

EDUCATIONAL ASSISTANCE SCHOLARSHIPS

SOUTHERN UNIVERSITY SYSTEM



FINANCIAL AUDIT SERVICES  
INFORMATIONAL REPORT  
ISSUED DECEMBER 9, 2015

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 9, 2015

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives  
Dr. Ray L. Belton, President-Chancellor  
Southern University System

Dear Senator Alario, Representative Kleckley, and Dr. Belton:

This report provides the results of our review of the Educational Assistance Scholarships awarded to students by the Southern University Board of Supervisors. Our objective was to determine if the Southern University System is awarding scholarships in accordance with Board policy and accurately reporting to the Legislature as required by Louisiana Revised Statute 17:1608. The scope of our procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards*. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the Southern University System for their assistance.

Sincerely,

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/aa

SUS SCHOLARSHIPS 2015



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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Southern University System Educational Assistance Scholarships

December 2015

*Audit Control #80150162*

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## Introduction

Each academic year, the Southern University System (System) Board of Supervisors (Board) awards Educational Assistance Scholarships (scholarships) in the form of partial tuition waivers to students attending any System<sup>1</sup> institution. According to Board policy, each Board member is allotted a certain number of scholarships per semester, valued at \$1,000 each, that can be awarded to multiple students in various increments not to exceed the amount allotted to the awarding Board member. Of the \$143,000 in scholarship money available during academic years 2013-2014 and 2014-2015, 141 scholarships totaling more than \$111,000 were awarded to students.

The purpose of this review was to determine if System management is awarding scholarships in accordance with Board policy and accurately reporting these scholarships to the legislature as required by Louisiana Revised Statute (R.S.) 17:1608. Overall, we found that System management needs to strengthen controls and oversight of the scholarships it awards. We identified the following issues:

- The System Scholarship Committee has not established the specific criteria students must meet to receive an award.
- The System Scholarship Committee did not ensure that all scholarships awarded during academic years 2013-2014 and 2014-2015 met policy requirements. Issues identified during our testing included seven students receiving scholarships that exceeded the maximum award of \$1,000, one student not meeting GPA requirements, and two board members recommending more in scholarship dollars than their allotted amounts.
- The Board Scholarship Reports management submitted to the legislature for the 2013-2014 and 2014-2015 academic years were not accurate, complete, or submitted by the required date.

These issues are discussed in more detail in the remainder of this report. Appendix A contains the System's response, Appendix B contains our scope and methodology, and Appendix C contains the Educational Assistance Scholarship policy.

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<sup>1</sup> The System includes campuses located in Baton Rouge, New Orleans, and Shreveport. The Law Center is located on the Baton Rouge campus.

**Objective: To determine if the Southern University System is awarding Educational Assistance Scholarships in accordance with Board policy and accurately reporting to the legislature as required by R.S. 17:1608.**

We reviewed the Board Scholarship Reports for the 2013-2014 and 2014-2015 academic years, and the Board's scholarship policy. This policy was originally approved in May 2001 and last updated in April 2013. The issues we identified are discussed in detail below, along with recommendations to assist System management in strengthening its oversight and control of the scholarship program.

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**The System Scholarship Committee has not established the specific criteria students must meet to receive an award.**

According to Board policy, "*The recommended students must meet the criteria as established by the Scholarship Committee.*" However, the only criteria students are currently required to meet to receive an award are outlined in that same policy. These criteria are as follows:

- Enrolled full or part time at any System institution, and
- Minimum cumulative grade point average of 2.0 for undergraduate students/3.0 for graduate students.

Establishing more specific criteria would give Board members guidance to follow when deciding which students to recommend for a scholarship. For example, the Louisiana State University Board of Supervisors, in addition to enrollment and GPA requirements, evaluates factors such as academic excellence, special talent, and financial need when considering which students will receive a scholarship.

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**The System Scholarship Committee did not ensure that all scholarships awarded during academic years 2013-2014 and 2014-2015 met policy requirements.**

During the 2013-2014 academic year, 63 scholarships totaling \$57,057 were awarded to System students, as shown in Exhibit 1.

