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First Assistant State Auditor

A Report on

**State of Texas Compliance with Federal
Requirements for the Student Financial
Assistance Cluster for the Fiscal Year
Ended August 31, 2020**

February 2021
Report No. 21-013



A Report on

State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Fiscal Year Ended August 31, 2020

SAO Report No. 21-013
February 2021

Overall Conclusion

The State of Texas complied in all material respects with the federal requirements for the Student Financial Assistance Cluster in fiscal year 2020.

As a condition of receiving federal funding, Title 2, Code of Federal Regulations, Section 200.501, requires non-federal entities that expend \$750,000 or more in federal awards in a fiscal year to obtain annual Single Audits. Those audits test compliance with federal requirements in up to 12 areas that may have a material effect on a federal program at those non-federal entities. Examples of the types of compliance areas include eligibility, cash management, and reporting. The requirements for 1 of those 12 areas vary by federal program and outline special tests that auditors are required to perform, such as determining whether a higher education institution (1) accurately verified information on a student's financial assistance application, (2) properly calculated the amount of unearned Student Financial Assistance Cluster funds it needed to return to the federal government, or (3) notified the federal government of changes in student statuses in a timely and accurate manner. The Single Audit for the State of Texas included (1) all high-risk federal programs for which the State expended more than \$142,671,377 in federal funds during fiscal year 2020 and (2) other selected federal programs.

During fiscal year 2020 (from September 1, 2019, through August 31, 2020), the State of Texas expended \$95.1 billion in federal funds. The State Auditor's Office audited compliance with requirements for the Student Financial Assistance Cluster at 18 higher education institutions. Those 18 higher education institutions spent approximately \$3.0 billion in federal Student Financial Assistance Cluster funds during fiscal year 2020.

Student Financial Assistance Cluster

The Student Financial Assistance Cluster is a group of federal programs through which eligible students attending higher education institutions receive financial assistance.

The Student Financial Assistance Cluster includes both grant and loan programs, such as the Federal Pell Grant Program, the Federal Work-Study Program, and the Federal Direct Student Loans Program.

Source: Title 2, Code of Federal Regulations, Part 200.

This audit was conducted in accordance with Title 31, United States Code, Section 7502.

For more information regarding this report, please contact James Timberlake, Audit Manager, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.

Auditors identified 49 findings for the Student Financial Assistance Cluster, which were classified as significant deficiencies and non-compliance.

(See text box for definitions of finding classifications.)

Key Points

One higher education institution audited complied with the federal requirements for the Student Financial Assistance Cluster. That higher education institution was:

- Texas State University.

The higher education institutions audited did not always comply with student enrollment reporting requirements for the Student Financial Assistance Cluster.

Sixteen higher education institutions audited did not always report student enrollment and program information to the National Student Loan Data System (NSLDS) in an accurate or timely manner. Those higher education institutions were:

- Sam Houston State University.
- Stephen F. Austin State University.
- Texas A&M University.
- Texas A&M University - Corpus Christi.
- Texas Southern University.
- Texas Tech University.
- Texas Woman's University.
- University of Houston.
- University of Houston - Clear Lake.
- University of North Texas.
- University of North Texas at Dallas.
- University of Texas at Arlington.

Finding Classifications

Control weaknesses are classified as either significant deficiencies or material weaknesses:

- A **significant deficiency** indicates control weaknesses, but those weaknesses would not likely result in material non-compliance.
- A **material weakness** indicates significant control weaknesses that could potentially result in material non-compliance with the compliance area.

Similarly, compliance findings are classified as either non-compliance or material non-compliance, for which material non-compliance indicates a more serious reportable issue.

The auditor's determination of whether an instance of non-compliance or a control weakness was material for the purpose of reporting an audit finding is in relation to each type of compliance requirement for the Student Financial Assistance Cluster as a whole.

Source: *Audit Guide - Government Auditing Standards and Single Audits*, American Institute of Certified Public Accountants, April 1, 2020.

Higher Education Institutions Audited

- Sam Houston State University.
- Stephen F. Austin State University.
- Texas A&M University.
- Texas A&M University - Corpus Christi.
- Texas Southern University.
- Texas State University.
- Texas Tech University.
- Texas Woman's University.
- University of Houston.
- University of Houston - Clear Lake.
- University of North Texas.
- University of North Texas at Dallas.
- University of Texas at Arlington.
- University of Texas at Austin.
- University of Texas at Dallas.
- University of Texas at El Paso.
- University of Texas Rio Grande Valley.
- University of Texas at San Antonio.

- University of Texas at Austin.
- University of Texas at Dallas.
- University of Texas at El Paso.
- University of Texas Rio Grande Valley.

The higher education institutions audited did not always comply with requirements to return Student Financial Assistance Cluster funds to the federal government.

Twelve higher education institutions audited did not always (1) perform a return calculation when required, (2) accurately calculate the amount of funds to be returned, and/or (3) return funds within the required time frames. Those higher education institutions were:

- Sam Houston State University.
- Stephen F. Austin State University.
- Texas A&M University.
- Texas A&M University - Corpus Christi.
- Texas Southern University.
- Texas Woman's University.
- University of Houston.
- University of Houston - Clear Lake.
- University of North Texas at Dallas.
- University of Texas at Arlington.
- University of Texas at El Paso.
- University of Texas at San Antonio.

The higher education institutions audited did not always comply with eligibility requirements for the Student Financial Assistance Cluster.

Nine higher education institutions audited (1) incorrectly calculated the students' cost to attend those higher education institutions, (2) awarded funds to students who were not eligible to receive those funds or awarded incorrect amounts of funds based on students' eligibility, (3) did not apply its satisfactory academic progress policy standards consistently, (4) did not demonstrate that less than 25 percent of its enrolled students were incarcerated, and/or (5) did not include all additional locations at which it offered 50 percent or more of an eligible program on its most recent Eligibility and Certification Approval Report. Those higher education institutions were:

- Texas A&M University - Corpus Christi.
- Texas Southern University.
- Texas Tech University.
- Texas Woman's University.
- University of Houston
- University of Houston - Clear Lake.
- University of North Texas at Dallas.
- University of Texas at Dallas.
- University of Texas at El Paso.

The higher education institutions audited did not always comply with verification requirements for the Student Financial Assistance Cluster.

Five higher education institutions audited did not accurately verify all required information on students' financial assistance applications. Those higher education institutions were:

- Texas A&M University - Corpus Christi.
- Texas Woman's University.
- University of Houston - Clear Lake.
- University of North Texas at Dallas.
- University of Texas at El Paso.

The higher education institutions audited did not always have adequate controls over key information technology systems.

Auditors identified inappropriate access to student information systems or insufficient controls over change management at six higher education institutions. Those higher education institutions were:

- Sam Houston State University.
- Texas Southern University.
- Texas Woman's University.
- University of Houston.
- University of Houston - Clear Lake.
- University of Texas at Arlington.

Auditors followed up on higher education institutions' corrective action plans for 19 audit findings from prior fiscal years related to the Student Financial Assistance Cluster.

Higher education institutions fully implemented corrective action plans for 11 (58 percent) of those 19 findings and partially implemented corrective action plans for 8 (42 percent) of those 19 findings.

Summary of Management's Response

Management generally concurred with the audit findings. Specific management responses, including the views of responsible officials and corrective action plans, are presented immediately following each finding in this report.

Audit Objectives and Scope

With respect to the Student Financial Assistance Cluster, the objectives of this audit were to (1) obtain an understanding of internal controls over compliance, assess control risk of noncompliance, and perform tests of those controls unless controls were deemed to be ineffective, and (2) express an opinion on whether the State complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on the Student Financial Assistance Cluster in accordance with the Single Audit Act Amendments of 1996 and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The audit scope covered federal funds that the State spent for the Student Financial Assistance Cluster from July 1, 2019, through June 30, 2020, which is the federal financial assistance award year. The audit work included control and compliance tests at 18 higher education institutions across the state.

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Independent Auditor's Report

*State of Texas Compliance with
Federal Requirements for the
Student Financial Assistance Cluster
for the Fiscal Year Ended
August 31, 2020*



Report on Compliance for the Student Financial Assistance Cluster, and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

The Honorable Greg Abbott, Governor
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dade Phelan, Speaker of the House of Representatives
and
Members of the Texas Legislature, State of Texas

Report on Compliance for the Student Financial Assistance Cluster

We have audited the State of Texas's (State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended August 31, 2020. The State's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the State's compliance for the Student Financial Assistance Cluster based on our audit of the types of compliance requirements referred to above. Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster occurred. An audit includes examining, on a test basis, evidence about the State's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances.

This audit was conducted as part of the State of Texas Statewide Single Audit for the year ended August 31, 2020. As such, the Student Financial Assistance Cluster was selected as a major program based on the State of Texas as a whole for the year ended August 31, 2020. The State does not meet the Uniform Guidance requirements for a program-specific audit and the presentation of the Schedule of Program Expenditures does not conform to the Uniform Guidance Schedule of Expenditures of Federal Awards. However, this audit was designed to be relied on for the State of Texas opinion on federal compliance, and in our judgment, the audit and this report satisfy the intent of those requirements.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Student Financial Assistance Cluster. However, our audit does not provide a legal determination of the State’s compliance.

Opinion on the Student Financial Assistance Cluster

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended August 31, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items:

Higher Education Institution	Compliance Requirement	Finding Number
Sam Houston State University	Special Tests and Provisions - Return of Title IV Funds	2020-101
	Special Tests and Provisions - Enrollment Reporting	2020-102
Stephen F. Austin State University	Special Tests and Provisions - Disbursements To or On Behalf of Students	2020-103
	Special Tests and Provisions - Return of Title IV Funds	2020-104
	Special Tests and Provisions - Enrollment Reporting	2020-105
Texas A&M University	Reporting	2020-106
	Special Tests and Provisions - Return of Title IV Funds	2020-107
	Special Tests and Provisions - Enrollment Reporting	2020-108
Texas A&M University - Corpus Christi	Eligibility	2020-109

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions - Verification	2020-110
	Special Tests and Provisions - Return of Title IV Funds	2020-111
	Special Tests and Provisions - Enrollment Reporting	2020-112
Texas Southern University	Eligibility	2020-113
	Special Tests and Provisions - Return of Title IV Funds	2020-114
	Special Tests and Provisions - Enrollment Reporting	2020-115
Texas Tech University	Eligibility	2020-116
	Special Tests and Provisions - Enrollment Reporting	2020-117
Texas Woman's University	Cash Management Reporting	2020-120
	Eligibility	2020-121
	Special Tests and Provisions - Verification	2020-122
	Special Tests and Provisions - Return of Title IV Funds	2020-123
	Special Tests and Provisions - Enrollment Reporting	2020-124
	Special Tests and Provisions - Gramm-Leach-Bliley Act - Student Information Security	2020-125
University of Houston	Eligibility	2020-126
	Special Tests and Provisions - Institutional Eligibility Reporting	2020-127
	Special Tests and Provisions - Return of Title IV Funds	2020-128
	Special Tests and Provisions - Enrollment Reporting	2020-129
University of Houston - Clear Lake	Eligibility	2020-132
	Special Tests and Provisions - Institutional Eligibility	
	Special Tests and Provisions - Verification	2020-133
	Special Tests and Provisions - Return of Title IV Funds	2020-134
	Special Tests and Provisions - Enrollment Reporting	2020-135
University of North Texas	Special Tests and Provisions - Enrollment Reporting	2020-136
University of North Texas at Dallas	Eligibility	2020-137
	Reporting	2020-138
	Special Tests and Provisions - Verification	2020-139

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions - Return of Title IV Funds	2020-140
	Special Tests and Provisions - Enrollment Reporting	2020-141
University of Texas at Arlington	Special Tests and Provisions - Return of Title IV Funds	2020-142
	Special Tests and Provisions - Enrollment Reporting	2020-143
University of Texas at Austin	Special Tests and Provisions - Enrollment Reporting	2020-144
University of Texas at Dallas	Eligibility	2020-145
	Special Tests and Provisions - Enrollment Reporting	2020-146
University of Texas at El Paso	Eligibility	2020-147
	Special Tests and Provisions - Verification	2020-148
	Special Tests and Provisions - Return of Title IV Funds	2020-149
	Special Tests and Provisions - Enrollment Reporting	2020-150
University of Texas Rio Grande Valley	Special Tests and Provisions - Enrollment Reporting	2020-151
University of Texas at San Antonio	Special Tests and Provisions - Disbursements To or On Behalf of Students	2020-155
	Special Tests and Provisions - Return of Title IV Funds	2020-156

Our opinion on the Student Financial Assistance Cluster is not modified with respect to these matters.

The State's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State’s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we consider the following deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, to be significant deficiencies:

Higher Education Institution	Compliance Requirement	Finding Number
Sam Houston State University	Special Tests and Provisions - Return of Title IV Funds	2020-101
	Activities Allowed or Unallowed	
	Cash Management	
	Eligibility	
	Reporting	
	Special Tests and Provisions - Verification	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - General Program Eligibility	
	Special Tests and Provisions - Distance Education Program	
Stephen F. Austin State University	Special Tests and Provisions - Enrollment Reporting	2020-102
	Special Tests and Provisions - Disbursements To or On Behalf of Students	2020-103

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions - Return of Title IV Funds	2020-104
	Special Tests and Provisions - Enrollment Reporting	2020-105
Texas A&M University	Reporting	2020-106
	Special Tests and Provisions - Return of Title IV Funds	2020-107
	Special Tests and Provisions - Enrollment Reporting	2020-108
Texas A&M University - Corpus Christi	Eligibility	2020-109
	Special Tests and Provisions - Verification	2020-110
	Special Tests and Provisions - Return of Title IV Funds	2020-111
	Special Tests and Provisions - Enrollment Reporting	2020-112
Texas Southern University	Eligibility	2020-113
	Activities Allowed or Unallowed Cash Management Reporting	
	Special Tests and Provisions - Verification	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - General Program Eligibility	
	Special Tests and Provisions - Distance Education Program	
	Special Tests and Provisions - Return of Title IV Funds	2020-114
	Special Tests and Provisions - Enrollment Reporting	2020-115
Texas Tech University	Eligibility	2020-116
	Special Tests and Provisions - Enrollment Reporting	2020-117
Texas Woman's University	Cash Management Reporting	2020-120
	Eligibility	2020-121
	Activities Allowed or Unallowed	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - General Program Eligibility	

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions - Distance Education Program	
	Special Tests and Provisions - Verification	2020-122
	Special Tests and Provisions - Return of Title IV Funds	2020-123
	Special Tests and Provisions - Enrollment Reporting	2020-124
	Special Tests and Provisions - Gramm-Leach-Bliley Act - Student Information Security	2020-125
University of Houston	Eligibility	2020-126
	Special Tests and Provisions - Institutional Eligibility	
	Activities Allowed or Unallowed	
	Cash Management	
	Special Tests and Provisions - Verification	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - General Program Eligibility	
	Special Tests and Provisions - Distance Education Program	
	Reporting	2020-127
	Special Tests and Provisions - Return of Title IV Funds	2020-128
	Special Tests and Provisions - Enrollment Reporting	2020-129
University of Houston - Clear Lake	Eligibility	2020-132
	Special Tests and Provisions - Institutional Eligibility	
	Activities Allowed or Unallowed	
	Cash Management	
	Reporting	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - General Program Eligibility	
	Special Tests and Provisions - Distance Education Program	
	Special Tests and Provisions - Verification	2020-133
	Special Tests and Provisions - Return of Title IV Funds	2020-134

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions - Enrollment Reporting	2020-135
University of North Texas	Special Tests and Provisions - Enrollment Reporting	2020-136
University of North Texas at Dallas	Eligibility	2020-137
	Activities Allowed or Unallowed	
	Cash Management	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - Institutional Eligibility Reporting	2020-138
	Special Tests and Provisions - Verification	2020-139
	Special Tests and Provisions - Return of Title IV Funds	2020-140
	Special Tests and Provisions - Enrollment Reporting	2020-141
University of Texas at Arlington	Special Tests and Provisions - Return of Title IV Funds	2020-142
	Activities Allowed or Unallowed	
	Cash Management	
	Eligibility	
	Reporting	
	Special Tests and Provisions - Verification	
	Special Tests and Provisions - Disbursements To or On Behalf of Students	
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation (Direct Loan)	
	Special Tests and Provisions - General Program Eligibility	
	Special Tests and Provisions - Distance Education Program	
	Special Tests and Provisions - Enrollment Reporting	2020-143
University of Texas at Austin	Special Tests and Provisions - Enrollment Reporting	2020-144
University of Texas at Dallas	Eligibility	2020-145
	Special Tests and Provisions - Enrollment Reporting	2020-146
University of Texas at El Paso	Eligibility	2020-147
	Special Tests and Provisions - Verification	2020-148
	Special Tests and Provisions - Return of Title IV Funds	2020-149

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions - Enrollment Reporting	2020-150
University of Texas Rio Grande Valley	Special Tests and Provisions - Enrollment Reporting	2020-151
University of Texas at San Antonio	Special Tests and Provisions - Disbursements To or On Behalf of Students	2020-155
	Special Tests and Provisions - Return of Title IV Funds	2020-156

The State’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Schedule of Federal Program Expenditures

The accompanying Schedule of Federal Program Expenditures for the Student Financial Assistance Cluster of the State for the Year Ended August 31, 2020, is presented for purposes of additional analysis. This information is the responsibility of the State’s management and has been subjected only to limited auditing procedures and, accordingly, we express no opinion on it. However, we have audited the Statewide Schedule of Expenditures of Federal Awards in a separate audit, and the opinion on the Statewide Schedule of Expenditures of Federal Awards is included in the *State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2020*.

Lisa R. Collier, CPA, CFE, CIDA
 First Assistant State Auditor

February 23, 2021

**Schedule of Federal Program Expenditures for the
Student Financial Assistance Cluster for the State of Texas
For the Year Ended August 31, 2020**

Schedule of Federal Program Expenditures	
Higher Education Institution Audited	Federal Program Direct Expenditures
Sam Houston State University	\$ 150,604,236
Stephen F. Austin State University	83,235,834
Texas A&M University	323,707,141
Texas A&M University - Corpus Christi	74,383,371
Texas Southern University	109,599,537
Texas State University	250,582,616
Texas Tech University	187,316,735
Texas Woman's University	92,055,214
University of Houston	238,020,761
University of Houston - Clear Lake	45,147,703
University of North Texas	245,294,406
University of North Texas at Dallas	27,228,020
University of Texas at Arlington	254,439,165
University of Texas at Austin	276,049,465
University of Texas at Dallas	105,920,810
University of Texas at El Paso	148,143,151
University of Texas Rio Grande Valley	177,411,281
University of Texas at San Antonio	191,867,404
Total Audited Student Financial Assistance Federal Program Expenditures	\$2,981,006,852
<p>Note 1: Total expenditures do not sum exactly due to rounding.</p> <p>Note 2: This schedule of federal program expenditures is presented for informational purposes only. For the State's complete Schedule of Expenditures of Federal Awards, see the <i>State of Texas Federal Portion of the Statewide Single Audit Report for the Fiscal Year Ended August 31, 2020</i>.</p> <p>Note 3: Federal expenditures for the Student Financial Assistance Cluster at state entities not included in the scope of this audit totaled \$1,277,144,185 for the fiscal year ended August 31, 2020.</p> <p>Note 4: The Student Financial Assistance Cluster includes the following federal programs listed by the Catalog of Federal Domestic Assistance (CFDA) number.</p> <p>The following programs are administered by the U.S. Department of Education:</p> <ul style="list-style-type: none"> ▪ CFDA 84.007 Federal Supplemental Educational Opportunity Grants (FSEOG). ▪ CFDA 84.033 Federal Work-Study Program. ▪ CFDA 84.038 Federal Perkins Loan Program. ▪ CFDA 84.063 Federal Pell Grant Program. ▪ CFDA 84.268 Federal Direct Student Loans. ▪ CFDA 84.379 Teacher Education Assistance for College and Higher Education Grants (TEACH Grants). ▪ CFDA 84.408 Postsecondary Education Scholarships for Veteran's Dependents (Iraq and Afghanistan Service Grants (IASG)). <p>The following programs are administered by the U.S. Department of Health and Human Services:</p> <ul style="list-style-type: none"> ▪ CFDA 93.264 Nurse Faculty Loan Program (NFLP). ▪ CFDA 93.342 Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS). ▪ CFDA 93.364 Nursing Student Loans (NSL). ▪ CFDA 93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds - Scholarships of Disadvantaged Students (SDS). 	

Schedule of Findings and Questioned Costs

*State of Texas Compliance with
Federal Requirements for the
Student Financial Assistance Cluster
for the Fiscal Year Ended
August 31, 2020*

Summary of Auditor's Results

Financial Statements

Issued under separate cover. See State Auditor's Office report entitled *State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2020*.

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? Yes

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

Any audit findings disclosed that are required to be reported in accordance with Title 2, Code of Federal Regulations, Section 200.516(a)? Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
Cluster	Student Financial Assistance

Dollar threshold used to distinguish between type A and type B programs: \$142,671,377

Auditee qualified as low-risk auditee? No

Section 2:

Financial Statement Findings

Issued under separate cover. See State Auditor's Office report entitled *State of Texas Financial Portion of the Statewide Single Audit Report for the Year Ended August 31, 2020*.

Section 3:

Federal Award Findings and Questioned Costs

This section identifies significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs, as required to be reported by Title 2, Code of Federal Regulations, Section 200.516(a).

Sam Houston State University

Reference No. 2020-101

Special Tests and Provisions – Return of Title IV Funds

Activities Allowed or Unallowed

Cash Management

Eligibility

Reporting

Special Tests and Provisions – Verification

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – General Program Eligibility

Special Tests and Provisions – Distance Education Program

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194110; CFDA 84.063, Federal Pell Grant Program, P063P192301; CFDA 84.268, Federal Direct Student Loans, P268K202301; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202301; and CFDA 84.033, Federal Work-Study Program, P033A194110

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$970

Return of Title IV Calculations

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student's withdrawal date (Title 34, CFR, Section 668.22(e)). Undisbursed Federal Direct Student Loans can be counted as Title IV aid that could have been disbursed only if the institution originated the loan before the date the student became ineligible (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 2, page 5-46).

Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV

grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)). The institutional charges used in the calculation are usually the charges that were initially assessed to the student for the entire payment period or period of enrollment, as applicable. Initial charges may be adjusted only by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal) (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 1, page 5-18).

Sam Houston State University (University) made errors in the Title IV return calculations for 5 (8 percent) of 60 students tested. Specifically, the University made errors in determining the amount of institutional charges to be used in the return calculation for those 5 students. There were no questioned costs as a result of those errors because (1) the University returned more Title IV funds than required, (2) the error did not affect the amount of Title IV grant or loan assistance to be returned, or (3) a return of Title IV funds was not required per Section 3508 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Not calculating institutional charges correctly increases the risk that the University will not return the correct amount of Title IV assistance to the U.S. Department of Education or may return funds that students have earned.

However, for 1 of those 5 students, the University also incorrectly included in the return calculation loans that had not been originated at the time the student withdrew. As a result, the University incorrectly determined that there was no disbursed aid that needed to be returned. Therefore, there were \$970 in questioned costs associated with CFDA 84.268, Federal Direct Student Loans, award number P268K202301.

Those errors occurred because of (1) errors in the automated process within the University's student information system to calculate institutional charges, (2) manual errors made by the University, and/or (3) insufficient monitoring controls.

Other Compliance Requirements and Award Number

Although the general control weaknesses described below apply to activities allowed or unallowed; cash management; eligibility, reporting; special tests and provisions – verification; special tests and provisions – disbursements to or on behalf of students; special tests and provisions – borrower data transmission and reconciliation (direct loan); special tests and provisions – general program eligibility; and special tests and provisions – distance education program, auditors identified no compliance issues regarding those compliance requirements. The general control weaknesses described below also apply to CFDA 84.033, Federal Work-Study Program, award number P033A194110.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not have sufficient controls over its change management process for information systems. Specifically, 9 (60 percent) of 15 changes tested lacked documentation showing one or more of the following: (1) validation from information technology staff or the business process owner, (2) approval from the University's change advisory board, and/or (3) implementation with adequate segregation of duties (for example, the change was migrated to the production environment by someone other than the

individual responsible for developing the change). The University had change management policies; however, the University did not have documentation showing that it had recently reviewed those policies and those policies were not sufficiently detailed to help ensure that changes are appropriately documented, validated, reviewed, and approved. Not having sufficient controls over the change management process increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Calculate institutional charges correctly in accordance to U.S. Department of Education requirements.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations.
- Strengthen its controls over its change management process.

Views of Responsible Officials:

Return of Title IV Calculations

The University acknowledges and agrees with the findings of this audit. Management recognizes that institutional charges must be included in the Return of Title IV calculation.

General Controls

The University acknowledges the finding of inadequate documentation within the University's work order processing system related to Change Requests housed within the system. While the University has controls in place to validate and approve system changes with appropriate segregation of duties through incidents and service request tickets, the documentation within change request ticket types for some request was not as clear as it could have been at the time of this finding.

Prior to this audit, the University had undergone a Banner Change Management audit (issued January 19, 2019) conducted by the Office of Internal Audit for the Texas State University System. As an outcome from the internal audit, a remediation plan is being executed to revise and update the University's Change Management policy, revise and update change type definitions, update the methods used to document the validation and approval of change requests within the University's work order processing system and train staff on the new Change Management policy and procedures. SHSU Enterprise Services is completing revisions to the Banner Release and Deployment Management procedures. As of the date of this response, the following corrective action items have been completed as part of the internal change management audit.

