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An Audit Report on

**Financial Management
Processes at the Higher
Education Coordinating Board**

March 2015
Report No. 15-028



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Overall Conclusion

The Higher Education Coordinating Board (Agency) has financial management processes to help ensure that it complies with applicable statutes, rules, and Agency policies for creating its annual trustee budget, making revisions to that budget, and disbursing funds to higher education institutions. In addition, the Agency has implemented processes to help ensure that its financial data is reliable, accurate, and consistent.

However, the Agency did not have written procedures for certain financial management processes, and it did not maintain documentation to support some of the calculations it made to determine the amount of financial aid to allocate to higher education institutions. In addition, auditors could not recalculate some of those financial aid allocations based on the methodology that the Agency described.

The Agency created its trustee budgets in fiscal years 2014 and 2015, including transfers to its operating budget for administrative costs, in accordance with the General Appropriations Act and the Texas Education Code.¹ However, the Agency did not fully comply with Agency policies when it made transfers to revise its budgets (see text box for more information about the Agency's budgets).

The Agency accurately disbursed funds to higher education institutions. For example:

- The Agency disbursed appropriated funds to community colleges in accordance with the General Appropriations Act and reviewed and approved the disbursement of those funds.
- The Agency awarded and disbursed institutional (non-financial aid) grants to eligible higher education institutions. In addition, the Agency reviewed and

Background Information

The Higher Education Coordinating Board (Agency) disburses state-appropriated funds to community colleges, allocates and disburses grant and loan funds to higher education institutions for financial aid programs, and disburses funds to higher education institutions for some non-financial aid programs.

The Agency's annual budget consists of an **operating budget** for administrative costs and a **trustee budget** for funds it disburses to higher education institutions. The Agency's trustee budget was \$592,682,081 in fiscal year 2013; \$783,888,963 in fiscal year 2014; and \$795,898,849 in fiscal year 2015.

Source: The Agency.

¹ Texas Education Code, Sections 61.9628 and 61.9807, include limits for the amount of appropriated funds the Agency can use for administrative costs for certain programs.

approved those disbursements before payment and maintained adequate support for those disbursements.

However, the Agency did not consistently comply with its policy to segregate duties when making adjustments to the Uniform Statewide Accounting System (USAS) or its internal accounting system.

The Agency has information technology controls over its financial data to help ensure that data is reliable, accurate, and consistent. The Agency protects access to its information systems by (1) requiring passwords that comply with password rules and (2) conducting user access reviews. In addition, system interfaces accurately post transactions from the Agency's payment processing system and loan management system to its accounting system and USAS. However, the Agency did not accurately compile expenditure information for two loan programs in one of the financial management reports tested.

Auditors communicated other, less significant issues related to the Agency's financial management processes to Agency management separately in writing.

Summary of Management's Response

The Agency agreed with the recommendations in this report. The Agency's detailed management responses are presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Information Technology Review

Auditors reviewed controls related to the Agency's accounting system, payment processing system, and loan management system. That work included reviewing user access, password requirements, system interface controls, and tests for data completeness. The Agency has controls over those information technology systems to help ensure that the data is reliable, accurate, and consistent.

Summary of Objective, Scope, and Methodology

The objective of this audit was to determine whether the Agency's financial management processes ensure that:

- The Agency budgets and spends funds as required by the General Appropriations Act; applicable statutes; and Agency rules, policies, and procedures.
- The Agency's financial information is reliable, accurate, and consistent.

The scope of this audit covered the time period from September 1, 2012, through August 31, 2014, and included the Agency's (1) preparation of and adjustments to

its budgets, (2) disbursement of funds, and (3) financial information. In addition, auditors performed some follow-up work related to recommendations in the Agency's Sunset Advisory Commission report² and the Agency's internal audit report on the B-On-Time loan program³.

The audit methodology included gaining an understanding of and evaluating controls over selected financial management processes at the Agency, including controls related to creating and adjusting its budgets, disbursing funds to higher education institutions, and maintaining accurate data in the Agency's information systems. Auditors interviewed Agency personnel, analyzed data, performed testing, and evaluated the results. Auditors also reviewed the Agency's policies and procedures, the Texas Administrative Code, the Texas Education Code, and the Texas Government Code.

Auditors assessed the reliability of the data used in the audit by performing work to assess the strength of general controls and application controls over the Agency's accounting system, payment processing system, and loan management system. In addition, auditors performed analytical procedures and traced the data to supporting documentation. Auditors determined that the data in the three systems was sufficiently reliable for the purposes of this audit.

² *Final Report with Legislative Action: Texas Higher Education Coordinating Board*, Sunset Advisory Commission, July 2013.

³ *An Inquiry into the B-On-Time Loan Funding at the Texas Higher Education Coordinating Board*, Higher Education Coordinating Board, May 2014.

Contents

Detailed Results

Chapter 1

The Agency Generally Complied with Requirements When It Created and Adjusted Its Trusteed Budget; However, It Should Develop Written Procedures for Preparing and Reviewing Its Trusteed Budget..... 1

Chapter 2

The Agency Accurately Disbursed Appropriated Funds to Community Colleges and Higher Education Institutions; However, It Did Not Have Written Procedures for Disbursing Some of Those Funds and It Did Not Have Adequate Support for Its Financial Aid Allocation Calculations6

Chapter 3

The Agency’s Financial Data Is Reliable, Accurate, and Consistent; However, the Agency Should Ensure That Information in Its Financial Management Reports Is Accurate 12

Appendices

Appendix 1

Objective, Scope, and Methodology 15

Appendix 2

Internal Audit Report on B-On-Time Loan Funding at the Higher Education Coordinating Board 20

Appendix 3

The Agency’s Organizational Charts Before and After November 2014 42

Appendix 4

Formula Funding Disbursements for Community Colleges 44

Appendix 5

Institutional Grant Descriptions 46

| | |
|--|----|
| Appendix 6 | |
| Allocations and Expenditures for Toward Excellence, Access and Success (TEXAS) Grant Funds for Fiscal Years 2013 and 2014..... | 47 |
| Appendix 7 | |
| Allocations and Expenditures for Tuition Equalization Grant Funds for Fiscal Years 2013 and 2014..... | 50 |
| Appendix 8 | |
| Allocations and Expenditures for College Access Loan Funds for Fiscal Years 2013 and 2014 | 52 |
| Appendix 9 | |
| Allocations and Expenditures for B-On-Time Loan Funds for Fiscal Years 2013 and 2014 | 57 |
| Appendix 10 | |
| Related State Auditor’s Office Work | 60 |

Detailed Results

Chapter 1

The Agency Generally Complied with Requirements When It Created and Adjusted Its Trusteed Budget; However, It Should Develop Written Procedures for Preparing and Reviewing Its Trusteed Budget

The Higher Education Coordinating Board (Agency) prepares an annual operating budget for administrative costs and an annual “trusteed budget” for funds that it disburses to higher education institutions. The trusteed budget comprised more than 96 percent of the Agency’s total funds in fiscal years 2014 and 2015.⁴ In addition, the Agency addressed control weaknesses its internal auditor identified related to the B-On-Time loan program.

The Agency prepared its trusteed budget in accordance with the General Appropriations Act and complied with statutory limitations when making transfers of trusteed funds for administrative costs to the operating budget. The Agency’s Business and Support Services Division (Division) is responsible for preparing the Agency’s trusteed budget in accordance with the General Appropriations Act, which contains the appropriations for the Agency’s various strategies and requirements for how the Agency should spend those funds. The Division complied with the General Appropriations Act when it prepared its trusteed budgets for fiscal years 2014 and 2015. In addition, the Division appropriately set up the trusteed budgets for those two fiscal years in the Uniform Statewide Accounting System (USAS).

While the assistant commissioner of the Division was able to describe the Agency’s process for preparing the trusteed budget, the Division lacked any written policies and procedures for that process. A lack of written policies and procedures could result in the Division preparing the trusteed budget incorrectly. In addition, if the individuals who currently prepare the trusteed budget leave the Agency, there is an increased risk of errors and inconsistencies if there are no policies and procedures to guide the trusteed budget preparation process. However, auditors did not identify any errors in the trusteed budgets for fiscal years 2014 and 2015.

The trusteed budget includes estimates for transfers to the operating budget for administrative costs. The members of the Higher Education Coordinating Board approved those administrative cost transfers as part of the overall budget. However, the Agency also does not have written procedures that describe that approval process. In addition, the General Appropriations Act and Texas Education Code, Chapter 61, limit the amount of trusteed funds that the Agency can use for certain program administrative costs. The Division

⁴ The Agency’s Business and Support Services Division created the budgets for fiscal years 2014 and 2015 during the scope of this audit, which covered fiscal years 2013 and 2014.

complied with those statutory limitations when making transfers of trustee funds to the operating budget for fiscal year 2014.

The Division lacks written procedures requiring it to review the Trustee Budget for accuracy before presenting it to senior management. The Division did not have a process to review the trustee budget for accuracy prior to the trustee budget for fiscal year 2015. According to the Division, it reviewed its trustee budget for fiscal year 2015 for accuracy; however, it did not document that review and did not have written procedures for that review process. A lack of written procedures could result in the Division inconsistently reviewing its trustee budget. In addition, documenting the review of the trustee budget provides assurance to subsequent reviewers that the trustee budget is accurate.

**Agency Budget Revision Policy
Effective May 2014**

The required approvals to complete a budget revision vary by type:

- New funding, revisions between strategies, and revisions between trustee and operating programs require the following approvals: assistant commissioner of financial services, assistant commissioners of the divisions affected by the revision, general counsel, associate commissioner of external relations, deputy commissioner of business and finance, deputy commissioner of academic planning, and commissioner of the agency.
- Revisions within a strategy or program and increases or decreases in funding require the following approvals: assistant commissioner of financial services and assistant commissioner of the division in which the revisions are occurring.

Source: The Agency.

The Agency did not consistently follow its policies when it made budget revisions. According to the Agency's budget revision policy, certain types of budget revisions require multiple levels of approval, including from the Agency's commissioner (see text box for additional information).

Auditors tested a sample of transactions from USAS for fiscal years 2013 and 2014, which included 12 budget revisions⁵ and 40 journal entries, to determine whether the Agency followed its budget revision policy and its journal entry accounting policy. For 3 (25 percent) of the 12 budget revisions tested, the Agency did not obtain all approvals required by its budget revision policy. Those three budget revisions included two revisions for new funding and one transfer between strategies. In all three instances, the deputy commissioner of academic planning and policy did not approve the budget revision as required. However, those three budget revisions received all other required approvals, including from the deputy commissioner of business and finance and the Agency's commissioner. In addition, auditors tested 27 budget revision transfers the Division made during fiscal years 2013 and 2014 and determined that all of those transfers were within the 20 percent

limit established by Article IX of the General Appropriations Acts (82nd and 83rd Legislatures).

While Article IX of the General Appropriations Acts (82nd and 83rd Legislatures) requires written approval from the Office of the Governor and the Legislative Budget Board for transfers from one appropriation strategy to another appropriation strategy that exceeds 20 percent, the Agency is not required to notify the Office of the Governor and the Legislative Budget Board about transfers between appropriation strategies below that threshold.

⁵ The 12 budget revisions tested included 6 revisions that were new funding, 4 transfers between strategies, and 2 revisions that increased or decreased funding.

For 39 (97 percent) of 40 journal entries tested, the Division complied with its policy to review and approve those transactions. The Division also posted 33 of those journal entries to USAS. All 33 transactions were appropriately posted by someone other than the individuals who had prepared and approved the transaction, in accordance with the Agency's accounting policy.

The Agency addressed weaknesses in its controls over the B-On-Time loan program that its internal auditor had identified. A 2014 internal audit report identified transfers within and between strategies from the Agency's B-On-Time loan program that the Agency made without accurately determining the availability of funds. That resulted in funds intended for public universities being used for students at private institutions⁶ (see text box for more information and Appendix 2 for the internal audit report). Auditors reviewed some of the control weaknesses the internal auditor identified. According to the internal auditor, several factors contributed to this situation:

Internal Audit Report on the B-On-Time Loan Program

The Agency made transfers within and between strategies totaling \$9.1 million during fiscal years 2012 and 2013 of funds intended for the B-On-Time loan program to other Agency programs. In addition, the Agency overspent the allocation for the B-On-Time loan program by \$400,000.

To address the transfers and overspending, the Agency then used \$9.5 million in tuition set aside funds intended for B-On-Time loans for students at public universities to fund B-On-Time student loans at private institutions.

Source: *An Inquiry into the B-On-Time Loan Funding at the Texas Higher Education Coordinating Board*, May 2014.

- The Agency's automated loan management system could process payments only from a single funding source during the daily disbursement batch. However, the Agency did not consistently make manual adjustments to ensure that loans for public and private institutions were paid from the correct funding source. To address those weaknesses, the Agency made changes to its loan management system to allow it to use multiple funding sources when it makes disbursements. In addition, the Division developed a process to query the loan management system to identify any B-On-Time loans with the incorrect funding source. Auditors reviewed the results of that

query, which indicated there were no B-On-Time loans with the incorrect funding source.

- The assistant commissioner of business and support services had operational and accounting duties that gave that individual too much control over the B-On-Time loan program. The assistant commissioner of business and support services managed all of the financial aid disbursements using a spreadsheet and relied on budget controls in USAS, which allow the disbursement of funds only up to a strategy's budgeted amount. However, prior to fiscal year 2014, the financial aid strategy consisted of multiple programs and the budget controls in USAS were not effective at the program level. The Legislature separated the financial aid programs into separate strategies in the General Appropriations Act for fiscal years 2014 and 2015.

⁶ B-On-Time loan funds designated for students at private higher education institutions come from General Revenue. B-On-Time loan funds for students at public higher education institutions come from a portion of tuition that the Texas Education Code requires public higher education institutions to set aside into a dedicated General Revenue fund that the Agency uses for the purpose of funding B-On-Time student loans at public higher education institutions.

Therefore, in fiscal year 2014, the Agency divided the duties of the assistant commissioner of business and support services position into two different positions. The assistant commissioner of financial services serves as the chief financial officer and is directly involved in the day-to-day financial and accounting functions of the Agency. The deputy assistant commissioner for student financial aid programs oversees the administration of student loans, loan repayment programs, and grant programs, and that position has no oversight of the business functions of the Agency. The deputy assistant commissioner for student financial aid programs reports to the assistant commissioner of financial services, who reports to the deputy commissioner for agency operations and communications. (See Appendix 3 for more information about the Agency's organizational structure.)

In addition, the Agency strengthened its budget revision policy in May 2014, and it began using a new budget revision approval form required for all revisions in July 2014. The instructions for that new form describe each individual's role in the approval process. In addition, the Agency added its general counsel to the list of approvers to determine whether any statute or General Appropriations Act rider prohibits the transfer. The Agency adhered to that new budget revision policy for the two budget revisions that auditors tested under the new policy.⁷

Recommendations

The Legislature should consider requiring the Agency to notify the Office of the Governor and the Legislative Budget Board when the Agency makes any transfer between appropriation strategies.

The Agency should:

- Develop written procedures for preparing its trusted budget, reviewing the trusted budget for accuracy, and approving administrative cost transfers as part of the trusted budget.
- Perform and document reviews of the trusted budget and budget revisions.