<b>Exhibit 1</b>				
<b>Scholarships Awarded for the 2013-2014 Academic Year</b>				
<b>Awarded by</b>	<b>Number of Scholarships Awarded</b>	<b>Number of Scholarships Disbursed</b>	<b>Total Awarded</b>	<b>Total Allowed per Board Member</b>
Bell	3	2	\$2,500	\$4,000
Braxton	4	4	4,000	4,000
Bray	4	4	4,000	4,000
Clayton	9	8	4,000	4,000
Dinvaut (Chairperson)	10	9	10,000	10,000
Dumas	1	1	1,000	4,000
Fondel	6	6	3,500	4,000
Gant (Vice Chair)	7	5	6,000	8,000
Hendricks	2	2	968	4,000
Kelly	1	1	1,000	4,000
Lawson	8	8	3,589	4,000
Mire (Previous Chair)	2	2	6,000	6,000
Small	2	2	2,000	4,000
Smith	4	4	3,500	4,000
Tarver	2	2	2,000	4,000
Tolbert	3	3	3,000	4,000
<b>Total</b>	<b>68</b>	<b>63</b>	<b>\$57,057</b>	<b>\$76,000</b>
<b>Source:</b> System Board of Supervisors Scholarship Awards Report 2013-2014, Board policy, and Banner Student system, as audited.				

We examined the scholarships awarded during the 2013-2014 academic year and considered management's controls over the awarding of scholarships. Our review of scholarship recipients disclosed the following:

- Five students received scholarships that exceeded the maximum of \$1,000 as stated in the Board's scholarship policy.
- One student received a scholarship when the student's GPA was below the minimum GPA required per the Board scholarship policy after transfer credits were applied.

For the 2014-2015 academic year, 78 scholarships totaling \$54,000 were awarded to System students, as shown in Exhibit 2.

<b>Exhibit 2</b>				
<b>Scholarships Awarded for the 2014-2015 Academic Year</b>				
<b>Awarded by</b>	<b>Number of Scholarships Awarded</b>	<b>Number of Scholarships Disbursed</b>	<b>Total Awarded</b>	<b>Total Allowed per Board Member</b>
Bell	2	2	\$2,000	\$2,000
Braxton (Vice Chair - 2015)	4	4	3,000	6,000
Clayton	4	4	2,000	4,000
Dinvaut (Chairperson - 2014)	4	4	4,000	5,000
Dumas	4	4	3,000	2,000
Fondel	13	13	5,250	4,000
Frazer	4	4	2,000	2,000
Gaines	1	1	500	2,000
Gant (Vice Chair - 2014)	5	4	4,000	6,000
Henry	7	7	1,750	2,000
Hilliard	3	3	1,500	2,000
Lawson	5	5	3,000	4,000
Magee	4	4	1,500	2,000
Mire (Previous Chair - 2014)	1	1	3,000	3,000
Small	2	2	4,000	4,000
Smith	8	7	4,000	4,000
Tarver (Chairperson - 2015)	5	5	5,500	7,000
Tolbert	2	2	3,000	4,000
Whitfield	2	2	1,000	2,000
<b>Total</b>	<b>80</b>	<b>78</b>	<b>\$54,000</b>	<b>\$67,000</b>
<b>Source:</b> System Board of Supervisors Scholarship Awards Report 2014-2015, Board policy, and Banner Student system, as audited.				

We examined the scholarships awarded during the 2014-2015 academic year on a sample basis and considered management's controls over the awarding of scholarships. Our review of scholarship recipients disclosed that for two of 20 (10%) scholarship recipients tested, the students did not receive scholarship amounts in accordance with the scholarship policy. One student was awarded a \$2,000 Board scholarship for both the Fall 2014 and Spring 2015 semesters, and another was awarded a \$2,000 Board scholarship for the Spring 2015 semester. Per the Board policy, the scholarship is valued at \$1,000. In addition, the System Scholarship Committee did not identify that two board members recommended more in scholarship dollars than their allotted amounts.

Although the Board policy requires the System Scholarship Committee and the Offices of Student Financial Aid to review all recommendations for awards, the errors noted above were not detected and corrected. Because of these errors, other deserving students may have missed an opportunity to receive a scholarship.



**The Board Scholarship Reports submitted to the legislature for the 2013-2014 and 2014-2015 academic years were not accurate and complete and were not submitted by the required date.**

The System is required to report Board scholarships annually to the legislature no later than August first of each year. Per Louisiana R.S. 17:1608, enacted on June 17, 2013:

*“The chief executive officer of each public postsecondary education management board shall annually report to the legislature every scholarship awarded by a member of the management board for the preceding academic year.”*

The management Board also must make the report available on its website for public inspection.

The Board Scholarship Report for the 2013-2014 academic year was submitted to the legislature on August 28, 2014, and provided on the System website. The report showed that the Board of Supervisors awarded scholarships to System students as provided in Exhibit 3.