- *The University Change Management Policy has been updated, reviewed and communicated internal to IT.*
- *A Retrospective Change type has been eliminated from the work order processing system such that the documentation issues related to this change type (6 of the 9 referenced change requests) no longer exists.*
- *Auto approval of the Emergency Change type has been eliminated such that all change requests require explicit review and approval by the Change Advisory Board as a post-change review. In addition, in the Release Management and Deployment procedures, all Emergency changes must be tested and approved as part of the post-change review. Approval is clearly documented in Emergency Change ticket such that issues (6 of the 9 referenced change requests) no longer exists.*

- Automated controls have been added to the Change Management request system to ensure business process owner validation of all change requests are documented within the Change Request processing system such that this issue (1 of 9 referenced change requests) no longer exists.
- Procedural changes and controls have been put in place to ensure appropriate documentation of the segregation of duties. All Change Requests, and associated incident/service request tickets, identify who migrated the change to production as the owner of the change and cannot be the same person to request the change. This procedural change documents who migrates a change to production within the Change Request ticket without the need to retrieve this information from other systems such that this issue (6 of 9 referenced change requests) no longer exists.

Corrective Action Plan:

Return of Title IV Calculations

The University has verified that institutional charges are appropriately indicated within the student information system, Banner. The Financial Aid and Scholarships Office will also audit internally to be certain the charges exist in the appropriate areas in the system for accurate calculations.

Implementation Date: November 2020

Responsible Person: Lydia Hall

General Controls

The University has implemented significant process enhancements to its Change Management process and documentation. The following corrective items will be completed to strengthen the adherence and documentation of process controls.

1. The IT Change Management procedures are undergoing final revisions. In addition, SHSU Enterprise Services is completing revisions to the Banner Release and Deployment Management procedures. IT staff will receive training to properly document the validation, approval, and segregation of duties for all change requests.

Implementation Date: February 26, 2021

Responsible Persons: Lucrecia Chandler and Chuck Mize

2. IT Management will conduct a second level review to ensure that the University is in compliance with Change Management requirements on or before June 1, 2021.

Implementation Date: May 28, 2021

Responsible Person: Kevin Hammel

Reference No. 2020-102

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192301; and CFDA 84.268, Federal Direct Student Loans, P268K202301

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Enrollment Reporting

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus- and program-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1).

Institutions may not be immediately aware of a student's enrollment status change when it happens. When the institution does become aware of such a change, it must report the status change using the actual enrollment status effective date, not the date when the institution became aware of the change (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 4; and U.S. Department of Education Electronic Announcement, *NSLDS Enrollment Reporting - Submission Dates, Effective Dates and Certification Dates*, April 20, 2017).

Sam Houston State University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 4 (7 percent) of 60 students tested, the University did not report the effective dates of enrollment status changes to NSLDS accurately. Specifically:

- For 3 students, the University incorrectly reported the effective date of the student's withdrawn status. Two of those students unofficially withdrew from the Fall 2019 term and the University incorrectly reported the last day of the term instead of the student's last date of attendance. The other student officially withdrew from the Spring 2020 term and the University incorrectly reported the day it processed the withdrawal in the student information system, instead of the actual effective date of the withdrawal.

- For 1 student, the University incorrectly reported the effective date of the student's graduated status. The University reported the last day of the Fall 2019 term; however, the student graduated at the end of the Spring 2020 term.

The University had a process to monitor enrollment information reported to NSC and NSLDS; however, that process was not sufficient to identify the errors discussed above. Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not have sufficient controls over its change management process for information systems. Specifically, 9 (60 percent) of 15 changes tested lacked documentation showing one or more of the following: (1) validation from information technology staff or the business process owner, (2) approval from the University's change advisory board, and/or (3) implementation with adequate segregation of duties (for example, the change was migrated to the production environment by someone other than the individual responsible for developing the change). The University had change management policies; however, the University did not have documentation showing that it had recently reviewed those policies and those policies were not sufficiently detailed to help ensure that changes are appropriately documented, validated, reviewed, and approved. Not having sufficient controls over the change management process increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that student enrollment information is reported to NSLDS accurately.
- Strengthen its controls over its change management process.

Views of Responsible Officials:

Enrollment Reporting

Sam Houston State University acknowledges and agrees with the auditor's findings and recommendations to strengthen controls as well as strengthening internal controls over change management processes. Through thorough analysis of the audit findings Sam Houston State University is developing and implementing enhanced internal control and monitoring procedures which will ensure accurate reporting through NCS to the NSLDS.

General Controls

The University acknowledges the finding of inadequate documentation within the University's work order processing system related to Change Requests housed within the system. While the University has controls in place to validate and approve system changes with appropriate segregation of duties through incidents and service request tickets, the documentation within change request ticket types for some request was not as clear as it could have been at the time of this finding.

Prior to this audit, the University had undergone a Banner Change Management audit (issued January 19, 2019) conducted by the Office of Internal Audit for the Texas State University System. As an outcome from the internal audit, a remediation plan is being executed to revise and update the University's Change Management policy, revise and update change type definitions, update the methods used to document the validation and approval of change requests within the University's work order processing system and train staff on the new Change Management policy and procedures. SHSU Enterprise Services is completing revisions to the Banner Release and Deployment Management procedures. As of the date of this response, the following corrective action items have been completed as part of the internal change management audit.

- The University Change Management Policy has been updated, reviewed and communicated internal to IT.
- A Retrospective Change type has been eliminated from the work order processing system such that the documentation issues related to this change type (6 of the 9 referenced change requests) no longer exists.
- Auto approval of the Emergency Change type has been eliminated such that all change requests require explicit review and approval by the Change Advisory Board as a post-change review. In addition, in the Release Management and Deployment procedures, all Emergency changes must be tested and approved as part of the post-change review. Approval is clearly documented in Emergency Change ticket such that issues (6 of the 9 referenced change requests) no longer exists.
- Automated controls have been added to the Change Management request system to ensure business process owner validation of all change requests are documented within the Change Request processing system such that this issue (1 of 9 referenced change requests) no longer exists.
- Procedural changes and controls have been put in place to ensure appropriate documentation of the segregation of duties. All Change Requests, and associated incident/service request tickets, identify who migrated the change to production as the owner of the change and cannot be the same person to request the change. This procedural change documents who migrates a change to production within the Change Request ticket without the need to retrieve this information from other systems such that this issue (6 of 9 referenced change requests) no longer exists.

Corrective Action Plan:

Enrollment Reporting

To address the Enrollment Reporting findings, the institution will develop and implement an updated Enrollment Status Reporting Procedure to include stronger internal controls. This will include the following actions:

1. Financial Aid, in collaboration with the Registrar's Office, will develop an internal verification process to identify students that are considered unofficially withdrawn due to receiving grades of F and verify accuracy within our student information system.
2. The Registrar's Office will review and check for accuracy the reported information provided to the NSC versus the information showing in the NSLDS system and correct any discrepancies.

Implementation Date: February 2021

Responsible Person: Teresa Ringo

General Controls

The University has implemented significant process enhancements to its Change Management process and documentation. The following corrective items will be completed to strengthen the adherence and documentation of process controls.

1. The IT Change Management procedures are undergoing final revisions. In addition, SHSU Enterprise Services is completing revisions to the Banner Release and Deployment Management procedures. IT staff will receive training to properly document the validation, approval, and segregation of duties for all change requests.

Implementation Date: February 26, 2021

Responsible Persons: Lucrecia Chandler and Chuck Mize

2. IT Management will conduct a second level review to ensure that the University is in compliance with Change Management requirements on or before June 1, 2021.

Implementation Date: May 28, 2021

Responsible Person: Kevin Hammel

Stephen F. Austin State University

Reference No. 2020-103

Special Tests and Provisions – Disbursements To or On Behalf of Students

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award number: CFDA 84.268, Federal Direct Student Loans, P268K202315

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Disbursement Notification Letters

If an institution credits a student's ledger account with Federal Direct Student Loan (Direct Loan) funds, the institution must notify the student of (1) the anticipated date and amount of the disbursement, (2) the student's right to cancel all or a portion of that loan and have the loan proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student must notify the institution that he or she wishes to cancel the loan or loan disbursement. The institution must provide the notice in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution. (Title 34, Code of Federal Regulations, Section 668.165).

For 5 (25 percent) of 20 Direct Loan disbursements tested, Stephen F. Austin State University (University) did not send disbursement notification letters within the required time frame. For those students, the University sent disbursement notification letters 34 days after crediting the students' ledger accounts with subsidized and/or unsubsidized Direct Loans. Those errors occurred because the University did not initiate the automated process for sending the notifications for the Spring 2020 term until more than 30 days after the initial disbursements were made for the term. Based on an analysis of Direct Loan disbursements made for the Spring 2020 term, this issue affected 3,602 subsidized Direct Loan disbursements and 4,925 unsubsidized Direct Loan disbursements. Receiving disbursement notifications late impairs students' ability to cancel their loans.

Recommendation:

The University should strengthen its controls to ensure that it sends disbursement notifications within the required time frame.

Views of Responsible Officials:

The University acknowledges and agrees with the recommendation and has formulated a corrective action plan.

Corrective Action Plan:

The University has strengthened controls to ensure that disbursement notifications are sent within the required time frame. Disbursement notifications were appropriately sent for Fall 2020 terms.

Implementation Date: December 31, 2020

Responsible Person: H. Rachele' Garrett, Director of Financial Aid

Reference No. 2020-104

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194129; CFDA 84.063, Federal Pell Grant Program, P063P192315; CFDA 84.268, Federal Direct Student Loans, P268K202315; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202315

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)). If the total amount of calculated Title IV grant or loan assistance, or both, that a student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student, as of the date of the institution's determination that the student withdrew, the difference between those amounts must be treated as a post-withdrawal disbursement in accordance with Title 34, CFR, Section 668.164(j) (Title 34, CFR, Section 668.22(a)(5)).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

Stephen F. Austin State University (University) did not always return Title IV funds within the required time frame. For 1 (2 percent) of 43 students tested who withdrew and required a return of Title IV funds, the University returned funds 74 days after it determined that the student had withdrawn. Not making returns within the required time frame reduces the information available to the U.S. Department of Education for its program management.

In addition, for 2 (6 percent) of 32 students tested, the University did not perform a return calculation to determine whether the students were eligible for a post-withdrawal disbursement. Both students had not received Title IV assistance at the time they withdrew from the Fall 2019 term because they had not completed the University's verification requirements. When one of those students completed the verification requirements, the University incorrectly disbursed the full amount of Title IV assistance to the student, instead of performing a return calculation to determine the amount of assistance the student earned. After auditors brought the error to the University's attention, it performed a return calculation and returned Title IV funds as required; therefore, there were no questioned costs. For the other student, the University did not perform a return calculation and did not disburse any Title IV assistance to the student. After auditors brought the error to the University's attention, it performed a return calculation and disbursed the amount of Title IV assistance that the student earned.

The University had a process to review return of Title IV calculations it performed to verify the accuracy of the calculations; however, the errors identified above occurred because it did not have sufficient controls to ensure that return calculations were performed when required or that funds were returned within the required time frame.

Recommendation:

The University should strengthen its controls to ensure that it performs return of Title IV calculations and returns funds within the required time frame.

Views of Responsible Officials:

The University acknowledges and agrees with the recommendation and has formulated a corrective action plan.

Corrective Action Plan:

The University will strengthen controls to ensure that return of Title IV calculations and the return of funds are within the required time frame.

Implementation Date: January 31, 2021

Responsible Person: H. Rachele' Garrett, Director of Financial Aid

Reference No. 2020-105

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192315; and CFDA 84.268, Federal Direct Student Loans, P268K202315

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date

that the current enrollment status reported for a student was first effective (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Institutions may not be immediately aware of a student's enrollment status change when it happens. When the institution does become aware of such a change, it must report the status change using the actual enrollment status effective date, not the date when the institution became aware of the change (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 4, and U.S. Department of Education Electronic Announcement, *NSLDS Enrollment Reporting - Submission Dates, Effective Dates and Certification Dates*, April 20, 2017).

Stephen F. Austin State University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 7 (11 percent) of 61 students tested, the University did not accurately report campus-level or program-level data elements to NSLDS. Specifically:

- For 4 students, the enrollment status effective date was reported incorrectly. The date reported for those enrollment level changes was the date when the University processed the student's drop request, rather than the actual effective date of the enrollment status change. The dates reported for those 4 students ranged from 3 days to 57 days after the actual effective date of the enrollment level change.
- For 2 students, the program-level enrollment status effective date was reported incorrectly because it was updated with a new date although the student did not have a change in enrollment level.
- For 1 student, the effective date for the student's withdrawn status was reported incorrectly. That student was determined to have never attended the Fall 2019 term. The University incorrectly reported the date that it determined the student never began attendance, rather than the student's actual last date of attendance, which was the last day of the prior term (Spring 2019).

The errors discussed above occurred because the University (1) has not configured its student information system to accurately report student enrollment information to NSLDS and (2) did not have a process to ensure that student enrollment information reported to NSC was accurately reported to NSLDS. Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendation:

The University should strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately.

Views of Responsible Officials:

The University acknowledges and agrees with the recommendation and has formulated a corrective action plan.

Corrective Action Plan:

The University will strengthen controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately.

Implementation Date: July 31, 2021

Responsible Person: Erma Brecht, Executive Director of Enrollment Management

Texas A&M University

Reference No. 2020-106

Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P195286; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T205286

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Institutions must submit Federal Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan, and Teacher Education Assistance for College and Higher Education (TEACH) Grant disbursement records to the Common Origination and Disbursement (COD) system no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement. Reporting this information helps ensure that institutions have the most accurate information available about students' federal awards and to help prevent an institution from over awarding students (Title 34, Code of Federal Regulations (CFR), Section 690.83(b); U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 1; and *Federal Register*, Volume 84, Number 212). Certain data elements are required to be reported as part of a student's origination and disbursement record, including the student's Social Security number, Central Processing System transaction number, enrollment date, disbursement amount, and disbursement date (*2019-2020 COD Technical Reference*, Volume II).

For 22 (35 percent) of 62 students tested, Texas A&M University (University) did not accurately report origination record data elements to COD. Specifically, the University reported incorrect enrollment dates for students receiving Federal Pell Grant or TEACH Grant assistance. Those errors occurred because the automated reporting process the University used to report information to COD pulled dates from a table in the University's student information system that had not been updated to reflect the correct enrollment start dates for the 2019-2020 award year. As a result, this issue would have affected the origination record data for all students who received Federal Pell Grant or TEACH Grant assistance for the 2019-2020 award year. Not accurately reporting information to the COD system could result in the over awarding of federal funds.

Recommendation:

The University should strengthen its controls to ensure that enrollment dates are reported to COD accurately.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University has implemented process enhancements to address this finding. A script has been written that will identify enrollment dates that do not match between the different background tables in Banner.

This script will run during the new aid year setup time period. Scholarships & Financial Aid has also included a review process when in the new academic year set up.

Implementation Date: August 20, 2020

Responsible Person: Delisa Falks, AVP Scholarships & Financial Aid

Reference No. 2020-107

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194136; CFDA 84.063, Federal Pell Grant Program, P063P195286; CFDA 84.268, Federal Direct Student Loans, P268K205286; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T205286; and CFDA 84.408, Postsecondary Education Scholarships for Veteran’s Dependents, P408A195286

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student’s withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student’s withdrawal date. Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution’s determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student. For purposes of this calculation, “institutional charges” are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)). The institutional charges used in the calculation are usually the charges that were initially assessed to the student for the entire payment period or period of enrollment, as applicable. Initial charges may be adjusted only by those changes the institution made prior to the student’s withdrawal (for example, for a change in enrollment status unrelated to the withdrawal) (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 1, page 5-18).

The total number of calendar days in a payment period or period of enrollment includes all days within the payment period or period of enrollment that the student was scheduled to complete, excluding scheduled

breaks of at least five consecutive days. Scheduled breaks of at least five consecutive days are also excluded from the number of calendar days the student completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

Texas A&M University (University) made errors in Title IV return calculations for 2 (3 percent) of 61 students tested. Specifically:

- For one student, the University incorrectly calculated the total number of break days for the payment period in which the student was enrolled in a non-traditional term. That error resulted in the University returning \$8 less in Federal Direct Student Loan assistance than it should have. After auditors brought that error to the University's attention, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs. The University made the initial return within the required time frame, but the additional funds were returned outside of the 45-day time frame.
- For one student, the University omitted one of the tuition and fee charges assessed to the student in its determination of institutional charges for the return calculation. That error did not affect the amount of Title IV grant or loan assistance to be returned; therefore, there were no questioned costs.

Those errors occurred because of manual errors the University made in performing the return calculations and the University did not have an effective monitoring process to identify those errors. Having a process that does not consistently calculate and return the correct amount of Title IV funds increases the risk that the University could return less Title IV funds than it is required to return.

For 2 (3 percent) of 60 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frames. For those two students, the University determined the withdrawal dates and performed the return calculations in a timely manner; however, it did not return the Title IV funds within the required 45-day time frame due to an oversight in processing the return of those funds. The University identified the error during its reconciliation process and returned the funds for those two students 48 and 60 days after it had determined that those students had withdrawn. Not making returns within required time frames reduces the information available to the U.S. Department of Education for its program management.

Recommendations:

The University should:

- Strengthen its controls to ensure that it accurately calculates returns of Title IV funds when required, including review of the variables it uses in those calculations.
- Ensure that it returns Title IV funds within required time frames.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University will conduct additional training as well as review its procedures as it pertains to this area. In addition to a secondary review process of R2T4 calculations conducted by the Assistant Director of Compliance, a triple-check process is being designed to further ensure accuracy in these calculations and will be conducted by the Associate Director of Auxiliary Services. Any questions or issues regarding the variables, timeframe, or result of a calculation will be discussed in weekly meetings between the Assistant and Associate Director. Additionally, as part of the review processes, the Assistant and/or Associate Director will monitor COD for returned funds to be credited.

Implementation Date: February 22, 2021

Responsible Person: Delisa Falks, AVP Scholarships & Financial Aid

Reference No. 2020-108

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P195286; and CFDA 84.268, Federal Direct Student Loans, P268K205286

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date

that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Institutions may not be immediately aware of a student's enrollment status change when it happens. When the institution does become aware of such a change, it must report the status change using the actual enrollment status effective date, not the date when the institution became aware of the change (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 4, and U.S. Department of Education Electronic Announcement, *NSLDS Enrollment Reporting - Submission Dates, Effective Dates and Certification Dates*, April 20, 2017).

Texas A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 23 (37 percent) of 62 students tested, the University did not accurately report campus-level or program-level data elements to NSLDS. Specifically:

- For 12 students, the program-level enrollment status effective date was reported incorrectly because it did not align with the date reported at the campus-level. Both the program-level and campus-level enrollment data reflected that those 12 students had a decrease in enrollment level between two academic terms. At the campus-level, the effective date was appropriately reported as the day after the last day of the previous term. However, the date at the program-level was incorrectly reported as the first day of the subsequent term.
- For 2 students, the program-level program begin date was reported incorrectly. Those errors occurred because the University incorrectly set up academic term dates in the student information system for certain graduate programs.
- For 1 student, both the program-level enrollment status effective date and the program-level program begin date were reported incorrectly, because of the issues discussed above.
- For 7 students, the program-level enrollment status effective date was incorrect because it was updated with a new date although the student did not have a change in enrollment level. Those errors occurred because the enrollment reporting processes in the University's student information system (1) incorrectly compared the student's enrollment status to the advanced registration files instead of the official enrollment files or (2) incorrectly considered the summer term as a break in attendance.
- For 1 student, the enrollment status effective date was reported incorrectly at both the campus- and program-levels. The date reported for that student's enrollment level change was the date that the University processed the student's drop request, rather than the actual effective date of the enrollment status change. That error was caused by issues related to the configuration of the enrollment reporting processes in the University's student information system. Specifically, the system is configured to report the date when a change is processed rather than the actual effective date.

Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendation:

The University should strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Issue: For 12 students, the program-level enrollment status effective date was reported incorrectly because it did not align with the date reported at the campus-level. Both the program-level and campus-level enrollment data reflected that those 12 students had a decrease in enrollment level between two academic terms. At the campus-level, the effective date was appropriately reported as the day after the last day of the previous term. However, the date at the program-level was incorrectly reported as the first day of the subsequent term.

We have identified the cause of the error as the Banner baseline process for extracting student data for enrollment reporting and are currently working on development of a modification to our file generation process that will consider whether that status represents an increase or decrease in enrollment and report the correct program-level status effective date.

Implementation Date: August 2021

Responsible Person: Venesa Heidick

Issue: For 2 students, the program-level program begin date was reported incorrectly. Those errors occurred because the University incorrectly set up academic term dates in the student information system for certain graduate programs.

Issue: For 1 student, both the program-level enrollment status effective date and the program-level program begin date were reported incorrectly, because of the issues discussed above.

Banner rules for program semester dates were initially entered incorrectly for two academic programs, causing inaccurate program-level begin date reporting for students in those programs. The rules have been corrected. NSLDS enrollment records for all students affected by this issue have been corrected. Any future rules added for new programs will undergo a second level of review prior to implementation. This is the same issue and corrective action for both bullet points listed above.

Implementation Date: August 2020 (Completed)

Responsible Person: Venesa Heidick

Issue: For 7 students, the program-level enrollment status effective date was incorrect because it was updated with a new date although the student did not have a change in enrollment level. Those errors occurred because the enrollment reporting processes in the University's student information system (1)

incorrectly compared the student's enrollment status to the advanced registration files instead of the official enrollment files or (2) incorrectly considered the summer term as a break in attendance.

(1) Advanced Registration files sent to the National Student Clearinghouse remain on a table in Banner after they are generated. These files contain unofficial (pre-registration) enrollment information. The official enrollment file generation process refers to the most recent file stored on the table, whether unofficial or official, to compare the student's current enrollment status and determine whether there has been a status change. This causes the official enrollment files generated at the beginning of a semester to report incorrect status start dates based on a student's changing enrollment status during the pre-registration period. To correct this, we have implemented a new step in the Advanced Registration file generation process whereby the file is deleted from the Banner table immediately after it has been sent. The deletion of these files ensures that the official enrollment file generation process has only official files to refer to and compare with student's current enrollment status.

Implementation Date: September 2020 (Completed)

Responsible Person: Venesa Heidick

(2) A form in Banner used to identify required semesters was used incorrectly. It was assumed that summer semesters should be included on this form so summer enrollment would be taken into consideration when students enrolled in the summer semester. Consultation with Ellucian after this error was uncovered clarified that summer should not be included on this form, as it is not a required semester. The enrollment file generation process will take into consideration all enrollment, including summers, and report accordingly, whether summer is a required semester or not. Including the summer semesters on the form causes the file generation process to view non-enrollment in a summer semester as a break in enrollment, thereby, assigning a new status start date, even if the student's status did not change from spring to fall. We are currently in testing to ensure enrollment will be reported accurately in all scenarios related to summer enrollment and non-enrollment if summer semesters are not included on this form.

Implementation Date: April 2021

Responsible Person: Venesa Heidick

Issue: For 1 student, the enrollment status effective date was reported incorrectly at both the campus- and program-levels. The date reported for that student's enrollment level change was the date that the University processed the student's drop request, rather than the actual effective date of the enrollment status change. That error was caused by issues related to the configuration of the enrollment reporting processes in the University's student information system. Specifically, the system is configured to report the date when a change is processed rather than the actual effective date.

We are currently working on developing a modification to our reporting file generation process that will pull and report the effective date of the status change, rather than the date the change was processed in the system.

Implementation Date: June 2021

Responsible Person: Venesa Heidick

Texas A&M University – Corpus Christi

Reference No. 2020-109

Eligibility

Federal Program Title: Student Financial Assistance Cluster

Federal Agencies: U.S. Department of Education and U.S. Department of Health and Human Services

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194138; CFDA 84.033, Federal Work-Study Program, P033A194138; CFDA 84.063, Federal Pell Grant Program, P063P193425; CFDA 84.268, Federal Direct Student Loans, P268K203425; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 5 T08HP30163-04-00

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student’s financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301). In determining whether a student is eligible for scholarships for health professions students from disadvantaged backgrounds, an institution must determine that the student has a financial need for the scholarship (Title 42, USC, Chapter 6A, Subchapter V, Part B, Section 293a(d)(2)).

Texas A&M University – Corpus Christi (University) uses algorithmic budgeting to build COA budgets for each term based on a student’s classification (undergraduate or graduate); residency (in-state or out-of-state); living status (on-campus, off-campus, or living with parents); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time). The University also includes an allowance for loan fees for students who were disbursed loans. Budgeting rules within the University’s student information system are established to assign various budget components based on the factors noted above. Certain budget components are calculated amounts. For example, the tuition and fee budget component is calculated based on the actual amount of tuition and fees a student is assessed for each term.

For 17 (28 percent) of 61 students tested, the University incorrectly calculated the COA. Specifically:

- For 16 students, the University did not adjust the student’s tuition and fees budget component and/or the loan fee budget component to reflect the student’s actual tuition and fees assessed for the Summer 2020 term. Those errors occurred because the University did not appropriately configure its budgeting rules for the Summer 2020 term.

- For 1 student, the University did not update the student’s COA to reflect a less-than-half-time enrollment status. The University’s process is to manually adjust the COA for students with less-than-half-time enrollment; however, this student’s COA was not adjusted due to a staff oversight.