⁷ One of those budget revisions was for new funding received from the Texas Education Agency and the Texas Workforce Commission and the other was a transfer between strategies.

Management's Response

Management agrees with the recommendation. In July, 2014, the Coordinating Board created and implemented new procedures relating to the administration of budget revisions. The Coordinating Board has developed written procedures for preparing, reviewing and approving the agency annual operating budget. These procedures will be implemented in April 2015. This procedure is for the establishment of both the administrative and trustee annual budgets.

Responsible Person: Assistant Commissioner for Financial Services/CFO

The Agency Accurately Disbursed Appropriated Funds to Community Colleges and Higher Education Institutions; However, It Did Not Have Written Procedures for Disbursing Some of Those Funds and It Did Not Have Adequate Support for Its Financial Aid Allocation Calculations

The Agency accurately disbursed funding to community colleges and higher education institutions and followed its policies when it disbursed financial aid

Funding Disbursements

The Agency disburses funds to community colleges and other higher education institutions through various programs. It disburses most of those funds to those community colleges and higher education institutions using funding formulas that consider previous expenditures, number of students, and graduation rates. In addition, some funds are disbursed to higher education institutions through an application and reimbursement process.

funds (see text box for more information about the disbursements). However, the Agency did not consistently maintain support for its financial aid allocation calculations. In addition, the Agency should ensure that it has written procedures for awarding and disbursing appropriated funds.

The Agency accurately disbursed funding to community colleges and higher education institutions; however, it should strengthen its written procedures. The Agency’s Planning and Accountability Division administers the disbursement of funds to community colleges and creates a payment schedule to disburse those funds based on requirements in the General Appropriations Act. That payment schedule generally divides the

total appropriation amount to a specific community college into 10 monthly payments.⁸ While the Planning and Accountability Division has minimal written procedures for its process to disburse the funds, the payment schedules that it created for fiscal years 2013 and 2014 complied with the requirements in the General Appropriations Act. In addition, the Planning and Accountability Division reviewed those payment schedules for accuracy and approved them, as well as the disbursement of the funds. The Planning and Accountability Division disbursed \$874,690,362 and \$895,759,508 in appropriated funds to community colleges in fiscal year 2013 and fiscal year 2014, respectively. (See Appendix 4 for amounts disbursed to individual community colleges for fiscal years 2013 and 2014.)

Agency Division Programs Tested

Planning and Accountability Division: The Nursing Shortage Reduction Program and the Texas Research Incentive Program.

Workforce, Academic Affairs, and Research Division: The Texas Science, Technology, Engineering, and Math Challenge Scholarship Program and the Family Practice Residency Program.

P-16 Initiatives Division: The Work-Study Mentorship Program and the Advise Texas Program.

The Planning and Accountability Division, along with the Workforce, Academic Affairs, and Research Division and the P-16 Initiatives Division⁹, administers programs that award institutional (non-financial aid) grants to higher education institutions (see text box for the six programs that auditors tested in the three divisions and Appendix 5 for descriptions of those programs). While those three divisions have processes for awarding institutional grants, the Workforce, Academic Affairs, and Research Division and the P-16 Initiatives Division could not provide written procedures that were in place during fiscal years 2013 and 2014 for three programs.¹⁰ Those divisions subsequently

⁸ The payment schedule is described in Texas Education Code, Section 130.0031.

⁹ The P-16 Initiatives Division promotes college readiness and success through initiatives that address both students and teachers.

¹⁰ Those three programs were (1) the Texas Science, Technology, Engineering, and Math Challenge Scholarship Program, (2) the Work-Study Mentorship Program, and (3) the Advise Texas Program.

provided written procedures for those three programs, but the effective date of those procedures was fiscal year 2015.

For the other three programs tested¹¹, the divisions had written procedures that provided some control over the associated programs tested; however, those procedures should be strengthened to include a more comprehensive description of program processes.

Auditors tested 33 institutional grant disbursements from the six programs tested. For all 33 institutional grant disbursements tested, the Agency awarded institutional grants to eligible higher education institutions. In addition, the Agency reviewed and approved those disbursements before payment and maintained support for the disbursements.

The Agency did not have written policies and procedures for its student loan programs. While the Student Financial Aid Programs Division had written policies and procedures for allocating funds used for grants to higher education institutions, that division did not have written policies and procedures for allocating funds used for student loans. The Student Financial Aid Programs Division allocates to higher education institutions student financial aid funds designated for grants and loans to students. Those allocations are based on historical funding, estimates of eligible students at each higher education institution, and the number of new and renewal students seeking financial aid funds. Having detailed, written policies and procedures would help to ensure that the division consistently and accurately calculate student financial aid allocations.

The Student Financial Aid Programs Division did not consistently maintain support for its allocation calculations. Auditors tested 34 original allocations from two grant programs and two loan programs.¹² Table 1 on the next page shows by program the grant and loan funds allocated to higher education institutions for fiscal year 2014 and the funds the higher education institutions spent. (See Appendices 6 through 9 for additional information on the amount of funds allocated and spent at higher education institutions for the four programs tested.)

¹¹ Those three programs were (1) the Nursing Shortage Reduction Program, (2) the Texas Research Incentive Program, and (3) the Family Practice Residency Program.

¹² Those programs consisted of two grant programs (the Toward Excellence, Access and Success (TEXAS) Grant program and the Tuition Equalization Grant program) and two loan programs (the College Access Loan program and the B-On-Time loan program).

Table 1

| Grant and Loan Funds Allocated to and Spent by Higher Education Institutions Fiscal Year 2014 | | | |
|--|------------------|--------------------|-------------------------------|
| Program Name | Allocated Amount | Expenditure Amount | Amount Not Spent ^a |
| College Access Loan Program ^b | \$192,448,673 | \$98,982,761 | \$93,465,912 |
| B-On-Time Loan Program | \$62,786,264 | \$48,563,459 | \$14,222,805 |
| Toward Excellence, Access and Success (TEXAS) Grant Program | \$356,607,657 | \$345,356,770 | \$11,250,887 |
| Tuition Equalization Grant Program | \$91,349,288 | \$89,423,789 | \$1,925,499 |
| ^a According to Riders 45, 46, and 47, page III-56, of the General Appropriations Act (83rd Legislature), any appropriated funds not spent during fiscal year 2014 may be carried over to fiscal year 2015. ^b The College Access Loan program is funded through repayments and the issuance of bonds and may be carried over to future fiscal years. | | | |

Source: The Agency.

Auditors could not recalculate the dollar amount for 3 (9 percent) of the 34 original allocations tested¹³ using the methodology the Student Financial Aid Programs Division described. In addition, the Student Financial Aid Programs Division did not maintain supporting documentation for the numbers it used to calculate 15 (44 percent) of the 34 original allocations tested.

The Student Financial Aid Programs Division reallocates unspent funds during the fiscal year to help ensure that higher education institutions have adequate funds available for eligible students.¹⁴ Auditors tested 9 reallocations and could not recalculate the dollar amount for 2 (22 percent) of those 9 reallocations¹⁵ using the methodology the Student Financial Aid Programs Division described. In addition, the Student Financial Aid Programs Division did not maintain supporting documentation for the numbers it used to calculate 8 (89 percent) of those 9 reallocations.

The allocations and reallocations discussed above that auditors could not recalculate were all from the College Access Loan program. According to the Student Financial Aid Programs Division, higher education institutions are allocated the same dollar amount as the previous year for the College Access Loan program. However, the Student Financial Programs Division could not provide an explanation or supporting documentation for (1) deviating from that process for the original allocations or (2) adjusting the amounts for reallocations. The Student Financial Aid Programs Division should ensure that it has written procedures that describe its allocation and reallocation

¹³ The dollar amounts for those three original allocations were \$600,000; \$235,000; and \$11,679,000.

¹⁴ The Student Financial Aid Programs Division reallocates funds that the higher education institutions have not encumbered by February of each fiscal year.

¹⁵ The dollar amounts for those two reallocations were \$5,250,000 and \$1,600,000.

processes and require the division to maintain support for its financial aid allocation and reallocation calculations. Having written procedures and maintaining adequate support for allocation and reallocation calculations will help ensure that those calculations are performed and documented accurately and consistently.

The Agency generally followed its policies when it disbursed financial aid funds and performed manual accounting entries. The Student Financial Aid Program Division has a process to review and approve the disbursements of allocated financial aid funds to higher education institutions prior to making those disbursements. While the Agency had written policies and procedures for that process for the financial aid **grant** programs that auditors tested, it did not have written policies and procedures that describe its disbursement process for financial aid **loan** programs. Auditors tested 30 financial aid grant disbursements and 30 financial aid loan disbursements and determined that the Student Financial Aid Program Division reviewed and approved all 60 disbursements tested before disbursing the funds. In addition, the Student Financial Aid Program Division complied with Title 19, Texas Administrative Code, Sections 21.126 and 21.61, by having a signed promissory note on file for each student loan recipient tested.

In addition, auditors tested a sample of manual transactions from the Agency's internal accounting system; those transactions included 17 adjusting entries and 20 expenditure transfers. Auditors determined that the Business and Support Services Division generally complied with its financial and accounting policy. Specifically, the Business and Support Services Division reviewed and approved all 17 of the adjusting entries tested in accordance with its financial and accounting policy. However, the Business and Support Services Division did not comply with Agency policy to segregate duties when making adjustments in USAS or the Agency's internal accounting system. Specifically, for 6 (35 percent) of the 17 adjusting entries tested, the same individual approved the transaction and released the transaction into USAS or the Agency's internal accounting system. The Business and Support Services Division reviewed and approved all 20 expenditure transfers that auditors tested and appropriately released those transactions in USAS.

The Agency completed the negotiated rulemaking process¹⁶ for its financial aid programs.¹⁷ The Agency complied with Texas Government Code and Texas Administrative Code when it negotiated its rules for its financial aid allocation processes. According to the Agency, after a July 2013 Sunset Advisory Commission report¹⁸, the Legislature required the Agency to include higher

Negotiated Rulemaking

If consensus is not achieved, the Board shall determine whether to proceed with the proposed rule. If the Board decides to proceed with the proposed rule, the Board may use language developed during the negotiations or develop new language for all or a portion of the proposed rule.

Source: Title 19, Texas Administrative Code, Section 1.14(j).

education institutions in the process for adopting rules for the Agency's financial aid allocation methodologies. Auditors reviewed the negotiated rulemaking process for seven financial aid programs. For six of those programs, the rulemaking committee reached consensus on the rules that were then adopted by the members of the Higher Education Coordinating Board. However, the rulemaking committee for the Texas Educational Opportunity Grant program was unable to reach consensus on the rules. Therefore, the members of the Higher Education Coordinating Board proceeded to develop language for the rule in compliance with the Texas Administrative Code (see text box). As of its January 2015 meeting, the members of the Higher Education Coordinating Board had adopted the negotiated rules for all of its financial aid programs.

Recommendations

The Agency should:

- Ensure that all divisions have detailed written procedures for awarding and disbursing appropriated funds, including the allocation process.
- Maintain documentation to support financial aid allocation calculations and develop written procedures requiring that documentation to be maintained.
- Ensure that it complies with its policy requiring segregation of duties when releasing a transaction in USAS or its internal accounting system.

¹⁶ The negotiated rulemaking process consists of establishing a committee to negotiate the contents of Agency rules. Once the committee reaches consensus, the negotiated rules are submitted to the Agency's governing board for adoption. If approved by the governing board, those rules are included in the Texas Administrative Code.

¹⁷ Auditors tested the B-On-Time Loan program for private institutions and public institutions, the Resident Physician Expansion program, the Texas College Work Study program, the Texas Educational Opportunity Grant program, the Toward Excellence, Access and Success (TEXAS) Grant program, and the Tuition Equalization Grant program.

¹⁸ *Final Report with Legislative Action: Texas Higher Education Coordinating Board*, Sunset Advisory Commission, July 2013.

Management's Response

Management agrees with the recommendation. The Coordinating Board will develop or strengthen its written procedures for managing programs, awarding, disbursing and allocating appropriated funds by April 2015.

The financial aid allocation procedures have been modified to incorporate the retention of supporting documentation relating to the creation of specific allocations. This supporting documentation is now retained on the agency network.

The Finance Department has modified the procedures relating to the posting of accounting entries into USAS to enhance controls. The access to the USAS system was modified to limit the releasing of accounting documents to only specific individuals. These individuals do not have approval authority for accounting entries.

Responsible Person: Assistant Commissioner for Financial Services/CFO

The Agency's Financial Data Is Reliable, Accurate, and Consistent; However, the Agency Should Ensure That Information in Its Financial Management Reports Is Accurate

The Agency has controls over its information technology systems to protect access to its financial data and help ensure that data is reliable, accurate, and consistent. The Agency uses its financial data to compile information into automated financial management reports. Except for expenditure information for two loan programs in the final report for fiscal year 2014, the reports that auditors tested accurately compiled budget and expenditure information for appropriation strategies.

The Agency's financial data is reliable, accurate, and consistent. The Agency has adequate controls, including documented information technology policies and procedures, over its information technology systems to help ensure that its financial data is reliable, accurate, and consistent. Those information technology systems include a payment processing system, a loan management system, and an internal accounting system. The Agency uses USAS to disburse funds.

The Agency enters grant payment information into its payment processing system, and it enters loan information into its loan management system. The Agency uses system interfaces to accurately post transactions from those two systems to its internal accounting system and USAS. All hard-copy documentation that auditors tested matched the data in the related information technology systems.

The Agency protects access to the information technology systems that auditors tested through password rules, which include minimum password length and complexity requirements. Those rules also require users to change their passwords on a regular basis. In addition, the Agency developed and documented written procedures for a quarterly user access review process in March 2013. During that review process, division managers review user access lists for appropriateness and notify information technology security employees of any required changes to user access. Auditors reviewed user access lists for the payment processing system, the loan management system, and the accounting system and did not identify any inappropriate access.

The Agency's financial reports are accurate, except for significant errors in year-to-date expenditure information for two loan programs in one report tested. The Agency's Business and Support Services Division prepares two automated monthly reports that auditors tested. One report identifies the budget revisions and the other report compares year-to-date expenditures to the Agency's budget. Those reports are distributed to senior management on a monthly basis and to the members of the Higher Education Coordinating Board on a quarterly basis. Auditors compared the information in those reports for fiscal year 2014

to data in the Agency's internal accounting system and USAS to determine whether those automated reports accurately compiled budget and expenditure information.

The report on the budget revisions for fiscal year 2014 accurately compiled the budget revisions for that time period. In the monthly reports that compared year-to-date expenditures to the Agency's budget for fiscal year 2014, all of the budget information and most of the expenditure information that auditors tested was accurate. However, the August 2014 report did not include accurate expenditure information related to the B-On-Time Loan program and the Texas Armed Services Scholarship program (see text box for additional information about those strategies).

**B-On-Time Loan and
Texas Armed Services
Scholarship Budgets**

According to the Agency's fiscal year 2014 trustee budget, the B-On-Time Loan strategy and the Texas Armed Services Scholarship strategy had budgets of \$56,082,896 and \$3,560,000, respectively.

Sources: The Agency.