<b>Exhibit 3</b>			
<b>Scholarships Reported by the System Compared to Scholarships per Auditor</b>			
Semester	Per System	Per Auditor	Overstated
Fall 2013	\$32,200.00	\$31,183.50	\$1,016.50
Spring 2014	31,000.00	25,873.50	5,126.50
<b>Total</b>	<b>\$63,200.00</b>	<b>\$57,057.00</b>	<b>\$6,143.00</b>
<b>Source:</b> System Board of Supervisors Scholarship Report 2013-2014. Per Auditor amounts prepared by legislative auditor’s staff using Banner data.			

In our review of the 2013-2014 Board Scholarship Report, we identified the following:

- The total scholarship amount included in the annual report to the legislature was overstated by \$1,016.50 for the Fall 2013 semester and by \$5,126.50 for Spring 2014.
- The report did not include the annual dollar values for the scholarships awarded to the individual students as required by statute.
- Five of the 63 students included on the scholarship report did not receive scholarships.
- Eight of the 63 students included on the Scholarship Report contained errors including misspelled names or incorrect campus identification.
- The report for the 2013-2014 academic year was submitted to the legislature 27 days late.

The Board Scholarship Report for the 2014-2015 academic year was submitted to the legislature on September 28, 2015, and provided on the System website. The report showed that the Board of Supervisors awarded scholarships to 80 System students, but no dollar amounts for the scholarships were included in the report.

In our review of the 2014-2015 Board Scholarship Report, we identified the following:

- The report did not include the annual dollar value for the scholarships awarded to the individual students as required by statute.
- Two of the students listed in the report did not receive scholarships for the semester listed; one student who received a Fall 2014 award was excluded from the report; and one student's name was reported in error.
- For four of the 20 students tested, the scholarship report contained errors including misspelled names or incorrect campus identification.
- The report for the 2014-2015 academic year was submitted to the legislature 58 days late.

Inaccurate and incomplete reporting deprives the legislature and the Board of reliable information on which to make decisions. Issuing the reports 27 and 58 days late puts the System in noncompliance with state law.

## **Recommendations**

We recommend the following actions to strengthen the System's controls over Board scholarships.

- Establish the criteria for the scholarship program as required by policy.
- Ensure scholarship awards are granted accurately and according to policy, including a thorough review by the System Scholarship Committee and the campuses' Office of Student Financial Aid.
- Ensure required reporting to the legislature is accurate, complete, and submitted by the date specified in law.

## **APPENDIX A: MANAGEMENT'S RESPONSE**





## SOUTHERN UNIVERSITY AND A&M COLLEGE SYSTEM

J.S. CLARK ADMINISTRATION BUILDING  
4TH FLOOR  
BATON ROUGE, LOUISIANA 70813

OFFICE OF THE  
PRESIDENT - CHANCELLOR  
(225) 771-4680

November 30, 2015

FAX NUMBER  
(225) 771-5522

Mr. Daryl G. Purpera  
Louisiana Legislative Auditor  
1600 North Third Street  
P. O. Box 94397  
Baton Rouge, LA 70804

Dear Mr. Purpera:

The Southern University System (System) has reviewed your audit findings about the Educational Assistance Scholarship Program. The System is committed to correcting these findings and will implement internal controls to ensure future compliance. Please see our responses to the audit findings about the Educational Assistance Scholarship Program below:

**The System Scholarship Committee has not established the specific criteria students must meet to receive an award.**

The System Scholarship Committee will recommend that the Southern University Board of Supervisors review the existing Educational Assistance Scholarship criteria and provide recommendations to consider adding more specific criteria. The criteria will give Board members additional guidance to evaluate potential scholarship recipients. The management of the Southern University A&M College System will ensure the criteria used by the System Scholarship Committee is the same as the criteria approved by the Southern University Board of Supervisors.

**Management did not ensure that all scholarships awarded during academic years 2013-2014 and 2014-2015 met policy requirements.**

The management of Southern University and A&M College remains committed to ensuring that all facets of the Southern University System Educational Assistance Scholarship Program remain compliant with all applicable guidelines. Accordingly, as a result of this review and the associated findings, management will conduct a thorough review of the policies that guide the selection of recipients and awarding of scholarship awards and make the appropriate revisions. Further, the Office of Student Financial Aid will be asked to revise their current compliance review process to ensure that errors are better detected and corrected prior to awarding.

*"Five Campuses, One Vision... Global Excellence"*

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**The Board Scholarship Reports submitted to the legislature for the 2013-2014 and 2014-2015 Academic Years were not accurate and complete and were not submitted by the required date.**

The Southern University System has been going through a transition period which resulted in some areas and items not being completed timely. As the System moves forward, management will assign the task of completing the annual report to a specific person(s). The person tasked with completing the annual report will coordinate with the System Scholarship Committee and the General Counsel to ensure that the annual report is submitted and reported by August 1. During the 2014-2015 academic year, the person assigned to this task resigned before the annual report was completed and the duty was never reassigned. As soon as management realized that the report had not been submitted, we did the report and submitted it to the Legislature. As we move forward, we will implement procedures to ensure the reports are timely and accurate. Lastly, we do not list the individual scholarships amounts in our reports to ensure our students' privacy as required by FERPA.