Although those students’ COAs were overstated or understated, the errors did not affect the amount of student financial assistance those students received. However, incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Recommendation:

The University should strengthen its controls to ensure that it correctly calculates students’ COA budgets in accordance with its process.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

When bills are calculated at the start of each term, the Financial Aid Compliance Officer will select 100 students who are enrolled, and Risk Assessment Team will conduct an audit to validate the accuracy of the student’s cost of attendance. Additional exception report will be created to help identify students that are enrolled in a term less-than-half time and have not had their cost of attendance adjusted. This report will be emailed daily after census to financial aid staff for review.

Implementation Date: May 2021

Responsible Person: Enrique Garcia

Reference No. 2020-110

Special Tests and Provisions – Verification

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194138; CFDA 84.033, Federal Work-Study Program, P033A194138; CFDA 84.063, Federal Pell Grant Program, P063P193425; and CFDA 84.268, Federal Direct Student Loans, P268K203425

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: Unknown

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, education credits, individual retirement account deductions, high school completion, the student’s identity, and the student’s statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56; and *Federal Register*, Volume 83, Number 60).

When the verification of an applicant’s eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant’s FAFSA, the institution must submit a correction to

the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For students who have not filed and are not required to file an income tax return, the institution must obtain confirmation of non-filing from the Internal Revenue Service (IRS) or other relevant tax authority (*Federal Register*, Volume 83, Number 60).

Students who are selected for verification are placed in a verification tracking group (V1, V4, or V5) to determine which FAFSA information must be verified. A student may move from verification tracking group V1 or V4 to group V5 based on corrections made to his or her ISIR or on other information available to the U.S. Department of Education. If verification was already completed for the previous group, the institution is required to verify only the V5 information that was not already verified (U.S. Department of Education, *2019-2020 Federal Student Handbook, Application and Verification Guide*, Chapter 4).

For 6 (10 percent) of 61 students tested, Texas A&M University – Corpus Christi (University) did not accurately verify certain required items on the students' FAFSAs or did not obtain the required documentation from the student. Specifically:

- For 4 students, the University did not accurately verify the household size, number of household members who are in college, or the parent's U.S. income taxes paid. Those errors occurred because of manual errors the University made during its verification process. When auditors brought those errors to the University's attention, it corrected them in its student information system; however, it did not request updated ISIRs for those affected students because the deadline had passed for the University to submit corrections. The University performed procedures in its student information system to correct the ISIR information and asserted that there were no overawards or underawards of student financial assistance as a result of those errors.
- For 1 student, the University did not obtain a confirmation of non-filing from the IRS at the time it performed its verification processes. When auditors brought that error to the University's attention, it obtained confirmation of the student's non-filing status; therefore, no changes to the student's ISIR were required.
- For 1 student, the University did not verify all required information for the V5 tracking group. That student's ISIR was initially placed in a V4 tracking group and the University appropriately verified the applicable items for that tracking group. However, the student's subsequent ISIR was placed in a V5 tracking group and the University did not verify the V5 information that was not already verified as part of the initial V4 verification. After auditors brought that error to the University's attention, it verified the additional V5 information. No changes to the student's ISIR were required as a result.

The University has monitoring controls in place to identify students selected for verification to ensure that verification was performed; however, the University does not have a process to review student files to ensure that the verification was performed accurately. Not accurately verifying FAFSA information could result in the University overawarding or underawarding financial assistance.

Recommendation:

The University should strengthen its controls to ensure that it accurately verifies and requests supporting documentation for all required FAFSA information for students selected for verification.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The Financial Aid Compliance Officer will select 100 students who were verified and the Risk Assessment Team will conduct a complete desk audit to validate the accuracy of the verification process. An additional exception report will be created to identify students whose verification group has changed. The report will be emailed daily to financial aid staff for review.

Implementation Date: August 2021

Responsible Person: Enrique Garcia

Reference No. 2020-111

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194138; CFDA 84.063, Federal Pell Grant Program, P063P193425; and CFDA 84.268, Federal Direct Student Loans, P268K203425

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student's withdrawal date. Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed

by the institution (Title 34, CFR, Section 668.22(g)). The institutional charges used in the calculation are usually the charges that were initially assessed to the student for the entire payment period or period of enrollment, as applicable. Initial charges may be adjusted only by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal) (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 1, page 5-18).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

Texas A&M University – Corpus Christi (University) made errors in Title IV return calculations for 1 (1 percent) of 69 students tested. Specifically, the University incorrectly overstated the student's institutional charges by including the student's Title IV credit balance in its calculation. That error resulted in the University returning \$280 more than required in Federal Direct Student Loans; therefore, there are no questioned costs. However, having a process that does not consistently calculate and return the correct amount of Title IV funds increases the risk that the University could return less Title IV funds than it is required to return.

In addition, for 2 (3 percent) of 62 students tested who withdrew and required a return of Title IV funds, the University did not perform the return calculation within the required time frames. For 1 of those students, the University did not disburse the amount of Title IV assistance that the student earned until 84 days after the student withdrew. For the other student, the University did not return Title IV assistance to the U.S. Department of Education until 49 days after the student withdrew. Not making returns within the required time frames reduces the information available to the U.S. Department of Education for its program management.

Those errors occurred because of manual errors the University made in performing the return calculations and because the University did not have a monitoring process to identify those errors.

Recommendation:

The University should strengthen its controls to ensure that it accurately performs return calculations and returns Title IV funds within required time frames.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The Financial Aid Compliance Officer will select 10 percent of students who withdrew each term and conduct a complete desk audit to validate the accuracy of the Return to Title IV calculations. An additional compliance report will be created to identify students who withdrew and date that the Return to Title IV calculation was done to ensure timely return of funds.

Implementation Date: September 2021

Responsible Person: Enrique Garcia

Reference No. 2020-112

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P193425; and CFDA 84.268, Federal Direct Student Loans, P268K203425

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Texas A&M University – Corpus Christi (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 35 (57 percent) of 61 students tested, the University did not accurately report program-level data elements to NSLDS. Specifically, the University incorrectly reported the program enrollment effective date as the date that it ran the enrollment reporting process in its student information system, rather than the actual effective date of the student’s enrollment status. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University’s student information system.

For 2 (10 percent) of 21 students tested who received a Direct Loan and ceased to be enrolled on at least a half-time basis or changed their permanent address, the students’ graduated status was not reported to NSLDS in a timely manner. Those two students’ graduated statuses were reported to NSLDS 84 days and 92 days after the students graduated. Those errors occurred because the University did not certify its Fall 2019 graduated statuses to NSC in a timely manner.

In addition, the University did not always ensure that the files it uploaded to NSC were complete. Auditors reviewed the transmission of graduated student records to NSC for the Summer 2020 term and determined that only 338 of the 638 total records were uploaded. After auditors brought the issue to the University's attention, it resubmitted the file to NSC.

The errors discussed above occurred because the University (1) has not configured its student information system to accurately report student enrollment information to NSLDS, (2) has not developed policies and procedures for reporting enrollment and program information to NSLDS, and (3) does not have a process to monitor student enrollment and program information reported to NSC and NSLDS. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendations:

The University should strengthen its controls to:

- Ensure that program-level data elements are reported to NSLDS accurately.
- Ensure that all graduated statuses are reported to NSLDS in a timely manner.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes. Our institution's planned transmission schedule for the Clearinghouse is used as the framework to complete timely compliance reporting. It also sets reporting expectations for the various departments within the institution, the Clearinghouse, and student loan community, including the Department of Education. The transmission schedule comprises of 12 transmissions per academic year. The reporting frequency enables the institution to communicate enrollment status changes in a timely manner.

- *Once a transmission has gone through Clearinghouse system edits, and the institution has corrected any errors within the file, the enrollment information is loaded into the Clearinghouse database.*
- *The institution's enrollment information is then sent to the student loan community, which is covered in detail below.*
- *This process enables guarantors, lenders, and servicers to obtain the most recent enrollment information on their student borrowers, as well as service each student borrower's loan in a timely fashion.*

Clearinghouse data flows are in accordance with federal regulations, specifically CFR 682.610 and 685.309. These regulations provide guidance for the institution to communicate enrollment status changes via a Student Status Confirmation Report (SSCR). The Clearinghouse completes SSCRs whenever they receive them from NSLDS (National Student Loan Data System).

Typically, NSLDS creates and sends an SSCR transmission to the Clearinghouse on the first business day of each month of the year (January through December). The SSCR contains specific students at specific institutions who received Title IV Federal Financial Aid at your school, or a school other than yours, as determined by NSLDS. As the institution's agent, the Clearinghouse responds to the SSCR with the students' current information that we have in the Clearinghouse database, as provided by the institution. The Clearinghouse completes and returns the NSLDS SSCR within 15 days of receipt, in accordance with DCL 14-07 (federal regulation(s) 682.610/685.309).

Corrective Action Plan:

Internal review will be conducted quarterly, where we pull known Title IV award students in various enrollment circumstances:

- Dropped in status between terms
- Increased in status between terms
- Changed programs between terms
- Graduated after Spring, Summer, Fall

Verification of how students are reported to the clearinghouse as well as the effective program dates to match the catalog terms in Banner.

Internal Audit Procedures Checklist:

Gather audit sample: The audit sample is typically obtained from the institution's student information system, and is only comprised of students with disbursed and outstanding Title IV Federal Financial Aid, as determined by NSLDS.

Clearinghouse Website: Use the Clearinghouse Web site to review the records in the audit sample. Obtaining a full picture of enrollment reporting for each student assists the auditor in establishing timely compliance reporting in accordance with federal regulations 682.610 and 685.309.

Review student's enrollment history: The enrollment history creates an event timeline that includes enrollment status, effective date of status change, the date of the institution reported the change.

Reporting timeline: Timeline will reflect the timeliness of reporting via the clearinghouse to the student loan community. Compare the "date of determination" date with the "sent date". We will count from the date of the students' determined enrollment status changed to the date of the certification of enrollment sent to NSLDS.

Implementation Date: February 2021

Responsible Persons: Christie Roberts and Melissa Chapa

Texas Southern University

Reference No. 2020-113

Eligibility

Activities Allowed or Unallowed

Cash Management

Reporting

Special Tests and Provisions – Verification

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – General Program Eligibility

Special Tests and Provisions – Distance Education Program

(Prior Audit Issue 2017-119, 2017-120 (General Controls), 2016-109, 2016-110 (General Controls), 2016-111 (General Controls), 2016-112 (General Controls), and 2016-114 (General Controls))

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194145; CFDA 84.033, Federal Work-Study Program, P033A194145; CFDA 84.063, Federal Pell Grant Program, P063P192327; CFDA 84.268, Federal Direct Student Loans, P268K202327; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202327

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student's financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

Texas Southern University (University) uses algorithmic budgeting to build COA budgets for each term based on a student's classification (undergraduate or graduate); residency (in-state or out-of-state); living status (on-campus, off-campus, or living with parents); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time). Budgeting rules within the University's student information system are established to assign various budget components based on the factors noted above.

For 8 (13 percent) of 62 students tested, the University incorrectly calculated the COA. Specifically, those students should have been assigned a books and supplies budget component for graduate and pharmacy students; however, because of an issue in the configuration of the University's automated budgeting rules, the books and supplies budget component for undergraduate students was incorrectly assigned to those

students' COAs. The overall COA was understated for those students, which could inappropriately reduce the amount of financial assistance available to the student. After auditors brought that error to the University's attention, it corrected those students' COAs and the budgeting rules. Incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Federal Direct Student Loans

Direct Subsidized and Unsubsidized Loans have annual and aggregate limits that are the same for all students at a given grade level and dependency status. In general, a loan may not be more than the amount the borrower requests, the borrower's COA, the borrower's maximum borrowing limit, or the borrower's unmet financial need. The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students for loan periods/periods of enrollment beginning on or after July 1, 2012 (U.S. Department of Education *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 5).

The University did not always disburse Federal Direct Student Loans in accordance with applicable limits. Specifically:

- For 1 (2 percent) of 62 students tested, the University disbursed a Subsidized Direct Loan that was \$513 in excess of the student's financial need. That student was initially awarded based on a Fall/Spring COA; however, the student enrolled in only the Spring 2020 term. The University did not identify the overaward after the COA was updated to reflect the student's enrollment.
- For 1 (2 percent) of 62 students tested, the University disbursed an Unsubsidized Direct Loan that was \$17,631 in excess of the student's aggregate limit. That error was due to a staff oversight when reviewing the student's remaining eligibility.
- Based on auditors' review of the full population of federal student financial assistance recipients, the University disbursed 1 graduate student \$2,721 in Subsidized Direct Loan funds that the student was not eligible to receive. That student was enrolled as a post-baccalaureate student for the Fall 2019 term and was admitted to a graduate program for the Spring 2020 term. The University did not adjust the student's loans after the student's classification changed mid-year.

After auditors brought the above errors to the University's attention, the University returned the loan funds to the U.S. Department of Education; therefore, there were no questioned costs.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, reporting, special tests and provisions—verification, special tests and provisions—disbursements to or on behalf of students, special tests and provisions—borrower data transmission and reconciliation (direct loan), special tests and provisions—general program eligibility, and special tests and provisions—distance education program, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always ensure that access to modify key processes in the student information system was limited to only users who needed access based on their job responsibilities.

The University had a process to review user access to its systems; however, it did not always implement changes based on the results of that review. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The University should:

- Strengthen its controls to ensure that it correctly calculates students' COA budgets in accordance with its process.
- Strengthen its controls to ensure that it identifies and corrects overawards of student financial assistance.
- Disburse Direct Loans within the student's applicable aggregate limit.
- Disburse Subsidized Direct Loans only to eligible undergraduate students.
- Ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Views of Responsible Officials:

Cost of Attendance

The Office of Student Financial Assistance agrees with the recommendation to ensure that COA budgets are calculated correctly and over awards are corrected.

Federal Direct Student Loans

Texas Southern University agrees with the recommendation to strengthen the process of disbursing Direct Loans within the student's aggregate limits and in accordance with applicable limits.

General Controls

The Office of Student Financial Assistance agrees with the recommendation to ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Corrective Action Plan:

Cost of Attendance

Texas Southern University agrees with recommendation to strengthen its controls to ensure the COA is calculated correctly and students are not under awarded. The Office of Student Financial Assistance will develop a report in Argos to consistently conduct an inclusive review of all term periods to strengthen the consistency and accuracy in calculating all budget components. This review will be performed on a weekly basis and will decrease the risk of incorrectly calculating the COA budgets, and over awarding or under awarding financial assistance to students.

Implementation Date: March 2021

Responsible Person: Mrs. Joy Dailey, Interim Director - Student Financial Assistance

Federal Direct Student Loans

The Office of Student Financial Assistance will strengthen its current process to identify students awarded more than their aggregate limit.

The Office of Student Financial Assistance will develop a reporting tool to identify students with mixed enrollment changes to make updates to the student COA and ensure awards are adjusted accordingly. The reporting tool will be implemented by April 2021.

Implementation Date: April 2021

Responsible Person: Mrs. Joy Dailey, Interim Director - Student Financial Assistance

General Controls

The Office of Information Technology (OIT) will adopt new roles and responsibility access controls for ERP/SIS (Banner 9) system to establish new security access classes and account privileges based on job descriptions/responsibilities. OIT will develop educational sessions for the automation of requesting, reviewing, approving, and disabling accounts per data/module owners' certifications. OIT will continue to conduct quarterly quality assurance checks with data/module owners and conduct monthly sample reviews to ensure the accuracy of access roles and privileges. The new automated system and quality assurance process, along with a redesigned User Access Permissions Report will be implemented by June 2021.

Implementation Date: June 2021

Responsible Persons: Dr. Mario Berry, Vice President for Information Technology/Chief Information Office, and Mr. Sonny Gulati, Executive Director, Enterprise Applications Solutions

Reference No. 2020-114

Special Tests and Provisions - Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194145; CFDA 84.063, Federal Pell Grant Program, P063P192327; CFDA 84.268, Federal Direct Student Loans, P268K202327; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202327

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Return of Title IV Funds

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

For students who do not begin attendance, the institution must return those funds for which it is responsible as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance (Title 34, CFR, Section 668.21(b)).

For 3 (12 percent) of 26 students tested, Texas Southern University (University) did not return Title IV funds or did not return funds within the required time frame. Specifically:

- For 1 student, the University did not perform a return of Title IV funds calculation after the student withdrew from the Summer 2020 term. After auditors brought that issue to the University's attention, it performed a return calculation and returned funds as required; therefore, there are no questioned costs.
- For 2 students who were determined to have never begun attendance in the Fall 2019 term, the University returned funds 61 and 72 days after the University became aware that the student did not begin attendance.

Although the University had monitoring controls in place to ensure that return calculations it performed were accurate, it did not have an effective process to identify when a return was required or to ensure that Title IV funds were returned within the required time frame. Not making returns within the required time frame reduces the information available to the U.S. Department of Education for its program management.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always ensure that access to modify key processes in the student information system was limited to only users who needed access based on their job responsibilities.

The University had a process to review user access to its systems; however, it did not always implement changes based on the results of that review. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The University should:

- Develop and implement monitoring controls to ensure that return of Title IV calculations are performed and funds are returned within the required time frame.
- Ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Views of Responsible Officials:

Return of Title IV Funds

Texas Southern University agrees with the recommendation to develop and implement monitoring controls to ensure that returns of Title IV calculations are performed, and funds are returned within the required time frame.

General Controls

The Office of Student Financial Assistance agrees with the recommendation to ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Corrective Action Plan:

Return of Title IV Funds

The Office of Student Accounting and the Office of Student Financial Assistance will develop and implement monitoring controls to ensure that returns of Title IV calculations are performed, and funds are returned within the required time frame. The Office of Student Financial Assistance and the Office of Student Accounting will strengthen its policy by working with the Registrar's office to gain access to the reports that identify withdrawals and students reported as non-attending. The reports will be reviewed on a weekly basis, to ensure all students with a withdrawn status are captured for R2T4 processing. The withdrawal pending Status Change Report will assist in identifying the students with "0" hours of enrollment but have not officially withdrawn and have grades that indicate they did not successfully complete the course. The withdrawn student report will help to identify students with enrollment status codes that indicate they have withdrawn, but do not yet have a withdrawal record with the same enrollment status code and date. The University will also work with the Registrar's office and the Office of the Provost to create a policy that adds restrictions to our current policy on late withdrawals.

Implementation Date: May 2021

Responsible Persons: Mrs. Joy Dailey, Interim Director - Student Financial Assistance, and Mr. Jeffrey Thomas, Director - Student Accounting

General Controls

The Office of Information Technology (OIT) will adopt new roles and responsibility access controls for ERP/SIS (Banner 9) system to establish new security access classes and account privileges based on job descriptions/responsibilities. OIT will develop educational sessions for the automation of requesting, reviewing, approving, and disabling accounts per data/module owners' certifications. OIT will continue to conduct quarterly quality assurance checks with data/module owners and conduct monthly sample reviews to ensure the accuracy of access roles and privileges. The new automated system and quality assurance process, along with a redesigned User Access Permissions Report will be implemented by June 2021.

Implementation Date: June 2021

Responsible Persons: Dr. Mario Berry, Vice President for Information Technology/Chief Information Office, and Mr. Sonny Gulati, Executive Director, Enterprise Applications Solutions

Reference No. 2020-115

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 2017-121 (General Controls) and 2016-113 (General Controls))

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192327; and CFDA 84.268, Federal Direct Student Loans, P268K202327

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Enrollment Reporting

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment-level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Texas Southern University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 23 (38 percent) of 60 students tested, the University did not report enrollment status changes or did not accurately report enrollment status changes to NSLDS. Specifically:

- For 11 students, the University did not report a graduated status.
- For 10 students, the University incorrectly reported the enrollment level status change. The enrollment level for those students should have been reported as three-quarter-time, but it was incorrectly reported as half-time. For 2 of those 10 students, the University also reported an incorrect enrollment status effective date.
- For 1 student, the University did not report the enrollment level status.

- For 1 student, the University incorrectly reported the program-level enrollment status effective date for the student's withdrawal. The effective date was incorrectly reported as the first day of the academic term, instead of the date the student withdrew from the term.

In addition, for 10 (17 percent) of 60 students tested who received a Direct Loan and ceased to be enrolled on at least a half-time basis or changed their permanent address, the students' enrollment status was not reported to NSLDS in a timely manner. The University asserted that it reported those statuses to NSC in a timely manner; however, NSLDS received those statuses between 83 and 246 days after the effective date of the change.

The errors discussed above occurred because the University (1) has not developed sufficiently detailed policies and procedures to assist staff when performing enrollment reporting processes, (2) has not configured its student information system to accurately report student enrollment information to NSLDS, and (3) does not have a process to monitor student enrollment and program information reported to NSC and NSLDS. Not reporting student status changes or not reporting status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always ensure that access to modify key processes in the student information system was limited to only users who needed access based on their job responsibilities.

The University had a process to review user access to its systems; however, it did not always implement changes based on the results of that review. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to those systems.

Recommendations:

The University should:

- Develop and implement controls to ensure that status changes are reported to NSLDS accurately and in a timely manner.
- Ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Views of Responsible Officials:

Enrollment Reporting

Texas Southern University agrees with the recommendation to develop and implement controls to ensure that status changes are reported to NSLDS accurately and in a timely manner.

General Controls

The Office of Student Financial Assistance agrees with the recommendation to ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Corrective Action Plan:

Enrollment Reporting

To further enhance the reporting capabilities, key personnel hired, trained and have been granted direct access to the National Student Loan Database. On-line reporting will be added to mitigate late reporting of post-year updates. Deadlines have been imposed and monitored to ensure the timely reporting of grades lessening the possibility of late reporting. TSU continues to research best practices to determine how it may further enhance the timely reporting of grade changes based on industry standards in higher education. The Office of the Registrar will conduct a review to ensure reporting to NSC and NSLDS, is conducted in a timely manner.

Implementation Date: May 2021

Responsible Person: Ms. LaWanna Hobbs, Executive Registrar

General Controls

The Office of Information Technology (OIT) will adopt new roles and responsibility access controls for ERP/SIS (Banner 9) system to establish new security access classes and account privileges based on job descriptions/responsibilities. OIT will develop educational sessions for the automation of requesting, reviewing, approving, and disabling accounts per data/module owners' certifications. OIT will continue to conduct quarterly quality assurance checks with data/module owners and conduct monthly sample reviews to ensure the accuracy of access roles and privileges. The new automated system and quality assurance process, along with a redesigned User Access Permissions Report will be implemented by June 2021.

Implementation Date: June 2021

Responsible Persons: Dr. Mario Berry, Vice President for Information Technology/Chief Information Office, and Mr. Sonny Gulati, Executive Director, Enterprise Applications Solutions

Texas Tech University

Reference No. 2020-116

Eligibility

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194151; CFDA 84.033, Federal Work-Study Program, P033A194151; CFDA 84.063, Federal Pell Grant Program, P063P192328; CFDA 84.268, Federal Direct Student Loans, P268K202328; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202328

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution and including costs for rental or purchase of any equipment materials, or supplies required of all students in the same course of study.” An institution also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student’s financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

Texas Tech University (University) uses algorithmic budgeting to build COA budgets based on student classification (undergraduate or graduate), academic program (for example, certain programs have increased tuition costs), enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time), living status (on-campus, off-campus, or living with parents), and residency (in-state or out-of-state). Budgeting rules within the University’s student information system are established to assign various budget components based on the student’s reported expected enrollment.

For 5 (8 percent) of 61 students tested, the University incorrectly calculated the COA. Specifically:

- For two students, the University made errors when manually adjusting the COA. For one student, the University transposed the tuition and fee budget component and for the other student, the University deleted the room and board budget component. For both students, the overall COA was understated; therefore, those errors did not result in an overaward and there were no questioned costs.
- For one student, the University overstated the COA by assigning a room and board budget component that did not reflect the student’s living status. The University budgeted the student based on an off-campus living status prior to receiving an ISIR for the student. When the ISIR was received, the University did not update the student’s COA to reflect that the student was living with parents. As a result, that student was overawarded \$3,500 associated with CFDA 84.268, Federal Direct Student

Loans, award number P268K202328. After auditors brought that error to the University's attention, it adjusted the student's COA and returned funds to the U.S. Department of Education; therefore, there were no questioned costs.

- For one student, the University calculated the COA using an incorrect tuition and fees budget component because it incorrectly set up the 2019-2020 award year budget tables in its student information system for full-time graduate students. The University identified that issue and asserted that the budget tables were corrected in February 2019; however, the University did not recalculate the COA for students who were previously budgeted. Through data analysis, auditors identified 138 additional students who received Title IV financial assistance who were affected by this issue. Those students' COAs were understated by amounts between \$386 (in-state residents) to \$801 (out-of-state residents) for each full-time term attended. Because the COA for those students was understated, those errors did not result in any overawards and there were no questioned costs.
- For one student, the University calculated the COA using incorrect room and board, transportation, and miscellaneous personal expense budget components because it incorrectly set up the Summer 2020 budget tables in its student information system for Executive Master of Business Administration students. As a result, the student's COA was overstated by \$3,224 and the student was overawarded \$1,947 associated with CFDA 84.268, Federal Direct Student Loans, award number P268K202328. Through data analysis, auditors identified 62 additional students who received Title IV financial assistance who were affected by this issue; 11 of those 62 students were overawarded a total of \$24,114 associated with CFDA 84.268, Federal Direct Student Loans, award number P268K202328. After auditors brought those errors to the University's attention, it adjusted the students' COAs and returned funds to the U.S. Department of Education; therefore, there were no questioned costs.

Incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Recommendation:

The University should strengthen its controls to ensure that it correctly calculates students' COA budgets in accordance with its process and does not overaward financial assistance to students.