While the expenditure information for those two programs was accurate in four previous monthly reports that auditors tested for fiscal year 2014, the August 2014 report for the two programs included the following errors:

- For the B-On-Time Loan program, the report incorrectly listed expenditures of \$1,888,449, instead of approximately \$43 million.
- For the Texas Armed Services Scholarship program, the report incorrectly listed expenditures of \$234,781, instead of approximately \$3 million.

The errors resulted in inaccurate financial management information for those two programs for the year-end report for fiscal year 2014. According to the Business and Support Services Division, it has a process to review the financial management reports for accuracy prior to distributing them. However, it did not perform a final review of the August 2014 report for accuracy prior to distributing it. Incorrect expenditure information in financial management reports may affect management decisions made based on that information.

Recommendation

The Agency should review all management reports to ensure that they accurately present financial information before distributing the reports.

Management's Response

Management agrees with the recommendation. The Coordinating Board has developed written procedures relating to the review and approval of the monthly financial report. These procedures include the documented pre-report distribution process of comparing and verifying reported numbers with underlying accounting data. The comparison and verification process is completed before the monthly financial report is distributed.

Responsible Person: Assistant Commissioner for Financial Services/CFO

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Higher Education Coordinating Board's (Agency) financial management processes ensure that:

- The Agency budgets and spends funds as required by the General Appropriations Act; applicable statutes; and Agency rules, policies, and procedures.
- The Agency's financial information is reliable, accurate, and consistent.

Scope

The scope of this audit covered the time period from September 1, 2012, through August 31, 2014, and included the Agency's (1) preparation of and adjustments to its budgets, (2) disbursement of funds, and (3) financial information. In addition, auditors performed some follow-up work related to recommendations in the Agency's Sunset Advisory Commission report¹⁹ and the Agency's internal audit report²⁰ on the B-On-Time loan program.

Methodology

The audit methodology included gaining an understanding of and evaluating controls over selected financial management processes at the Agency, including controls related to creating and adjusting its budgets, disbursing funds to higher education institutions, and maintaining accurate data in the Agency's information systems. Auditors interviewed Agency personnel, analyzed data, performed testing, and evaluated the results. Auditors also reviewed the Agency's policies and procedures, the Texas Administrative Code, the Texas Education Code, and the Texas Government Code.

Sampling methodology

Auditors selected non-statistical samples primarily through random selection designed to be representative of the population. In those cases, results may be extrapolated to the population, but the accuracy of the extrapolation cannot be measured. In some cases, auditors used professional judgment to select sample items for testing. Those sample items generally are not representative of the

¹⁹ *Final Report with Legislative Action: Texas Higher Education Coordinating Board*, Sunset Advisory Commission, July 2013.

²⁰ *An Inquiry into the B-On-Time Loan Funding at the Texas Higher Education Coordinating Board*, Higher Education Coordinating Board, May 2014.

population and, therefore, it would not be appropriate to extrapolate those results to the population.

Auditors assessed the reliability of the data used in the audit by performing work to assess the strength of general controls and application controls over the Agency's accounting system, payment processing system, and loan management system. In addition, auditors performed analytical procedures and traced the data to supporting documentation. Auditors determined that the data in the three systems was sufficiently reliable for the purposes of this audit.

Information collected and reviewed included the following:

- The Agency's policies and procedures.
- Data from the Agency's accounting system, payment processing system, and loan management system.
- The Agency's approved annual operating and trustee budgets for fiscal years 2013, 2014, and 2015.
- The Agency's financial management reports.
- *An Inquiry into the B-On-Time Loan Funding at the Texas Higher Education Coordinating Board*, Higher Education Coordinating Board, May 2014.
- *Final Report with Legislative Action: Texas Higher Education Coordinating Board*, Sunset Advisory Commission, July 2013.
- Allocation data and calculations for selected financial aid grant and student loan programs.
- Agency records, including journal vouchers, budget revision forms, requests for applications for institutional grants, higher education institution contracts, invoices, and other supporting documentation.
- Documentation related to the Agency's negotiated rulemaking.
- Supporting documentation related to general controls and application controls over the Agency's accounting system, payment processing system, and loan management system.

Procedures and tests conducted included the following:

- Interviewed Agency management and staff.

- Tested the trustee budgets for fiscal years 2014 and 2015 to determine whether the Agency created those budgets in accordance with the General Appropriations Act.
- Traced the Agency's trustee budgets to data in the Uniform Statewide Accounting System (USAS).
- Tested samples of journal entries, adjusting entries, and budget revisions for proper review and approval.
- Tested appropriation transfers to determine whether they complied with the limits established in the General Appropriations Act.
- Reviewed allocation methodologies and recalculated allocations and reallocations for a sample of higher education institutions for selected financial aid programs.
- Reviewed new allocation methodologies for financial aid funding that the Agency developed through negotiated rulemaking.
- Compare overall disbursements for financial aid programs to allocation amounts to determine if those disbursements exceeded allocation amounts.
- Tested a sample of financial aid grant and student loan disbursements for evidence of review and approval.
- Reviewed community college disbursement schedules for evidence of review and approval and compared those schedules to the General Appropriations Act.
- Tested a sample of institutional grant expenditures from selected programs to determine whether the Agency disbursed funds to eligible higher education institutions, reviewed and approved those disbursements, and maintained adequate support for those disbursements.
- Tested the automated control for routing payments to determine whether the Agency's payment processing system appropriately routed payments for approval.
- Reviewed the Agency's process for performing site visits and desk reviews at higher education institutions for selected grant programs.
- Compared hard-copy documentation to data in the Agency's information systems.
- Reviewed system interfaces to determine whether data from the Agency's sub-systems accurately posted to the Agency's accounting system and USAS.

- Reviewed financial management reports to determine whether they accurately reflected the data in the Agency’s accounting system and USAS.
- Determined whether financial management reports contained sufficient information to guide management decisions.
- Reviewed general controls and application controls over the Agency’s information systems.

Criteria used included the following:

- The Agency’s policies and procedures.
- General Appropriations Acts (82nd and 83rd Legislatures).
- Texas Education Code, Chapters 56, 61, and 62.
- Texas Government Code, Chapter 2008.
- Title 19, Texas Administrative Code, Chapters 1, 4, 6, and 22.
- Title 1, Texas Administrative Code, Chapter 202.

Project Information

Audit fieldwork was conducted from November 2014 through January 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

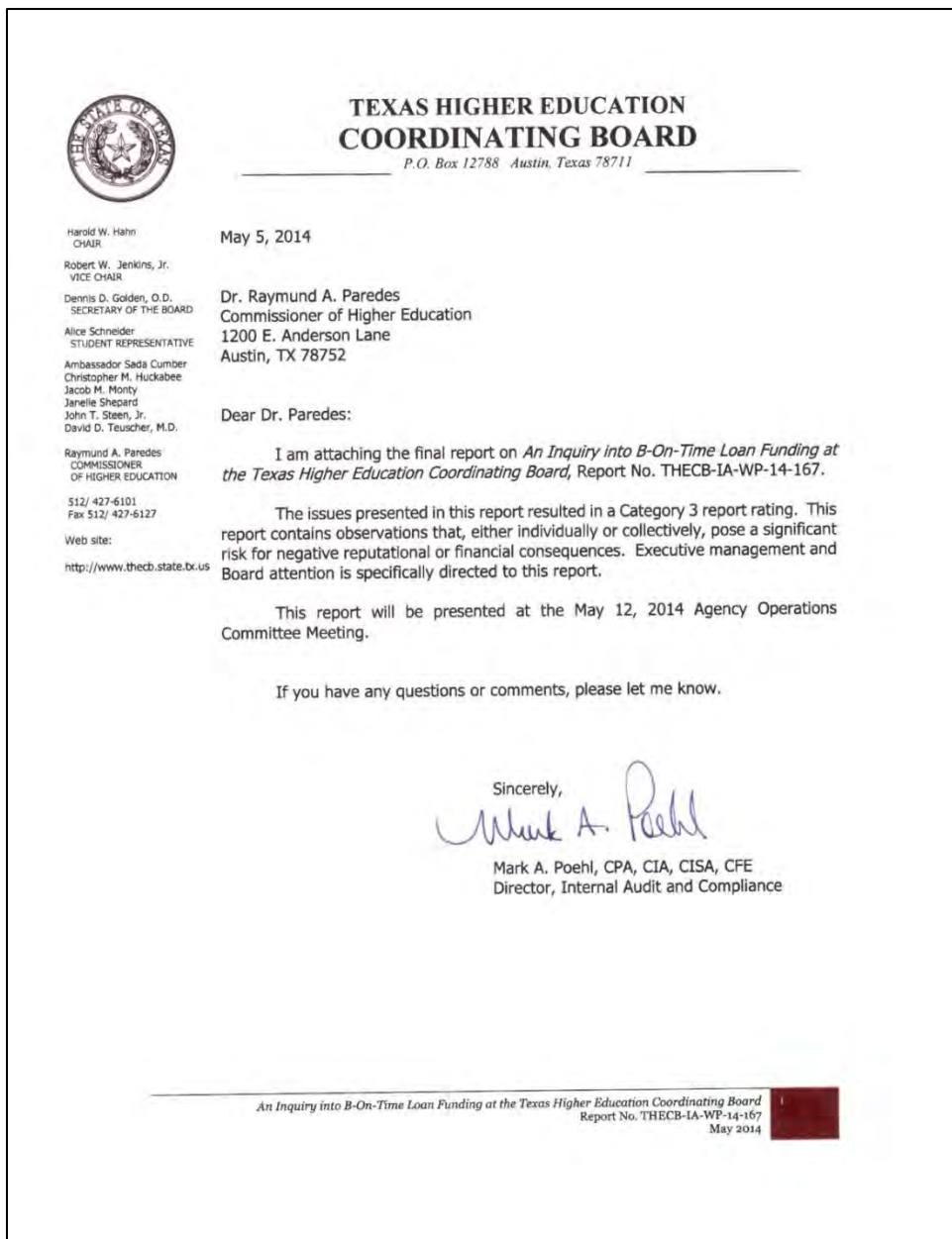
The following members of the State Auditor’s staff performed the audit:

- Michael F. Boehme, CIA, PHR (Project Manager)
- Bill Morris, CPA (Assistant Project Manager)
- Pamela A. Bradley, CPA
- Katherine M. Curtsinger
- Joey Frederick, MAcy
- Joe Kozak, CISA, CPA
- Quang Tran

- Link Wilson
- J. Scott Killingsworth, CIA, CGAP, CGFM (Quality Control Reviewer)
- John Young, MPAff (Audit Manager)

Internal Audit Report on B-On-Time Loan Funding at the Higher Education Coordinating Board

The Higher Education Coordinating Board's Internal Audit and Compliance Division conducted an audit on the B-On-Time loan program and released the report presented below in May 2014.²¹



²¹ The State Auditor's Office removed the names of the individuals in the organizational chart included in the internal audit report.

Executive Summary

Operationally, the control environment over the administration of the B-On-Time loan program requires significant improvement.

General revenue of \$9.1 million intended for BOT student loans to private institutions of higher education was transferred during 2012 and 2013 and used for other agency programs – Work Study Mentorship, Top 10% scholarship, and Adult Basic Education/Developmental Education and STEM Teacher Prep Centers. These transfers were not supported by accurate analysis and documentation to establish the availability of BOT general revenue for other agency programs. Additionally, \$400,000 over-expenditure of BOT general revenue funds resulted in a total of \$9.5 million (\$9.1 million plus \$400,000) in tuition set-asides from public universities being used to meet allocation commitments to private institutions. The use of tuition set-asides to fund \$9.5 million in BOT loans at private institutions ran contrary to the agency's stated practice of only using tuition set-asides for students of public universities. However, no institution's allocation was negatively impacted during fiscal years 2012 and 2013, or collectively during the 2012-13 biennium as a result of using \$9.5 million in tuition set-asides to originate BOT loans for students enrolled at private institutions.

General revenue – dedicated funds, also known as tuition set-asides, are funds appropriated out of student tuition revenue at public universities. Tuition set-asides are intended to fund BOT loans issued to students at public, not private, higher education institutions.

The statutory authority to transfer BOT general revenue funds for use in other agency programs during the 2012/13 biennium was evaluated by both the Legislative Budget Board (LBB) and the Texas Comptroller of Public Accounts (CPA), as requested during this audit. The LBB agreed with the CPA regarding BOT general revenue minimum spending requirements imposed by rider in the General Appropriations Act. The LBB did however interpret the Texas Education Code as allowing the transfer of BOT general revenue, subject to the minimum spending imposed by rider. Irrespective of the statutory determination regarding the transfers, agency policy on budget transfers is incomplete and lacks definition of roles and responsibilities in the budget transfer process.

A communications disconnect exists between the way loans were funded by general revenue or tuition set-asides on a daily basis, and the strict loan-level separation of funding thought to be in place by certain members of the agency senior leadership team. Risk management practices regarding the interpretation of definitional and changing provisions of BOT-related statutes occurred in isolation, without the benefit of comprehensive input from the senior leadership team and general counsel. Limitations in the functionality of HELMS, the agency's loan

management system, drove loan funding business processes. These limitations were not brought to the attention of the senior leadership team in the seven years since general revenue was appropriated for the BOT loan program in 2007, despite the resulting increase in political risk assumed by the agency.

Operations and accounting duties aggregated in the Assistant Commissioner for Business and Support Services position vested too much program control in the position. The resulting control weakness was exacerbated by limited documentation of BOT loan processes. The BOT allocation methodology and supporting documentation is fragmented and weak. No written guidelines exist describing the practical aspects and timing of the allocation process. Inadequate tracking of institutional tuition set-aside remittances, such as a university that failed to remit any tuition set-asides for multiple years, was the subject of prior State Auditor's Office and Coordinating Board Internal Audit reports in fiscal years 2009, 2010 and 2011.

Please see Detailed Observations, Recommendations, and Management Responses for additional information.

Audit Objective and Scope

Our audit objective was to determine the magnitude and cause of general revenue dedicated, or tuition set-aside funds, used to fund B-On-Time loans made to students attending private institutions of higher education. Our scope focused on the time period fiscal year 2012 and 2013, but included ancillary analysis of B-On-Time funding activities for the time period fiscal year 2008 through 2014 year-to-date. Our audit included reviewing relevant statutes, rules and CB policies and documentation related to B-On-Time funding. We interviewed appropriate staff and performed analysis to address the audit objective.

We conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing. Additionally, we conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Background

The B-On-Time Loan Program was created by the Legislature in 2003 to encourage students attending Texas' public and private institutions of higher education to graduate on time with good grades. B-On-Time provides eligible students with no-interest loans to cover their tuition and fees, and offers loan



forgiveness to students who graduate within a specified time or number of hours, with at least a B average.

To fund B-On-Time, tuition set-asides were created by the Legislature. Tuition set-asides of 5 percent of the undergraduate tuition charged in excess of \$46 per semester credit hour are collected at public universities. The first general revenue appropriations for the B-On-Time program began in fiscal year 2008.



