Assistance Cluster	Research and Development Cluster	Other	Total Expenditures
Strengthening Minority-Serving Institutions	84.382		-	-	44,505	-	44,505
Total U.S. Department of Education			6,800	42,128,769	44,505	6,482,377	48,655,651
U.S. Department of Health and Human Services							
National Center for Research Resources	93.389		-	-	243	-	243
Pass-through from Medical University of South Carolina:							
National Center for Research Resources	93.389	N/A	-	-	142,520	-	142,520
Cancer Centers Support Grants	93.397		-	-	-	7,014	7,014
Pass-through from Medical University of South Carolina:							
Cancer Research Manpower	93.398	N/A	-	-	12,869	-	12,869
Pass-through from State Agency:							
Adoption and Legal Guardianship	93.658	N/A	-	-	-	29,326	29,326
Pass-through from State Agency:							
Foster Care Title IV-E	93.658	N/A	-	-	-	29,200	29,200
Biomedical Research and Research Training	93.859		-	-	14,686	-	14,686
Pass-through from University of South Carolina:							
Biomedical Research and Research Training	93.859	N/A	-	-	44,114	-	44,114
HIV Prevention Program	93.940		-	-	-	38,230	38,230
Total U.S. Department of Health and Human Services			-	-	214,432	103,770	318,202
Agency for International Development							
Pass-through from Kansas State University:							
USAID Foreign Assistance for Programs Overseas	98.001	AID-DAA-L-1400002	-	-	6,051	-	6,051
Total Agency for International Development			-	-	6,051	-	6,051
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 451,819	\$ 42,128,769	\$ 4,715,950	\$ 9,584,772	\$ 56,429,491

See accompanying notes to the schedule of expenditures of federal awards.

South Carolina State University

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") summarizes the expenditures incurred under all federal awards received by South Carolina State University (the "University") for the year ended June 30, 2017, and has been prepared using the accrual basis of accounting. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the statement of net position, statement of revenues, expenses, and changes in net position, or cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government or subawards. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

2. Summary of Significant Accounting Policies for Federal Award Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Federal Perkins Loan Program

The Federal Perkins Loan Program is administered directly by the University and balances and transactions are included in of the University's financial statements. The balance of loans outstanding under the Federal Perkins Loan Program was \$1,071,526 as of June 30, 2017. The University disbursed \$0 under the Federal Perkins Loan Program for the year ended June 30, 2017.

4. Federal Direct Student Loan Program

During the fiscal year ended June 30, 2017, the University processed \$32,417,820 of new loans under the Federal Direct Student Loan Program. The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included on the University's financial statements; furthermore, it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs at June 30, 2017.

South Carolina State University

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2017

5. Subrecipients

Of the federal expenditures presented in the Schedule, the University provided federal awards to subrecipients as follows during the year ended June 30, 2017:

Program Name	Subrecipient Name	CFDA Number	Award Provided To Recipient
1890 Institution Capacity Building Grants	University of Massachusetts	10.216	\$ 20,000
1890 Institution Capacity Building Grants	Auburn University	10.216	6,000
1890 Institution Capacity Building Grants	North Dakota State University	10.216	5,000
Mathematical and Physical Sciences	Clemson University	47.049	9,000
Education and Human Resources	Allen University	47.076	3,000
Education and Human Resources	Benedict College	47.076	30,000
Education and Human Resources	Clafin University	47.076	37,000
Education and Human Resources	Clemson University	47.076	110,000
Education and Human Resources	College of Charleston	47.076	45,000
Education and Human Resources	Midlands Technical	47.076	23,000
Education and Human Resources	Orangeburg Calhoun Technical	47.076	28,000
Education and Human Resources	SCSU Real Estate Foundation, LLC	47.076	8,000
Education and Human Resources	University of South Carolina	47.076	106,000
Education and Human Resources	Voorhees College	47.076	7,000
National Nuclear Security Administration Minority Serving Administration	Craig Williamson	81.123	7,000
Title III Strengthening Historically Black Colleges and Universities	Darral Brown	84.031	5,000
Title III Strengthening Historically Black Colleges and Universities	Dynamic Nutritional Solutions	84.031	2,000
Total awards to subrecipients			\$ 451,000

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? x yes none reported
- Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes x no
- Significant deficiency(ies) identified? x yes none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 x yes no

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section II - Financial Statement Findings

This section should identify the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

FINDING 2017-001

Criteria or specific requirement: A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Condition: Through our audit procedures over the University's 2017 financial statements, we noted certain internal control exceptions (summarized in the Context section of this finding), that in the aggregate represent a significant deficiency in internal control over financial reporting.