We appreciate your patience and assistance to our staff during this audit engagement. If you have questions, please contact Tracie Woods @ 225-771-4680.

Sincerely,



Dr. Ray Belton  
System President

## APPENDIX B: SCOPE AND METHODOLOGY

We conducted procedures to evaluate the administration of the Southern University System (System) Board of Supervisors (Board) scholarships during the 2013-2014 and 2014-2015 academic years to determine if the scholarships awarded were in accordance with Board policies and accurately reported to the legislature as required by state law. The scope of our procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The following procedures were performed:

- Obtained the Board's *Educational Assistance Scholarship Policy* and the annual Scholarship Reports for the 2013-2014 and 2014-2015 academic years from the Board's webpage on the System's website.
- Interviewed the Board Relations Coordinator for the Board and obtained information relating to how students are selected to receive the board scholarships.
- Interviewed the System General Counsel and obtained information relating to the process of awarding the scholarships.
- Interviewed the Directors of Financial Aid at each System campus and obtained information relating to how the Financial Aid Office processes the Board scholarships on their campus.
- Tested the documentation for all scholarships awarded for the 2013-2014 academic year and documentation for 20 scholarships on a sample basis for the 2014-2015 academic year.
- Evaluated the Board's annual scholarship reports for the 2013-2014 and 2014-2015 academic years that were submitted to the Louisiana Legislature.





## **APPENDIX C: BOARD'S SCHOLARSHIP POLICY**





## **Southern University System Board of Supervisors Educational Assistance Scholarship**

### **GENERAL**

Each member of the Southern University Board of Supervisors may recommend student(s) to receive the Southern University Board of Supervisors Educational Assistance Scholarship that can be awarded to multiple students in various increments. The total of these scholarships should not exceed the amount allotted to the awarding Board Member. This scholarship, valued at one thousand dollars (1,000.00), may be used toward the cost of tuition and any other mandatory fees that are billed to a student attending any System institution. Recommendations for the scholarship will be given to the System Scholarship Committee. The recommended students must meet the criteria as established by the Scholarship Committee.

### **CRITERIA**

Students receiving the Board of Supervisors Scholarship must be enrolled full or part-time at any Southern University System institution with a minimum cumulative grade point average of 2.0 for undergraduate students and 3.0 for graduate students.

### **SELECTION PROCEDURES**

Students applying for the award must be recommended by a member of the Board of Supervisors. Name(s) of candidates should be submitted to Office of the Board of Supervisors. No scholarships will be awarded for the Summer semester. The System Scholarship Committee will review all recommendations for the award.

Awards are usually made on an annual basis for the entire academic year. However, Board members may award on a semester-by-semester basis. In the event that a student graduates or becomes ineligible to receive the scholarship, it may be transferred to another qualified student for the remainder of the academic year.

All recommendations will be reviewed by the Office of Student Financial Aid to ensure a student's eligibility for this scholarship.

### **ELIGIBILITY**

A student will no longer be eligible for the SU Board of Supervisors scholarship is he/she:

- Exceeds the maximum number of semesters or academic years provided under the terms of the scholarship
- Fails to maintain the required grade point average.

Undergraduate students may receive a Board scholarship for a maximum of eight regular semesters (Fall and Spring). Professional or graduate students may receive a Board scholarship for the number of academic years that they have proven to make what is considered to be satisfactory academic progress toward the completion of a degree program.

**SPECIAL NOTES**

Members of the Board of Supervisors are prohibited from awarding scholarships to members of their immediate family (Immediate Family is defined as children, brothers, sisters, parents, spouse and parents of one’s spouse). Members are also prohibited from awarding scholarships to the following elected officials or members of their immediate families.

- Members of the United States Senate,
- Members of the United States House of Representatives,
- Members of the Louisiana Legislature; and
- Any other statewide elected officials.

**SCHOLARSHIPS ALLOTMENTS**

Members of the Board of the Board of Supervisors are allowed to award the following amount of scholarships per semester to eligible students at any System Institution, contingent upon the availability of funding:

▪ Chairman	5
▪ Vice Chairman	4
▪ Immediate Past Chairman (if still a member of the Board)	3
▪ Board Members	2
<b>Total</b>	<b>38</b>

Policy approved: 5/2001  
Revisions: 8/2009  
4/2013