Views of Responsible Officials:

Texas Tech University acknowledges and agrees with the findings. Texas Tech University has worked to develop and implement corrective action to further improve processes.

Corrective Action Plan:

The University has already implemented significant process enhancements in this area.

We have implemented a monthly internal review of a random sample of students and their cost of attendance budget components. The sample includes a variety of student levels and enrollment statuses. A dedicated group meets monthly to discuss budget component exceptions to ensure the system budget process is running correctly. The internal review also offers an opportunity for staff training should a manual adjustment be incorrectly input.

We have administered mandatory cost of attendance training for all staff. Training topics included cost of attendance development, cost of attendance components with a detailed discussion for each component, and cost of attendance resources.

Implementation Date: December 1, 2020

Responsible Persons: Shannon Venezia and Shannon Crossland

We have implemented an overall review of budget components generated from the budget tables during our aid year rollforward.

Implementation Date: November 1, 2020

Responsible Persons: Shannon Venezia, Shannon Crossland, Vanessa Negrete, and Eric Thompson

Reference No. 2020-117

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192328; and CFDA 84.268, Federal Direct Student Loans, P268K202328

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, program begin date (which is the date the student first began attending the program being reported), and other data about the program (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Texas Tech University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to

NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 22 (37 percent) of 60 students tested, the University did not report enrollment level changes or did not accurately report campus-level or program-level data elements to NSLDS. Specifically:

- For 19 students, the University did not report the student's change in enrollment status at the campus-level or the program-level, as required. Those students dropped a course or courses after the University's census date for that term. Those errors occurred because the University configured its student information system based on its grading methodology for state reporting purposes, and as a result, the system is not configured to report changes for students who drop courses after the census date of a term.
- For 1 student, the University incorrectly reported the student's enrollment status as less-than-half-time, although the student was not enrolled for that term. The University asserted that when NSC updated the enrollment roster, it incorrectly reported that student's status.
- For 1 student, the student's program begin date was reported incorrectly. The student began his/her program in the Spring 2020 term; however, the University reported the first day of the Fall 2019 term as the student's program begin date.
- For 1 student, the CIP code for the student's program was reported incorrectly. The student graduated from an electrical engineering program; however, the University reported the student's program as pre-engineering, which is a generic CIP code used for students who are taking pre-requisites to be admitted into an engineering program.

For 2 (6 percent) of 35 students tested who received a Direct Loan and ceased to be enrolled on at least a half-time basis or changed their permanent address, the students' graduated status was not reported to NSLDS in a timely manner. Both students graduated in December 2019; however, the University did not report the students' graduated status until July 2020. The University asserted that it had issues when submitting its degree verification files to NSC that caused the delay in reporting.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayments schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendations:

The University should:

- Develop and implement a process to report enrollment level changes to NSLDS for students who drop courses after the census date of a term.
- Strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately and in a timely manner.

Views of Responsible Officials:

Texas Tech University acknowledges and agrees with the findings. Texas Tech University has worked to develop and implement corrective action to further improve processes.

Corrective Action Plan:

The University has already implemented significant process enhancements in this area.

We have updated our student record rule tables so that any drop (both before the census day and after the census day) is calculated in time status immediately.

We asked NSC to remove the Graduated student option as it was applied to our account without our knowledge. This allows our enrollment file and graduation file to work together to update student records prior to being sent to NSLDS.

We ceased using the delivered Ellucian job and file to generate enrollment files. We now create our list from the tables using live data.

Implementation Date: January 1, 2021

Responsible Persons: Bobbie Brown and Shannon Crossland

Texas Woman's University

Reference No. 2020-120

**Cash Management
Reporting**

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194153; and CFDA 84.033, Federal Work-Study Program, P033A194153

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Cash Management

An institution must (1) identify, in its accounts, all federal awards received and expended and the federal programs under which they were received; (2) provide for accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements in Title 2, Code of Federal Regulations (CFR), Sections 200.328 and 200.329; (3) maintain records that adequately identify the source and application of funds for federally funded activities; (4) establish effective internal control, and accountability for, all funds, property, and other assets; (5) compare actual expenditures with the approved budget for the federal award; (6) establish written procedures to implement the requirements of Title 2, CFR, Section 200.305; and (7) establish written procedures for determining the allowability of costs in accordance with the terms and conditions of the federal award (Title 2, CFR, Section 200.302).

In addition, an institution must establish and maintain effective internal control over federal programs that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

Texas Woman's University (University) did not always manage its federal awards in compliance with federal statutes, regulations, and the terms and conditions of its federal awards. For 1 (3 percent) of 30 drawdowns tested, the University erroneously drew down funds from the wrong award year and wrong federal award number. Specifically, in August 2019, using the U.S. Department of Education's G5 System (G5 System), it drew down funds from its 2018-2019 Federal Work-Study (FWS) Program to reimburse itself for \$16,669 in 2019-2020 Federal Supplemental Educational Opportunity Grant (FSEOG) expenditures and \$6,703 in 2019-2020 FWS expenditures. After auditors brought the issue to the University's attention, it made appropriate adjustments to its FWS and FSEOG awards; therefore, there were no questioned costs.

The University uses the G5 system to request reimbursement of federal funds. For financial reporting purposes, the University is considered to have submitted a financial report at the time it makes a request for reimbursement using the G5 system. Therefore, as a result of the errors discussed above, the University did not accurately report financial information.

The University had a review and approval process for its drawdowns of federal awards; however, that process was not adequate and did not identify the error discussed above. The University also did not have adequate monitoring controls over its cash management process. Specially, the University maintains a worksheet to monitor cash needs on a daily basis and reconcile its general ledger, student information system, and the G5 system; however, that process also did not identify the error noted above. Not having adequate controls over cash management increases the risk that the University could draw down funds in excess of its needs.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always limit access to the student information system to only current employees. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate access to its student information system increases the risk of inappropriate changes to that system.

Recommendations:

The University should:

- Request drawdowns only from the correct award number and award year.
- Strengthen its controls to ensure compliance with cash management and financial reporting requirements.
- Appropriately limit user access to current employees and strengthen its user access review process.

Views of Responsible Officials:

TWU is committed to the management of federal awards in compliance with federal statutes, regulations and the terms and conditions of its federal awards as it is with all University funds. To this end, the University has added additional staff this fiscal year in this area and will review all operating procedures. We will also strengthen our user access review process and ensure user access is limited to current employees.

Corrective Action Plan:

TWU will complete the review of internal processes this spring. The University will revise, as appropriate, internal processes and procedures to review, plan and act upon the findings and recommendations. This will include establishing a dual verification process to ensure compliance with cash management and financial reporting. Furthermore, quarterly assessments will be incorporated to ensure the efficacies of the dual verification process.

The Office of Student Financial Aid's management will disable and remove access when users are no longer active or will terminate users in the system when users are no longer employed at TWU. A procedure will be created so that both full time and temporary employees will follow a prescribed checklist upon their exit from TWU. In cases where an employee is terminated, management will review the checklist to verify that access to University systems has been deactivated. In addition, management will conduct an access review annually. As part of this access review, management will ensure access privileges exist for only active employees.

Implementation Date: May 2021

Responsible Person: Melanie Ramirez

Reference No. 2020-121

Eligibility

Activities Allowed or Unallowed

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – General Program Eligibility

Special Tests and Provisions – Distance Education Program

Federal Program Title: Student Financial Assistance Cluster

Federal Agencies: U.S. Department of Education and U.S. Department of Health and Human Services

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194153; CFDA 84.033, Federal Work-Study Program, P033A194153; CFDA 84.063, Federal Pell Grant Program, P063P192330; CFDA 84.268, Federal Direct Student Loans, P268K202330; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202330; CFDA 93.264, Nurse Faculty Loan Program, 2 E01HP31828-02-00; CFDA 93.364, Nursing Student Loans, Award Number Not Applicable; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 5 T08HP30222-04-00

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll). Nurse faculty loan program assistance may be used to pay the cost of tuition, fees, books, laboratory expenses, and other reasonable education expenses (Title 42, USC, Chapter 6A, Subchapter VI, Part E, Section 297n-1(c)).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student's financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301). In determining whether a student is eligible for scholarships for health professions students from disadvantaged backgrounds or nursing student loans, an institution must determine that the student has a financial need for the assistance (Title 42, USC, Chapter 6A, Subchapter V, Part B, Section 293a(d)(2); and Title 42, CFR, Section 57.306).

Texas Woman's University (University) builds COA budgets for each term based on a student's classification (undergraduate or graduate); residency (in-state or out-of-state); living status (on-campus, off-campus, or living with parents); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time). The University also includes an allowance for loan fees for students who were disbursed loans. Budgeting rules within the University's student information system are established to assign various budget components based on students' anticipated enrollment. After the census date for each term, the University re-performs the budgeting process to recalculate students' budgets based on actual enrollment, if necessary.

For 5 (7 percent) of 68 students tested, the University incorrectly calculated the COA. Specifically:

- For 2 students, certain budget components were not accurately calculated due to an error in the University's student information system. For one of those students, the COA incorrectly excluded budget components for tuition and fees and books. As a result, the student's COA was understated by \$6,318, which could inappropriately reduce the amount of financial assistance available to the student. For the other student, the COA incorrectly included an additional room and board component, which overstated the student's COA by \$10,068. As a result, the University overawarded that student \$784 in Federal Direct PLUS Loan funds. After auditors brought the error to the University's attention, it returned the loan funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For 2 students, the University did not account for all terms in the 2019-2020 award year in which the students enrolled and received student financial assistance. Both students were enrolled in the Summer 2019, Fall 2019, and Spring 2020 terms; however, not all terms were included in the students' COA due to a staff oversight. As a result, the COA for each student was understated, which could inappropriately reduce the amount of financial assistance available to the students.
- For 1 student, the University did not adjust the student's tuition and fees budget component to reflect the student's actual enrollment. That error occurred because the University had locked the student's COA after a previous review, which prevented the automated process from recalculating that budget component. The University also did not remove the loan fee budget component after the student did not accept loans for the award year, per its process. The student's COA was overstated by \$1,977; however, the University did not overaward financial assistance to that student.

Incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Federal Supplemental Educational Opportunity Grants (FSEOG)

The FSEOG program provides grants to eligible undergraduate students. Institutions are required to award FSEOG first to Federal Pell Grant recipients who have the lowest expected family contribution (EFC). If an institution has FSEOG funds remaining after giving FSEOG awards to all Federal Pell Grant recipients, it can then award the remaining FSEOG funds to eligible students with the lowest EFCs who did not receive Federal Pell Grants (Title 34, Code of Federal Regulations (CFR), Section 676.10).

Based on a review of the full population of student financial assistance recipients, the University awarded a total of \$3,003 in FSEOG assistance to 4 students who were not eligible for that assistance. The University had not awarded FSEOG assistance to all other Federal Pell Grant recipients before awarding FSEOG assistance to those 4 students. Those students were initially awarded Federal Pell Grant funds, but the funds were not disbursed because the University determined the students were ineligible to receive a Federal Pell Grant because they (1) had already received the maximum lifetime eligibility amount for Federal Pell Grants or (2) received Federal Pell Grant funds from another institution for the same period. After auditors brought the errors to the University's attention, it canceled the FSEOG awards; therefore, there were no questioned costs.

Teacher Education Assistance for College and Higher Education (TEACH) Grants

The Budget Control Act of 2011 requires changes in the percentage reduction that institutions must apply to awards in the TEACH Grant program. A TEACH Grant for which the first disbursement is on or after October 1, 2019, and before October 1, 2020, requires a reduction of 5.9 percent from the award amount for which the student would otherwise have been eligible. (U.S. Department of Education Electronic Announcement, *FY 2020 Sequester - Required Changes to Award Amounts*, May 30, 2019).

Based on a review of the entire population of student financial assistance recipients, the University awarded an incorrect amount of TEACH Grant assistance to 7 students. The University underawarded those students a total of \$84 in TEACH Grant assistance because it reduced the awards by the incorrect percentage. After auditors brought those errors to the University's attention, it adjusted the TEACH Grant awards to reflect the correct award amounts.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed; special tests and provisions—disbursements to or on behalf of students; special tests and provisions—borrower data transmission and reconciliation (direct loan); special tests and provisions—general program eligibility; and special tests and provisions—distance education program, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always limit access to the student information system to only current employees. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate access to its student information system increases the risk of inappropriate changes to that system.

Recommendations:

The University should:

- Strengthen its controls to ensure that it correctly calculates students' COA budgets in accordance with its process and does not overaward financial assistance to students.
- Award FSEOG assistance only to eligible students.
- Award TEACH Grants to students based on the correct percentage reduction.
- Appropriately limit user access to current employees and strengthen its user access review process.

Views of Responsible Officials:

TWU acknowledges and agrees with the findings and recommendations. We will strengthen our controls to ensure that we correctly calculate students' COA budgets in accordance with our process and do not over award financial assistance to students. We will strengthen our controls to ensure FSEOG is only awarded to eligible students. We will strengthen our controls to ensure TEACH Grants are awarded based on the correct percentage reduction. And we will strengthen our user access review process and ensure user access is limited to current employees.

Corrective Action Plan:

The inaccuracies with calculating Cost of Attendance (COA) were identified and immediately corrected. The following corrective actions will also be implemented to address all findings related to COA: (1) to further improve consistency, the Office of Student Financial Aid will develop a monitoring report to be run after census date to conduct a quality control review and identify any students whose budget is not consistent

with census enrollment, and (2) the Office of Student Financial Aid will also conduct a quality control review on budgets that were manually adjusted to ensure accuracy and consistency with the established COA tables.

The process of monitoring and reconciling FSEOG has been revised and the updated process is currently in place. A report is run to identify potentially ineligible FSEOG awards prior to running the disbursement process each semester.

The population of TEACH Grant recipients is relatively low, therefore, the Office of Student Financial Aid has implemented a manual internal quality control check of TEACH Grants to review enrollment, award amounts and disbursements. Each student awarded the TEACH Grant is evaluated after every term to ensure accuracy of awards.

The Office of Student Financial Aid's management will disable and remove access when users are no longer active or will terminate users in the system when users are no longer employed at TWU. A procedure will be created so that both full time and temporary employees will follow a prescribed checklist upon their exit from TWU. In cases where an employee is terminated, management will review the checklist to verify that access to University systems has been deactivated. In addition, management will conduct an access review annually. As part of this access review, management will ensure access privileges exist for only active employees.

Implementation Date: February 2021

Responsible Persons: Lacey Thompson and Kimberly Adams

Reference No. 2020-122

Special Tests and Provisions – Verification

(Prior Audit Issue 2017-126 and 2016-124)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194153; CFDA 84.033, Federal Work-Study Program, P033A194153; CFDA 84.063, Federal Pell Grant Program, P063P192330; CFDA 84.268, Federal Direct Student Loans, P268K202330; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202330

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: Unknown

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, education credits, individual retirement account deductions, high school completion, the student's identity, and the statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 83, Number 60).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of

the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents. That statement must list the name and age of each household member, the relationship of each household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c); and *Federal Register*, Volume 83, Number 60).

For 2 (3 percent) of 62 students tested, Texas Woman's University (University) did not accurately verify certain required items on the students' FAFSA. Specifically:

- For one of those students, the University did not accurately verify the education credits on the student's parent's tax return. This error occurred because of a manual error the University made during its verification process. When auditors brought that error to the University's attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in its student information system to correct the error and asserted the error did not result in a change to the student's EFC or student financial assistance awards.
- For the other student, the University did not obtain acceptable documentation to verify the student's household size. Specifically, the University obtained the names of each household member, but not the age or relationship of each household member to the student, as required. As a result, auditors could not determine whether the student's household size was accurate and the effect on the students' EFCs or financial assistance awards, if applicable.

Not accurately verifying and not obtaining sufficient documentation to verify FAFSA information could result in the University overawarding or underawarding student financial assistance.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always limit access to the student information system to only current employees. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate access to its student information system increases the risk of inappropriate changes to that system.

Recommendations:

The University should:

- Strengthen its controls to ensure that it accurately verifies and obtains sufficient documentation for all required FAFSA information for students selected for verification.
- Appropriately limit user access to current employees and strengthen its user access review process.

Views of Responsible Officials:

TWU acknowledges and agrees with the findings and recommendations. We will strengthen our controls to ensure that we collect sufficient documentation and accurately verify students selected for verification. And we will strengthen our user access review process and ensure user access is limited to current employees.

Corrective Action Plan:

The Office of Student Financial Aid will enhance monitoring controls in this area of compliance and implement modifications including introducing a form to collect required household and number in college information to verify the student's household size. In addition, the Office of Student Financial Aid's management will sample a portion of the total verification population with a second level review to identify and correct errors more readily.

The Office of Student Financial Aid's management will disable and remove access when users are no longer active or will terminate users in the system when users are no longer employed at TWU. A procedure will be created so that both full time and temporary employees will follow a prescribed checklist upon their exit from TWU. In cases where an employee is terminated, management will review the checklist to verify that access to University systems has been deactivated. In addition, management will conduct an access review annually. As part of this access review, management will ensure access privileges exist for only active employees.

Implementation Date: February 2021

Responsible Persons: Lacey Thompson and Jessica Hogan

Reference No. 2020-123

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194153; CFDA 84.033, Federal Work-Study Program, P033A194153; CFDA 84.063, Federal Pell Grant Program, P063P192330; CFDA 84.268, Federal Direct Student Loans, P268K202330; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202330

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Return of Title IV Funds

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)). If the total amount of calculated Title IV grant or loan assistance, or both, that a student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student, as of the date

of the institution's determination that the student withdrew, the difference between those amounts must be treated as a post-withdrawal disbursement in accordance with Title 34, Section 668.164(j) (Title 34, CFR, Section 668.22(a)(5)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student's withdrawal date. Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)). The institutional charges used in the calculation are usually the charges that were initially assessed to the student for the entire payment period or period of enrollment, as applicable. Initial charges may be adjusted only by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal) (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 1, page 5-18).

The total number of calendar days in a payment period or period of enrollment includes all days within the payment period or period of enrollment that the student was scheduled to complete, excluding scheduled breaks of at least five consecutive days. Scheduled breaks of at least five consecutive days are also excluded from the number of calendar days the student completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

A "crossover payment period" is a payment period that falls into two award years (in that it begins before July 1 and ends on or after July 1). For Federal Pell Grant purposes, an institution must consider a crossover payment period to occur entirely within one award year and calculate the student's Pell award and disburse Pell funds from the award year the institution selected for inclusion of that crossover period. If the student has a valid Institutional Student Information Record (ISIR) for both award years, an institution may make a payment for a crossover payment period out of either award year. The institution must assign the crossover payment period to the award year that will be most beneficial to the student based on the student's remaining eligibility (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 3, page 3-75 and Title 34, CFR, Section 690.64).

A program is offered in modules if a course or courses in the program do not span the entire length of the payment period or period of enrollment (Title 34, CFR, Section 668.22(l)(6)). For all programs offered in modules, a student is considered to have withdrawn for Title IV purposes if the student ceases attendance in all courses at any point prior to completing the payment period or period of enrollment, unless the institution obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 2, page 5-66).

Texas Woman's University (University) made errors in Title IV return calculations for 16 (27 percent) of 60 students tested. Specifically:

- For 6 students, the University incorrectly cancelled the students' Federal Pell Grant awards because the students withdrew from the Summer 2019 term prior to July 1, 2019. The University asserted that due to a limitation in its student information system, students could not receive 2019-2020 Federal Pell Grant funds during the Summer 2019 term if the student withdraws prior to July 1. Therefore, the University implemented an improper policy to cancel Pell awards for students who withdrew prior to July 1. As a result, those students were under-awarded a total of \$1,991 in Federal Pell Grant funds.
- For 4 students, the University inappropriately made adjustments to the students' aid prior to performing the return calculation or incorrectly included a negative adjustment in the students' return calculation. As a result, those students were underawarded a total of \$1,529 in Federal Pell Grant funds.
- For 3 students, the University did not consider the total number of days enrolled for the payment period. The University incorrectly performed return calculations for those students based only on the specific module from which the students withdrew and did not consider the students' enrollment in the overall Fall 2019 payment period. As a result, the University did not accurately determine the amount of Title IV aid to return. After auditors brought the errors to the University's attention, it recalculated those students' return amounts. For two of those students, the University returned more Title IV funds than required. For one student, the University returned less Federal Direct Student Loan funds than it should have returned. After auditors brought that error to the University's attention, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For 3 students, the University used in the return calculation an incorrect (1) percentage of the payment period completed, (2) amount of institutional charges, or (3) withdrawal date. Two of those errors resulted in the University returning less Title IV funds than required. After auditors brought those two errors to the University's attention, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs. One of those errors resulted in the University returning more Title IV funds than required; therefore, there were no questioned costs for that student.

In addition, for 2 (3 percent) of 60 students tested, the University did not perform the required Title IV return calculation. Specifically:

- For 1 student, the University did not perform a return calculation because it incorrectly determined the student was not eligible to receive Federal Pell Grant funds because the student withdrew from the Summer 2019 term prior to July 1, 2019, as discussed above.
- For 1 student, the University incorrectly disbursed Federal Pell Grant funds for a term in which the student withdrew. Because the student had not received Title IV assistance at the time of withdrawal, the University did not perform a return calculation. Due to a system error, the University inadvertently made a post-withdrawal disbursement to the student for that term, rather than completing a return calculation to determine whether the student was eligible for a post-withdrawal disbursement. The University later identified this issue and canceled the Federal Pell Grant disbursement for that term; however, it did not perform a return calculation to determine the amount of Title IV assistance the student earned.

Those errors occurred because of issues with the configuration of the University's student information system and manual errors the University made in performing the return calculations. In addition, the University did not have an effective monitoring process to identify those errors. Having a process that does not consistently calculate and return the correct amount of Title IV funds increases the risk that the University could return less Title IV funds than it is required to return.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always limit access to the student information system to only current employees. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate access to its student information system increases the risk of inappropriate changes to that system.

Recommendations:

The University should:

- Develop and implement a process to disburse Federal Pell Grant funds to eligible students who withdraw from a crossover payment period before July 1.
- Strengthen its controls to ensure that it accurately calculates returns of Title IV funds when required, including review of the variables it uses in those calculations.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations.
- Appropriately limit user access to current employees and strengthen its user access review process.

Views of Responsible Officials:

TWU acknowledges and agrees with the findings and recommendations. We will develop and implement a process to disburse Federal Pell Grant funds to eligible students who withdraw from a crossover payment period. We will strengthen our controls to ensure returns of Title IV funds are calculated correctly. We will strengthen our monitoring controls to detect and correct errors. And we will strengthen our user access review process and ensure user access is limited to current employees.

Corrective Action Plan:

The Office of Student Financial Aid has developed and implemented a process to disburse Federal Pell Grant funds to eligible students who withdraw from a crossover payment period before July 1. The Office of Student Financial Aid will review and update procedures to ensure that returns of Title IV funds are accurately calculated in regards to modules within a term. The Office of Student Financial Aid management will work with the Registrar's Office to ensure that all withdrawals are properly documented to ensure that federal aid, for a student who has withdrawn, is accurately calculated, adjusted and returned to the Title IV programs appropriately. The Office of Student Financial Aid will complete the return of Title IV funds calculation and adjustments once a week to capture withdrawals that have occurred for the week. The Office of Student Financial Aid will ensure a second level review is completed so that the University is in compliance with the requirements. To mitigate possible errors and review our process and procedures, the Office of Student Financial Aid's management will conduct a quality control review with the assistance from an accounting firm.

The Office of Student Financial Aid's management will disable and remove access when users are no longer active or will terminate users in the system when users are no longer employed at TWU. A procedure will be created so that both full time and temporary employees will follow a prescribed checklist upon their exit from TWU. In cases where an employee is terminated, management will review the checklist to verify that

access to University systems has been deactivated. In addition, management will conduct an access review annually. As part of this access review, management will ensure access privileges exist for only active employees.

Implementation Date: February 2021

Responsible Persons: Lacey Thompson and Kimberly Adams

Reference No. 2020-124

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 2017-129 and 2016-126)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192330; and CFDA 84.268, Federal Direct Student Loans, P268K202330

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Enrollment Reporting

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment-level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported. (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Texas Woman's University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 10 (17 percent) of 60 students tested, the University did not report enrollment status changes or did not accurately report campus-level or program-level data elements to NSLDS. Specifically:

- For 4 students, the University incorrectly reported different enrollment effective dates at the program- and campus-levels for the same enrollment status.
- For 3 students, the University incorrectly reported the program begin date for the CIP code at the program-level. The University reported the date of administrative changes to the student's majors, instead of the first day of the term in which the students actually began attendance in the programs.
- For 2 students, the University did not report a graduated status at the campus-level. However, the graduated status for both students was correctly reported at the program-level.
- For 1 student, the University incorrectly reported the program begin date and program enrollment effective date as the first day of the Fall 2019 term; however, the student did not begin attendance until the Spring 2020 term.

The errors discussed above occurred because the University does not have a documented process to monitor student enrollment and program information reported to NSLDS. Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student information system. Specifically, the University did not always limit access to the student information system to only current employees. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate access to its student information system increases the risk of inappropriate changes to that system.

Recommendations:

The University should:

- Strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately.
- Appropriately limit user access to current employees and strengthen its user access review process.

Views of Responsible Officials:

The Registrar's Office accepts the recommendations of the State Auditors to strengthen our controls for NSLDS reporting, specifically in regards to the campus and program level data. Per the findings from the 2016 and 2017 audits, the Registrar's Office has implemented additional reporting measures to address the graduated student status at the campus level. A graduates-only file is sent to the National Student Clearinghouse prior to the start of the subsequent term that reflects the students on the previous term's enrollment files with the new graduated status. This ensures that continuing students are reported as graduated at the campus and program level before the next term's initial enrollment file is submitted.

