



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

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MEMORANDUM

TO: Mr. R. Austin Gilbert, Jr., Chairman and Members
Commission on Higher Education

FROM: Ms. Susan Cole, Chair and Members *SC*
Committee on Access & Equity and Student Services

DATE: September 30, 1999

SUBJECT: Audit Appeals

The Committee on Access & Equity and Student Services is requesting that they serve as the hearing committee for unresolved audit resolution issues for the Student Services' scholarship and grant programs.

BACKGROUND

In June 1998 the General Assembly signed into law the LIFE Scholarship statute Title 59 of the 1976 Code of Law. The statute states:

59-149-130 The Commission shall promulgate regulations and establish procedures to administer the provisions of this chapter. In addition, the Commission must ensure accountability for the Scholarships by monitoring the distribution of grades at institutions, which receive these scholarships.

59-149-140 All institutions participating in the LIFE Scholarship Program must report their enrollment and other relevant data as solicited by the Commission on Higher Education which may audit these institutions to ensure compliance with this provision.

ACTION TAKEN

As a result of this mandate, the Commission staff developed and promulgated LIFE Scholarship regulations, which included requirements for "Program administration and audits" Section R62-690, states:

The Commission shall be responsible for the oversight of functions (e.g., rules, regulations policies) relative to this program with participating institutions, including allocation of funds, promulgation of guidelines and regulations governing the LIFE Scholarship Program, any audits, or other oversight as may be deemed necessary to monitor the expenditures of Scholarship funds.

In keeping with the pre-requisites of the law and the LIFE regulations the Commission staff hired a Program Scholarships and Grants' Auditor. Additionally, to ensure accountability for the scholarship and grant programs, the Commission staff developed audit policies and procedures for the LIFE Scholarship, Palmetto Fellows Scholarship, and Need-Based Grants programs. The policies and procedures set forth guidelines to ensure that all funds awarded by the institutions are in compliance with the pre-requisites of Title 59, of the 1976 Code of Laws for the State of South Carolina. In addition to the audit policies and procedures, the Commission staff also developed institutional reporting guidelines for the disbursement of LIFE Scholarship funds, and the submission of enrollment data for each student receiving LIFE Scholarship funds.

SCHOLARSHIP AND GRANT POLICIES AND PROCEDURES

The procedural guide will provide the institution with the following:

1. The basis for the on-site review;
2. The compliance requirements for each scholarship/grant program in accordance to the State Statutes and program regulations;
3. "Compliance Questionnaire";
4. A detailed description of the on-site review process;
5. The contents of the official report; and
6. A detailed description of the Commission's Audit Resolution Process regarding any findings/observations disclosed in the report.

Section IV, Audit Resolution includes the policies and procedures for **Issuance of Reports, Initial Resolution, and the Final Resolution Process**. The following is a detailed outline of the process (a flowchart is included in Attachment I):

ISSUANCE OF REPORTS

1. Commission staff conducts monitoring/audit review and issues draft reports to institution.
2. Institution responds to any errors of fact.
3. If no errors of fact, the Final Report is issued to the institution. The report must be submitted within a 30-day period.

INITIAL RESOLUTION

1. Commission staff receives the institution's response and an internal review is conducted.
2. If Commission staff determines the institution's response is adequate to resolve all issues disclosed, a letter is submitted to the institution detailing the Commission's determination. A summarization of this report is submitted to the Access & Equity and Student Services Committee for information.
3. If there are unresolved issues after the informal resolution process, the audit report institution's response and CHE staff's final determination, is forwarded to the Access & Equity and Student Services Committee for deliberation.

FINAL RESOLUTION

1. The Access & Equity and Student Services Committee will schedule a meeting to review all unresolved issues in the Final Report.
2. The CHE staff has the responsibility of preparing audit information for the Access & Equity and Student Services Committee. The audit information will include a copy of the Final Audit Report, all supporting documentation to substantiate the recommendations rendered by and Student Services Division and the institution's response.
3. The institution will be given the opportunity to attend the Access & Equity and Student Services Committee meeting to present information and documentation.
4. The Access & Equity and Student Services Committee will review the audit information and render a final decision.
5. The CHE staff will notify the institution in writing of the final decision.
6. The CHE will prepare a summary of the Final Audit Report and forward the report to the full Commission for information.

APPEAL PROCESS

1. A written request for an appeal with supporting documentation is received by CHE. The institution's request for an appeal should contain all supporting documents that will be presented before the Committee on Access & Equity and Student Services.
2. The CHE staff will document the date of receipt of the appeal, the Audit Report number and the amount of funds the institution(s) is appealing. This record will contain a chronological status of each case heard.
3. The Student Services Division will secure all source documentation pertaining to the basis for rendering the Final Determination in the Audit Report.
4. The Student Services Division will notify the Committee on Access & Equity and Student Services of the appeal request and schedule a date to hear the appeal(s).
5. The institution will be notified of the date and will be given the opportunity to attend the Committee meeting.
6. The Final Audit Report, the Commission staff basis for the Final Determination rendered, and the institution's basis for the appeal will be provided to the Committee on Access & Equity and Student Services.
7. The Committee on Access & Equity and Student Services has the responsibility of hearing the position of both parties and rendering an opinion.