Detailed Observations, Recommendations, and Management Responses

1. *General revenue of \$9.1 million intended for BOT student loans to private institutions of higher education was transferred during 2012 and 2013 and used for other agency programs – College Work Study Mentorship, Top 10% scholarship, and Adult Basic Education/Developmental Education and STEM Teacher Prep Centers. These transfers were not supported by accurate analysis and documentation to establish the availability of BOT general revenue for other agency programs.*

General revenue of \$9.1 million intended for BOT student loans to private institutions of higher education was transferred during 2012 and 2013 and used for other agency programs – College Work Study Mentorship, Top 10% Scholarship, and Adult Basic Education/Developmental Education and STEM Teacher Prep Centers. These transfers were not supported by accurate analysis and documentation to establish the availability of BOT general revenue for other agency programs.

Additionally, \$400,000 over-expenditure of BOT general revenue funds resulted in a total of \$9.5 million (\$9.1 million plus \$400,000) in tuition set-asides from public universities being used to meet allocation commitments to private institutions. See Exhibit 1A – Fiscal Years 2012-13 BOT

| Fiscal Year 2012 and 2013 Budget Transfers Funded by B-On-Time General Revenue | | |
|--|------------------------|--|
| Budget Transfer Date | Budget Transfer Amount | Budget Transfer Description |
| September 6, 2011 | \$1,700,000 | Work Study Mentorship Program |
| October 11, 2012 | \$4,000,000 | Top 10% Scholarship Program |
| July 1, 2013 | \$3,397,261 | Adult Basic Education, Developmental Education, STEM Teacher Prep Centers, Work Study Mentorship Program |

Funding Analysis. The funding of private institution student loans using tuition set-asides went against the agency’s stated practice of restricting the use of tuition set-asides to fund public university BOT student loans only. It is important to note, however, that this funding practice did not negatively impact any institution’s BOT allocation during fiscal years 2012 and 2013, or collectively during the 2012-13 biennium.

The primary causes of the weaknesses in BOT administration that led to a transfer of BOT general revenue in fiscal years 2012 and 2013, and corresponding use of tuition set-asides to fund BOT loans to students of private institutions, included:

- There was no reconciliation within the student loan system HELMS, or outside of HELMS, to evaluate the fiscal year cumulative use of general revenue for private institution student versus public university student loan disbursements from general revenue and tuition set-asides.
- There was no connection/comparison of the cumulative use of loans disbursed to private institution students from general revenue to transfers of general revenue to other programs. There was no control to prevent or provide early warning of the "subsidy" of private institution student loan disbursements with tuition set-asides.
- BOT funding evolved over time since 2004, so there was no plan in place at program inception to account for loan disbursements along two simultaneous dimensions – (1) public/private institution student loans, and (2) type of funds used to make payments – general revenue or tuition set-asides.
- Wide swings in general revenue appropriations, and program underutilization created challenges in managing the BOT student loan program, as cited in the Sunset Advisory Commission Report issued in 2012.

The Texas Comptroller of Public Accounts (CPA) and the Legislative Budget Board (LBB) were each asked about staff interpretation of certain provisions of the Texas Education Code and the General Appropriations Act, particularly for the 2012/13 biennium. See Exhibit 2 – Statutory Considerations Regarding B-On-Time Loan Funds. The CPA and the LBB agreed that HB1 82nd Legislature Art III, Rider 20(e) required allocation of \$31.4 million of BOT general revenue on BOT loans for the 2012-2013 biennium, with any unspent funds lapsing to the state treasury. Had the transfers not been made in 2012 and 2013, the agency would have lapsed \$4.3 million of BOT general revenue for the biennium. See Exhibit 1B – B-On-Time Computed Lapse Fiscal Years 2012-13.

The LBB agreed with the agency's interpretation that Texas Education Code Sec. 56.463 (b) allows for the transfer of BOT general revenue. This is important prospectively because the transfer of general revenue from one program area to another has commonly been used by the agency to meet critical needs and to fully leverage these funds across the agency.



Recommendation

Ensure compliance with statutory interpretation regarding the administration of BOT student loan funds. Consider the appropriateness of, and options to, restore to public universities the \$9.5 million in tuition set-asides that was used in fiscal years 2012 and 2013 to fund loans for students attending private institutions. Continue discussions with the CPA and LBB to determine whether, and how much, BOT general revenue funds must be repaid to the state general revenue fund.

Management Response:

Management agrees with this recommendation. The Commissioner has requested the agency's General Counsel to develop and implement an agency-wide policy no later than July 1, 2014 that requires all staff go through the appropriate reporting channels, to include the Assistant Commissioner responsible for a particular program, on any legal interpretations of first impression. The Assistant Commissioner shall consult the Office of the General Counsel and inform the appropriate Deputy Commissioner.

As noted in the audit report, no institution's allocation was negatively impacted as a result of using \$9.5 million in tuition set-asides to originate B-On-Time loans for students enrolled at private institutions. Additionally, at the time of this occurrence, no statutory provisions or appropriation riders were violated by this funding methodology. Finally, the funds that were transferred from B-On-Time General Revenue went to other state financial aid and student success programs administered by the THECB that benefitted Texas students.

Management's position is that by restoring tuition set-aside funds to the public universities, the agency will act in good faith towards the public universities. Further, restoration of tuition set-aside funds to public universities acknowledges the legislative intent and commonly held perception that tuition set-asides are used to originate loans for students enrolled only at public institutions. More importantly, this restoration will provide additional funding to the public universities to originate new B-On-Time loans benefiting a significant number of students during the 2014-15 biennium.

The Board's Bond Counsel, McCall, Parkhurst & Horton L.L.P., was consulted regarding the use of Texas Opportunity Plan (TOP) funds for restoring tuition set-aside funds to public universities for originating B-On-Time loans. Bond Counsel concluded that there are no applicable covenants with bondholders or applicable federal tax law concerns that would prevent the TOP fund from being used to fund B-On-Time loans. If the agency decides to restore these funds, consultation with the Legislative Budget Board will need to occur in order to ensure that the public universities will have the authority to expend the funds during the 2014-15 biennium.



No later than June 1, 2014, the Commissioner will submit a letter to the Texas Comptroller of Public Accounts and the Legislative Budget Board asking if unspent funds in the B-On-Time program that should have lapsed to the state treasury at the end of the 2012-2013 biennium must be repaid to the state General Revenue Fund. The same question will be asked for other financial aid programs administered by the Board with similar rider language.

2. *Operations and accounting duties aggregated in the Assistant Commissioner for Business and Support Services position vested too much program control in the position. The resulting control weakness was exacerbated by limited documentation of BOT loan processes, such as allocation and re-allocation methods.*

Operations and accounting duties aggregated in the Assistant Commissioner for Business and Support Services position vested too much program control in the position. The resulting control weakness was exacerbated by limited documentation of BOT loan processes, such as allocation and re-allocation methods. See Exhibit 3 – Current Organizational Chart. Accounting staff interviewed indicated that, in general, internal communication is weak regarding the activities of the agency's loan programs.

BOT loan processes, such as the allocation and re-allocation processes, were not well documented and vested too much program control in individuals rather than in controls. For example, allocations to public and private institutions differed from annual appropriation amounts significantly, for fiscal years 2010 – 2013. In seeking explanation for the differences and the allocation method(s) used, Directors and staff who report to the Assistant Commissioner for Business and Support Services could only provide partial explanation of the methods used. No written methodology for BOT allocations existed, tracking of allocation history was fragmented and incomplete, and Directors/staff ultimately relied upon the Assistant Commissioner for Business and Support Services to perform the allocation process. See additional discussion at report observation #5.

Recommendation

Re-evaluate the current configuration of the Assistant Commissioner for Business and Support Services position and consider further redistribution of duties, especially as it pertains to both loan program operations and oversight of agency business operations. Ensure that the organization structure promotes open dialogue between accounting and operations areas of the agency.



Management Response:

Management agrees with this recommendation. The Deputy Commissioner for Finance and Administration has separated the Assistant Commissioner for Business and Support Services position into two positions. He recently appointed an Interim Assistant Commissioner for Financial Services and Interim Assistant Commissioner for State Student Financial Aid Services. The Deputy Commissioner is currently working with the Director of Human Resources to develop a permanent structure, job descriptions, posting requirements, recruitment efforts, and hiring.

Both the Interim Assistant Commissioner for Financial Services and the Interim Assistant Commissioner for State Student Financial Aid Services are considered Executive Officers, attend Executive Officers meetings, and are included on correspondence distributed to Executive Officers. Additionally, both attend weekly staff meetings with the Deputy Commissioner for Finance and Administration.

3. A communications disconnect exists between the way loans were funded by general revenue or tuition set-asides on a daily basis, and the strict loan-level separation of funding thought to be in place by certain members of the agency senior leadership team. Risk management practices regarding the interpretation of definitional and changing provisions of BOT-related statutes occurred in isolation, without the benefit of comprehensive input from the senior leadership team and general counsel.

A communications disconnect exists between the way loans were funded by general revenue or tuition set-asides on a daily basis, and the strict loan-level separation of funding thought to be in place by certain members of the agency senior leadership team. Agency executives including the Commissioner and the Chief of Staff routinely interacted with external stakeholders under the presumption that, at an individual loan level, tuition set-asides were only used to fund loans for students of public universities. To the contrary, as discussed further in report observation #4, private institution student loans were routinely processed using tuition set-asides as the funding source.



Risk management practices regarding the interpretation of definitional and changing provisions of BOT-related statutes occurred in isolation, without the benefit of comprehensive input from the senior leadership team and general counsel. Additional communication regarding the interpretation of statute could have prompted internal discussions regarding loan funding practices, and balanced diverse agency needs for general appropriations with the political risks of incorrect statute interpretation involving a sensitive subject matter – BOT tuition set-asides.

**Internal Audit Recommendation
Report on HELMS-Related Complaint**

December 19, 2012

Excerpt from the report:

Develop an Agency Definition of Risk and Educate Agency Staff

A common definition of risk is not incorporated in agency policy, and is not shared among agency staff. A common risk definition could better position agency staff at all levels to assess the impact and probability of risk, and to better manage risks through improved communication...the absence of a common risk definition contributed to risk management decisions that did not rise to the level of agency executive management.

Recommendation

Evaluate and strengthen agency risk definition, risk management and communication mechanisms. Consider communication effectiveness in light of the distribution of duties recommended in report Observation #2.

Management Response:

Management agrees with this recommendation. A complete evaluation of existing risk management definitions, communication and mechanisms will be completed. The Deputy Commissioner for Finance and Administration will examine best practices in order to strengthen this important area. Possible sources to address this recommendation include examination of other agencies' policies and procedures and the State Office of Risk Management.

As stated in the Management Response for Finding #2, both the Interim Assistant Commissioner for Financial Services and the Interim Assistant Commissioner for State Student Financial Aid Services are considered Executive Officers, attend Executive Officers meetings, and are included on correspondence distributed to Executive Officers. Additionally, both attend weekly staff meetings with the Deputy Commissioner for Finance and Administration.

4. *Limitations in the functionality of HELMS, the agency's loan management system, drove loan funding business processes. These limitations were not brought to the attention of agency executive management in the seven years since general revenue was appropriated for the BOT loan program in 2007, despite the resulting increase in political risk assumed by the agency.*

Limitations in the functionality of HELMS, the agency's loan management system, drove loan funding business processes. These limitations were not brought to the attention of agency executive management in the seven years since general revenue was appropriated for the BOT loan program in 2007, despite the resulting increase in political risk assumed by the agency. HELMS, which was implemented in 2007 prior to general revenue being appropriated for BOT loans, is configured to fund loans from one funding source at a time, in a daily disbursement batch. See Exhibit 4 BOT Loan Processing Flow. Thus, in a given day's BOT loan disbursement batch, transactions for both public and private institution student loans are paid using a single funding source – either general revenue or tuition set-asides.

Recommendation

Develop front-end changes to HELMS to allow disbursement batches to be segregated within a day, by public and private institution student loan types. Ensure that communications channels are effective in managing political and compliance risks (see related Report Observations #2 and #3).

Management Response:

Management agrees with this recommendation. Staff from Information Solutions and Services (ISS), in consultation with staff from the loan program office and from business and support services, are in the process of reconfiguring the HELMS system as recommended. Completion is targeted for mid-July. The reconfigured system will be operational prior to September 1 to segregate B-On-Time loan originations for fiscal year 2015.

Staff is currently in the process of manually reassigning BOT loans for FY 14 (the current fiscal year) to the proper funding source. This process will be completed by the end of the fiscal year at which time loans for students attending private institutions will be funded from general revenue and loans for students attending public institutions will be funded from general revenue-dedicated (tuition set-asides).

In addition to the implementation of action included in response to Finding #3, the agency will develop a policy to ensure that all staff report, through proper channels including the Assistant Commissioners, Deputy Commissioners, Associate

Commissioner/Chief of Staff and the Commissioner, any political and compliance risks.

5. *The BOT allocation methodology and supporting documentation is fragmented and weak. No written guidelines exist describing the practical aspects and timing of the allocation process. Inadequate tracking of institutional tuition set-aside remittances, such as an institution that failed to remit any tuition set-asides for multiple years, was the subject of prior State Auditor's Office and Coordinating Board Internal Audit reports in fiscal years 2009, 2010 and 2011.*

The BOT allocation methodology and supporting documentation is fragmented and weak. No written guidelines exist describing the practical aspects and timing of the allocation process. The Assistant Commissioner for Business and Support Services and one staff member possess the collective knowledge of the allocation process, and each provided different and sometimes conflicting or incomplete information regarding past allocations. Rather than storing allocation information in a central network directory, most of the information provided in support of past allocations came from attachments to emails in possession of the two knowledgeable individuals. Further, the past allocation methodology emphasized increasing BOT utilization, especially among the public institutions. While this approach addressed prior concerns emphasized by the Sunset Review Commission, it did not fully address a possible scenario whereby program utilization increased to the point of eclipsing appropriations authority. There are no controls in HELMS to stop funding loans to public institutions at the total appropriation authority, as long as institutions remain within their individual allocation limits. There are controls in the Uniform Statewide Accounting System (USAS) to prevent overspending appropriation limits, but if loan payments were to reach appropriation amounts, there are no written procedures regarding how loans would be handled in the pipeline and for the remainder of the year, for those institutions that had not yet reached their allocation amounts.

Inadequate tracking of institutional tuition set-aside remittances, such as an institution that failed to remit any tuition set-asides for multiple years, was the subject of prior State Auditor's Office and Coordinating Board Internal Audit reports in fiscal years 2009, 2010 and 2011. Beginning in fiscal year 2015, BOT tuition set-aside funding is statutorily based on each institution's pro-rata amount contributed in the prior year. While three of four prior BOT internal audit recommendations had been addressed in 2011, one recommendation had not been addressed and is still not fully addressed. The current process to compare reported tuition set-asides with amounts collected only considers those institutions that have submitted payments, leaving any institutions that submit zero tuition set-aside payments as unverified. The



completeness of tuition set-aside verification is important to ensure that the “base year” used to make pro-rata distributions is accurate.

Recommendation

Document the allocation process in written guidelines that address steps in the process, exceptions, funding changes/volatility, roles and responsibilities, documentation and records retention requirements. Fully address prior audit recommendations by expanding current verification processes to include all institutions that are subject to the tuition set-aside requirements.