Context: *Financial Statement Close Process and Compilation of Financial Statements*

Certain internal controls over the financial statement close process are either not formally documented or are not documented in enough detail that would allow someone new or someone unassociated with the process to easily perform the financial statement close process of the University in a timely manner. The absence of formal internal controls in this process results in the University being highly dependent solely on the Controller to prepare the financial statements and related footnotes. Additionally, due to resource constraints, there has not been adequate training and cross-training that has occurred to allow someone other than the Controller to prepare the financial statements and related footnotes in her absence. Furthermore, there is no system of formal internal controls in place for the financial statements and related footnotes to be reviewed and approved by someone other than the preparer. This significantly increases the University's risk of a material misstatement or error being included in the financial statements and/or the notes to the financial statements.

Effect: The University did not meet its fiscal year end 2017 financial reporting submission requirements until approximately 2.5

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

months after its original deadline of September 30, 2017.

Cause:

Limited resources within certain offices (Finance, Student Financial Aid, Grants and Contracts, etc.), transitions in key Finance Office positions throughout the year as well as at or near year end, insufficient internal controls over the financial statement close process, lack of formally documented policies and procedures surrounding the preparation and review of the financial statements, and administrative oversight.

Identification as a Repeat Finding:

This is a repeat finding or prior year finding 2016-001.

Recommendation:

We recommend that the University formally document all its key internal controls over its financial statement close process in a manner that would allow someone new or someone unassociated with the process to easily perform the financial statement close process in a timely manner. This documentation would greatly assist the University in training new employees or cross-training existing employees in the preparation of the financial statements and related notes to the financial statements. We also recommend that the University enhances its internal controls over its financial statements to include the formal review of the University's financial statements and related footnotes by someone other than the preparer.

Views of Responsible Officials and Planned Corrective Actions:

Refer to the accompanying management's corrective action plan for Finding 2017-001.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section III - Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the 2 CFR 200.516(a) (for example, significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse). Where practical, findings should be organized by federal agency or pass-through entity.

FINDING 2017-002

Federal Program Information: Federal Direct Loan Program (CFDA #84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation): *Special Tests and Provisions - Disbursements To or On Behalf of Students:* For students that received disbursements of Direct Loans or Federal Perkins Loans, institutions must notify the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.

If a student received financial aid while attending one or more other institutions, schools are required to request financial aid history using the National Student Loan Data System ("NSLDS") Student Transfer Monitoring Process. Under this process, a school informs NSLDS about its transfer students. NSLDS will "monitor" those students on the school's "inform" list and alert the school of any relevant financial aid history changes. A school must wait 7 days after it "informs" NSLDS about a transfer student before disbursing Title IV aid to that student. However, a school does not have to wait if it receives an alert from NSLDS during the 7-day period or if it obtains the student's financial aid history by accessing the NSLDS Financial Aid Professional website.

Condition: The University notified 4 students/parents of their loan disbursements more than 30 days before crediting the student's account.

The University did not wait 7 days before disbursing funds to 7 transfer students.

For 10 students selected for transfer monitoring testing, the University was unable to provide support.

Questioned Costs: None.

Context: 4 of 40 students selected for notification testing.

17 of 25 students selected for transfer monitoring testing.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Effect:	The University was not in compliance with the requirements of <i>Special Tests and Provisions - Disbursements To or On Behalf of Students</i> .
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	This is a repeat finding of prior year finding 2016-003.
Recommendation:	We recommend that the University enhances its internal controls over the compliance requirements of <i>Special Tests and Provisions - Disbursements To or On Behalf of Students</i> .
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-002.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-003

Federal Program Information:	Federal Direct Loan Program (CFDA #84.268)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<i>Special Tests and Provisions - Borrower Data Transmission and Reconciliation:</i> Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System ("DLSS") via the Common Origination and Disbursement ("COD") no earlier than 7 days before and no later than 15 days after making a disbursement. Each month, the COD provides institutions with a School Account Statement ("SAS") data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month.
Condition:	<p>For 3 months selected for testing, the University did not reconcile the SAS data files to its financial records as required.</p> <p>For 2 Federal Direct Loan Program student recipients selected for testing, the funds were not disbursed within the required time frames.</p>
Questioned Costs:	None
Context:	<p>3 of 3 months selected for SAS reconciliation testing.</p> <p>2 of 40 students selected for testing.</p>
Effect:	The University was not in compliance with the requirements of <i>Special Tests and Provisions - Borrower Data Transmission and Reconciliation</i> .
Cause:	Administrative oversight.
Identification as a Repeat Finding:	This is a repeat finding of prior year finding 2016-004.
Recommendation:	We recommend that the University enhances its processes over compliance and processes over <i>Special Tests and Provisions - Borrower Data Transmission and Reconciliation</i> .
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-003.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-004