8. The Access & Equity and Student Services Committee's decision must be based upon whether issues are in violation of the Law, the LIFE, Palmetto Fellows and Need-Based regulations, program statutes and applicable State guidelines.
9. The Access & Equity and Student Services Committee's decision is final.
10. The Student Services Division will notify the institution in writing of the decision rendered by the Committee.
11. The Student Services Division will submit a summarization report to the full Commission for information only.

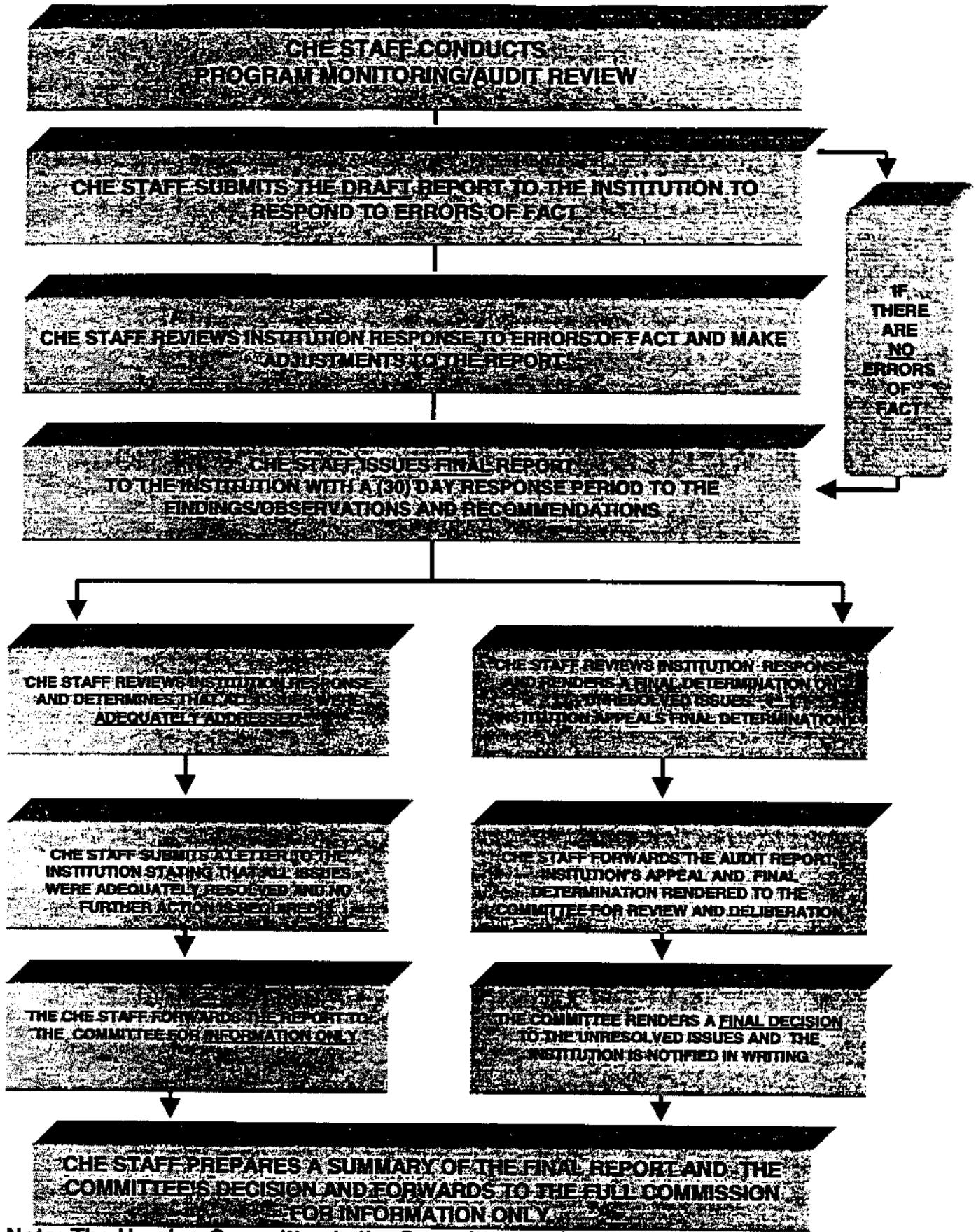
RECOMMENDATION

The Committee on Access & Equity and Student Services recommends that the Committee be authorized to hear and render final decisions on unresolved audit resolution issues, and audit appeals for the scholarship and grant programs (LIFE, Palmetto Fellows, and Need-Based Grant) administered by the Commission on Higher Education. Final resolutions will be submitted to the full Commission for information.

KGW/itm

Cc: Dr. Rayburn Barton
Audit File

AUDIT RESOLUTION/APPEAL PROCESS FLOW-CHART



Note: The Hearing Committee is the Committee on Access and Equity