Management Response:

Management agrees with this recommendation. Senate Bill 215 passed by the 83rd Texas Legislature, Regular Session, requires the THECB to engage in negotiated rulemaking to establish and publish the allocation methodologies and procedures and to verify the accuracy of the application of those allocation methodologies for all financial aid and other trusteed funds. The THECB engaged in negotiated rulemaking to develop rules establishing the allocation methodologies for the B-On-Time program with regard to private institutions (general revenue funds). The negotiated rulemaking committee reached consensus and the rule for allocation of BOT funds to private institutions was adopted by the Board at the January 2014 quarterly meeting. By July 1, 2014, the THECB will initiate the negotiated rulemaking process for the B-On-Time program with regard to public universities (tuition set-asides).

In addition, LBB staff recently notified THECB staff that the LBB will propose a change to the THECB’s budget structure for the 2016-2017 biennium which will separate strategies for B-On-Time funds (general revenue and tuition set-asides) appropriated to public universities and (general revenue) funds appropriated to private institutions. The Commissioner and senior leadership team strongly support this change because it will provide explicit direction in the General Appropriations Act that tuition set-asides are to be used to originate B-On-Time loans for students at public universities only. SB 215 contains explicit language that states “a private or independent institution of higher education is entitled to receive an allocation only from the general revenue appropriations made for that academic year to eligible private or independent institutions of higher education for [the B-On-Time program].” Finally, a clause in rules that have been developed by the negotiated rulemaking process requires that all institutions be allowed 10 business days to verify the accuracy of the data used for the allocation of funds. This clause will also be proposed in the rules developed for the allocation of tuition set-asides.

The Assistant Commissioner for State Student Financial Aid Services, under the guidance of the Deputy Commissioner for Finance and Administration, will ensure that staff roles and responsibilities are clear with regard to the B-On-Time allocation



process and that documentation and records retention requirements are strengthened.

As noted in the audit report, staff have fully implemented three of four prior BOT internal audit recommendations. The one recommendation that has been partially implemented involves the verification with institutions that are included in a report obtained from the Comptroller of Public Accounts (CPA) as having remitted collected set-aside funds. In order to fully implement the recommendation from prior audits, staff will expand the verification to include all public universities that are subject to collection of set-aside funds for the BOT program, including those that submit zero tuition set-aside payments. The target date for full implementation of this recommendation will be at the end of FY 14.

6. *Agency policy on budget transfers is incomplete and lacks definition of roles and responsibilities in the budget transfer process. Budget transfers in fiscal years 2012 and 2013 from BOT general revenue to other agency programs did not contain accurate supporting analysis and documentation to establish the availability of BOT general revenue for other agency programs.*

Agency policy on budget revisions is incomplete and lacks definition of roles and responsibilities in the budget revision process. Budget transfers in fiscal years 2012 and 2013 from BOT general revenue to other agency programs did not contain accurate supporting analysis and documentation to establish the availability of BOT general revenue for other agency programs. The current policy was developed in 2012, and was the agency's first budget revision policy. The policy addresses six different types of budget revisions and provides two approval paths, depending on the nature of the revision. For instance, budget revisions where funds are moved from one budget strategy to another, require the approval of the Assistant Commissioner of Business and Support Services, the Assistant Commissioner of the Division, the Deputy Commissioner of Business and Finance, the Deputy Commissioner of Academic Planning and Policy, and the Commissioner.

Budget transfers in fiscal years 2012 and 2013 from BOT general revenue to other agency programs did not contain accurate supporting analysis and documentation to establish the availability of BOT general revenue for other agency programs. The policy on budget revisions requires the budget revision to route "with the relevant backup documents", but does not provide further guidance or examples of suggested content.

Budget transfers often have statutory and/or political implications, but the budget revision policy does not specifically require analysis of these dimensions, nor does it require approval of the agency general counsel. The policy could also be strengthened with further definition of required approvals. The policy states "once

all approvals are obtained”, but it does not define the role and responsibility of the various levels of approval.

Recommendation

Expand and improve the policy on budget transfers. Address required documentation, legal and political analysis, legal approval, and roles and responsibilities of each level of required approval.

Management Response:

Management agrees with this recommendation. No later than July 1, 2014, the Deputy Commissioner for Finance and Administration will develop and implement strengthened processes that expand the level of detail needed for the Commissioner and Deputy Commissioners to make better informed decisions on budget transfers. In addition, the Associate Commissioner/Chief of Staff and General Counsel will be included in the budget transfer approval process so that statutory and/or political implications of potential budget transfers are considered.



PERFORMED BY:

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Ms. Aporajita Ahmed, CPA, CFE, CGMA, CICA, CITP, CSM, Financial/Performance Auditor

cc:

THECB

Board Members

Commissioner's Office

Dr. Arturo Alonzo, Deputy Commissioner for Finance and Administration/Chief Operating Officer
Dr. David Gardner, Deputy Commissioner for Academic Planning and Policy/Chief Academic Officer
Ms. Linda Battles, Associate Commissioner/Chief of Staff
Mr. William Franz, General Counsel

STATUTORY DISTRIBUTION REQUIREMENT

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Sunset Advisory Commission

Mr. Ken Levine



**B-On-Time Funding Analysis
For Fiscal Years 2012-2013**

| | 2012 | | 2013 | |
|---|---------------------------------|---|---------------------------------|---|
| | Private | Public | Private | Public |
| HELMS Gross Loan Originations | \$18,551,758 | \$39,680,038 | \$15,701,950 | \$36,599,663 |
| Less, Payments Encumbered in 2011 | \$2,419,385 | | | |
| | \$16,132,373 | | | |
| Appropriations of General Revenue and General Revenue Dedicated | \$17,304,000 General Revenue | \$38,414,261 General Revenue Dedicated | \$14,104,000 General Revenue | \$38,414,261 General Revenue Dedicated |
| General Revenue & General Revenue Dedicated Available or (Overspent) Before Transfers | \$1,171,627 General Revenue | -\$1,265,777 General Revenue Dedicated | -\$1,597,950 General Revenue | \$1,814,598 General Revenue Dedicated |
| Budget Transfers of General Revenue to Other Agency Programs | -\$1,700,000 General Revenue | | -\$7,397,261 General Revenue | -\$9,097,261 General Revenue |
| General Revenue Dedicated Spent to Fund Private Institution BOT Loans, After Budget Transfers | | | | |
| | | | | |
| Total General Revenue Dedicated Spent to Fund Private Institution BOT Loans in 2012 & 2013 | | | | \$(9,523,584) |

B-On-Time Lapse Computation-General Revenue
For Fiscal Years 2012-2013

| | |
|--|-----------------------|
| BOT Encumbrances in FY 2011 | \$2,419,385.00 |
| Budget Transfers to Other Agency Programs | (9,097,261.00) |
| Net Decrease to General Revenue | (6,677,876.00) |
| General Revenue Lapse from Repayments Received | 2,400,268.00 |
| Computed Additional General Revenue Lapse | (4,277,608.00) |

Note: The LBB/Comptroller interpreted HB1, 82nd Legislature, Article III, Rider 20(e) as not allowing the transfer of unspent BOT general revenue for the 2012-13 biennial appropriation of \$31.4 million, indicating that any unspent amounts should lapse, that is, be returned to the state treasury.

Statutory Considerations Regarding B-On-Time Loan Funds

STATUTE: TEC Sec. 56.463 TEXAS B-ON-TIME STUDENT LOAN ACCOUNT. (a) The Texas B-On-time student loan account is an account in the general revenue fund. The account consists of gifts and grants and legislative appropriations received under Section 56.464, tuition set aside under Section 56.465, and other money required by law to be deposited in the account.

(b) Money in the Texas B-On-time student loan account may be used only to pay any costs of the coordinating board related to the operation of the Texas B-On-time loan program and as otherwise provided by this subchapter.

Sec. 56.464 FUNDING. (a) The coordinating board may solicit and accept gifts and grants from any public or private source for the purposes of this subchapter.

(b) The coordinating board may issue and sell general obligation bonds under Subchapter F, Chapter 52, for the purposes of this subchapter.

(c) The legislature may appropriate money for the purposes of this subchapter.

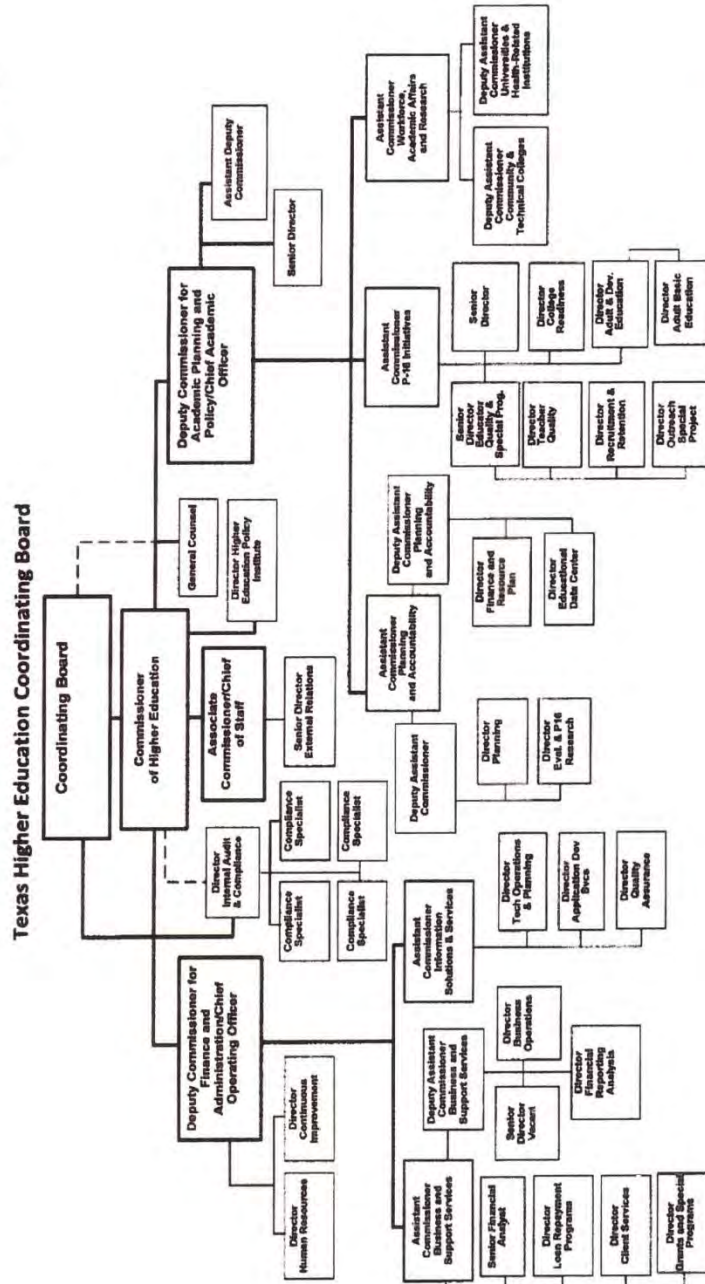
RIDER: Sec. 14.01 of Article IX. APPROPRIATION TRANSFERS. (a) Subject to any specific restriction in another provision of this Act, an appropriation contained in this Act may be transferred from one appropriation item to another appropriation item in an amount not to exceed 20 percent of the appropriation item from which the transfer is made for the fiscal year, at the discretion of the chief administrative officer of the state agency.

RIDER: HB1, 82nd Legislature, Article III, Rider 20(e) which states "Out of funds appropriated above in Strategy B.1.8 Student Financial Aid Programs, the Higher Education Coordinating Board shall allocate an amount not less than \$17,304,000 in General Revenue in fiscal year 2012 and \$14,104,000 in fiscal year 2013 and up to \$40,557,791 in General Revenue-Dedicated B-On-Time Set Asides Fund No. 5103 in fiscal year 2012 to the B-On-Time Program."

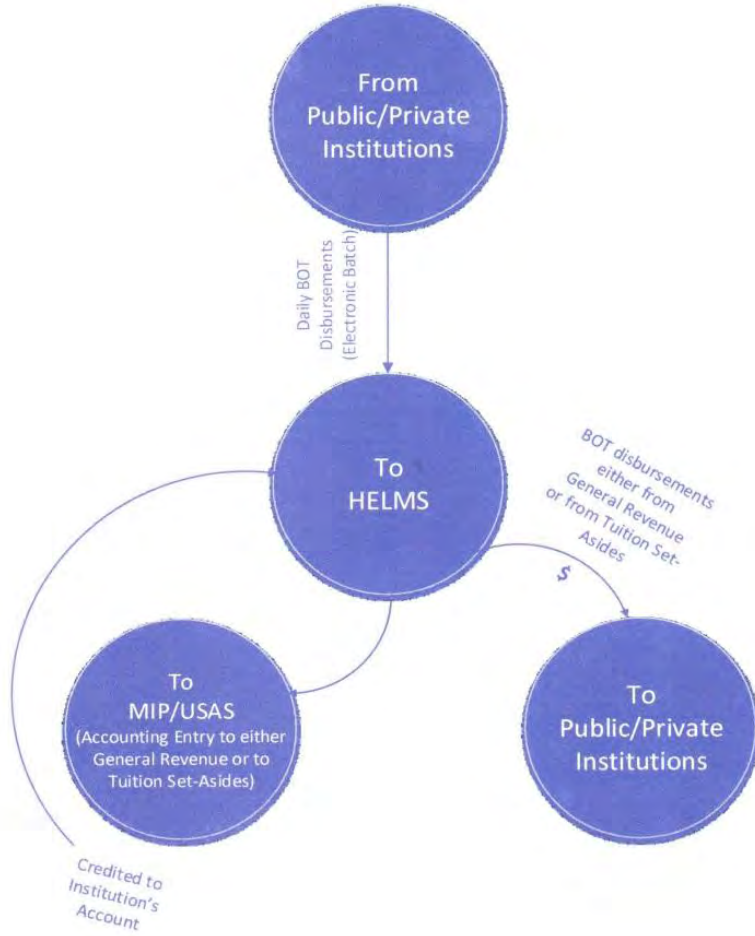
STAFF INTERPRETATION OF STATUTE AND RIDERS: The statute refers to the BOT Loan Account which is Account 5103. Since the inception of the program in 2003, the Legislature has only appropriated GR-D to this account. All GR appropriated to BOT has been appropriated to the GR Fund Account 001. Regarding the riders, there are no provisions in the General Appropriations Act that prohibit GR appropriated

to BOT to be transferred to another appropriation item(s). The amount of GR transferred by THECB staff from BOT to the other state funded programs did not exceed the 20% cap.