Federal Program Information: SFA Cluster (CFDA #84.007, 84.033, 84.063, 84.268)

Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):

Financial Reporting: All schools receiving Pell grants submit Pell payment data to the U.S. Department of Education through the COD System. Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. A school follows up with a disbursement record for that student no earlier than (1) 7 calendar days prior to the disbursement date under the Advance or Heightened Cash Monitoring 1 payment methods, or (2) the date of the disbursement under the Reimbursement or Heightened Cash Monitoring 2 payment methods. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the Pell Payment origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

Special Reporting: Institutions participating in the campus-based programs of the SFA Cluster are required to complete and submit a Fiscal Operations Report and Application to Participate (the "FISAP") annually. As applicable, amounts reported on each type of report should agree to financial information records that support the audited financial statements and the audited schedule of expenditures of federal awards.

Condition:

Financial Reporting: For 9 students selected for testing, the University exceeded the 15 calendar days allowed between when it made a payment and when the payment was reported.

Financial Reporting: For 2 students selected for testing, the University was unable to provide support.

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Special Reporting: Though the University completed and submitted its FISAP within the required time frames, certain amounts included on the FISAP could not be reconciled back to supporting documentation. Additionally, no supporting documentation was provided evidencing that the FISAP was reviewed by someone other than the preparer.

Questioned Costs:	None.
Context:	11 of 40 students selected for <i>Financial Reporting</i> testing. 1 of 1 report selected for <i>Special Reporting</i> testing.
Effect:	The University was not in compliance with the requirements of <i>Reporting</i> .
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	This is a repeat finding of prior year finding 2016-005.
Recommendation:	We recommend that the University enhances its internal controls over compliance and processes over <i>Reporting</i> .
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-004.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-005

Federal Program Information:	Payments to Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031) ("Title III Program"), Research & Development Cluster (CFDA #Various) ("R&D Cluster"), and Cooperative Extension Service (CFDA #10.500)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<p><i>Equipment and Real Property Management:</i> Institutions that expend federal funds on equipment are required to conduct a physical inventory of the equipment at least once every 2 years and reconcile results of the count to the appropriate equipment records.</p> <p>Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (collectively, the "Required Equipment Information").</p>
Condition:	The University has not conducted a proper physical inventory of equipment purchased with federal funds in the last 4 years.
Questioned Costs:	None.
Context:	1 of 1 physical inventory count selected for testing.
Effect:	The University was not in compliance with the requirements of <i>Equipment and Real Property Management</i> .
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	This is a repeat finding of prior year finding 2016-006.
Recommendation:	We recommend that the University enhances its internal controls over compliance and processes over <i>Equipment and Real Property Management</i> to ensure that all equipment purchased with federal funds are included in the physical inventory count.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Views of Responsible Officials and Planned Corrective Actions: Refer to the accompanying management's corrective action plan for Finding 2017-005.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-006

Federal Program Information:	SFA Cluster (CFDA #84.007, 84.033, 84.063, 84.268)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<i>Special Tests and Provisions - Disbursements to or on Behalf of Students - Credit Balances</i> - An institution is required to refund credit balances on student accounts within 14 days of the creation of the credit balance. If an institution attempts to refund the credit balance by check and the check is not cashed, the institution must return the funds to the Department of Education no later than 240 days after the date the school issued the check.
Condition:	The University did not refund credit balances to certain students within the required timeframe.
Questioned Costs:	None.
Context:	For 3 of 40 students selected for testing, the credit balance created by the disbursement of Title IV awards was not refunded to the student within the required 14 day timeframe.
Effect:	The University was not in compliance with the required federal guidelines over credit balances from student financial assistance.
Cause:	Administrative oversight.
Identification as a Repeat Finding:	No similar findings noted.
Recommendation:	We recommend that the University implement a process to disburse credit balances created by federal awards within the required time frame.
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-006.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-007