Corrective Action Plan:

The Registrar will perform regular checks of NSLDS to confirm accurate data transmission. These checks will occur 2-3 times per semester and will be documented via spreadsheet with the sample students' information. To mitigate possible errors and review our process and procedures, the Registrar will conduct a quality control review with the assistance from an accounting firm.

The Office of Student Financial Aid's management will disable and remove access when users are no longer active or will terminate users in the system when users are no longer employed at TWU. A procedure will be created so that both full time and temporary employees will follow a prescribed checklist upon their exit from TWU. In cases where an employee is terminated, management will review the checklist to verify that access to University systems has been deactivated. In addition, management will conduct an access review annually. As part of this access review, management will ensure access privileges exist for only active employees.

Implementation Date: February 2021

Responsible Person: Jenna Lee

Reference No. 2020-125

Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security

Federal Program Title: Student Financial Assistance Cluster

Federal Agencies: U.S. Department of Education and U.S. Department of Health and Human Services

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194153; CFDA 84.033, Federal Work-Study Program, P033A194153; CFDA 84.063, Federal Pell Grant Program, P063P192330; CFDA 84.268, Federal Direct Student Loans, P268K202330; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202330; CFDA 93.264, Nurse Faculty Loan Program, 2 E01HP31828-02-00; CFDA 93.364, Nursing Student Loans, Award Number Not Applicable; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 5 T08HP30222-04-00

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Gramm-Leach-Bliley Act

The Gramm-Leach-Bliley Act (GLBA) requires institutions to safeguard sensitive data, which includes information obtained in support of the administration of the federal student financial assistance programs (Public Law 106-102). In order to develop, implement, and maintain an information security program, institutions must:

- (a) designate an employee or employees to coordinate the information security program;
- (b) perform a risk assessment that addresses (1) employee training and management, (2) information systems, including network and software design, as well as information processing, storage, transmission, and disposal, and (3) detecting, preventing, and responding to attacks, intrusions, or other systems failures; and
- (c) design and implement information safeguards to control the risks identified (Title 16, Code of Federal Regulations (CFR), Section 314.4).

Texas Woman's University (University) did not perform a risk assessment for its information security program as required by the GLBA. The University has designated an individual to coordinate its information security program and has information security policies and controls in place; however, it does not have a documented process or procedure to perform a risk assessment. Not performing a risk assessment for its information security program as required by the GLBA increases the risk that the University's information technology safeguards may not be aligned to risks the University faces, which may increase the risk of data breach or loss.

Recommendation:

The University should develop and implement a process to perform a risk assessment as required by the GLBA and document safeguards for each risk identified.

Views of Responsible Officials:

TWU has previously completed an internal assessment of its information security program in FY20. The report on this assessment, the Agency Security Plan has been submitted and is on file with the Texas Department of Information Resources (DIR). It currently addresses some, but not all aspects of the GLBA. TWU has requested, and DIR as approved, an institution-wide security risk assessment to be performed by an independent 3rd party. This 3rd party assessment is provided through DIR's Managed Security Services program, and the assessment is based on the security objectives of the Texas Cybersecurity Framework. TWU has completed initial planning calls with the 3rd party assessor, and is continuing to work with the assessors to finalize the timeframe for execution of the assessment. The outcome of this assessment will provide TWU with a report identifying the risks to the institution and documented safeguards, as well as recommendations.

Corrective Action Plan:

TWU will complete the independent 3rd party security risk assessment within the current fiscal year. TWU will also develop internal processes and procedures for Plan of Actions and Milestones (POA&Ms) to review, plan and act upon the findings and recommendations of the independent assessment. Furthermore, periodic institution-wide security risk assessments will be incorporated into the overall information security program planning.

Implementation Date: August 2021

Responsible Person: Nelson Lee

University of Houston

Reference No. 2020-126

Eligibility

Special Tests and Provisions – Institutional Eligibility

Activities Allowed or Unallowed

Cash Management

Special Tests and Provisions – Verification

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – General Program Eligibility

Special Tests and Provisions – Distance Education Program

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192333; CFDA 84.268, Federal Direct Student Loans, P268K202333; CFDA 84.033, Federal Work-Study Program, P033A194166; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 5 T08HP30152-04-00

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Incarcerated Students

An institution does not qualify as an eligible institution if, for its latest complete award year, more than 25 percent of its regular enrolled students were incarcerated (Title 34, CFR, Section 600.7(a)(1)(iii)), and institutions must demonstrate compliance with that requirement (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 2, Chapter 1).

The University of Houston (University) did not have procedures to identify incarcerated students, and it was not able to demonstrate that less than 25 percent of its enrolled students were incarcerated for the 2019-2020 award year. The University did not have a process to identify incarcerated students to demonstrate that it is meeting the incarcerated student limitation; however, auditors did not note any evidence of incarceration for the 60 students tested. Not having procedures in place to identify incarcerated students increases the risk that the University may not qualify as an eligible institution.

Other Compliance Requirements and Award Numbers

Although the general control weaknesses described below apply to activities allowed or unallowed; cash management; special tests and provisions–verification; special tests and provisions–disbursements to or on behalf of students; special tests and provisions–borrower data transmission and reconciliation (direct loan); special tests and provisions–general program eligibility; and special tests and provisions–distance education program, auditors identified no compliance issues regarding those compliance requirements. The general control weaknesses described below also apply to CFDA 84.033, Federal Work-Study Program, P033A194166 and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, award number 5 T08HP30152-04-00.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University's policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Develop and implement procedures to demonstrate its compliance with the incarcerated student limitation.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

Incarcerated Students

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has developed and will begin to implement corrective action to further improve the process.

General Controls

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

Corrective Action Plan:

Incarcerated Students

The University has identified a process to determine if students in completely online programs are incarcerated to ensure that not more than 25 percent of its regular enrolled students are incarcerated. A short-term, manual process, which would require online-only students who apply for financial aid to confirm they are not incarcerated prior to disbursement of funds, can be implemented rather quickly, but a more accurate, systematic process will require the coordinated efforts of multiple departments across the University and will be pursued as a long-term solution.

Implementation Date: February 26, 2021

Responsible Persons: Scott Moore and Lety Gallegos

General Controls

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC

committee) and documented via the “schedule of upcoming changes” spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 29, 2021

Responsible Person: Mary Dickerson

Reference No. 2020-127

Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award number: CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202333

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

COD Reporting

Institutions must submit Teacher Education Assistance for College and Higher Education (TEACH) Grant disbursement records to the Common Origination and Disbursement (COD) system no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement. Reporting this information helps ensure that institutions have the most accurate information available about students’ federal awards and to help prevent an institution from overawarding students (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 1; and *Federal Register*, Volume 84, Number 212). Certain data elements are required to be reported as part of a student’s origination and disbursement record, including the student’s Social Security number, Central Processing System (CPS) transaction number, enrollment date, disbursement amount, and disbursement date (*2019-2020 COD Technical Reference*, Volume II). An institution must report the following information for each TEACH Grant recipient: (1) the student’s eligibility for a TEACH Grant, (2) the student’s TEACH Grant amounts, and (3) the anticipated and actual disbursement date(s) and disbursement amount(s) of the TEACH Grant funds (Title 34, Code of Federal Regulations, Section 686.37(a)).

The University of Houston (University) incorrectly reported origination and/or disbursement information for all 10 (100 percent) TEACH Grant awards it made for the 2019-2020 award year. For all 10 students, the University reported incorrect disbursement dates for one or more disbursements made to the students during the award year. The incorrect disbursement dates ranged from 161 days prior to 8 days after the actual dates the TEACH Grants were disbursed to the students. In addition, the University reported the incorrect enrollment date for 5 of those students and an incorrect CPS transaction number for 2 of those students.

The University also incorrectly reported disbursement amounts for 3 of those students. Specifically:

- For 2 students, the University disbursed the student’s TEACH Grant award in two separate payments: a disbursement for the Fall 2019 term and a disbursement for the Spring 2020 term. However, the University incorrectly reported the total amount paid to the student as one disbursement record in COD.

- For one student, the University inaccurately reported the disbursement amount for each term; however, the overall amount reported as disbursed for the 2019-2020 award year was correct.

The University's process is to manually report TEACH Grant awards on COD's website; the incorrect award and disbursement information reported for all 10 students was a result of manual entry errors made during that process. In addition, the University did not have a process to review the manual data entries for accuracy. Not accurately reporting information to the COD system could result in the institution overawarding federal funds.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University's policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that TEACH Grant origination and disbursement information is reported to COD accurately.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

COD Reporting

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has developed and will begin to implement corrective action to further improve the process.

General Controls

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

Corrective Action Plan:

COD Reporting

The functional area responsible for processing TEACH Grants underwent a number of staffing changes during the year, including the departure of the assistant director responsible for overseeing the program, resulting in incorrect reporting of enrollment dates. The new assistant director and program coordinator responsible for creating TEACH applications in COD have received thorough training and understand the importance of timely and accurate reporting of the enrollment dates for the program. The University is in the process of re-opening the year to correct the reported dates in COD to ensure the student's enrollment dates are accurate.

Implementation Date: February 12, 2021

Responsible Person: Joshua Trevino

General Controls

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the "schedule of upcoming changes" spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 29, 2021

Responsible Person: Mary Dickerson

Reference No. 2020-128

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194166; CFDA 84.063, Federal Pell Grant Program, P063P192333; CFDA 84.268, Federal Direct Student Loans, P268K202333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202333

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Return of Title IV Calculations

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)). If the total

amount of calculated Title IV grant or loan assistance, or both, that a student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student, as of the date of the institution's determination that the student withdrew, the difference between those amounts must be treated as a post-withdrawal disbursement in accordance with Title 34, CFR, Section 668.164(j) (Title 34, CFR, Section 668.22(a)(5)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student's withdrawal date. Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)). The institutional charges used in the calculation are usually the charges that were initially assessed to the student for the entire payment period or period of enrollment, as applicable. Initial charges may be adjusted only by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal) (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 1, page 5-18).

The University of Houston (University) made errors in the Title IV return calculations for 3 (5 percent) of 66 students tested. Specifically, the University made errors in determining the amount of institutional charges to be used in the return calculation for those students. There were no questioned costs as a result of those errors because (1) the University returned more than the required amount, (2) the error did not affect the amount of Title IV grant or loan assistance to be returned, or (3) a return of Title IV funds was not required per Section 3508 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Those errors occurred because of manual errors the University made in its calculation; in addition, the University's review of return calculations was not sufficient to identify those errors. Not calculating institutional charges correctly increases the risk that the University will not return the correct amount of Title IV assistance to the U.S. Department of Education or may return funds that students have earned.

In addition, the University did not perform the required Title IV return calculations for 2 (3 percent) of 66 students tested. Specifically:

- For 1 student, the University did not identify that the student withdrew from the Spring 2020 term and had received Title IV assistance for that term. That error occurred because of a staff oversight. After auditors brought the issue to the University's attention, it performed the return calculation and returned Title IV funds as required; therefore, there were no questioned costs.
- For 1 student, the University incorrectly disbursed Title IV assistance for a term in which the student withdrew. Because the student had not completed the University's verification requirements, the student had not received Title IV assistance at the time of withdrawal. As a result, the University did not perform a return calculation. When the student completed the verification requirements, the University incorrectly disbursed Title IV assistance to the student for the term in which the student withdrew, rather than completing a return calculation to determine whether the student was eligible for a post-withdrawal disbursement. After auditors brought the error to the University's attention, it

performed a return calculation and returned Title IV funds as required; therefore, there were no questioned costs.

The University did not have sufficient monitoring controls to identify all students requiring a Title IV return calculation. In addition, the University did not have controls to prevent its student information system from disbursing Title IV assistance to withdrawn students.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University's policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that it accurately calculates returns of Title IV funds when required, including review of the variables it uses in those calculations.
- Develop and implement controls to prevent its student information system from disbursing Title IV assistance to withdrawn students prior to performing a return of Title IV funds calculation.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

Return of Title IV Calculations

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has developed and will begin to implement corrective action to further improve the process.

General Controls

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

Corrective Action Plan:

Return of Title IV Calculations

A new, highly-experienced staff member is now sharing responsibilities for processing R2T4 calculations, which is expected to reduce human error and allow for better quality control measures to monitor that R2T4 calculations are being accurately completed. To ensure aid is not incorrectly disbursed to students who have withdrawn, responsible staff have been advised on how to properly package late applicants, as well as to not manually override holds preventing disbursement without first confirming a student's true eligibility.

Implementation Date: December 23, 2020

Responsible Person: Frank Gomez

General Controls

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the "schedule of upcoming changes" spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 29, 2021

Responsible Person: Mary Dickerson

Reference No. 2020-129

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 2017-134, 2016-131, 2015-124, 2014-140, 2013-165, 13-147, 12-153, 11-154, 10-98, 09-87, 08-74, and 07-58)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192333; and CFDA 84.268, Federal Direct Student Loans, P268K202333

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Enrollment Reporting

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment

reporting roster files also must include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment-level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported. (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 40 (66 percent) of 61 students tested, the University did not report enrollment status changes or did not accurately report campus-level or program-level data elements to NSLDS. For many of the students tested, there were one or more data elements reported incorrectly. Specifically:

- For 27 students, the enrollment effective date was reported incorrectly at the program-level. For enrollment level changes and withdrawals occurring in the Fall 2019 term, the program-level effective date was incorrectly backdated to the first day of the term instead of the actual effective date of the status change.
- For 19 students, the program begin date was reported incorrectly. The University reported a date related to an administrative action (for example, the date that the student was approved to enroll in the program or the date the student applied for graduation), instead of the first day of the term in which the student actually began attendance in the program. The University asserted that it had correctly reported the program begin dates to NSC; however, the dates were reported incorrectly to NSLDS.
- For 3 students, the University did not report a graduated status to NSLDS. The University asserted that it reported those graduated statuses to NSC; however, those statuses were not reported to NSLDS.
- For 3 students, a withdrawal status was reported incorrectly. For those students, the University (1) reported an incorrect effective date for the withdrawal, (2) did not report the withdrawal status at the program-level, or (3) incorrectly reported the student's status as withdrawn instead of never attended.

For 4 (11 percent) of 35 students tested who received a Direct Loan and ceased to be enrolled on at least a half-time basis or changed their permanent address, the students' enrollment status was not reported to NSLDS in a timely manner. Those four students either withdrew or dropped to less-than-half-time enrollment. The University asserted that it reported those statuses to NSC in a timely manner; however, NSLDS received those statuses between 67 and 69 days after the effective date of the change.

The errors discussed above occurred because the University (1) has not configured its student information system to accurately report student enrollment and program information to NSLDS and (2) did not have a process to ensure that student enrollment and program information reported to NSC was accurately reported to NSLDS in a timely manner. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayments schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University's policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Develop and implement controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately and in a timely manner.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

Enrollment Reporting

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has developed and will begin to implement corrective action to further improve the process.

General Controls

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

Corrective Action Plan:

Enrollment Reporting

The Enrollment Report sent to the National Student Clearinghouse (NSC) contains two levels of reporting: Campus Level and Program Level. In fall 2019, UH was using a custom report that did not generate data

correctly. This custom report had accurate reporting at the campus level but not at the program level. We identified this issue and moved to the delivered process in spring 2020. The first delivered enrollment report was sent to the NSC on February 3, 2020. I have confirmed that data points for the program begin dates and enrollment status changes are appearing correctly on the delivered enrollment report.

Implementation Date: February 3, 2020

Responsible Person: Rachel Honora

General Controls

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the "schedule of upcoming changes" spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 29, 2021

Responsible Person: Mary Dickerson

University of Houston – Clear Lake

Reference No. 2020-132

Eligibility

Special Tests and Provisions – Institutional Eligibility

Activities Allowed or Unallowed

Cash Management

Reporting

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – General Program Eligibility

Special Tests and Provisions – Distance Education Program

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194160; CFDA 84.033, Federal Work-Study Program, P033A194160; CFDA 84.063, Federal Pell Grant Program, P063P193465; CFDA 84.268, Federal Direct Student Loans, P268K203465; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T203465

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$135,318

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student’s financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

The University of Houston – Clear Lake (University) established different COA budgets for each term based on a student’s classification (undergraduate or graduate); residency (in-state or out-of-state); living status (on-campus, off-campus, or living with parents); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time).

For 27 (42 percent) of 64 students tested, the University incorrectly calculated the COA. Those errors occurred because the University did not correctly load the budget components for the Summer 2020 term into its student information system. This issue would have affected all students who enrolled in the Summer 2020 term. Auditors did not identify students during testing who were overawarded financial assistance as a result of the COA issue; therefore, there are no questioned costs. However, incorrectly establishing COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Federal Pell Grant

When awarding Federal Pell Grant assistance to students, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 3, page 3-56; and Title 34, CFR, Section 690.63(b)).

For 1 (3 percent) of 36 students tested who received Federal Pell Grants, the University did not award the correct amount of Federal Pell Grant assistance. Specifically, the University awarded the student an amount that was less than the amount the student was eligible to receive. That occurred because the University awarded Federal Pell Grants to the student based on three-quarter-time enrollment, instead of the student's actual enrollment (full-time). As a result, the student was underawarded \$774 in Federal Pell Grant assistance.

Federal Supplemental Educational Opportunity Grants (FSEOG)

The FSEOG program provides grants to eligible undergraduate students. Institutions are required to award FSEOG first to Federal Pell Grant recipients who have the lowest expected family contribution (EFC). If an institution has FSEOG funds remaining after giving FSEOG awards to all Federal Pell Grant recipients, it can then award the remaining FSEOG funds to eligible students with the lowest EFCs who did not receive Federal Pell Grants (Title 34, CFR, Section 676.10).

Based on a review of the full population of student financial assistance recipients, the University awarded \$7,000 in FSEOG assistance to 5 students who were not eligible for that assistance. The University had not awarded FSEOG assistance to all other Federal Pell Grant recipients before awarding FSEOG assistance to those 5 students. Those 5 students had already received their lifetime eligibility amount for Federal Pell Grants; therefore, they were no longer eligible to receive Federal Pell Grants. After auditors brought those errors to the University's attention, it corrected the FSEOG awards; therefore, there were no questioned costs.

Eligibility and Certification Approval Report

Each institution's most recent *Eligibility and Certification Approval Report* (ECAR) lists the institution's main campus and any additional approved locations. For any other locations at which an institution offers 50 percent or more of an eligible program, the institution must notify the U.S. Department of Education of that location if the institution wants to disburse Title IV funds to students enrolled at that location (Title 34, CFR, Section 600.21(a)(3)). An institution may not disburse Title IV funds to students at that location before it reports to the U.S. Department of Education about that location (Title 34, CFR, Section 600.21(d)).

The University's most recent ECAR did not include all additional locations. Specifically, the University offers eligible programs for incarcerated students at three of the state's prison units. The University reported one of those locations on its ECAR; however, the University did not include the other two locations on its most recent ECAR. That error occurred because the University did not adequately review its ECAR to ensure that it reported all locations at which it offered more than 50 percent of an eligible program. The University disbursed \$135,318 in federal student financial assistance to 27 students at the unreported locations during the 2019-2020 award year. Those disbursements were associated with CFDA 84.063, Federal Pell Grant Program, award number P063P193465, and they were considered questioned costs.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed; cash management; reporting; special tests and provisions—disbursements to or on behalf of students, special tests and provisions—borrower data transmission and reconciliation (direct loan), special tests and

provisions—general program eligibility, and special tests and provisions—distance education program, auditors identified no compliance issues regarding those compliance requirements.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University’s policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that it correctly calculates students’ COA budgets in accordance with its process.
- Award students the correct amount of Federal Pell Grant assistance for an award year.
- Award FSEOG assistance only to eligible students.
- Update its ECAR as required, and ensure that it does not disburse financial assistance to students at locations that are not on its ECAR.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen its controls to ensure that it correctly calculates students’ COA budgets in accordance with its process.

The department has implemented multi-level review to ensure accuracy and compliance. Upper-level management within Financial Aid will review information input for each budget item, as well as perform testing to ensure accurate values and computations are established within Peoplesoft.

Implementation Date: April 2021

Responsible Person: Holly Nolan

Recommendation: Award students the correct amount of Federal Pell Grant assistance for an award year.

Office of Financial Aid will review a Pell Chart Report available in PeopleSoft as an additional review of all Pell awards. This will provide additional support to a query to find errors in Federal Pell Grant amounts.

Implementation Date: July 2021

Responsible Person: Holly Nolan

Recommendation: Award FSEOG assistance only to eligible students.

Students were awarded FSEOG to Pell eligible students that had reached their LEU and therefore not awarded Federal Pell Grant in the same term as FSEOG. A query has been created to identify students in this scenario to remove the FSEOG. The query will be reviewed at the beginning of each term.

Implementation Date: March 2021

Responsible Person: Holly Nolan

Recommendation: Update its ECAR as required, and ensure that it does not disburse financial assistance to students at locations that are not on its ECAR.

The current ECAR has been reviewed on multiple levels and updates to correct locations submitted to the Department of Education. UHCL will create a Business Process to ensure departments communicate with the Office of Student Financial Aid when any changes are needed and are educated about the changes that require updates.

Implementation Date: May 2021

Responsible Person: Holly Nolan

Recommendation: Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the “schedule of upcoming changes” spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 2021

Responsible Person: Mary Dickerson

Reference No. 2020-133

Special Tests and Provisions – Verification

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award number: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194160; CFDA 84.033, Federal Work-Study Program, P033A194160; CFDA 84.063, Federal Pell Grant Program, P063P193465; CFDA 84.268, Federal Direct Student Loans, P268K203465; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T203465

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, education credits, individual retirement account deductions, high school completion, the student's identity, and the statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56; and *Federal Register*, Volume 83, Number 60).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 2 (3 percent) of 62 students tested, the University of Houston – Clear Lake (University) did not accurately verify certain required items on the students' FAFSAs. For one of those students, the University did not accurately verify the student's U.S. income taxes paid. For the other student, the University did not accurately verify the parent's AGI. Those errors occurred because of manual errors the University made during its verification process.

When auditors brought those errors to the University's attention, the University made corrections to the students' ISIRs. Although those errors caused the EFC to be incorrect for both students, there was no impact on the amount of student financial assistance the student received; therefore, there were no questioned costs. However, not verifying FAFSA information accurately could result in the University overawarding or underawarding student financial assistance.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to

the production environment, as required by the University's policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that it accurately verifies all required FAFSA information for students selected for verification.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen its controls to ensure that it accurately verifies all required FAFSA information for students selected for verification.

Additional training and webinars will be provided to Financial Aid staff on required documentation and verification procedures. Sample files will be selected for upper-level management to review for accuracy. Any issues will be resolved in a timely manner if identified.

Implementation Date: May 2021

Responsible Person: Holly Nolan

Recommendation: Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the "schedule of upcoming changes" spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 2021

Responsible Person: Mary Dickerson

Reference No. 2020-134

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194160; CFDA 84.063, Federal Pell Grant Program, P063P193465; CFDA 84.268, Federal Direct Student Loans, P268K203465; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T203465

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Return of Title IV Calculations

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student's withdrawal date. Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)). The institutional charges used in the calculation are usually the charges that were initially assessed to the student for the entire payment period or period of enrollment, as applicable. Initial charges may be adjusted only by those changes the institution made prior to the student's withdrawal (for example, for a change in enrollment status unrelated to the withdrawal) (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 1, page 5-18).

The total number of calendar days in a payment period or period of enrollment includes all days within the payment period or period of enrollment that the student was scheduled to complete, excluding scheduled breaks of at least five consecutive days. Scheduled breaks of at least five consecutive days are also excluded

from the number of calendar days the student completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

For 13 (48 percent) of 27 students tested, the University of Houston – Clear Lake (University) incorrectly calculated the amount of Title IV funds to be returned or returned the incorrect amount of funds. For a majority of the students discussed below, there were multiple errors in the return calculation. Specifically:

- For 10 students, the University incorrectly determined the total number of days in the payment period for the Spring 2020 or Summer 2020 terms. Specifically, the University used start and end dates for the payment period that did not correspond to the actual start and end dates for the specific parts of the term that each student was scheduled to complete. Although the amount of unearned Title IV assistance calculated for those students was incorrect, funds were not required to be returned per Section 3508 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act; therefore, there were no questioned costs.
- For five students, the University did not exclude any break days from the Spring 2020 term as required. Those errors occurred because the University did not load the break days into its student information system when setting up the payment period; therefore, this issue would have affected all students who withdrew from the Spring 2020 term. Although the amount of unearned Title IV assistance calculated for those five students was incorrect, there were no questioned costs because (1) the University returned more funds than required or (2) funds were not required to be returned per Section 3508 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- For three students, the University made a manual error in determining the amount of institutional charges to be used in the return calculation. For two of those students who withdrew from the Summer 2020 term, a return of Title IV funds was not required per Section 3508 of the CARES Act; therefore, there are no questioned costs. However, for one student who withdrew from the Fall 2019 term, the University returned \$949 less than it should have returned. After auditors brought the error to the University's attention, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For one student, the University returned the incorrect amount of Title IV funds due to a manual entry error. Specifically, the University returned \$36 less than it should have returned. After auditors brought the error to the University's attention, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For one student, the University incorrectly included a loan in the return calculation that had not been originated at the time the student withdrew. As a result, the amount of unearned Title IV assistance calculated for that student was incorrect. However, a return of Title IV funds was not required per Section 3508 of the CARES Act; therefore, there were no questioned costs.