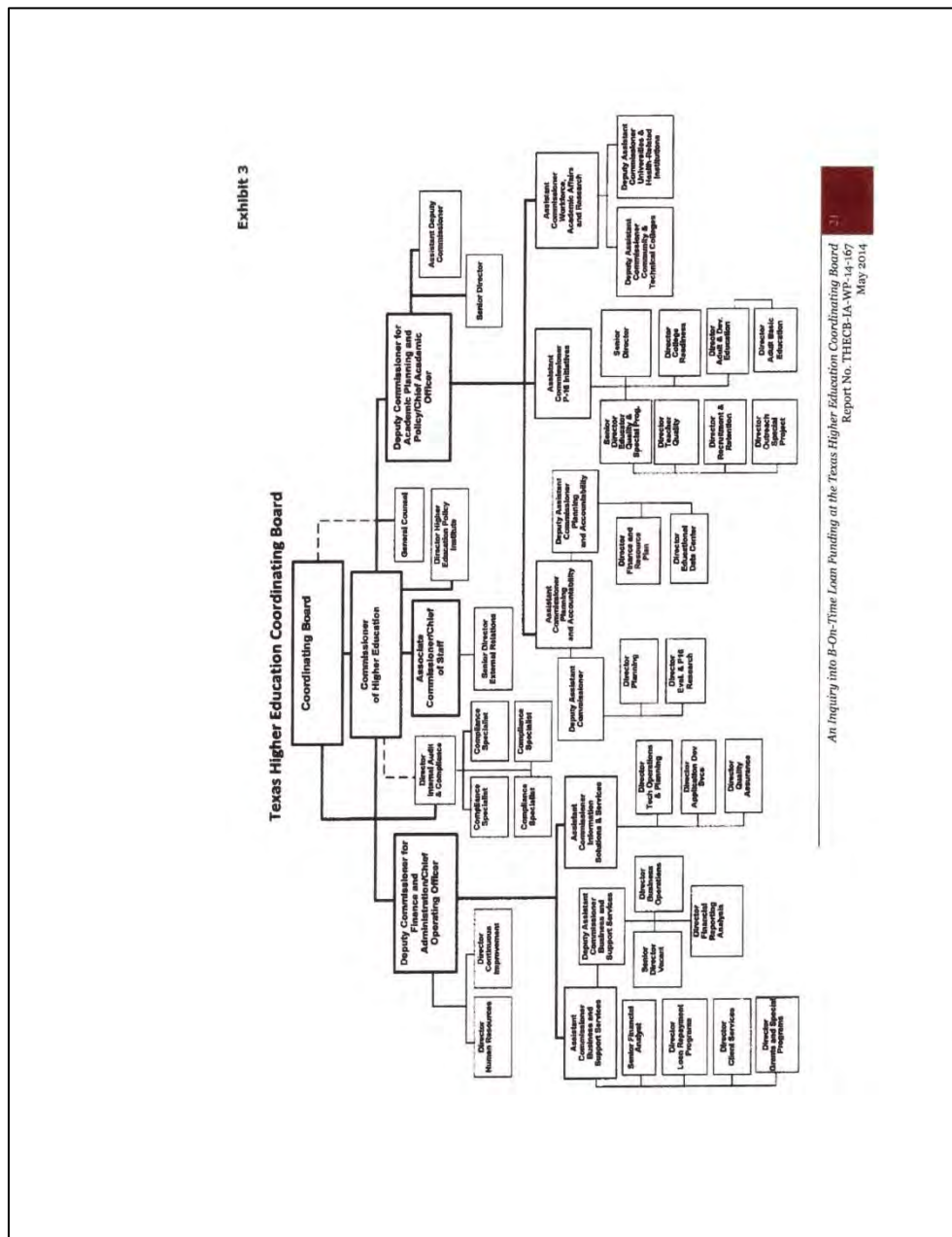
Current B-On-Time Loan Processing Flow Chart



The Agency's Organizational Charts Before and After November 2014

Figure 1 presents the Higher Education Coordinating Board's (Agency) organizational chart prior to organizational changes the Agency made as a result of an internal audit of the B-On-Time loan program and a reorganization it completed in November 2014.²²

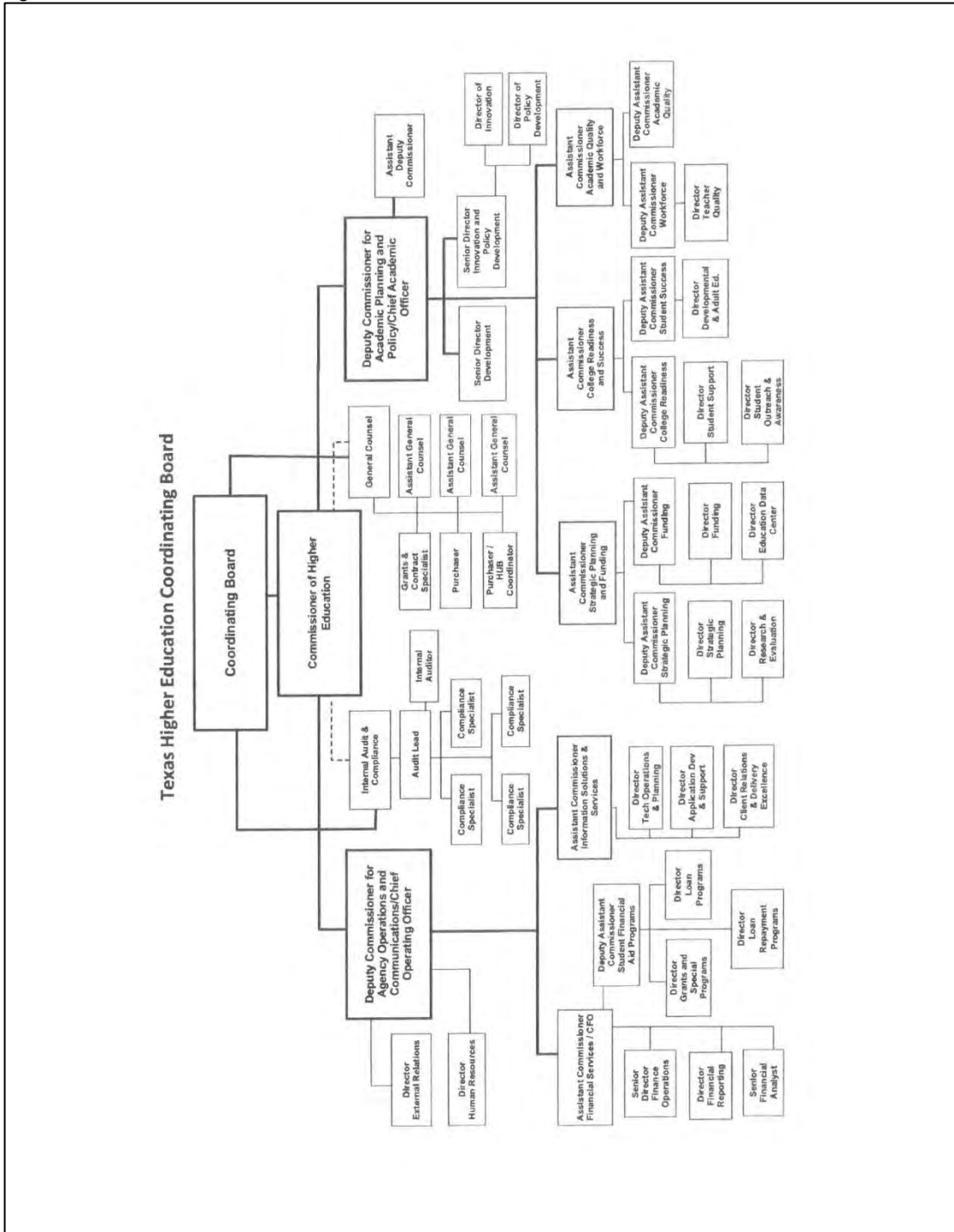
Figure 1



²² This organizational chart was included in the Agency's May 2014 internal audit report, *An Inquiry into B-On-Time Loan Funding at the Texas Higher Education Coordinating Board*. The State Auditor's Office removed the individual's names.

Figure 2 shows the Agency's organizational chart as of November 2014.

Figure 2



Formula Funding Disbursements for Community Colleges

The Higher Education Coordinating Board (Agency) disburses funding to community colleges in Texas based on state appropriations the Agency receives through a separate bill pattern in the General Appropriations Act. Those funds are generally disbursed through 10 regular payments throughout a fiscal year. Table 2 lists the total disbursements of state funds the Agency made to community colleges in fiscal years 2013 and 2014.

Table 2

| State-appropriated Funds That the Agency Disbursed to Community Colleges | | | |
|--|------------------|------------------|---------------|
| Community College | Fiscal Year 2013 | Fiscal Year 2014 | Total |
| Alamo Community College District | \$66,015,450 | \$63,440,459 | \$129,455,909 |
| Alvin Community College | 7,364,589 | 7,380,912 | 14,745,501 |
| Amarillo College | 15,289,610 | 15,278,458 | 30,568,068 |
| Angelina College | 7,805,624 | 7,610,997 | 15,416,621 |
| Austin Community College | 45,388,980 | 51,184,969 | 96,573,949 |
| Blinn College | 20,737,029 | 22,741,440 | 43,478,469 |
| Brazosport College | 4,886,769 | 5,777,901 | 10,664,670 |
| Central Texas College | 19,825,096 | 20,604,188 | 40,429,284 |
| Cisco Junior College | 5,534,898 | 5,264,255 | 10,799,153 |
| Clarendon College | 2,553,182 | 2,485,093 | 5,038,275 |
| Coastal Bend College | 6,493,374 | 6,290,718 | 12,784,092 |
| College of the Mainland | 6,019,346 | 6,103,539 | 12,122,885 |
| Collin County Community College | 30,022,848 | 33,136,075 | 63,158,923 |
| Dallas County Community College District | 91,807,378 | 89,284,325 | 181,091,703 |
| Del Mar College | 16,587,948 | 15,193,419 | 31,781,367 |
| El Paso Community College District | 31,020,092 | 33,758,308 | 64,778,400 |
| Frank Phillips College | 2,056,921 | 2,280,532 | 4,337,453 |
| Galveston College | 3,365,989 | 3,759,208 | 7,125,197 |
| Grayson County College | 7,581,417 | 7,501,692 | 15,083,109 |
| Hill College | 6,948,830 | 7,612,305 | 14,561,135 |
| Houston Community College System | 70,326,504 | 69,148,935 | 139,475,439 |
| Howard County Junior College District | 8,027,074 | 7,114,241 | 15,141,315 |
| Kilgore College | 11,248,691 | 10,583,081 | 21,831,772 |
| Laredo Junior College | 11,054,462 | 11,114,970 | 22,169,432 |
| Lee College | 9,330,698 | 8,680,108 | 18,010,806 |
| Lone Star College | 63,235,414 | 72,475,700 | 135,711,114 |
| McLennan Community College | 13,895,904 | 13,456,451 | 27,352,355 |
| Midland College | 8,879,891 | 8,869,659 | 17,749,550 |
| Navarro College | 15,609,937 | 16,262,313 | 31,872,250 |

| State-appropriated Funds That the Agency Disbursed to Community Colleges | | | |
|--|----------------------|----------------------|------------------------|
| Community College | Fiscal Year 2013 | Fiscal Year 2014 | Total |
| North Central Texas College | 9,585,132 | 11,319,127 | 20,904,259 |
| Northeast Texas Community College | 4,285,579 | 4,862,118 | 9,147,697 |
| Odessa College | 6,761,399 | 7,351,136 | 14,112,535 |
| Panola College | 3,383,947 | 4,315,726 | 7,699,673 |
| Paris Junior College | 8,901,843 | 8,496,387 | 17,398,230 |
| Ranger College | 2,211,668 | 3,354,665 | 5,566,333 |
| San Jacinto College District | 36,100,676 | 37,142,853 | 73,243,529 |
| South Plains College | 13,604,870 | 13,398,638 | 27,003,508 |
| South Texas College | 32,241,180 | 35,896,669 | 68,137,849 |
| Southwest Collegiate Institute for the Deaf | 2,651,293 | 2,651,293 | 5,302,586 |
| Southwest Texas Junior College | 7,306,967 | 7,311,744 | 14,618,711 |
| Tarrant County College District | 51,753,799 | 54,396,981 | 106,150,780 |
| Temple College | 7,820,691 | 7,854,386 | 15,675,077 |
| Texarkana College | 7,682,941 | 6,681,440 | 14,364,381 |
| Texas Southmost College | 11,382,503 | 5,094,234 | 16,476,737 |
| Trinity Valley Community College | 11,138,009 | 11,334,491 | 22,472,500 |
| Tyler Junior College | 17,471,056 | 16,788,037 | 34,259,093 |
| Vernon College | 5,849,930 | 5,511,466 | 11,361,396 |
| Victoria College | 5,882,052 | 6,245,318 | 12,127,370 |
| Weatherford College | 7,674,508 | 8,199,690 | 15,874,198 |
| Western Texas College | 3,562,666 | 3,920,992 | 7,483,658 |
| Wharton County Junior College | 8,523,708 | 9,237,866 | 17,761,574 |
| Totals | \$874,690,362 | \$895,759,508 | \$1,770,449,870 |

Source: The Agency.

Institutional Grant Descriptions

Auditors tested disbursements from the Higher Education Coordinating Board for the following institutional grant programs:

- **Nursing Shortage Reduction Program** – Provides funding to public and private nursing programs that show an increase in the total number of nursing graduates at all degree levels.
- **Texas Science, Technology, Engineering, and Math (T-STEM) Challenge Scholarship Program** - Allows community and technical colleges to provide merit-based scholarships to qualifying, high-achieving students in science-, technology-, engineering-, and math-related fields. Participating colleges partner with local businesses and industries to identify local employment needs in T-STEM occupations and to develop part-time employment opportunities for scholarship recipients.
- **Work-Study Mentorship Program** – Provides funds to allow students with financial need who are enrolled in their junior or senior year to mentor students who are on academic probation at the institution.
- **Texas Research Incentive Program (TRIP)** - Provides matching funds to assist eligible institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment.
- **Family Practice Residency Program** – Provides funds to increase the number of physicians selecting family practice as their medical specialty, especially in rural and underserved communities.
- **Advise Texas** – Provides funds for recent college graduates to serve as advisers at high schools to educate juniors and seniors about their options for college. This program is focused on 400 of the lowest-scored schools for high school students entering college.

Allocations and Expenditures for Toward Excellence, Access and Success (TEXAS) Grant Funds for Fiscal Years 2013 and 2014

The Higher Education Coordinating Board allocates Toward Excellence, Access and Success (TEXAS) Grant funds to higher education institutions on an annual basis. The higher education institutions disburse those funds to students whom they determine to be eligible. Table 3 lists the total amount allocated to each higher education institution and the amount of those funds spent for fiscal years 2013 and 2014.