Federal Program Information:	SFA Cluster (CFDA #84.007, 84.033, 84.063, 84.268)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<i>Special Tests and Provisions - Enrollment Reporting</i> - The University is required to update students' statuses on the NSLDS website if they graduate, withdraw or drop to less than half-time status during the fiscal year within 30 days of the date the University becomes aware of the change in enrollment status. Additionally, institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. As with any school/servicer arrangement for the administration of the Title IV programs, if the school uses a third party to meet the NSLDS enrollment reporting requirements it is the school that must ensure that enrollment information is submitted timely, accurately, and completely.
Condition:	The University did not submit timely notification to the NSLDS website for certain students who graduated, withdrew or had a change in their enrollment status (full time, half time or less than half time) during the year.
Questioned Costs:	None.
Context:	For 24 of 25 students sampled whose status changed during the fiscal year, the University did not submit a timely notification to the NSLDS website.
Effect:	The University is not in compliance with enrollment reporting requirements. Failure to promptly report accurate and timely changes in enrollment status may adversely impact the repayment status for student loan borrowers.
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	No similar findings noted.
Recommendation:	We recommend that the University enhance its internal controls over the applicable compliance requirements of the enrollment reporting requirement to ensure that all status changes are submitted to the NSLDS website within the required timeframe.
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-007.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-008

Federal Program Information:	SFA Cluster (CFDA #84.063)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<i>Eligibility - Federal Pell Grants</i> - An institution is required to determine the annual award, based on the cost of attendance and the expected family contribution, from the payment or disbursement schedule for the student's enrollment status.
Condition:	The University did not properly calculate a student's Federal Pell Grant.
Questioned Costs:	None.
Context:	For 1 of 25 students selected for testing, the Federal Pell Grant award was improperly calculated.
Effect:	The University was not in compliance with the required federal guidelines over Federal Pell Grants.
Cause:	Administrative oversight.
Identification as a Repeat Finding:	No similar findings noted.
Recommendation:	We recommend that the University enhances its process to properly calculate the student's award amount.
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-008.

South Carolina State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

FINDING 2017-009

Federal Program Information:	SFA Cluster (CFDA 84.063)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<i>Reporting - Pell Origination Files</i> - The University has an internal control over its Pell Origination Files where the batches are submitted monthly.
Condition:	The University did not submit the Pell Origination Files for 4 months during fiscal 2017.
Questioned Costs:	None.
Context:	For 4 of 12 months out of the year.
Effect:	The University's internal controls over the submission of Pell Origination Files was not operating effectively during fiscal 2017.
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	No similar findings noted.
Recommendation:	We recommend that the University enhance its internal controls over the submission of Pell Origination Files.
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-009.

South Carolina State University
Schedule of Findings and Questioned Costs
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FINDING 2017-010

Federal Program Information:	Cooperative Extension Service (CFDA #10.500)
Criteria or Specific Requirement (Including Statutory, Regulatory or Other Citation):	<i>Activities Allowed or Unallowed - Cooperative Extension Service</i> - Grant purchase requisitions are reviewed and approved by the 1890 Executive Director.
Condition:	The University did not have supporting documentation for the approval of 3 grant purchase requisitions selected for testing.
Questioned Costs:	None.
Context:	For 3 of 20 expenses selected for testing, the grant purchase requisition was not approved by the 1890 Executive Director.
Effect:	The University's internal controls over the approval of expenditures was not operating effectively during fiscal 2017.
Cause:	Insufficient internal controls and administrative oversight.
Identification as a Repeat Finding:	No similar findings noted.
Recommendation:	We recommend that the University enhances its internal controls over the approval of grant purchase requisitions.
Views of Responsible Officials and Planned Corrective Actions:	Refer to the accompanying management's corrective action plan for Finding 2017-010.

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

FINDING 2016-001

Type of finding:	Financial statement finding
Type of deficiency:	Significant deficiency in internal control over financial reporting
Summary of prior year finding:	<i>Financial Statement Close Process and Compilation of Financial Statements</i> - Certain internal controls over the financial statement close process are either not formally documented or are not documented in enough detail that would allow someone new or someone unassociated with the process to easily perform the financial statement close process of the University in a timely manner. The absence of formal internal controls in this process results in the University being highly dependent solely on the Controller to prepare the financial statements and related footnotes. Additionally, due to resource constraints, there has not been adequate training and cross-training that has occurred to allow someone other than the Controller to prepare the financial statements and related footnotes in her absence. Furthermore, there is no system of formal internal controls in place for the financial statements and related footnotes to be reviewed and approved by someone other than the preparer. This significantly increases the University's risk of a material misstatement or error being included in the financial statements and/or the notes to the financial statements. As a result, the 2016 financial statements were not issued until approximately 4 months after the University's state of South Carolina reporting deadline.
Current year status:	This finding was not fully remediated as of June 30, 2017 and is part of finding 2017-001e

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

FINDING 2016-002

Type of finding: Financial statement finding.