In addition, for 6 (17 percent) of 36 students tested who did not have a return of Title IV funds made, the University did not perform a return calculation as required. Specifically:

- For five students who withdrew from the Spring 2020 or Summer 2020 terms, the University did not perform a return calculation as required. After auditors brought those errors to the University's attention, it performed return calculations as required. However, returns of Title IV funds were not required per Section 3508 of the CARES Act; therefore, there were no questioned costs.
- For one student, the University did not perform a return calculation and return funds as required due to a staff oversight. That student did not begin attendance in the Spring 2020 term; therefore, the student did not earn any Title IV funds for that term. After auditors brought the error to the University's

attention, it returned the \$12,218 in Federal Direct Student Loans for which the student was not eligible to the U.S. Department of Education; therefore, there were no questioned costs.

The University did not have an effective monitoring process to identify those errors. Having a process that does not consistently calculate and return the correct amount of Title IV funds increases the risk that the University could return less Title IV funds than it is required to return.

Returning Funds in the Required Order

Unearned funds returned by the institution or the student must be credited to outstanding balances on Title IV loans made to the student or on behalf of the student for the payment period or period of enrollment for which a return of funds is required. Those funds must be credited to outstanding balances for the payment period or period of enrollment for which a return of funds is required in the following order: (1) Unsubsidized Federal Direct Loans; (2) Subsidized Federal Direct Loans; and (3) Federal Direct PLUS received on behalf of the student. If unearned funds remain to be returned after repayment of all outstanding loan amounts, the remaining excess must be credited to any amount awarded for the payment period or period of enrollment for which a return of funds is required in the following order: (1) Federal Pell Grants; (2) FSEOG Program aid; and (3) TEACH Grants (Title 34, CFR, Section 668.22(i)).

For 2 (10 percent) of 20 students tested who withdrew and required a return of Title IV funds, the University did not return the Title IV funds in the required order. Specifically:

- For one student, the University incorrectly returned the student's Federal Pell Grant and did not return any of the student's unsubsidized or subsidized Federal Direct Student Loan funds as required. As a result, the student was overawarded \$3,030 in Federal Direct Student Loan funds. After auditors brought the error to the University's attention, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For one student, the University correctly returned the student's unsubsidized Federal Direct Student Loan amount; however, it incorrectly returned \$34 from the student's Federal Pell Grant instead of returning that amount from the student's subsidized Federal Direct Student Loan. After auditors brought the error to the University's attention, it returned the \$34 in Federal Direct Student Loans to the U.S. Department of Education; therefore, there were no questioned costs.

Those errors occurred because the University (1) made manual errors in interpreting the return calculation for those students and should have returned the students' loan funds prior to returning Federal Pell Grant funds and (2) did not have an effective monitoring process to identify those errors.

Timeliness of Returns

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

For 2 (10 percent) of 20 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frame. Specifically, for those students, the University determined the withdrawal dates and performed the return calculations; however, it did not return the Title IV funds within the required 45-day time frame due to an oversight in processing the return of those funds. The University returned the funds for those two students 62 and 208 days after it had determined that those students had withdrawn. Not making returns within required time frames reduces the information available to the U.S. Department of Education for its program management.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University’s policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that it accurately calculates returns of Title IV funds when required, including review of the variables it uses in those calculations.
- Return Title IV funds in the order required by the U.S. Department of Education.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations and returns Title IV funds within required time frames.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen its controls to ensure that it accurately calculates returns of Title IV funds when required, including review of the variables it uses in those calculations.

Peoplesoft system is being reviewed to update some functions to automatically calculate certain variables of the Return to Title IV worksheet. The institutional charges will automatically calculate, eliminating manual processing errors. Days and number of days will be checked prior to term by upper-level management to ensure accurate calculations. Business Process documents will be reviewed and updated accordingly to serve as how-to-guide for staff.

Implementation Date: May 2021

Responsible Person: Holly Nolan

Recommendation: Return Title IV funds in the order required by the U.S. Department of Education.

Training will be provided to staff for Return to Title IV processes and procedures. Any additional webinars or NASFAA credential testing will be offered to update skills in processing returns. A new Assistant Director has been hired to process Return to Title IV. She will be trained and returns reviewed and monitored for accuracy by upper-level administration.

Implementation Date: May 2021

Responsible Person: Holly Nolan

Recommendation: Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations and returns Title IV funds within required time frames.

A new Assistant Director has been hired to process calculations, upper-level management will review completed calculations to ensure accuracy. Any issues that come about will be review and discussed with the staff to ensure understanding and on-going compliance. Reports will be reviewed to ensure timeliness of the returns.

Implementation Date: March 2021

Responsible Person: Holly Nolan

Recommendation: Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the “schedule of upcoming changes” spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 2021

Responsible Person: Mary Dickerson

Reference No. 2020-135

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P193465; and CFDA 84.268, Federal Direct Student Loans, P268K203465

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Enrollment Reporting

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

The University of Houston – Clear Lake (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 22 (35 percent) of 62 students tested, the University did not report the enrollment status change or did not accurately report program-level data elements to NSLDS. Specifically:

- For 13 students, the program begin date was reported incorrectly. The University reported the date that the students declared their majors or changed their academic programs, instead of the first day of the term in which the student actually began attendance in the program. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University’s student information system.

- For 6 students, the enrollment effective date was reported correctly to NSLDS at the campus-level; however, a different enrollment effective date was incorrectly reported at the program-level for the same enrollment status. The effective date reported at the program-level should be the same date reported at the campus-level because those dates reflect the same enrollment status change. The University did not have a process to ensure that information was reported accurately at the program-level.
- For 2 students, both the program begin date and the program-level enrollment status effective date were reported incorrectly because of the issues discussed above.
- For 1 student, the University did not report the student’s withdrawal status to NSLDS. That student unofficially withdrew from the Spring 2020 term. The University did not report any students who were determined to have unofficially withdrawn from the Spring 2020 term. The University asserted that it did not report the student withdrawals because it had been waiting on guidance for reporting requirements under Section 3508 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which waived the statutory requirement for institutions to return Title IV funds as the result of student withdrawals related to a qualifying emergency. The CARES Act did not waive the requirement for institutions to report student withdrawals to NSLDS.

Not reporting student enrollment and program information accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not always comply with its change management process for information systems. Specifically, for 2 (25 percent) of 8 changes tested, the University did not ensure that its change manager and/or change management committee formally approved the change prior to migrating that change to the production environment, as required by the University’s policies and procedures. The University asserted that occurred due to staff oversight, and that informal approvals had been obtained prior to migrating those changes.

Not obtaining approvals in accordance with University policies and procedures increases the risk of unauthorized programming changes being made to critical information systems that the University uses to administer student financial assistance.

Recommendations:

The University should:

- Strengthen its controls to ensure that program-level data elements are reported to NSLDS accurately.
- Ensure that students who unofficially withdrew from a term are reported to NSLDS.
- Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen its controls to ensure that program-level data elements are reported to NSLDS accurately.

The University will adjust the business process for program changes and implement a methodology for review of program dates reported.

Implementation Date: June 2021

Responsible Person: Bryan Heard

Recommendation: Ensure that students who unofficially withdrew from a term are reported to NSLDS.

A process for reporting unofficial withdrawals is in place and will be followed.

Implementation Date: February 2021

Responsible Person: Bryan Heard

Recommendation: Consistently follow its change management policies and procedures to obtain required approvals for changes to information systems.

We agree that the UHS change management policies and procedures should be consistently followed and the required approvals obtained for changes to university information systems used to administer student financial assistance.

In both cases documented in the finding, the requestors have been reminded by their supervisors to follow all proper procedures. Additionally, as was noted in the finding, both of these changes were scheduled and discussed with the PeopleSoft Technical and Support committees (separate groups from the CMC committee) and documented via the “schedule of upcoming changes” spreadsheets prior to the changes being implemented. In cases such as these, the CMC committee approval becomes a formality. But, we agree that it is a formality that is part of the procedures and should be completed. Therefore, UIT Management will ensure that all appropriate staff are reminded of the change management policies and procedures and that required approvals are obtained in accordance with the policies.

Implementation Date: January 2021

Responsible Person: Mary Dickerson

University of North Texas

Reference No. 2020-136

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192293; and CFDA 84.268, Federal Direct Student Loans, P268K202293

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported. (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

For instances in which a student completes one academic program and then enrolls in another academic program at the same school, the school must report two separate enrollment transactions: one showing the completion of the first program and its effective date and credential level, and the other showing the enrollment in the second program and its effective date (*Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). For a student who has graduated, institutions that initially report a withdrawn status must subsequently report the student as having graduated by certifying a “G” status at the campus-level and/or program-level as appropriate. The graduated status may protect the interest subsidy on the student’s current loans (*NSLDS Enrollment Reporting Guide*, Chapter 4).

The University of North Texas (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University’s behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University’s responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 60 (95 percent) of 63 students tested, the University did not accurately report campus-level and/or program-level data elements to NSLDS or did not report enrollment statuses in a timely manner. For a majority of the students tested, there were one or more data elements reported incorrectly. Specifically:

- For 57 students, the program begin date was reported incorrectly. The University reported the date that the student declared their major or was otherwise approved to enroll in the program, instead of the first day of the term in which the student actually began attendance in the program. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.
- For 30 students, the enrollment effective date was reported correctly to NSLDS at the campus-level; however, a different enrollment effective date was incorrectly reported at the program-level for the same enrollment status. The effective date reported at the program-level should be the same date reported at the campus-level because those dates reflect the same enrollment status change. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.
- For 2 students, a withdrawal status was not reported to NSLDS within 60 days of the date the University determined that the student unofficially withdrew from the Spring 2020 term. The University's process is to (1) identify the last date of attendance for students who unofficially withdraw from the term during the end-of-term grade processing and (2) manually update the student's record on the NSLDS website. However, the unofficial withdrawal status was not reported for those two students due to staff turnover and delays in processing. After auditors notified the University about the oversight, the University reported the status changes to NSLDS, but that reporting was done 71 and 80 days after the University determined the students' dates of withdrawal.
- For one student, a graduated status was not reported at the campus-level. That student graduated at the end of the Spring 2020 term and subsequently enrolled half-time in another program in the Summer 2020 term. The graduated status was correctly reported at the program-level; however, only the half-time status was reported at the campus-level.
- For one student, a graduated status was not reported timely to NSLDS. The student was appropriately reported as withdrawn after the Fall 2019 term; however, a graduated status was not reported after the student's degree was conferred after the Spring 2020 term. After auditors brought the issue to the University's attention, it reported the graduated status to NSLDS 119 days after the student's graduated status became effective.
- For one student, the effective date for the student's withdrawal status was reported incorrectly at the campus- and program-levels. The University initially correctly reported the effective date as the student's last day of attendance; however, it asserted that NSC overrode that effective date with the last day of the term.
- For one student, the program length was reported incorrectly. The student was enrolled in a 4-year Bachelor's program; however, the program length was incorrectly reported as 2 years. That error was caused by a data entry error in the University's student information system.
- For one student, the enrollment level was reported incorrectly using graduate-level enrollment (three-quarter-time). Because that student was enrolled in a post-baccalaureate program and was treated as an undergraduate for student financial assistance purposes (for example, the student's cost of attendance was based on undergraduate-level enrollment), the enrollment level should have been reported using undergraduate-level enrollment (half-time). The University asserted it made this error because it admits post-baccalaureate students through its graduate school; however, the enrollment

level reported to NSLDS should be consistent with the University's student financial assistance processes.

The errors discussed above occurred because the University does not have a process to monitor student enrollment and program information reported by NSC to NSLDS. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendation:

The University should develop and implement controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately and in a timely manner.

Views of Responsible Officials:

The University acknowledges the findings. The University recognizes the importance of accurate and timely enrollment reporting and will work accordingly for timely processing of updates and that system audit controls are in place to ensure updates to programs, like change of majors, comply with the program effective dates for start of a term.

The University acknowledges and agrees with the finding regarding the unofficial withdrawal reporting to NSLDS. Through analysis of this exception identified in the audit, the University has worked to develop and implement corrective action to further improve the process.

Corrective Action Plan:

As of December 2020, a new assistant registrar has been assigned to oversee the enrollment reporting process, additional cross training has started with staff, audit controls are being put in place and the reporting schedule has been modified to allow more timely updates. The procedures manuals are being revised to include policies and detailed procedures related to these findings to ensure the errors do not continue. Audit reports are being revised for ongoing checks with data entry. With the UNT System office for Information Technology Systems Support the UNT Registrar's Office and Enrollment Systems will update program logic so student program effective dates reflect the first day of a term.

Implementation Date: Beginning December 2020 with completion early Spring

Responsible Persons: Sabina Hernandez, Senior Assistant Registrar, and Ashley Wheelis, Deputy Registrar

The University of North Texas has implemented significant process enhancements in the area of manually reporting unofficial withdrawals to NSLDS. The responsible office has been changed from the Registrar's Office to Student Financial Aid and Scholarships. Unofficial withdrawal procedures have been revised to reflect processing timelines to report to NSLDS within the required 60 days after the institution determines that the students unofficially withdrew.

Implementation Date: September 2020

Responsible Persons: Kimberley Wells, Student Financial Aid and Scholarships Director of Operations, and Melissa Boyer, Assistant Director for Loans

University of North Texas at Dallas

Reference No. 2020-137

Eligibility

Activities Allowed or Unallowed

Cash Management

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – Institutional Eligibility

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A199321; CFDA 84.033, Federal Work-Study Program, P033A199321; CFDA 84.063, Federal Pell Grant Program, P063P198229; CFDA 84.268, Federal Direct Student Loans, P268K208229; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T208229

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$1,584

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student’s cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the “tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study.” An institution also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student’s Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student’s financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student’s financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

The University of North Texas at Dallas (University) established different COA budgets for each term based on a student’s classification (undergraduate or graduate); residency (in-state or out-of-state); living status (on-campus, off-campus, or living with parents); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time). The University used a student’s expected enrollment level to calculate COA.

For 7 (11 percent) of 62 students tested, the University incorrectly or inconsistently calculated the COA. Specifically:

- For 6 students, the University (1) did not assign a budget component for living status in accordance with its process, or (2) made errors when manually adjusting the COA. Although the COA was over- or understated, those errors did not affect the amount of student financial assistance the students received.

- For 1 student, the University did not budget the student correctly based on expected enrollment. That student indicated that expected enrollment for the Fall 2019 term was three-quarter-time and no enrollment was expected for the Spring 2020 term. However, the student was budgeted for both the Fall 2019 and Spring 2020 terms, which caused the student to be overawarded. After auditors brought this issue to the University's attention, it updated the student's Fall 2019 budget to reflect the student's actual enrollment for that term (half-time) and removed the student's Spring 2020 budget. As a result of the error, the University overawarded the student \$1,584 associated with CFDA 84.268, Federal Direct Student Loans, award number P268K208229.

Incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Federal Pell Grant

When awarding Federal Pell Grant assistance to students, institutions use the payment and disbursement schedules provided each year by the U.S. Department of Education for determining award amounts (Title 34, CFR, Section 690.62). Those schedules provide the maximum annual amount a student would receive for a full academic year for a given enrollment status, EFC, and COA. There are separate schedules for three-quarter-time, half-time, and less-than-half-time students (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 3; and Title 34, CFR, Section 690.63(b)).

For 2 (6 percent) of 34 students tested who received Federal Pell Grants, the University did not award the correct amount of Federal Pell Grant assistance. Specifically, the University awarded the students an amount that was less than the amount the students were eligible to receive. That occurred because the University awarded Federal Pell Grants to those students based on expected enrollment (three-quarter-time), instead of actual enrollment (full-time). As a result, each student was underawarded \$775 in Federal Pell Grant assistance. After auditors brought those errors to the University's attention, it corrected those awards.

Satisfactory Academic Progress

A student is eligible to receive Title IV assistance if the student maintains satisfactory progress in his/her course of study according to the institution's published standards of satisfactory progress (SAP) that satisfy the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's SAP policy should include a qualitative component that consists of grades or comparable factors that are measurable against a norm and a quantitative component that consists of the pace at which students must progress through their program to ensure that they will graduate within the maximum time frame required to complete their education. For a graduate program, a period defined by the institution that is based on the length of the educational program should be used to determine the maximum time frame for the quantitative component of SAP. (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 1, Chapter 1, and Title 34, CFR, Section 668.34(b)).

The University did not always calculate SAP in accordance with its SAP policy. The University's policy states that all students must complete degree program requirements within 150 percent of the published length of their degree, which is measured in credit hours. However, for Graduate and Law students, the automated process in the University's student information system calculated the maximum time frame based on the number of academic terms in which a student enrolled, rather than the number of credit hours a student attempted.

Because the number of hours a student can enroll in per academic term can vary, calculating the maximum time frame based on the number of academic terms, rather than based on a student's attempted credit hours, increases the risk that the University could deny student financial assistance to eligible students or disburse student financial assistance to ineligible students.

Other Compliance Requirements

Although the control weaknesses described below apply to activities allowed or unallowed, cash management, special tests and provisions - disbursements to or on behalf of students, special tests and provisions - borrower data transmission and reconciliation (direct loan), and special tests and provisions - institutional eligibility, auditors identified no compliance issues regarding those compliance requirements.

Policies and Procedures

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not have updated policies and procedures for the 2019-2020 award year. The University's most recent operational policy manual was updated for the 2017-2018 award year and that manual was last reviewed and approved in 2016. In addition, some policies were updated or created when requested by auditors. The University did have other informal procedures available for staff to use when performing various functions; however, having incomplete and/or outdated policies and procedures increases the risk that the University may not administer student financial assistance programs in compliance with requirements.

Recommendations:

The University should:

- Strengthen controls to ensure that it correctly calculates students' COA budgets in accordance with its process and does not overaward financial assistance to students.
- Award students Federal Pell Grant assistance based on actual enrollment.
- Configure its student information system to align with its SAP policy by defining maximum time frame based on 150 percent of credit hours attempted for Graduate and Law students.
- Review policies and procedures and update as needed for each award year.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen controls to ensure that it correctly calculates students' COA budgets in accordance with its process and does not overaward financial assistance to students.

The University will implement significant process enhancements in this area. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: August 2021

Responsible Person: Garrick Hildebrand, Director of Financial Aid

Recommendation: Award students Federal Pell Grant assistance based on actual enrollment.

The University will implement significant process enhancements in this area, specifically implementing a Pell repackaging process in our SIS environment. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: September 2021

Responsible Persons: Garrick Hildebrand, Director of Financial Aid, and Carla Dixson, Associate Director of Financial Aid

Recommendation: Configure its student information system to align with its SAP policy by defining maximum time frame based on 150 percent of credit hours attempted for Graduate and Law students.

The University will implement significant process enhancements in this area, specifically updating the SAP setup pages in our SIS environment for the graduate and law academic careers. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: August 2021

Responsible Person: Garrick Hildebrand, Director of Financial Aid

Recommendation: Review policies and procedures and update as needed for each award year.

The University will implement significant process enhancements in this area. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: December 2021

Responsible Person: Carla Dixson, Associate Director of Financial Aid

Reference No. 2020-138

Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award number: CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T208229

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Institutions must submit Teacher Education Assistance for College and Higher Education (TEACH) Grant disbursement records to the Common Origination and Disbursement (COD) system no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement. Reporting this information helps ensure that institutions have the most accurate information available about students' federal awards and to help prevent an institution from overawarding students (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 3, Chapter 1; and *Federal Register*, Volume 84, Number 212). Certain data elements are required to be reported as part of a student's origination and disbursement record, including the student's Social Security number, Central Processing System (CPS) transaction number, enrollment date, disbursement amount, and disbursement date (*2019-2020 COD Technical Reference*, Volume II). An institution must report the following information for each TEACH Grant recipient: (1) the student's eligibility for a TEACH Grant, (2) the student's TEACH Grant amounts, and (3) the anticipated and actual disbursement date(s) and disbursement amount(s) of the TEACH Grant funds (Title 34, Code of Federal Regulations, Section 686.37(a)).

The University of North Texas at Dallas (University) incorrectly reported origination and/or disbursement information for all 8 (100 percent) TEACH Grant awards it made for the 2019-2020 award year. For all 8 students, the University reported an incorrect disbursement date for one or more disbursements made to the students during the award year. The actual disbursement dates for those students ranged from 1 to 32 days after the disbursement dates reported to COD. The University also reported the CPS transaction number incorrectly for 2 students and the TEACH Grant award amount incorrectly for one student. The University's process is to manually report TEACH Grant awards on COD's website; the incorrect award and disbursement information reported for all 8 students was a result of manual entry errors made during that process. In addition, the University did not have a process to review the manual data entries for accuracy. Not accurately reporting information to the COD system could result in the institution overawarding federal funds.

Recommendation:

The University should strengthen its controls to ensure that TEACH Grant origination and disbursement information is reported to COD accurately.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University will implement significant process enhancements in this area, specifically implementing an automated TEACH Grant origination\disbursement process in our SIS environment. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: December 2021

Responsible Person: Garrick Hildebrand, Associate Director of Financial Aid

Reference No. 2020-139

Special Tests and Provisions – Verification

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A199321; CFDA 84.033, Federal Work-Study Program, P033A199321; CFDA 84.063, Federal Pell Grant Program, P063P198229; CFDA 84.268, Federal Direct Student Loans, P268K208229; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T208229

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: Unknown

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, education credits, individual retirement account deductions, high school completion, the student's identity, and the statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 83, Number 60).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. Household size for an independent student includes (1) the student; (2) his or her spouse; (3) the student's children if they will receive more than half their support from the student for the entire award year; and (4) other persons who live with and receive more than half their support from the student and will receive more than half support for the entire award year. Number in college always includes (1) the student and (2) those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook, Application and Verification Guide*, Chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant and, if the applicant is

a dependent student, by one of the applicant's parents that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, Volume 83, Number 60).

For 2 (3 percent) of 61 students tested, the University of North Texas at Dallas (University) did not accurately verify certain items on the FAFSA. For one of those students, the University did not accurately verify the parent's U.S. income taxes paid. For the other student, the University inappropriately removed the student's spouse from the number in household. Those errors occurred because of manual errors the University made during its verification process that it did not identify in its monitoring of the verification process. When auditors brought those errors to the University's attention, it corrected them in its student information system; however, it did not request updated ISIRs for those affected students because the deadline had passed for the University to submit corrections. The University performed procedures in its student information system to correct the ISIR information. As a result, the errors did not result in changes to the EFC, and those students were not overawarded or underawarded student financial assistance.

For 5 (8 percent) of 61 students tested, the University did not document its justification for removing individuals from the student's household size and/or number in college reported on the student's FAFSA. Per the University's procedures, staff are instructed to have a conversation with the student to determine if individuals listed in the household size receive more than half of their support from the student or parent. For those 5 students, the University asserts that it followed that process and determined that an individual should be removed from the household size; however, because the University did not document those determinations in the students' records or in the University's student information system, auditors could not verify that assertion. As a result, auditors could not determine whether there was an effect on the students' EFCs or financial assistance awards.

Verification Policies and Procedures

An institution must establish and use written policies and procedures for verifying an applicant's FAFSA information. Those policies must include (1) the time period within which an applicant must provide any documentation requested by the institution in accordance with Title 34, CFR, Section 668.57; (2) the consequences of an applicant's failure to provide the requested documentation within the specified time period; (3) the method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and that results in a change in the amount of the applicant's assistance under Title IV, Higher Education Act of 1965 (HEA) programs; (4) the procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and (5) the procedures for making referrals under Title 34, CFR, Section 668.16(g).

An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of (1) the documentation needed to satisfy the verification requirements and (2) the applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any required actions and the consequences of failing to complete any required action. An institution's procedures also must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under Section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC (Title 34, CFR, Section 668.53).

The University did not have updated verification policies and procedures for the 2019-2020 award year. The University's most recent operational policy manual was updated for the 2017-2018 award year and that policy was last reviewed and approved in 2016. Because the policy had not been updated, it contained outdated information (for example, the policy described the verification tracking groups for prior award

years, including verification of child support paid and Supplemental Nutrition Assistance Program benefits, which were not applicable items to verify for the 2019-2020 award year). In addition, the policy that included a statement specifying that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution makes changes based on professional judgment to the applicant's cost of attendance or to the values of the data items required to calculate the EFC had not been updated since 2014.

The University did have other informal procedures available for staff to use when performing verification of applications; however, those procedures were inconsistent with the University's operational policy manual. Having incomplete, outdated, and inconsistent policies and procedures increases the risk that the University may not perform verifications in compliance with requirements.

Recommendations:

The University should:

- Strengthen its controls to ensure that it accurately verifies all required FAFSA information for students selected for verification.
- Retain documentation to support changes it makes to student FAFSA information.
- Include all required elements in its verification policies and procedures and ensure that those policies are reviewed and updated for each award year.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen its controls to ensure that it accurately verifies all required FAFSA information for students selected for verification.

The University will implement significant process enhancements in this area, specifically management will implement a second level review of those files selected for verification. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: August 2021

Responsible Person: Garrick Hildebrand, Associate Director of Financial Aid

Recommendation: Retain documentation to support changes it makes to student FAFSA information.

The University will implement significant process enhancements in this area, specifically retraining staff regarding the documentation requirements in the verification process. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: August 2021

Responsible Person: Garrick Hildebrand, Associate Director of Financial Aid

Recommendation: Include all required elements in its verification policies and procedures and ensure that those policies are reviewed and updated for each award year.