Table 3

| TEXAS Grant Allocations and Expenditures for Fiscal Years 2013 and 2014 | | | |
|--|-------------------------|---------------------------|-------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Alvin Community College | \$ 283,108 | \$ 283,108 | \$ 0 |
| Amarillo College | 1,214,659 | 1,214,659 | 0 |
| Angelina College | 765,850 | 697,720 | 68,130 |
| Angelo State University | 8,468,466 | 8,271,003 | 197,463 |
| Austin Community College | 2,639,017 | 2,639,017 | 0 |
| Blinn College | 1,416,425 | 1,372,735 | 43,690 |
| Brazosport College | 250,425 | 235,575 | 14,850 |
| Central Texas College | 944,725 | 524,558 | 420,167 |
| Cisco Junior College | 574,608 | 351,760 | 222,848 |
| Clarendon College | 181,967 | 176,466 | 5,501 |
| Coastal Bend College | 570,633 | 570,633 | 0 |
| College of the Mainland | 273,981 | 242,857 | 31,124 |
| Collin County Community College | 1,225,625 | 990,842 | 234,783 |
| Dallas County Community College District | 6,519,000 | 6,458,272 | 60,728 |
| Del Mar College | 1,403,175 | 1,187,752 | 215,423 |
| El Paso Community College District | 4,453,340 | 4,444,058 | 9,282 |
| Frank Phillips College | 199,252 | 199,252 | 0 |
| Galveston College | 243,800 | 241,200 | 2,600 |
| Grayson County College | 749,508 | 485,319 | 264,189 |
| Hill College | 519,694 | 517,069 | 2,625 |
| Houston Community College System | 7,276,900 | 3,655,880 | 3,621,020 |
| Howard County Junior College District | 386,017 | 301,290 | 84,727 |
| Kilgore College | 813,108 | 764,636 | 48,472 |
| Lamar Institute of Technology | 1,853,333 | 390,078 | 1,463,255 |
| Lamar State College - Orange | 1,580,000 | 641,909 | 938,091 |
| Lamar State College - Port Arthur | 1,621,667 | 1,098,661 | 523,006 |
| Lamar University | 9,340,000 | 9,340,000 | 0 |

TEXAS Grant Allocations and Expenditures for Fiscal Years 2013 and 2014

| Institution | Total Allocation | Total Expenditures | Difference |
|---------------------------------------|------------------|--------------------|------------|
| Laredo Community College | 1,770,250 | 1,770,250 | 0 |
| Lee College | 615,242 | 428,279 | 186,963 |
| Lone Star College | 3,668,925 | 1,730,552 | 1,938,373 |
| McLennan Community College | 1,529,050 | 1,520,827 | 8,223 |
| Midland College | 325,950 | 221,140 | 104,810 |
| Midwestern State University | 6,201,667 | 6,201,667 | 0 |
| Navarro College | 1,713,225 | 1,697,399 | 15,826 |
| North Central Texas College | 850,503 | 850,503 | 0 |
| Northeast Texas Community College | 582,411 | 549,972 | 32,439 |
| Northwest Vista College | 1,567,475 | 1,564,805 | 2,670 |
| Odessa College | 376,300 | 350,952 | 25,348 |
| Palo Alto College | 1,102,400 | 1,060,355 | 42,045 |
| Panola College | 233,200 | 69,224 | 163,976 |
| Paris Junior College | 728,750 | 636,257 | 92,493 |
| Prairie View A&M University | 10,120,000 | 10,098,091 | 21,909 |
| Ranger College | 169,600 | 167,624 | 1,976 |
| Sam Houston State University | 17,281,667 | 17,281,667 | 0 |
| San Antonio College | 2,226,883 | 1,933,970 | 292,913 |
| San Jacinto College District | 2,981,692 | 2,981,692 | 0 |
| South Plains College | 1,052,050 | 970,928 | 81,122 |
| South Texas College | 4,631,758 | 4,609,287 | 22,471 |
| Southwest Texas Junior College | 873,617 | 843,367 | 30,250 |
| St. Philip's College | 1,241,525 | 1,235,295 | 6,230 |
| Stephen F. Austin State University | 12,500,000 | 12,500,000 | 0 |
| Sul Ross State University | 2,531,667 | 1,814,106 | 717,561 |
| Tarleton State University | 9,793,333 | 9,741,478 | 51,855 |
| Tarrant County College District | 4,938,986 | 4,684,081 | 254,905 |
| Temple College | 772,475 | 369,281 | 403,194 |
| Texarkana College | 341,408 | 310,648 | 30,760 |
| Texas A&M International University | 12,422,142 | 12,414,442 | 7,700 |
| Texas A&M University | 40,423,508 | 40,412,231 | 11,277 |
| Texas A&M University - Commerce | 8,306,667 | 7,541,366 | 765,301 |
| Texas A&M University - Corpus Christi | 8,004,392 | 8,004,392 | 0 |
| Texas A&M University at Galveston | 953,971 | 953,971 | 0 |
| Texas A&M University - Kingsville | 11,185,000 | 11,185,000 | 0 |
| Texas A&M University - Texarkana | 1,045,000 | 1,045,000 | 0 |
| Texas Southern University | 13,122,566 | 13,117,565 | 5,001 |
| Texas Southmost College | 1,785,781 | 1,718,281 | 67,500 |

| TEXAS Grant Allocations and Expenditures for Fiscal Years 2013 and 2014 | | | |
|---|----------------------|----------------------|---------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Texas State Technical College - Harlingen | 1,161,667 | 1,161,300 | 367 |
| Texas State Technical College - Marshall | 140,000 | 113,750 | 26,250 |
| Texas State Technical College - Waco | 1,324,167 | 1,324,167 | 0 |
| Texas State Technical College - West Texas | 202,500 | 158,750 | 43,750 |
| Texas State University | 38,443,333 | 38,433,262 | 10,071 |
| Texas Tech University Health Sciences Center | 25,000 | 82,500 | (57,500) |
| Texas Tech University | 21,088,333 | 21,088,333 | 0 |
| Texas Woman's University | 10,984,598 | 10,808,383 | 176,215 |
| The University of Texas at Arlington | 24,500,000 | 24,478,997 | 21,003 |
| The University of Texas at Austin | 55,461,737 | 55,094,827 | 366,910 |
| The University of Texas at Brownsville | 10,625,667 | 10,596,867 | 28,800 |
| The University of Texas at Dallas | 11,175,000 | 11,174,210 | 790 |
| The University of Texas at El Paso | 33,724,654 | 33,724,654 | 0 |
| The University of Texas at San Antonio | 36,037,644 | 36,037,633 | 11 |
| The University of Texas at Tyler | 4,336,667 | 4,325,672 | 10,995 |
| The University of Texas Health Science Center at Houston | 0 | 40,000 | (40,000) |
| The University of Texas Health Science Center at San Antonio | 20,000 | 53,000 | (33,000) |
| The University of Texas Medical Branch at Galveston | 0 | 49,800 | (49,800) |
| The University of Texas of the Permian Basin | 2,147,219 | 2,009,184 | 138,035 |
| The University of Texas - Pan American | 50,318,382 | 50,318,382 | 0 |
| Trinity Valley Community College | 889,517 | 889,517 | 0 |
| Tyler Junior College | 1,438,508 | 1,312,705 | 125,803 |
| University of Houston | 41,973,889 | 41,924,189 | 49,700 |
| University of Houston - Clear Lake | 4,250,000 | 3,423,885 | 826,115 |
| University of Houston - Downtown | 13,861,667 | 13,861,667 | 0 |
| University of Houston - Victoria | 2,150,000 | 2,150,000 | 0 |
| University of North Texas | 32,919,982 | 32,919,982 | 0 |
| Vernon College | 715,056 | 705,570 | 9,486 |
| Victoria College | 483,625 | 479,900 | 3,725 |
| Weatherford College | 503,500 | 359,000 | 144,500 |
| West Texas A&M University | 6,418,333 | 6,408,333 | 10,000 |
| Western Texas College | 116,600 | 90,576 | 26,024 |
| Wharton County Junior College | 524,258 | 524,258 | 0 |
| Totals | \$653,700,822 | \$638,005,507 | \$15,695,315 |

Source: The Agency.

Allocations and Expenditures for Tuition Equalization Grant Funds for Fiscal Years 2013 and 2014

The Higher Education Coordinating Board allocates Tuition Equalization Grant funds to higher education institutions on an annual basis. The higher education institutions disburse those funds to students whom they determine to be eligible. Table 4 lists the total amount allocated to each higher education institution and the amount of those funds spent for fiscal years 2013 and 2014.

Table 4

| Tuition Equalization Grant Allocations and Expenditures for Fiscal Year 2013 and 2014 | | | |
|--|-------------------------|---------------------------|-------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Abilene Christian University | \$ 6,302,691 | \$ 6,302,691 | \$ 0 |
| Austin College | 2,887,103 | 2,887,103 | 0 |
| Baylor University | 20,751,934 | 20,751,934 | 0 |
| Concordia University | 5,543,878 | 5,490,550 | 53,328 |
| Dallas Baptist University | 7,320,558 | 7,320,558 | 0 |
| East Texas Baptist University | 3,031,814 | 3,031,814 | 0 |
| Hardin-Simmons University | 3,640,121 | 3,640,121 | 0 |
| Houston Baptist University | 4,225,607 | 4,225,607 | 0 |
| Howard Payne University | 2,315,009 | 2,315,009 | 0 |
| Huston-Tillotson University | 2,814,129 | 2,814,129 | 0 |
| Jacksonville College | 782,095 | 782,095 | 0 |
| Jarvis Christian College | 1,274,908 | 1,274,908 | 0 |
| LeTourneau College | 3,989,489 | 3,834,225 | 155,264 |
| Lubbock Christian University | 3,568,763 | 3,568,763 | 0 |
| McMurry University | 3,232,657 | 3,127,117 | 105,540 |
| Our Lady of the Lake University | 5,045,654 | 5,016,559 | 29,095 |
| Parker College of Chiropractic | 1,155,958 | 1,155,958 | 0 |
| Paul Quinn College | 265,127 | 254,581 | 10,546 |
| Rice University | 4,242,358 | 4,242,358 | 0 |
| Schreiner College | 2,536,487 | 2,536,487 | 0 |
| South Texas College of Law | 1,453,236 | 1,422,176 | 31,060 |
| Southern Methodist University | 9,622,403 | 9,622,403 | 0 |
| Southwestern Adventist College | 1,172,368 | 1,170,531 | 1,837 |
| Southwestern Assemblies of God University | 2,802,941 | 2,802,941 | 0 |
| Southwestern Christian College | 152,260 | 152,260 | 0 |
| Southwestern University | 2,712,623 | 2,712,623 | 0 |
| St. Edward's University | 8,769,629 | 8,769,629 | 0 |
| St. Mary's University | 8,847,575 | 8,847,575 | 0 |

| Tuition Equalization Grant Allocations and Expenditures for Fiscal Year 2013 and 2014 | | | |
|---|----------------------|----------------------|--------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Texas Chiropractic College | 446,661 | 446,661 | 0 |
| Texas Christian University | 8,447,262 | 8,067,763 | 379,499 |
| Texas College and Christian Methodist Episcopal Church | 1,660,694 | 1,660,694 | 0 |
| Texas Lutheran College | 2,800,028 | 2,800,028 | 0 |
| Texas Wesleyan University | 5,516,202 | 4,996,300 | 519,902 |
| Trinity University | 3,046,146 | 3,042,628 | 3,518 |
| University of Dallas | 2,611,724 | 2,591,724 | 20,000 |
| University of Mary-Hardin Baylor | 7,364,063 | 7,362,323 | 1,740 |
| University of the Incarnate Word | 12,454,077 | 12,454,077 | 0 |
| University of St. Thomas | 5,524,165 | 5,524,165 | 0 |
| Wayland Baptist University | 3,366,394 | 2,693,469 | 672,925 |
| Wiley College | 1,898,643 | 1,898,643 | 0 |
| Totals | \$175,595,434 | \$173,611,180 | \$1,984,254 |

Source: The Agency.

Allocations and Expenditures for College Access Loan Funds for Fiscal Years 2013 and 2014

The Higher Education Coordinating Board allocates College Access Loan funds to participating higher education institutions on an annual basis. The higher education institutions disburse those funds to students whom they determine to be eligible. Table 5 lists the total amount allocated to each higher education institution and the amount of those funds spent for fiscal years 2013 and 2014.

Table 5

| College Access Loan Allocations and Expenditures for Fiscal years 2013 and 2014 | | | |
|--|-------------------------|---------------------------|-------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| A Career In Teaching | \$ 38,000 | \$ 0 | \$ 38,000 |
| Abilene Christian University | 15,468,000 | 10,402,587 | 5,065,414 |
| Act Houston At Dallas | 90,000 | 45,387 | 44,613 |
| Act Now | 282,000 | 0 | 282,000 |
| Alamo Community College Alternative Certification Program | 102,000 | 0 | 102,000 |
| Alvin Community College | 38,000 | 0 | 38,000 |
| Angelo State University | 1,542,000 | 606,007 | 935,993 |
| Austin College | 3,818,000 | 2,137,492 | 1,680,508 |
| Austin Community College | 600,000 | 72,980 | 527,020 |
| Austin Community College Alternative Certification Program | 62,000 | 0 | 62,000 |
| Baylor University | 33,858,000 | 30,303,788 | 3,554,212 |
| Blinn College | 1,978,000 | 638,674 | 1,339,326 |
| Brazosport College | 34,000 | 0 | 34,000 |
| Cedar Valley College | 300,000 | 0 | 300,000 |
| Clarendon College | 34,000 | 0 | 34,000 |
| Coastal Bend College | 48,000 | 0 | 48,000 |
| College of the Mainland | 338,000 | 0 | 338,000 |
| Collin County Community College | 82,000 | 21,268 | 60,732 |
| Concordia University | 600,000 | 191,789 | 408,211 |
| Dallas Baptist University | 1,601,000 | 1,531,479 | 69,521 |
| Dallas Independent School District Alternative Certification Program | 34,000 | 0 | 34,000 |
| Del Mar Alternative Certification Program | 34,000 | 0 | 34,000 |
| East Texas Baptist University | 806,000 | 419,786 | 386,214 |
| Educators of Excellence Alternative Certification Program | 100,000 | 14,000 | 86,000 |
| El Paso Community College District | 34,000 | 0 | 34,000 |

| College Access Loan Allocations and Expenditures for Fiscal years 2013 and 2014 | | | |
|---|------------------|--------------------|------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Galveston College | 34,000 | 0 | 34,000 |
| Grayson County College | 59,000 | 30,000 | 29,000 |
| Hardin-Simmons University | 1,989,000 | 1,732,043 | 256,957 |
| Hill College District | 34,000 | 0 | 34,000 |
| Houston Baptist University | 530,000 | 441,040 | 88,960 |
| Houston Community College Alternative Certification Program | 68,000 | 0 | 68,000 |
| Houston Community College System | 132,000 | 70,334 | 61,666 |
| Howard Payne University | 2,826,000 | 1,502,560 | 1,323,440 |
| Huston-Tillotson University | 372,000 | 16,753 | 355,247 |
| Jarvis Christian College | 150,000 | 4,150 | 145,850 |
| Kilgore College | 202,000 | 0 | 202,000 |
| Lamar State College - Orange | 38,000 | 0 | 38,000 |
| Lamar State College - Orange Accelerated Certification for Educators Program | 58,000 | 0 | 58,000 |
| Lamar State College - Port Arthur | 34,000 | 0 | 34,000 |
| Lamar University | 562,000 | 121,994 | 440,006 |
| Laredo Community College | 34,000 | 0 | 34,000 |
| Lee College | 34,000 | 0 | 34,000 |
| Letourneau University | 1,158,000 | 812,657 | 345,343 |
| Lone Star College | 50,000 | 0 | 50,000 |
| Lubbock Christian University | 763,671 | 469,367 | 294,304 |
| McLennan Community College | 1,200,000 | 128,748 | 1,071,252 |
| McMurry University | 3,730,000 | 1,014,969 | 2,715,031 |
| Midwestern State University | 1,056,000 | 565,922 | 490,078 |
| Navarro College | 230,000 | 4,341 | 225,659 |
| North Central Texas College | 70,000 | 33,692 | 36,308 |
| Our Lady of the Lake University | 1,050,000 | 443,278 | 606,722 |
| Palo Alto College | 34,000 | 0 | 34,000 |
| Parker University | 235,000 | 0 | 235,000 |
| Prairie View A&M University | 600,000 | 255,313 | 344,687 |
| Ranger College | 42,000 | 0 | 42,000 |
| Region 2 Education Service Center | 34,000 | 0 | 34,000 |
| Region 4 Education Service Center | 324,000 | 78,448 | 245,552 |
| Region 6 Education Service Center | 68,000 | 0 | 68,000 |
| Region 7 Education Service Center | 202,000 | 22,450 | 179,550 |
| Region 10 Education Service Center | 170,000 | 61,545 | 108,455 |
| Region 11 Education Service Center | 56,000 | 15,057 | 40,943 |
| Region 12 Education Service Center | 238,000 | 53,289 | 184,711 |
| Region 13 Education Service Center | 38,000 | 5,420 | 32,580 |