Type of deficiency, if applicable: Significant deficiency in internal control over financial reporting.

Summary of prior year finding: *Overall Information System Infrastructure* - The University's current information system infrastructure is substantially obsolete and does not have the capacity or bandwidth needed to sustain the information technology needs of its staff, faculty and students. This results in users experiencing lack of accessibility, slow operating speeds, loss of data, missed communications (email, etc.), and frequent system crashes. Having an adequate information system infrastructure is critical to the current and future needs of the University, including but not limited to: the everyday needs of the University's users, the University staying competitive in the market place, the University providing its users the basic information technology resources needed for them to be successful in meeting their objectives, creating efficiencies needed to keep overall costs down, and the University's survival. Additionally, the current state of the University's overall information system infrastructure has contributed significantly to the delays in preparing and submitting the University's financial statements within the required time frames.

Computing Technologies Services - The University's Computing Technologies Services had 8 vacancies during fiscal year 2016. These vacancies combined with the higher than normal user inquiries ("IT tickets") caused by the aforementioned obsolete information system infrastructure, have resulted in a significant back log of IT tickets submitted to the University's Computing Technologies Services. This in return has resulted in many IT tickets not being addressed timely and other tickets that would require significant resources to not being addressed at all.

Banner - The University utilizes Banner as its enterprise resource planning ("ERP") system. Banner offers a variety of solutions to assist the University in recording, tracking and reporting information. However, like all information systems, the data extracted out of Banner is highly dependent on the system configuration and the data inputted by users.

Current year status: A similar finding was not identified during the 2017 audit.

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

FINDING 2016-003

Type of finding:	Federal awards findings
Information on federal program:	Federal Direct Loan Program (CFDA #84.268)
Compliance finding:	Yes.
Type of deficiency if applicable:	Not applicable.
Summary of prior year finding:	<p><i>Special Tests and Provisions - Disbursements To or On Behalf of Students:</i> For students that received disbursements of Direct Loans or Federal Perkins Loans, institutions must notify the student or parent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.</p> <p>If a student received financial aid while attending one or more other institutions, schools are required to request financial aid history using the NSLDS Student Transfer Monitoring Process. Under this process, a school informs NSLDS about its transfer students. NSLDS will "monitor" those students on the school's "inform" list and alert the school of any relevant financial aid history changes. A school must wait 7 days after it "informs" NSLDS about a transfer student before disbursing Title IV aid to that student. However, a school does not have to wait if it receives an alert from NSLDS during the 7-day period or if it obtains the student's financial aid history by accessing the NSLDS Financial Aid Professional website.</p> <p>The University notified 3 students/parents of their loan disbursements more than 30 days before crediting the student's account; additionally, the University waited more than 30 days after crediting 1 student's account to send the required notification.</p> <p>The University did not wait 7 days before disbursing funds to 2 transfer students.</p>
Current year status:	This finding was not fully remediated as of June 30, 2017 and is part of finding 2017-002e

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

FINDING 2016-004

Type of finding:	Federal awards findings
Information on federal program:	Federal Direct Loan Program (CFDA #84.268)
Compliance finding:	Yes.
Type of deficiency, if applicable:	Significant deficiency in internal control over compliance.
Summary of prior year finding:	<p><i>Special Tests and Provisions - Borrower Data Transmission and Reconciliation:</i> Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (“DLSS”) via the Common Origination and Disbursement (“COD”) no earlier than 7 days before and no later than 15 days after making a disbursement. Each month, the COD provides institutions with a School Account Statement (“SAS”) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month.</p> <p>For 1 month selected for testing, the University did not reconcile the SAS data files to its financial records as required.</p> <p>For 1 Federal Direct Loan Program student recipient selected for testing, the funds were not disbursed within the required time frames.</p>
Current year status:	This finding was not fully remediated as of June 30, 2017 and is part of finding 2017-003.

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

FINDING 2016-005

Type of finding: Federal awards finding.