The University will implement significant process enhancements in this area. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: August 2021

Responsible Person: Carla Dixon, Associate Director of Financial Aid

Reference No. 2020-140

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A199321; CFDA 84.063, Federal Pell Grant Program, P063P198229; CFDA 84.268, Federal Direct Student Loans, P268K208229; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T208229

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: Unknown

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)). If the total amount of calculated Title IV grant or loan assistance, or both, that a student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student, as of the date of the institution's determination that the student withdrew, the difference between those amounts must be treated as a post-withdrawal disbursement in accordance with Title 34, CFR, Section 668.164(j) (Title 34, CFR, Section 668.22(a)(5)).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

The University of North Texas at Dallas (University) did not always return Title IV funds within the required time frame. For 2 (14 percent) of 14 students tested who withdrew and required a return of Title IV funds, the University returned funds 52 and 156 days after the students had withdrawn. The University processed the adjustments in its student information system within the required time frame; however, the funds were not returned to the U.S. Department of Education at that time. Not making returns within the

required time frame reduces the information available to the U.S. Department of Education for its program management.

In addition, for 1 (3 percent) of 31 students tested, the University did not perform a return calculation to determine whether the student was eligible for a post-withdrawal disbursement. The University disbursed Title IV funds to that student in January 2020 for the Fall 2019 term; however, the student did not earn any passing grades for that term. The University has a process to determine last dates of attendance for unofficially withdrawn students who have received Title IV funds. However, the University had not yet disbursed funds to the one student at the time it performed that process and the University did not perform any other procedures prior to the disbursement of funds to determine whether (1) the student completed the coursework and was therefore eligible for the full amount of Title IV funds, or (2) the student unofficially withdrew from the term and was therefore eligible for only a post-withdrawal disbursement based on the last day of attendance in an academically related activity. As a result, that student's eligibility was not reviewed and auditors were unable to determine whether there were any questioned costs associated with that error. The University did not have a formal review process or monitoring controls to ensure that return of Title IV funds calculations were performed and funds were returned within required timeframes.

Recommendation:

The University should develop and implement monitoring controls to ensure that it performs return of Title IV calculations and returns funds within the required time frame.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University will implement significant process enhancements in this area, specifically management will retrain staff regarding the All-F process, develop a second-level review, as well as update our business processes regarding related reports. The policy manual will be revised to include detailed procedures. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: August 2021

Responsible Person: Carla Dixson, Associate Director of Financial Aid

Reference No. 2020-141

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P198229; and CFDA 84.268, Federal Direct Student Loans, P268K208229

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Noncompliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment-level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported. (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

The University of North Texas at Dallas (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For all 60 (100 percent) students tested, the University did not report enrollment status changes or did not accurately report campus-level or program-level data elements to NSLDS. Specifically:

- For all 60 students tested, the program credential level was reported incorrectly. The University reported the program credential level as "99 - Non-Credential Program (Preparatory Coursework/Teacher Certification)" for all students instead of the student's actual credential level (for example, Bachelor's degree or Master's degree). Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system and would have affected all students enrolled at the University.
- For all 60 students tested, the program begin date was reported incorrectly. The University reported the date that the students declared their majors or were otherwise approved to enroll in the programs,

instead of the first day of the term in which the students actually began attendance in the programs. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.

The University made additional reporting errors for 59 (98 percent) of the 60 students tested:

- For 30 students, the University did not report a graduated status to NSLDS. The University asserted that it reported those graduated statuses to NSC; however, it did not have a process in place to ensure that graduated statuses were reported to NSLDS. This issue would have affected all students that graduated from the University in the 2019-2020 award year.
- For 5 students, the University did not report a withdrawal status to NSLDS. Those 5 students unofficially withdrew from either the Fall 2019 or Spring 2020 term. The University had a process to identify students who have unofficially withdrawn from a term for purposes of the return of Title IV funds; however, the University did not have a process to report those students as withdrawn to NSLDS.
- For 7 students, the University did not report a withdrawal status to NSLDS for students who officially withdrew or reported the withdrawal status incorrectly.
- For 17 students, the University did not report enrollment level status changes to NSLDS or reported those changes incorrectly.

The errors discussed above occurred because the University (1) has not established formal policies and procedures for its enrollment reporting processes, (2) has not configured its student information system to accurately report student enrollment and program information to NSLDS, and (3) does not have a process to monitor student enrollment and program information reported to NSLDS. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendations:

The University should:

- Develop and implement controls to ensure that campus-level and program-level data elements are accurately reported to NSLDS.
- Ensure that graduated statuses are reported to NSLDS.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University will implement significant changes and improvements in the external reporting function to help ensure accurate and timely data submission. The University has identified three key areas requiring change – data validation, ownership, and organizational structure.

- *The University will evaluate ways to improve data validation in certain systems where data are initially captured. This change will help reinforce data integrity and mitigate errors in data submissions.*
- *The University will update and simplify related process flows, policy manuals, and master calendars. This change will help ensure continuity, redundancy, and end-to-end ownership.*
- *The University will consider changes to the organizational structure. This change will help improve review control and overall accountability.*

Implementation Date: September 2021

Responsible Persons: Garrick Hildebrand, Director of Financial Aid, John Capocci, University Registrar, and Brody Du, Data Scientist

University of Texas at Arlington

Reference No. 2020-142

Special Tests and Provisions – Return of Title IV Funds

Activities Allowed or Unallowed

Cash Management

Eligibility

Reporting

Special Tests and Provisions – Verification

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – General Program Eligibility

Special Tests and Provisions – Distance Education Program

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194172; CFDA 84.063, Federal Pell Grant Program, P063P192335; CFDA 84.268, Federal Direct Student Loans, P268K202335; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202335; and CFDA 84.033, Federal Work-Study Program, P033A194172

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Return of Title IV Funds

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

For an institution that is not required to take attendance, the institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (1) payment period or period of enrollment, (2) academic year in which the student withdrew, or (3) educational program from which the student withdrew (Title 34, CFR, Section 668.22(j)(2)).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date when the institution made its determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

The University of Texas at Arlington (University) did not always identify students that required Title IV funds to be returned or did not identify students in a timely manner. Specifically:

- For 3 (5 percent) of 60 students tested who withdrew and required a return of Title IV funds, the University did not identify the student's withdrawal date in a timely manner. Those students unofficially withdrew from the Fall 2019 term. The University asserted that there was an issue with the automated report used to identify unofficially withdrawn students that caused the University to not identify those three students. The University identified the issue related to the automated report in

June 2020, 182 days after the end of the Fall 2019 term. The University appropriately performed return calculations and returned Title IV funds for those students within 45 days of when it determined that those students withdrew.

- For 1 (2 percent) of 60 students tested who did not have a return of Title IV funds made, the University did not perform a return calculation or return Title IV funds as required. That student unofficially withdrew from the Summer 2019 term and the University did not identify this student as withdrawn. After auditors brought the issue to the University's attention, it performed a return calculation and returned Title IV funds as required; therefore, there are no questioned costs.

Other Compliance Requirements and Award Number

Although the general control weaknesses described below apply to activities allowed or unallowed; cash management; eligibility; reporting, special tests and provisions—verification, special tests and provisions—disbursements to or on behalf of students, special tests and provisions—borrower data transmission and reconciliation (direct loan), special tests and provisions—general program eligibility, and special tests and provisions—distance education program, auditors identified no compliance issues regarding those compliance requirements. The general control weaknesses described below also apply to CFDA 84.033, Federal Work-Study Program, award number P033A194172.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict user access to its student information system. Specifically, an excessive number of users outside of the student financial assistance office had access to modify key processes in the student information system. In addition, the University could not always provide evidence that administrative access to system accounts was limited only to users who needed access. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Recommendations:

The University should:

- Strengthen its controls to ensure that it identifies withdrawn students and returns Title IV funds within required time frames.
- Ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Views of Responsible Officials:

Return of Title IV Funds

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

General Controls

The University acknowledges and agrees with the general controls finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the process.

Corrective Action Plan:

Return of Title IV Funds

The University has implemented significant process enhancements in this area. The policy manual will be revised to include detailed procedures. Management will conduct a second-level review to ensure that the University complies with the requirements. The old database used for this report is now phased out and all information will be pulled directly from PeopleSoft Campus Solutions. The Office of Financial Aid will continue to run queries to determine students who have withdrawn unofficially from the university to determine if an R2T4 must be calculated and if funds are required to be returned. To verify, an additional report will be run at the end of each semester confirm that all students were identified.

Implementation Date: May 2020

Responsible Persons: Michelle Toney and Laurie Rosenkrantz

General Controls

The University is currently reviewing all roles and will revise as needed. The Office of Information Technology will work with the Office of Financial Aid to determine appropriate access, including new roles and responsibilities based on job function. This work includes creating read-only roles for pages. The University conducts periodic access reviews annually to ensure compliance.

Implementation Date: August 31, 2021

Responsible Persons: Karen Krause, Office of Financial Aid, and Keith Halman, Office of Information Technology

Reference No. 2020-143

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192335; and CFDA 84.268, Federal Direct Student Loans, P268K202335

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Enrollment Reporting

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

The University of Texas at Arlington (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 46 (77 percent) of 60 students tested, the University did not accurately report program-level data elements to NSLDS. Specifically:

- For 30 students, the program begin date was reported incorrectly. The University reported a date other than the first day of the term in which the student actually began attendance in the program. For example, the University reported dates related to administrative actions such as the date that students declared their majors or changed their academic plan within the same CIP code. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.
- For 6 students, the enrollment effective date was reported correctly to NSLDS at the campus-level; however, a different enrollment effective date was incorrectly reported at the program-level for the same enrollment status. The effective date reported at the program-level should be the same date reported at the campus-level because those dates reflect the same enrollment status change. As noted above, the errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.
- For 9 students, both the program begin date and the program-level enrollment status effective date were reported incorrectly because of the issues related to the University's student information system discussed above.
- For 1 student, the program enrollment status was reported incorrectly. That student was enrolled full-time in a graduate nursing program for the Spring 2020 academic term and that status was reported correctly at the campus-level; however, the enrollment status was incorrectly reported as half-time at the program-level. The University asserted that it manually reported the enrollment status for students enrolled in the graduate nursing program during the 2019-2020 award year and it did not have a process to reconcile differences in campus- and program-level information. In addition, both the program begin date and the program-level enrollment status effective date were reported incorrectly for this student, because of the issues related to the University's student information system discussed above.

Not reporting student enrollment and program information accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict user access to its student information system. Specifically, an excessive number of users outside of the student financial assistance office had access to modify key processes in the student information system. In addition, the University could not always provide evidence that administrative access to system accounts was limited only to users who needed access. Allowing users inappropriate or excessive access to systems increases the risk of inappropriate changes to systems.

Recommendations:

The University should:

- Strengthen its controls to ensure that program-level data elements are reported to NSLDS accurately.
- Ensure that user access to its student information system is appropriately limited to employees based on job responsibilities.

Views of Responsible Officials:

Enrollment Reporting

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

General Controls

The University acknowledges and agrees with the general controls finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the process.

Corrective Action Plan:

Enrollment Reporting

The University has implemented significant process enhancements in this area. The University is working with OIT to modify our NSC reporting to indicate the term start date as the program start date when a student changes their program in advance of an upcoming term. This should eliminate the issues outlined in the audit report related to enrollment reporting. We believe we will have the reporting modified in time for our summer enrollment reporting cycle.

Implementation Date: May 2021

Responsible Persons: Nichole Mancone Fisher, Kimberly Tate, and Jamie Hensley (Office of the Registrar)

General Controls

The University is currently reviewing all roles and will revise as needed. The Office of Information Technology will work with the Office of Financial Aid to determine appropriate access, including new roles and responsibilities based on job function. This work includes creating read-only roles for pages. The University conducts periodic access reviews annually to ensure compliance.

Implementation Date: August 31, 2021

Responsible Persons: Karen Krause, Office of Financial Aid, and Keith Halman, Office of Information Technology

University of Texas at Austin

Reference No. 2020-144

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192336; and CFDA 84.268, Federal Direct Student Loans, P268K202336

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective and the program begin date is the date the student first began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

The University of Texas at Austin (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 10 (17 percent) of 60 students tested, the University did not accurately report program-level data elements to NSLDS. Specifically:

- For 8 students, the program enrollment effective date was reported incorrectly. The University incorrectly reported the first day of the term in which the student's enrollment level changed at the program-level, instead of the actual effective date of the change. The University reported the correct enrollment effective date at the campus-level for those students.

- For 1 student, the program begin date was reported incorrectly. The University reported the date the student's major was changed, instead of the first day of the term in which the student actually began attendance in the program.
- For 1 student, both the program enrollment effective date and the program begin date were reported incorrectly. The University reported the date the student's major was changed, instead of the first day of the term in which the student actually began attendance in the program.

The errors discussed above occurred because the University had not configured its student information system to accurately report student program information to NSLDS. Not reporting student program information accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendation:

The University should strengthen its controls to ensure that program-level data elements are reported to NSLDS accurately.

Views of Responsible Officials:

The University acknowledges and agrees with the Program Enrollment Effective Date finding. Program Enrollment Effective Date is defined as the date a student's enrollment status changes during a semester of enrollment (i.e. student's enrollment status changes from full-time to half-time status). Through analysis of the exceptions identified in the audit, the University has developed and implemented corrective action to further improve the processes.

The University acknowledges and agrees with the Program Begin Date finding. The State Auditor's Office's (SAO) Enrollment Reporting finding for the 2019-2020 financial aid award year for the University of Texas at Austin cites the 7.14.4 Improper Reporting of Program Begin Date (2019-20 NSLDS Enrollment Reporting Guide) regarding how the Department of Education defines Program Begin Date for federal financial aid recipients.

NSLDS defines Program Begin Date as follows, "The Program Begin Date is the date on which the student began attending the program. This date should not change based on a new term or interruption in enrollment at the same school location. Additionally, NSLDS will use COD's Payment Period Begin Date as the Program Begin Date for the first program data reported to NSLDS by COD. Schools must verify and correct Program Begin Date as needed. COD data will never replace school certified data."

Corrective Action Plan:

The University has implemented significant process enhancements to ensure Program Enrollment (Status) Effective Date and Campus-Level Enrollment (Status) Effective Date are concordant. Management will conduct a second level review to ensure that the University is compliant with this requirement.

To address the Program Enrollment (Status) Effective Date finding, the University of Texas at Austin has made modifications to our business and technical processes to identify and report the accurate students' program enrollment status date to match their campus-level enrollment status date. Our institution implemented this modified process for our fall semester 2020 subsequent of term 3 enrollment file on November 18, 2020. As part of the data integrity review process prior to transmitting an enrollment file to the NSC, staff and management confirms that students' program enrollment status dates and campus-level enrollment status dates match, as applicable. Our new process allows us to report the accurate program enrollment status effective dates for all students who had enrollment status changes in the course of the

semester for which they were enrolled. Going forward we will continue this same iterative process for each enrollment file we transmit to the NSC.

In response to the Program Begin Date finding, the University intends to implement a solution to modify our business and technical processes to report Program Begin Date to NSLDS based on COD's definition of Payment Period Begin Date. Our goal is to report Program Begin Date for the University's students in concordance with the U.S. Department of Education's (DoE) definition of Payment Period Begin Date to meet compliance requirements by April 30, 2021.

Implementation Date: November 2020/April 2021

Responsible Person: Eric Poch

University of Texas at Dallas

Reference No. 2020-145

Eligibility

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194174; CFDA 84.033, Federal Work-Study Program, P033A194174; CFDA 84.063, Federal Pell Grant Program, P063P193234; CFDA 84.268, Federal Direct Student Loans, P268K203234; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T203234

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution and including costs for rental or purchase of any equipment materials, or supplies required of all students in the same course of study." An institution also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student's financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

The University of Texas at Dallas (University) established different COA budgets for each term based on a student's tuition rate (guaranteed or variable), classification (undergraduate or graduate); residency (in-state and out-of-state); living status (on-campus, off-campus, or living with parents), and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time). Budgeting rules within the University's student information system are used to assign various budget components based on the factors noted above.

For 3 (5 percent) of 63 students tested, the University incorrectly or inconsistently calculated the COA. Specifically:

- For 1 student, the University assigned an incorrect budget for the cost of tuition. That student was incorrectly assigned a budget based on the University's summer 2016 tuition rates, but the student should have been assigned a budget based on the University's summer 2018 tuition rates. That error was caused by an issue related to the budget component configuration in the University's student information system. After auditors brought that issue to the University's attention, it identified a total of 42 students that were affected by it. The overall COA was understated for those students, which could inappropriately reduce the amount of financial assistance available to the student.

- For 1 student, the University incorrectly overstated the COA by assigning a half-time tuition budget based on 6 hours of enrollment, instead of 5 hours of enrollment, which is its process for graduate students. That error was caused by an issue related to the budget component configuration in the University's student information system. After auditors brought that issue to the University's attention, it identified a total of 20 students that were affected by it; 5 of those 20 students were overawarded a total of \$5,178 in student financial assistance. The University adjusted those students' COAs and corrected the overawards; therefore, there were no questioned costs.
- For 1 student, the University did not assign a budget component to account for student loan fees in accordance with its process. After auditors brought that issue to the University's attention, it identified 10 additional students that were affected by it. The overall COA was understated for those students, which could inappropriately reduce the amount of financial assistance available to the students.

Incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that comply with the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's satisfactory academic progress (SAP) policy must include a qualitative component that consists of grades or comparable factors that are measurable against a norm, and a quantitative component that consists of the pace at which students must progress through their program to ensure that they will graduate within the maximum time frame required to complete their education (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 1, Chapter 1; and Title 34, CFR, Section 668.34).

For 2 (5 percent) of 44 students tested, the University did not apply its SAP policy standards consistently. Specifically:

- For 1 student, the University incorrectly calculated the student's pace of completion. The University made a manual error when it entered the student's transfer credit hours into its student information system, which caused the student's earned credit hours to exceed the student's attempted credit hours.
- For 1 student, the University did not perform a SAP calculation after the Spring 2020 term, as required by its SAP policy. That error was the result of staff oversight.

Those two students were ultimately eligible for the student financial assistance they received; however, not calculating pace correctly and not performing required SAP calculations at the end of each term increases the risk that students could receive financial assistance for which they are not eligible or be denied financial assistance for which they are eligible.

Recommendations:

The University should strengthen its controls to ensure that it:

- Correctly calculates students' COA budgets in accordance with its process and does not overaward financial assistance to students.
- Performs SAP calculations accurately and timely in accordance with its SAP policy.

Views of Responsible Officials:

The University of Texas at Dallas acknowledges and agrees with the Cost of Attendance and Satisfactory Academic Progress finding. The University has identified the cause of error and will work to further develop procedures to minimize potential for error and develop additional quality controls to identify errors if any should occur.

Corrective Action Plan:

The University will add an additional level of review to the annual Cost of Attendance (COA) setup process and to the term-based Satisfactory Academic Progress (SAP) review process. The review will be completed using additional quality control queries and manual review completed by a financial aid compliance officer.

The financial aid compliance officer will review the COA setup using quality control queries and view access to UT Dallas' COA setup before awarding commences each award cycle.

Before the conclusion of each term, the financial aid compliance officer will review a SAP quality control query looking for outlier data that may indicate an issue with the data used for calculating SAP. If any issues are found, the financial aid compliance officer will notify the director and document the issue and resolution. At the conclusion of each term, the financial aid compliance officer and director will review a final SAP report to ensure all SAP processes were completed as required.

Implementation Date: June 2021

Responsible Person: Beth Novak Tolan

Reference No. 2020-146

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P193234; and CFDA 84.268, Federal Direct Student Loans, P268K203234

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was attended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-

time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C).

The University of Texas at Dallas (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 2 (3 percent) of 61 students tested, the University did not report the effective dates of enrollment level changes to NSLDS accurately. For one of those students, the effective date was incorrectly reported as the date the student's academic plan was changed. For the other student, the effective date was incorrectly reported as the first day of the term instead of the date the student dropped to a half-time enrollment status. Those errors were due to manual errors the University made during its enrollment reporting process. In addition, the University's monitoring process was not sufficient to identify those errors.

Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendation:

The University should strengthen its controls to ensure that enrollment level changes are reported to NSLDS accurately.

Views of Responsible Officials:

The University acknowledges and agrees with the enrollment reporting finding. Based on previous findings, the University is reporting more frequently to the NSLDS ensuring more accurate reporting. Due to the frequency of the reporting, the frequency of the accompanying manual review can offer the possibility of error.

Corrective Action Plan:

The University has reviewed catalog policies regarding change of majors/programs begin dates. New policy was approved. With the new catalog language in 2021, the University will be able to report the actual change. Manual adjustment will not be needed. This action will lessen manual manipulation to the file and allow for further detailed review of the data being submitted.

Implementation Date: August 2021

Responsible Person: Jennifer McDowell

University of Texas at El Paso

Reference No. 2020-147

Eligibility

Federal Program Title: Student Financial Assistance Cluster

Federal Agencies: U.S. Department of Education and U.S. Department of Health and Human Services

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194176; CFDA 84.033, Federal Work-Study Program, P033A194176; CFDA 84.063, Federal Pell Grant Program, P063P192338; CFDA 84.268, Federal Direct Student Loans, P268K202338; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202338; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 5 T08HP30206-04-00, 5 T08HP30178-04-00, and 4 T08HP30184-04-01

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus their expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). COA refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution and including costs for rental or purchase of any equipment materials, or supplies required of all students in the same course of study." An institution also may include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Section 1087ll). For a term-based program, a student's workload may include repeating any coursework previously taken in the program but may not include more than one repetition of a previously passed course (Title 34, CFR, Section 668.2(b)).

For Title IV programs, the EFC is the amount a student and his/her family are expected to pay for educational expenses, and it is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. An overaward exists when a student's financial aid exceeds his/her need. Therefore, awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301). In determining whether a student is eligible for scholarships for health professions students from disadvantaged backgrounds, an institution must determine that the student has a financial need for the scholarship (Title 42, USC, Chapter 6A, Subchapter V, Part B, Section 293a(d)(2)).

The University of Texas at El Paso (University) uses algorithmic budgeting to build COA budgets for each term based on a student's classification (undergraduate or graduate); residency (in-state or out-of-state); academic program (certain programs have increased tuition costs); living status (on-campus, off-campus, or living with parents); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time). Budgeting rules within the University's student financial assistance system are established to assign various budget components based on the factors noted above.

For 3 (5 percent) of 63 students tested, the University incorrectly calculated the COA. Specifically:

- For 1 student, the University did not calculate the budget component for tuition and fees based on the student's actual enrollment (three-quarter-time) and did not include a budget component for miscellaneous personal expenses, for which the student was eligible. As a result, the student's COA was understated by \$2,456.

- For 1 student, the University incorrectly assigned a budget component for books and supplies based on full-time enrollment; however, the student was enrolled for only half-time. As a result, the student's COA was overstated by \$436.
- For 1 student, the University incorrectly assigned a COA based on full-time enrollment; however, the student was eligible to receive student financial assistance only for three-quarter-time enrollment due to repeat coursework. The University overstated the student's COA by \$1,242; however, it appropriately awarded financial assistance to the student based on three-quarter-time enrollment.

The errors discussed above occurred because of manual errors the University made when adjusting those students' COAs. Although those students' COAs were overstated or understated, the errors did not affect the amount of student financial assistance those students received. However, incorrectly calculating COA budgets increases the risk of overawarding or underawarding financial assistance to students.

Recommendation:

The University should strengthen its controls to ensure that it correctly calculates students' COA budgets in accordance with its process.

Views of Responsible Officials:

The University acknowledges the findings and recommendations. For all three students documented in the audit, the errors were caused by manual adjustments made to the student's Cost of Attendance.

Corrective Action Plan:

The University has provided staff members with more detailed instructions when manually adjusting a student's Cost of Attendance and added this information to the Student Financial Services Policy Manual. Staff members will be provided with supplementary training and support and an internal, random review of manual adjustments will occur on a more consistent basis as part of the Office of Student Financial Aid's quality assurance controls.

Implementation Date: December 2020

Responsible Person: Silvia Pena - Office of Student Financial Aid

Reference No. 2020-148

Special Tests and Provisions – Verification

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194176; CFDA 84.033, Federal Work-Study Program, P033A194176; CFDA 84.063, Federal Pell Grant Program, P063P192338; CFDA 84.268, Federal Direct Student Loans, P268K202338; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202338

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: Unknown

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, education credits, individual retirement account deductions, high school completion, the student's identity, and the student's statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, Volume 83, Number 60).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. Household size for an independent student includes (1) the student; (2) his or her spouse; (3) the student's children if they will receive more than half their support from the student for the entire award year; and (4) other persons who live with and receive more than half their support from the student and will receive more than half support for the entire award year. Number in college always includes (1) the student and (2) those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook, Application and Verification Guide*, Chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant and, if the applicant is a dependent student, by one of the applicant's parents that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c); and *Federal Register*, Volume 83, Number 60).

For 3 (5 percent) of 60 students tested, the University of Texas at El Paso (University) did not accurately verify certain required items on the FAFSA or update its records and request updated ISIRs as required. Specifically:

- For 1 student, the University did not accurately verify the student's parent's income taxes paid because of an error in translating taxes paid in a foreign currency. The University asserted that it identified that error and performed procedures in its student information system to correct the ISIR information and recalculate the student's EFC. The University asserted that there was no effect on the student's EFC or

student financial assistance; however, it did not submit a correction to the U.S. Department of Education as required.