| College Access Loan Allocations and Expenditures for Fiscal years 2013 and 2014 | | | |
|---|------------------|--------------------|------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Region 18 Education Service Center | 34,000 | 0 | 34,000 |
| Region 19 Education Service Center | 136,000 | 8,800 | 127,200 |
| Region 20 Education Service Center | 150,000 | 30,700 | 119,300 |
| Rice University | 5,272,000 | 4,190,344 | 1,081,656 |
| Sam Houston State University | 5,000,000 | 1,382,037 | 3,617,963 |
| San Antonio Center Educator Preparation Program | 14,000 | 0 | 14,000 |
| San Antonio College | 128,000 | 47,546 | 80,454 |
| San Jacinto College | 450,000 | 26,502 | 423,498 |
| Schreiner University | 2,470,000 | 1,140,088 | 1,329,912 |
| South Plains College | 34,000 | 0 | 34,000 |
| South Texas College | 1,570,000 | 1,013,942 | 556,058 |
| South Texas College of Law | 470,000 | 224,859 | 245,141 |
| Southern Methodist University | 4,140,000 | 3,324,043 | 815,957 |
| Southwestern Adventist University | 424,000 | 145,488 | 278,512 |
| Southwestern Assemblies of God University | 526,000 | 303,680 | 222,320 |
| Southwestern University | 3,900,000 | 1,275,764 | 2,624,236 |
| St. Edward's University | 23,358,000 | 9,076,706 | 14,281,294 |
| St. Mary's University | 14,836,000 | 6,966,874 | 7,869,126 |
| Stephen F. Austin State University | 6,000,000 | 2,184,447 | 3,815,553 |
| Sul Ross State University | 438,000 | 86,068 | 351,932 |
| Tarleton State University | 2,762,000 | 1,704,002 | 1,057,998 |
| Tarrant County College District | 34,000 | 0 | 34,000 |
| Temple College | 100,000 | 2,500 | 97,500 |
| Texarkana College | 34,000 | 0 | 34,000 |
| Texas A&M International University | 438,000 | 84,932 | 353,068 |
| Texas A&M University | 27,519,000 | 10,069,121 | 17,449,879 |
| Texas A&M University - Commerce | 776,000 | 491,528 | 284,472 |
| Texas A&M University - Corpus Christi | 1,408,000 | 1,101,791 | 306,209 |
| Texas A&M University at Galveston | 426,000 | 333,583 | 92,417 |
| Texas A&M University Health Science Center | 2,419,068 | 521,738 | 1,897,330 |
| Texas A&M University - Kingsville | 574,000 | 311,220 | 262,780 |
| Texas A&M University - Texarkana | 438,000 | 0 | 438,000 |
| Texas Christian University | 33,858,000 | 27,208,479 | 6,649,521 |
| Texas College | 338,000 | 21,000 | 317,000 |
| Texas Lutheran University | 1,552,000 | 626,073 | 925,927 |
| Texas Southern University | 574,000 | 42,034 | 531,966 |
| Texas State Technical College - Harlingen | 34,000 | 0 | 34,000 |
| Texas State Technical College - Waco | 2,120,000 | 791,901 | 1,328,099 |

| College Access Loan Allocations and Expenditures for Fiscal years 2013 and 2014 | | | |
|---|------------------|--------------------|------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Texas State Technical College - West Texas | 34,000 | 0 | 34,000 |
| Texas State University | 15,260,000 | 4,616,672 | 10,643,328 |
| Texas Teaching Fellows | 28,000 | 0 | 28,000 |
| Texas Tech University Health Sciences Center | 3,449,096 | 617,905 | 2,831,191 |
| Texas Tech University | 26,738,000 | 19,225,429 | 7,512,571 |
| Texas Wesleyan University | 3,956,000 | 1,706,572 | 2,249,428 |
| Texas Woman's University | 3,282,000 | 1,064,751 | 2,217,249 |
| Trinity University | 5,086,000 | 2,484,941 | 2,601,059 |
| Trinity Valley Community College | 34,000 | 0 | 34,000 |
| Tyler Junior College | 34,000 | 0 | 34,000 |
| University of Dallas | 1,462,000 | 1,126,235 | 335,765 |
| University of Houston | 3,320,000 | 2,988,911 | 331,089 |
| University of Houston - Clear Lake | 472,000 | 54,671 | 417,329 |
| University of Houston - Downtown | 472,000 | 49,277 | 422,723 |
| University of Houston - Victoria | 338,000 | 11,449 | 326,551 |
| University of Mary Hardin-Baylor | 8,124,000 | 5,297,303 | 2,826,697 |
| University of North Texas | 5,992,000 | 2,445,727 | 3,546,273 |
| University of St. Thomas | 436,000 | 95,917 | 340,083 |
| The University of Texas at Arlington | 7,574,000 | 2,861,067 | 4,712,933 |
| The University of Texas at Austin | 27,519,000 | 10,577,378 | 16,941,622 |
| The University of Texas at Brownsville | 438,000 | 0 | 438,000 |
| The University of Texas at Dallas | 1,626,000 | 1,213,806 | 412,194 |
| The University of Texas at El Paso | 574,000 | 107,561 | 466,439 |
| The University of North Texas Health Science Center at Ft. Worth | 2,095,036 | 704,768 | 1,390,268 |
| The University of Texas Health Science Center at Houston | 3,859,644 | 771,838 | 3,087,806 |
| The University of Texas Health Science Center at San Antonio | 5,389,802 | 1,065,067 | 4,324,735 |
| The University of Texas M. D. Anderson Cancer Center | 450,000 | 38,393 | 411,607 |
| The University of Texas Medical Branch at Galveston | 3,720,332 | 701,932 | 3,018,400 |
| The University of Texas - Pan American | 472,000 | 64,020 | 407,980 |
| The University of Texas of the Permian Basin | 438,000 | 7,672 | 430,328 |
| The University of Texas at San Antonio | 13,564,000 | 5,285,724 | 8,278,276 |
| The University of Texas Southwestern Medical Center | 4,799,026 | 2,416,897 | 2,382,129 |
| The University of Texas at Tyler | 472,000 | 0 | 472,000 |
| University of the Incarnate Word | 5,200,000 | 2,416,567 | 2,783,433 |
| Vernon College | 34,000 | 0 | 34,000 |

| College Access Loan Allocations and Expenditures for Fiscal years 2013 and 2014 | | | |
|---|----------------------|----------------------|----------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Wayland Baptist University | 470,000 | 277,753 | 192,247 |
| Weatherford College | 152,000 | 69,968 | 82,032 |
| West Texas A&M University | 496,000 | 198,047 | 297,953 |
| Wiley College | 34,000 | 0 | 34,000 |
| Totals | \$383,073,675 | \$199,570,614 | \$183,503,061 |

Source: The Agency.

Allocations and Expenditures for B-On-Time Loan Funds for Fiscal Years 2013 and 2014

The Higher Education Coordinating Board allocates B-On-Time Loan funds to higher education institutions on an annual basis. The higher education institutions disburse those funds to students whom they determine to be eligible. Table 6 lists the total amount allocated to each higher education institution and the amount of those funds spent for fiscal years 2013 and 2014.

Table 6

| B-On-Time Loan Allocations and Expenditures for Fiscal Years 2013 and 2014 | | | |
|---|-------------------------|---------------------------|-------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Abilene Christian University | \$ 2,686,100 | \$ 2,518,594 | \$ 167,506 |
| Angelo State University | 552,774 | 420,167 | 132,607 |
| Austin College | 465,900 | 450,810 | 15,090 |
| Austin Community College | 726,800 | 143,583 | 583,217 |
| Baylor University | 3,458,900 | 3,414,443 | 44,457 |
| Blinn College | 63,500 | 23,320 | 40,180 |
| Concordia University | 170,000 | 18,428 | 151,572 |
| Dallas Baptist University | 2,865,100 | 2,563,319 | 301,781 |
| East Texas Baptist University | 1,184,924 | 938,691 | 246,233 |
| Frank Phillips College | 2,640 | 2,640 | 0 |
| Hardin-Simmons University | 743,900 | 691,125 | 52,775 |
| Houston Baptist University | 530,300 | 463,700 | 66,600 |
| Howard Payne University | 345,900 | 309,260 | 36,640 |
| Huston-Tillotson University | 55,100 | 0 | 55,100 |
| Jarvis Christian College | 111,400 | 30,947 | 80,453 |
| Lamar University | 1,533,537 | 992,641 | 540,896 |
| Lee College | 13,200 | 0 | 13,200 |
| Letourneau University | 1,198,400 | 800,200 | 398,200 |
| Lubbock Christian University | 293,500 | 234,427 | 59,073 |
| McMurry University | 1,174,700 | 959,451 | 215,249 |
| Midwestern State University | 884,135 | 736,361 | 147,774 |
| Northeast Texas Community College | 27,500 | 0 | 27,500 |
| Our Lady of the Lake University | 451,300 | 370,944 | 80,356 |
| Prairie View A&M University | 1,760,740 | 1,711,249 | 49,491 |
| Rice University | 1,214,700 | 1,176,391 | 38,309 |
| Sam Houston State University | 2,689,879 | 2,617,014 | 72,865 |
| Schreiner University | 245,800 | 223,600 | 22,200 |
| South Texas College | 51,000 | 9,600 | 41,400 |
| Southern Methodist University | 2,529,300 | 1,854,195 | 675,105 |

| B-On-Time Loan Allocations and Expenditures for Fiscal Years 2013 and 2014 | | | |
|--|------------------|--------------------|------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| Southwestern Adventist University | 100,600 | 82,100 | 18,500 |
| Southwestern Assemblies of God University | 338,600 | 292,236 | 46,364 |
| Southwestern University | 188,500 | 152,726 | 35,774 |
| St. Edward's University | 3,700,100 | 3,561,360 | 138,740 |
| St. Mary's University | 1,831,400 | 1,632,278 | 199,122 |
| Stephen F. Austin State University | 2,293,360 | 2,162,586 | 130,774 |
| Sul Ross State University | 136,186 | 114,518 | 21,668 |
| Tarleton State University | 478,059 | 129,686 | 348,373 |
| Tarrant County College District | 378,700 | 83,640 | 295,060 |
| Temple College | 10,100 | 2,400 | 7,700 |
| Texas A&M University | 15,277,366 | 11,944,434 | 3,332,932 |
| Texas A&M University - Commerce | 2,205,897 | 1,268,816 | 937,081 |
| Texas A&M University - Corpus Christi | 2,842,254 | 2,479,719 | 362,535 |
| Texas A&M University at Galveston | 296,418 | 211,777 | 84,641 |
| Texas A&M University Health Science Center | 4,990 | 0 | 4,990 |
| Texas A&M International University | 2,119,443 | 1,679,903 | 439,540 |
| Texas A&M University - Kingsville | 414,133 | 90,414 | 323,719 |
| Texas A&M University - Texarkana | 69,600 | 0 | 69,600 |
| Texas Christian University | 2,097,000 | 2,033,195 | 63,805 |
| Texas Lutheran University | 613,200 | 494,172 | 119,028 |
| Texas Southern University | 673,826 | 652,825 | 21,001 |
| Texas State University | 7,688,123 | 6,839,356 | 848,767 |
| Texas Tech University | 2,307,716 | 1,861,331 | 446,385 |
| Texas Tech University Health Sciences Center | 72,290 | \$42,000 | 30,290 |
| Texas Wesleyan University | 289,600 | 187,017 | 102,583 |
| Texas Woman's University | 3,396,549 | 2,431,964 | 964,585 |
| Trinity University | 565,000 | 346,463 | 218,537 |
| Tyler Junior College | 51,590 | 0 | 51,590 |
| University of Dallas | 703,300 | 655,669 | 47,631 |
| University of Houston | 5,381,841 | 5,381,840 | 1 |
| University of Houston - Clear Lake | 390,315 | 124,488 | 265,827 |
| University of Houston - Downtown | 705,609 | 415,020 | 290,589 |
| University of Houston - Victoria | 236,550 | 229,287 | 7,263 |
| University of the Incarnate Word | 3,097,100 | 2,928,660 | 168,440 |
| University of Mary Hardin-Baylor | 668,250 | 668,250 | 0 |
| University of North Texas | 6,050,549 | 4,467,918 | 1,582,631 |
| University of St. Thomas | 699,786 | 482,586 | 217,200 |
| The University of Texas at Arlington | 2,865,221 | 2,224,440 | 640,781 |

| B-On-Time Loan Allocations and Expenditures for Fiscal Years 2013 and 2014 | | | |
|--|----------------------|----------------------|---------------------|
| Institution | Total Allocation | Total Expenditures | Difference |
| The University of Texas at Austin | 6,596,625 | 6,201,590 | 395,035 |
| The University of Texas at Brownsville | 393,728 | 213,131 | 180,597 |
| The University of Texas at Dallas | 2,644,901 | 1,908,855 | 736,046 |
| The University of Texas at El Paso | 1,738,293 | 956,344 | 781,949 |
| The University of Texas - Pan American | 4,054,182 | 3,671,225 | 382,957 |
| The University of Texas of the Permian Basin | 383,494 | 371,196 | 12,298 |
| The University of Texas at San Antonio | 5,389,582 | 5,375,994 | 13,588 |
| The University of Texas at Tyler | 697,301 | 552,487 | 144,814 |
| The University of Texas Health Science Center at Houston | 43,540 | 39,840 | 3,700 |
| The University of Texas Health Science Center at San Antonio | 118,190 | 82,900 | 35,290 |
| The University of Texas Medical Branch at Galveston | 127,980 | 44,782 | 83,198 |
| Wayland Baptist University | 383,700 | 226,804 | 156,896 |
| Weatherford College | 2,400 | 2,400 | 0 |
| West Texas A&M University | 969,726 | 687,794 | 281,932 |
| Wiley College | 84,200 | 0 | 84,200 |
| Totals | \$122,897,892 | \$102,365,516 | \$20,532,376 |

Source: The Agency.

Related State Auditor's Office Work

| Related State Auditor's Office Work | | |
|-------------------------------------|--|---------------|
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