Information on federal program: SFA Cluster (various CFDA #'s)

Compliance finding: Yes.

Type of deficiency, if applicable: Significant deficiency in internal control over compliance.

Summary of prior year finding: *Financial Reporting:* All schools receiving Pell grants submit Pell payment data to the U.S. Department of Education through the COD System. Schools submit Pell origination records and disbursement records to the COD. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. A school follows up with a disbursement record for that student no earlier than (1) 7 calendar days prior to the disbursement date under the Advance or Heightened Cash Monitoring 1 payment methods, or (2) the date of the disbursement under the Reimbursement or Heightened Cash Monitoring 2 payment methods. The disbursement record reports the actual disbursement date and the amount of the disbursement. ED processes origination and/or disbursement records and returns acknowledgments to the school. The acknowledgments identify the processing status of each record: Rejected, Accepted with Corrections, or Accepted. In testing the Pell Payment origination and disbursement data, the auditor should be most concerned with the data ED has categorized as accepted or accepted with corrections. Institutions must report student payment data within 15 calendar days after the school makes a payment, or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. For 7 students selected for testing, the University exceeded the 15 calendar days allowed between when it made a payment and when the payment was reported.

Special Reporting: Institutions participating in the campus-based programs of the SFA Cluster are required to complete and submit a Fiscal Operations Report and Application to Participate (the "FISAP") annually. As applicable, amounts reported on each type of report should agree to financial information records that support the audited financial statements and the audited schedule of expenditures of federal awards. Though the University completed and submitted its FISAP within the required time frames, certain

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

amounts included on the FISAP could not be reconciled back to supporting documentation. Additionally, no supporting documentation was provided evidencing that the FISAP was reviewed by someone other than the preparer.

Current year status:

This finding was not fully remediated as of June 30, 2017 and is part of finding 2017-004.

South Carolina State University
Summary Schedule of Prior Year Findings
Year Ended June 30, 2017

FINDING 2016-006

Type of finding:	Federal awards finding.
Information on federal program:	Payments to 1890 Land-Grant Colleges and Tuskegee University (CFDA #10.205) (“1890 Program”), Title III Strengthening Historically Black Colleges and Universities Program (CFDA #84.031) (“Title III Program”), Research & Development Cluster (CFDA #Various) (“R&D Cluster”), and TRIO Cluster (CFDA #Various)
Compliance finding:	Yes.
Type of deficiency, if applicable:	Significant deficiency in internal control over compliance.
Summary of prior year finding:	<p><i>Equipment and Real Property Management:</i> Institutions that expend federal funds on equipment are required to conduct a physical inventory of the equipment at least once every 2 years and reconcile results of the count to the appropriate equipment records.</p> <p>Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (collectively, the “Required Equipment Information”).</p>
Current year status:	This finding was not fully remediated as of June 30, 2017 and is part of finding 2017-005.

South Carolina State University

Management's Corrective Action Plan

Year Ended June 30, 2017

Individuals Responsible for Corrective Action Plan

Teare Brewington
Vice President for Finance and Management
(803) 536-8775
Anticipate Completion Date: No later than June 30, 2018.

Finding 2017-001

Corrective Action Plan:

The University experienced leadership changes in VP of Finance & Management, Student Accounts, Financial Aid, and Grants and Contracts Accounting throughout the fiscal year resulting from three consecutive years of increasing furlough days. As a result the division mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays in financial statement preparation. The financial statements were prepared by various staff members, late in fiscal 2017 and throughout fiscal year 2018, to ensure there are multiple members of the staff that are capable of preparing financials statements.

In addition, key positions in Controller's Office, Student Account, Financial Aid, Budgeting, Grants & Contracts Accounting, including the Controller and Director of Financial Aid positions were added, starting late in fiscal 2017 through the third quarter of 2018. The staff additions will ensure the division will be fully staffed and trained prior to the end of 2018, which will allow for a more efficient and expeditious year end close.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-002

Corrective Action Plan:

The University experienced a 50% reduction in staffing in Financial Aid due in part to three consecutive years of increasing furlough days. As a result there was a significant loss of institutional knowledge that is reflected in the decrease in compliance with established processes and procedures.

Key positions in financial aid, including a new Director with extension experience, were hired late in 2017 and early 2018. In addition, mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays of

South Carolina State University
Management's Corrective Action Plan
Year Ended June 30, 2017

the financial aid processes. The new Director also engaged a consultant to assist in updating the documentation to match current processes and procedures, which will ensure continuity of processes and procedures regardless of staffing levels and expertise. The University has strengthened its procedures related to notification testing.

In addition, the staff have been attending training and conferences offered by the US Department of Education's Minority Serving and Under-Resourced Schools Division staff and the South Carolina Student Financial Aid Administrations to ensure they keep current with changes in policy and regulations. The Office of Financial Aid will be providing periodic training for all staff to ensure everyone is aware of the notification requirements and to enhance compliance.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-003

Corrective Action Plan:

The University experienced a 50% reduction in staffing in Financial Aid due in part to three consecutive years of increasing furlough days. As a result there was a significant loss of institutional knowledge that is reflected in the decrease in compliance with established processes and procedures.

Key positions in financial aid, including a new Director with extension experience, were hired late in 2017 and early 2018. In addition, mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays of the financial aid processes. The new Director also engaged a consultant to assist in updating the documentation to match current processes and procedures, which will ensure continuity of processes and procedures regardless of staffing levels and expertise. The University has strengthened its procedures related to notification testing.

In addition, the staff have been attending training and conferences offered by the US Department of Education's Minority Serving and Under-Resourced Schools Division staff and the South Carolina Student Financial Aid Administrations to ensure they keep current with changes in policy and regulations. The Office of Financial Aid will be providing periodic training for all staff to ensure everyone is aware of

South Carolina State University

Management's Corrective Action Plan

Year Ended June 30, 2017

the notification requirements and to enhance compliance.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-004

Corrective Action Plan:

The University experienced a 50% reduction in staffing in Financial Aid due in part to three consecutive years of increasing furlough days. As a result there was a significant loss of institutional knowledge that is reflected in the decrease in compliance with established processes and procedures.

Key positions in financial aid, including a new Director with extension experience, were hired late in 2017 and early 2018. In addition, mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays of the financial aid processes. The new Director also engaged a consultant to assist in updating the documentation to match current processes and procedures, which will ensure continuity of processes and procedures regardless of staffing levels and expertise. The University has strengthened its procedures related to notification testing.

In addition, the staff have been attending training and conferences offered by the US Department of Education's Minority Serving and Under-Resourced Schools Division staff and the South Carolina Student Financial Aid Administrations to ensure they keep current with changes in policy and regulations. The Office of Financial Aid will be providing periodic training for all staff to ensure everyone is aware of the notification requirements and to enhance compliance.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-005

Corrective Action Plan:

The physical inventory was completed December 31, 2014 for the University's primary location; unfortunately, due to changes/reductions in staffing and administration the process failed to include the various offsite locations.

South Carolina State University

Management's Corrective Action Plan

Year Ended June 30, 2017

A subsequent inventory was completed in June 2016 that included all University locations. While the inventory process had been modified to encompass all facilities utilized by the University it also included generating a comprehensive fixed asset listing from Banner. Due to a misunderstanding of the regulations, the scope of the inventory was limited to capital assets which the University defines as assets valued at \$5,000 or more. Due to the limited scope the inventory did not address assets valued between \$1,000 and \$4,999 as required.

To resolve the oversight made during the June 2016 inventory, a special mid-year inventory was done in December 2017 of assets valued between \$1,000 and \$4,999 at all facilities.

A bi-annual comprehensive inventory of capital assets and federal assets greater than \$1,000 will be completed by June 30, 2018.

The University expects to implement a modified inventory process that will allow the bi-annual inventory to be completed more efficiently by the next bi-annual inventory for 2020.

Anticipated Completion Date: June 30, 2018

Finding 2017-006

Corrective Action Plan:

The University experienced a 50% reduction in staffing in Financial Aid due in part to three consecutive years of increasing furlough days. As a result there was a significant loss of institutional knowledge that is reflected in the decrease in compliance with established processes and procedures.

Key positions in financial aid, including a new Director with extension experience, were hired late in 2017 and early 2018. In addition, mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays of the financial aid processes. The new Director also engaged a consultant to assist in updating the documentation to match current processes and procedures, which will ensure continuity of processes and procedures regardless of staffing levels and expertise. The University has strengthened its procedures related to notification testing.

In addition, the staff have been attending training and conferences offered by the US Department of Education's

South Carolina State University

Management's Corrective Action Plan

Year Ended June 30, 2017

Minority Serving and Under-Resourced Schools Division staff and the South Carolina Student Financial Aid Administrations to ensure they keep current with changes in policy and regulations. The Office of Financial Aid will be providing periodic training for all staff to ensure everyone is aware of the notification requirements and to enhance compliance.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-007

Corrective Action Plan:

The University utilizes the Enrollment Reporting service offered by the National Clearinghouse.

The National Clearinghouse is a free Enrollment Reporting service that allows the University to offload the burden of providing status information on student financial aid recipients to the education finance industry and the Department of Education's National Student Loan Data System ("NSLDS"). Once the institution signs the participation agreement, the Clearinghouse becomes the agent for confirming the enrollment status of the University's student financial aid recipients.

Periodically, the Institution needs to report the enrollment status for all students to the Clearinghouse via secure FTP. The Clearinghouse, in turn, provides status and deferment information, on the Institution's behalf, to guaranty agencies, lenders, servicers, and the Department of Education's NSLDS.

The staff in the Registrar's office has the responsibility of submitting the file and ensuring accurate and timely reporting. While the file was submitted to the National Clearinghouse, and confirmation of submission was received, the vendor did not update the NSLDS within 30 day as required.

The submission procedures will be modified to include follow-up with the National Clearinghouse to receive verification of when the file is loaded. In addition, a periodic review, using a sample population, will be done to ensure accuracy in reporting.

Anticipated Completion Date: June 30, 2018

South Carolina State University

Management's Corrective Action Plan

Year Ended June 30, 2017

Finding 2017-008

Corrective Action Plan:

The University experienced a 50% reduction in staffing in Financial Aid due in part to three consecutive years of increasing furlough days. As a result there was a significant loss of institutional knowledge that is reflected in the decrease in compliance with established processes and procedures.

Key positions in financial aid, including a new Director with extension experience, were hired late in 2017 and early 2018. In addition, mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays of the financial aid processes. The new Director also engaged a consultant to assist in updating the documentation to match current processes and procedures, which will ensure continuity of processes and procedures regardless of staffing levels and expertise. The University has strengthened its procedures related to notification testing.

In addition, the staff have been attending training and conferences offered by the US Department of Education's Minority Serving and Under-Resourced Schools Division staff and the South Carolina Student Financial Aid Administrations to ensure they keep current with changes in policy and regulations. The Office of Financial Aid will be providing periodic training for all staff to ensure everyone is aware of the notification requirements and to enhance compliance.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-009

Corrective Action Plan:

The University experienced a 50% reduction in staffing in Financial Aid due in part to three consecutive years of increasing furlough days. As a result there was a significant loss of institutional knowledge that is reflected in the decrease in compliance with established processes and procedures.

Key positions in financial aid, including a new Director with extension experience, were hired late in 2017 and early 2018. In addition, mandatory cross-training was implemented to ensure that changes in staff will no longer result in delays of the financial aid processes. The new Director also engaged a

South Carolina State University

Management's Corrective Action Plan

Year Ended June 30, 2017

consultant to assist in updating the documentation to match current processes and procedures, which will ensure continuity of processes and procedures regardless of staffing levels and expertise. The University has strengthened its procedures related to notification testing.

In addition, the staff have been attending training and conferences offered by the US Department of Education's Minority Serving and Under-Resourced Schools Division staff and the South Carolina Student Financial Aid Administrations to ensure they keep current with changes in policy and regulations. The Office of Financial Aid will be providing periodic training for all staff to ensure everyone is aware of the notification requirements and to enhance compliance.

The University also removed the mandatory furlough for fiscal 2018, with the expectation that it will not be re-implemented.

Anticipated Completion Date: June 30, 2018

Finding 2017-0010

Corrective Action Plan:

The transactions were related to fuel charges incurred by 1890 staff. The University has multiple controls in place to ensure the charges are approved prior to use. The fuel cards are assigned to specific vehicles and a vehicle log is used to track vehicle usage. The receipts for fuel are kept on file and reconciled to the fuel usage report. While the University approves usage of the fuel card authorization of the charges, 1890 requires the additional approval of the 1890 Executive Director on all charges.

The process requires the signed report to be transmitted on paper. Unfortunately, due to staff changes in both Finance and 1890 at the end of the fiscal year, the copies containing the signature of the executive Director could not be located.

Effective fiscal 2018, the signature copies will be submitted electronically and saved to a shared file location to ensure that both Finance and 1890 have a record of signed submissions going forward.

Anticipated Completion Date: June 30, 2018