- For 2 students, the University did not accurately verify the number of household members who are in college. Those students certified the number of household members in college on the verification forms they submitted to the University. However, for one of those students, the University incorrectly removed the student's sibling from the number in college. For the other student, the University did not update the student's ISIR with the correct information as required. After auditors brought those errors to the University's attention, it did not request updated ISIRs for those students because the deadline had passed for the University to submit corrections. As a result, auditors could not determine whether there was an effect on the students' EFCs or financial assistance awards.

The University contracts with a third-party to perform its verification processing; however, the University's monitoring of the contractor was not sufficient to detect those errors. Not properly verifying FAFSA information could result in the University overawarding or underawarding financial assistance.

Recommendation:

The University should strengthen its controls to ensure that it accurately verifies all required FAFSA information for students selected for verification.

Views of Responsible Officials:

The University acknowledges the findings and recommendations.

Corrective Action Plan:

In addition to the staff member assigned directly to work with the third-party contractor and the quality assurance checks and balances performed in-house by the contractor, the University will augment its present monitoring controls for verification processes. The University has worked with its third-party contractor to ensure that all changes greater than \$25 be submitted as a correction to the U.S. Department of Education even though the modification to the student's information did not cause a change to the student's award amount. In addition, the University has worked with the contractor to implement a new process to better identify the number of household members in college.

Implementation Date: December 2020

Responsible Person: Rolph Zehntner – Office of Student Financial Aid

Reference No. 2020-149

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194176; CFDA 84.063, Federal Pell Grant Program, P063P192338; CFDA 84.268, Federal Direct Student Loans, P268K202338; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T202338

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV grant or loan assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student or on his/her behalf for the payment period or period of enrollment as of the student's withdrawal date. Students earn 100 percent of their Title IV grant or loan assistance if their withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV grant or loan assistance to be returned is calculated by subtracting the amount of Title IV assistance a student earned from the amount of Title IV assistance that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV assistance calculated above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance not earned by the student (Title 34, CFR, Section 668.22(g)).

A program is offered in modules if a course or courses in the program do not span the entire length of the payment period or period of enrollment (Title 34, CFR, Section 668.22(l)(6)). For all programs offered in modules, a student is considered to have withdrawn for Title IV purposes if the student ceases attendance in all courses at any point prior to completing the payment period or period of enrollment, unless the institution obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 2, page 5-66). In determining the percentage of the payment period or period of enrollment completed for a student who withdraws from a program offered in modules, an institution must (1) include all days within the period that the student was scheduled to complete prior to ceasing attendance and (2) exclude any scheduled breaks of at least five consecutive days when the student was not scheduled to attend a module or other course offered during that period of time. Scheduled breaks include both those that take place within and between modules (U.S. Department of Education, *2019-2020 Federal Student Aid Handbook*, Volume 5, Chapter 2, page 5-75).

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

The University of Texas at El Paso (University) made errors in Title IV return calculations for 2 (3 percent) of 60 students tested. Specifically, the University incorrectly determined the number of days in the payment period because it included scheduled breaks of more than five consecutive days when the students were not scheduled to attend courses between modules. As a result, the University returned more Title IV funds than required for those students; therefore, there were no questioned costs.

In addition, for 1 (2 percent) of 60 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frame. Specifically, the University did not return Federal Direct Student Loan assistance to the U.S. Department of Education until 56 days after the student withdrew and did not return Federal Pell Grant assistance until 62 days after the student withdrew. Not making returns within the required time frames reduces the information available to the U.S. Department of Education for its program management.

The University did not detect those errors because it did not have adequate monitoring controls to review its return calculations for accuracy or to ensure that funds were returned timely.

Recommendations:

The University should:

- Accurately determine the number of days in the payment period for students enrolled in modules and exclude any scheduled breaks as required.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations and returns funds within the required time frame.

Views of Responsible Officials:

The University acknowledges the findings and recommendations. The University offers accelerated courses (“parts of term”) that are not considered as part of a modular program. Although the courses are not modular, the Institution understands the need to exclude any breaks that are more than 5 days between the parts of term. Additionally, in the one-off situation in which the Registration and Records Office reported the student withdrawal late, which caused the Office of Student Financial Aid to return funds outside the regulatory time-frame, the University will address the importance of reporting all withdrawals in a timely manner with the Registration and Records Office.

Corrective Action Plan:

The Student Financial Services Policy Manual has been revised to incorporate detailed procedures that include scheduled breaks of 5 days or more for students enrolled in parts of term (modules). To prevent any future inconsistencies/errors with the timing of the Registration and Records Office’s reporting of student withdrawals, an additional control has been put in place within the Office of Student Financial Aid to help ensure that withdrawn students are identified within the required Federal time-frame.

Implementation Date: December 2020

Responsible Persons: Diana Valle – Office of Student Financial Aid and Nohemi Gallarzo – Registration and Records Office

Reference No. 2020-150

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 2017-148 and 2016-146)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award number: CFDA 84.063, Federal Pell Grant Program, P063P192338; and CFDA 84.268, Federal Direct Student Loans, P268K202338

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2); and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, program begin date (which is the date the student first began attending the program being reported), and other data about the program (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

To protect a student's interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Chapter 4 and Appendix C). For instances in which a student completes one academic program and then enrolls in another academic program at the same institution, the institution must report two separate enrollment transactions: one showing the completion of the first program and its effective date and credential level, and the other showing the enrollment in the second program and its effective date (*Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

The University of Texas at El Paso (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 8 (13 percent) of 61 students tested, the University did not report enrollment status changes or did not accurately report program-level data elements to NSLDS. Specifically:

- For 5 students, the University did not report a graduated status to NSLDS. For 4 of those students, the University reported those statuses to NSC; however, due to issues with the student's CIP code or because the student enrolled in another academic program for the subsequent term, those statuses were not reported from NSC to NSLDS. For 1 of those students, the University did not report the graduated status to NSC until auditors identified the error.
- For 3 students, the University incorrectly reported the program begin date. Specifically, the University did not report the date the students actually began attending the program being reported.

The errors discussed above occurred because the University did not have a process to ensure that student enrollment and program information was accurately reported to NSC and NSLDS. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayments schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendations:

The University should:

- Strengthen its controls to ensure that program-level data elements are reported to NSLDS accurately.
- Ensure that graduated statuses are reported to NSLDS in a timely manner.

Views of Responsible Officials:

The University's Enrollment Reporting falls under the responsibility of the Registration and Records Office. The University will continue to strengthen its controls and monitor program-level data elements and graduation status processes to remain in compliance with Federal Enrollment Reporting regulations.

Corrective Action Plan:

The Registration and Records Office will modify its processes to ensure that all reporting student status changes are accurate and submitted in a timely manner. Specifically, the graduated status procedures will be modified to ensure accuracy and timeliness of submission, including correct reporting of the student's actual program begin date and CIP Codes.

Implementation Date: *Immediately following the receipt of the draft of the federal compliance findings for the Student Financial Assistance Cluster at The University of Texas at El Paso audit*

Responsible Person: *Nohemi Gallarzo – Registration and Records Office*

University of Texas Rio Grande Valley

Reference No. 2020-151

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P192296; and CFDA 84.268, Federal Direct Student Loans, P268K202296

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019, Chapter 2). Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Direct Student Loan (Direct Loan) has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Section 685.309(b)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status. For enrollment level changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 1 and Appendix C). Institutions also are required to report the program(s) of attendance for the student, including classification of instructional programs (CIP) code, program credential level, program length, program enrollment status, and other data about the program. The program enrollment effective date is the date that the current enrollment status reported for a student was first effective (*NSLDS Enrollment Reporting Guide*, November 2019, Chapters 1 and 4).

Institutions may not be immediately aware of a student's enrollment status change when it happens. When the institution does become aware of such a change, it must report the status change using the actual enrollment status effective date, not the date when the institution became aware of the change (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 4, and U.S. Department of Education Electronic Announcement, *NSLDS Enrollment Reporting - Submission Dates, Effective Dates and Certification Dates*, April 20, 2017).

The University of Texas Rio Grande Valley (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2019, Chapter 3).

For 12 (20 percent) of 60 students tested, the University did not accurately report campus-level or program-level data elements to NSLDS or did not report enrollment statuses in a timely manner. Specifically:

- For 7 students, the enrollment status effective date was reported incorrectly at both the campus- and program-levels. The date reported for those enrollment level changes was the date when the University processed the student's drop request, rather than the actual effective date of the enrollment status change. The dates reported for those 7 students ranged from 1 to 29 days after the actual effective date of the enrollment level change. Those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system. Specifically, the system is configured to report the date when a change is processed rather than the actual effective date.
- For 2 students, the enrollment effective date was reported accurately to NSLDS at the campus-level; however, a different enrollment effective date was inaccurately reported at the program-level for the same enrollment status. As noted above, those errors were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.
- For 3 students, a withdrawal status was not reported to NSLDS within 60 days of the date the University determined that the student unofficially withdrew from the Spring 2020 term. The University's process is to (1) identify the last date of attendance for students who unofficially withdraw from the term during the end of term grade processing and (2) manually update the student's record on the NSLDS website. However, the unofficial withdrawal status was not reported for those three students due to a staff oversight. After auditors notified the University about the oversight, the University reported the status changes to NSLDS, but that reporting was done 79 days after the University determined the students' date of withdrawal.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and whether a borrower will retain or lose the interest subsidy under the 150 percent subsidized Direct Loan limit.

Recommendations:

The University should:

- Strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately.
- Ensure that students who unofficially withdrew from a term are reported to NSLDS in a timely manner.

Views of Responsible Officials:

UTRGV acknowledges and concurs with the audit finding and is in the process of strengthening existing policies and procedures to address and correct each of the recommendations listed above. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

Recommendation: Strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately.

To strengthen enrollment reporting, the University has updated business procedures that ensure students' drop transactions are recorded by staff in the student information system in a way that yields accurate reporting. Furthermore, to prevent inaccurate reporting of enrollment effective dates at the campus-level to NSLDS, as well as mismatched dates between the campus-level and program-level, procedures for enrollment reporting and registration were modified to align campus-level and program-level effective dates.

Implementation Date: January 2021

Responsible Persons: Sofia Almeda, Registrar, and Esteban Martin, Associate Registrar

Recommendation: Ensure that students who unofficially withdrew from a term are reported to NSLDS in a timely manner.

The University has updated business processes to ensure timely reporting of unofficial withdrawals to NSLDS in partnership with registrar staff. Specifically, monitoring controls were added to ensure unofficial withdrawal are reported accurately and timely to NSLDS.

Implementation Date: July 2020

Responsible Persons: Elias Ozuna, Financial Aid Director, and Karla Flores, Financial Aid Senior Associate Director

University of Texas at San Antonio

Reference No. 2020-155

Special Tests and Provisions – Disbursements To or On Behalf of Students

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019 to June 30, 2020

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P193294; CFDA 84.268, Federal Direct Student Loans, P268K203294; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T203294

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$0

Disbursement Notification Letters

If an institution credits a student's ledger account with Teacher Education Assistance for College and Higher Education (TEACH) Grants, the institution must notify the student of (1) the anticipated date and amount of the disbursement, (2) the student's right to cancel all or a portion of that grant and have the grant proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student must notify the institution that he/she wishes to cancel the grant or grant disbursement. The institution must provide the notice in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution (Title 34, Code of Federal Regulations (CFR), Section 668.165).

For 1 (2 percent) of 43 disbursements tested, the University of Texas at San Antonio (University) did not send a disbursement notification letter within the required time frame. For that student, the University sent the disbursement notification letter 46 days after crediting the student's ledger account with TEACH Grant funds. That error occurred because of an issue related to the configuration of the University's automated process for sending TEACH Grant disbursement notification letters to students during the Fall 2019 academic term. Based on an analysis of TEACH Grant disbursements made for the Fall 2019 term, this issue affected a total of 84 disbursements. The University identified and corrected the problem, and disbursement notification letters were sent to students. However, those letters were sent between 40 and 46 days after the initial disbursements were made for the term. Receiving disbursement notification letters late impairs students' ability to cancel their grants.

Transfer Monitoring

If a student transfers from one institution to another institution during the same award year, the institution to which the student transfers must request from the Secretary of the U.S. Department of Education, through the National Student Loan Data System (NSLDS), updated information about that student so that it can make certain eligibility determinations. The institution may not make a disbursement to that student for seven days following its request, unless it (1) receives the information from NSLDS in response to its request or obtains that information directly by accessing NSLDS and (2) the information it receives allows it to make the disbursement (Title 34, CFR, Section 668.19).

For 2 (67 percent) of 3 transfer students tested, the University disbursed funds without first reviewing the students' financial assistance history from NSLDS. Both students were admitted to the University for the Spring 2020 term. The University received the application for student financial assistance for those two students in January 2020; however, the University had already performed its transfer monitoring process for the Spring 2020 term in December 2019 and did not perform it again after that date. The University did not overaward student financial assistance as a result of those two errors; however, not reviewing the

financial assistance history from NSLDS prior to disbursing funds increases the risk that the University could overaward financial assistance to students.

Recommendations:

The University should strengthen its controls to ensure that it:

- Sends disbursement notifications within the required time frame.
- Reviews the financial assistance history from NSLDS for all transfer students prior to disbursing funds.

Views of Responsible Officials:

TEACH Grant

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Transfer Monitoring

The University acknowledges the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

TEACH Grant

The University has implemented process enhancements in this area. Our office will now include an additional review at disbursement and each following week to ensure that notifications have been sent out in an accurate and timely manner.

Implementation Date: January 4th, 2021

Responsible Persons: Jennifer Lowe and Rosanna Mendiola

Transfer Monitoring

The University has implemented process enhancements in this area. Our office will implement two separate enhancements for the Transfer Monitoring process. We will have a new selection identifier set up in the Banner system to find all students who require transfer monitoring as well as exclude students who have already had transfer monitoring run. Secondly, we will create a RRAAREQ Report which adds a hold to the RRAAREQ form that allows funds to memo but NOT disburse. This report will be reviewed daily. When the above Transfer Monitoring process is run with the selection identifier, the NSLDS record returns and updates the RNASL form. These holds will be satisfied manually on RRAAREQ after the federally mandated seven-day Transfer Monitoring hold is expired.

Implementation Date: May 1st, 2021

Responsible Persons: Lisa Allison and Jennifer Lowe

Reference No. 2020-156

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2019, to June 30, 2020

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A194169; CFDA 84.063, Federal Pell Grant Program, P063P193294; CFDA 84.268, Federal Direct Student Loans, P268K203294; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T203294

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Questioned Costs: \$971

When a student who received Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)). If the total amount of calculated Title IV grant or loan assistance, or both, that a student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student, as of the date of the institution's determination that the student withdrew, the difference between those amounts must be treated as a post-withdrawal disbursement in accordance with Title 34, CFR, Section 668.164(j) (Title 34, CFR, Section 668.22(a)(5)).

For 2 (3 percent) of 61 students tested, the University of Texas at San Antonio (University) did not perform the required Title IV return calculations. Specifically:

- For 1 student, the University did not identify that the student unofficially withdrew from the Fall 2019 term. That error occurred because of a manual error the University made during its process for determining unofficial withdrawals for the term. After auditors brought the issue to the University's attention, it performed the return calculation and returned Title IV funds as required; therefore, there were no questioned costs.
- For 1 student, the University incorrectly disbursed Title IV assistance for a term in which the student withdrew. Because the student had not completed all of the University's requirements to receive aid, the student had not received Title IV assistance at the time of withdrawal. As a result, the University did not perform a return calculation. When the student completed those requirements, the University incorrectly disbursed Title IV assistance to the student for the term in which the student withdrew, rather than completing a return calculation to determine whether the student was eligible for a post-withdrawal disbursement. As a result, the University disbursed \$971 associated with CFDA 84.063, Federal Pell Grant Program, award number P063P193294 more than the student was eligible to receive based on the percentage of the term the student completed.

The University did not have sufficient monitoring controls to identify all students requiring a Title IV return calculation. In addition, the University did not have controls to prevent its student information system from disbursing Title IV assistance to withdrawn students.

Recommendations:

The University should:

- Strengthen its controls to ensure that it identifies withdrawn students and performs return of Title IV calculations when required.
- Develop and implement controls to prevent its student information system from disbursing Title IV assistance to withdrawn students prior to performing a return of Title IV funds calculation.

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University has implemented process enhancements in this area. The procedures and manual for the R2T4 process and have been updated to include funding locks to ensure that funds do not disburse for terms that the student has withdrawn. Secondly, the Compliance team will perform a second review of all students who are selected for R2T4.

Implementation Date: September 1, 2020

Responsible Persons: Lisa Allison, Jennifer Lowe, and Rosanna Mendiola

Summary Schedule of Prior Year Audit Findings

Federal regulations (Title 2, Code of Federal Regulations, Section 200.511(a)) states, “the auditee is responsible for follow-up and corrective action on all audit findings.” As part of this responsibility, the auditee reports the corrective action it has taken for each finding in the 2019 Summary Schedule of Prior Audit Findings that was not identified as implemented.

The Summary Schedule of Prior Audit Findings (year ended August 31, 2020) has been prepared to address these responsibilities.

Lamar University

Reference No. 2016-101

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2015, to June 30, 2016

Award numbers: CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P152282; and CFDA 84.268, Federal Direct Student Loans, P268K162282

Statistically valid sample: No

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Implemented

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to use the date of a student’s withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, the *National Student Loan Data System (NSLDS) Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

To protect a student’s interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and Chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)).

Lamar University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS.

Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 3).

For 9 (15 percent) of 60 students tested who had a status change, the University did not report status changes or effective dates to NSLDS accurately. Specifically:

- The University incorrectly reported that seven of those students withdrew from the Fall term. However, those students withdrew from the Spring term.
- The University reported an incorrect effective date for one student who withdrew in the Spring term. The University reported the first date of the Spring term; however, the student withdrew after the census date for that term.
- The University reported an incorrect status of withdrawn for one student. That error occurred because of a manual error the University made while updating the student's status to less than half-time. After auditors brought that error to the University's attention, it corrected the status in NSLDS.

In addition, for 11 (18 percent) of 60 students tested who had a status change, the University did not report the status changes to NSLDS in a timely manner. Specifically, the University submitted those enrollment status changes to NSLDS between 68 and 144 days after the effective date of the status change. The University asserted that it had submitted those status changes to NSC in a timely manner; however, NSC did not submit those changes to NSLDS in a timely manner.

Those errors occurred because the University did not have a formal process during the award year to prepare information to send to NSC, and it did not have controls to ensure that NSC submitted accurate information to NSLDS in a timely manner.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

Corrective action was taken.

Prairie View A&M University

Reference No. 2017-105

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P162319; and CFDA 84.268, Federal Direct Student Loans, P268K172319

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2017

Status: Implemented

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, the *NSLDS Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

In the case of a student who completes a term and does not return for the next term, leaving the course of study uncompleted, the final day of the term in which the student was last enrolled should be used as the effective date. For three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, Appendix C).

The effective date for a completion/graduation status ("G") is the date that the institution assigns to the completion/graduation. To protect a student's interest subsidy, institutions may report a student as withdrawn (enrollment status of "W") while the student's academic record is being reviewed to determine whether all graduation requirements have been met (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)).

Prairie View A&M University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

The University did not report a withdrawn status for students who unofficially withdrew from all courses for a term to NSLDS. The University did not have a process to identify students who withdrew without providing official notification. As a result, auditors were unable to determine how many students may have unofficially withdrawn from a term in the 2016-2017 federal award year.

For 19 (31 percent) of 61 students tested who had enrollment status changes, the University did not report those status changes or the effective dates of those changes to NSLDS accurately. Specifically:

- The University did not report 17 students' enrollment level reductions to NSLDS. Those errors occurred because the University did not correctly configure its student financial assistance system, Banner, to identify when students dropped courses.
- The University did not report the correct effective date for two students' status changes when those students completed a term and did not return for the subsequent term. The University reported the first day of the term that the students did not attend as the effective date, instead of the final day of the term in which the students were last enrolled.

The University also did not always report status changes in a timely manner. The University did not submit its first-of-term transmissions to NSC until after the 20th class day. To provide reporting to NSLDS in a timely manner, NSC instructs institutions to send first-of-term transmissions immediately after the end of the registration "add" period. As a result, for 2 (3 percent) of 61 students tested, the University did not report the students' withdrawn status in a timely manner. The University also reported an incorrect effective date for those withdrawn statuses, as described above.

In addition, for 13 (21 percent) of 61 students tested, the University did not report the students' graduated status in a timely manner. The University did not report the graduated status because it asserted that it was in the process of conferring degrees, which took six to eight weeks after commencement. In addition, the University did not report those students as withdrawn while it conferred degrees due to the first-of-term transmission issue discussed above.

The errors discussed above occurred because the University did not have adequate controls or monitoring processes to ensure that it reported student status changes accurately to NSLDS in a timely manner. In addition, the University did not review and correct errors or discrepancies NSC identified unless they were considered critical and would prevent a submission.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

Corrective action was taken.

Texas A&M University – San Antonio

Reference No. 2017-112

Eligibility

Activities Allowed or Unallowed

Cash Management

Special Tests and Provisions – Institutional Eligibility

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2017

Status: Implemented

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

Texas A&M University – San Antonio (University) established different COA budgets for each term based on a student's classification (for example undergraduate and graduate); residency (in-state and out-of-state); living status (on-campus, off-campus, and living with parents); and enrollment level (full-time, three-quarter-time, half-time, and less-than-half-time). The University used a student's enrollment level as of the census date to calculate a student's final COA.

For 8 (13 percent) of 61 students tested, the University incorrectly or inconsistently calculated COA. Specifically:

- For five students, the University did not calculate COA based on their actual enrollment as of the census date.
- For two students, the University calculated the COA using incorrect amounts for the budget components because it incorrectly set up the Summer 2017 budget tables in its student financial assistance system, Banner. The University identified that issue and corrected the budget tables in Banner in May 2017; however, the University did not recalculate the COA for those two students. That occurred because the University manually updated and locked the COAs for those two students in Banner before it corrected the budget tables.
- For one student, the University manually input an incorrect COA budget into Banner because, at that time, it did not have less-than-half-time COA amounts established in Banner.

The errors discussed above did not result in overawards of financial assistance; therefore, there were no questioned costs. However, by incorrectly calculating COA, the University increases the risk of overawarding or underawarding financial assistance to students.

Corrective Action:

Corrective action was taken.

Reference No. 2017-114

Special Tests and Provisions - Verification

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2017

Status: Implemented

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income (AGI), U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized financial aid awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. Household size for an independent student includes (1) the student; (2) his or her spouse; (3) the student's children if they will receive more than half their support from the student for the entire award year; and (4) other persons who live with and receive more than half their support from the student and will receive more than half support for the entire award year. Number in college always includes (1) the student and (2) those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, volume 80, number 123).

For 6 (10 percent) of 61 students tested, Texas A&M University – San Antonio (University) did not accurately verify certain required items on the students’ FAFSAs, or it made unsupported changes to FAFSA items. Specifically:

- The University incorrectly reduced the household size and/or the number of household members in college for four students. Those students certified their household size and the number of household members in college on their verification forms, but the University removed household member(s) from the household size and/or the number of household members in college without obtaining additional support from those students. In addition, for one of those students, the University incorrectly increased that student’s AGI, but it did not obtain documentation for that change from the student. When auditors brought those errors to the University’s attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in its student financial assistance system, Banner, to correct the errors. For two students, the University asserted those errors did not result in changes to the students’ EFCs or financial assistance awards. For the remaining two students, the University asserted those errors resulted in changes to the students’ EFCs and that, as a result, both students were underawarded financial assistance.
- For one student, the University incorrectly verified the parents’ income tax paid because it reviewed the incorrect field on the tax return transcript. When auditors brought that error to the University’s attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in Banner to correct the error and asserted that the error resulted in a change to the student’s EFC and that, as a result, the student was overawarded \$200 in Pell Grant funds. The University subsequently returned the overawarded amount to the U.S. Department of Education.
- For one student, the University did not obtain supporting documentation from the student for income information and inappropriately waived the request for that information from the student. As a result, auditors were not able to determine whether there were any questioned costs for that student.

Corrective Action:

Corrective action was taken.

Reference No. 2017-116

Special Tests and Provisions – Return of Title IV Funds

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P168324; and CFDA 84.268, Federal Direct Student Loans, P268K178324

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2017

Status: Implemented

Return of Title IV Calculations

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student’s withdrawal date (Title 34, Code of Federal Regulations (CFR), Section 668.22(a)(1)). If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned

to the Title IV programs and no additional disbursements may be made to the student for the payment period or period of enrollment (Title 34, CFR, Section 668.22(a)(4)).

The amount of earned Title IV grant or loan assistance is calculated by (1) determining the percentage of Title IV grant or loan assistance that the student has earned and (2) applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date. A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent of the payment period or period of enrollment. The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance the student earned from the amount of Title IV assistance that was disbursed to the student as of the date that the institution determined that the student withdrew (Title 34, CFR, Section 668.22(e)). The institution must return the lesser of the total amount of unearned Title IV grant or loan assistance calculated as described above or an amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that had not been earned by the student. For purposes of this calculation, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board), and other educationally related expenses assessed by the institution (Title 34, CFR, Section 668.22(g)).

The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period (Title 34, CFR, Section 668.22(f)(2)(i)).

Texas A&M University – San Antonio (University) made errors in its return of Title IV funds calculations for 26 (42 percent) of 62 students tested. Specifically:

- For 24 students, the University incorrectly determined the number of days in the payment period. The University incorrectly used 6 days (instead of 8 days) for its Spring break period when it determined the payment period for the Spring 2017 term. In addition, for two of those students the University also made manual errors in its calculation of institutional charges.
- For 2 students, the University made manual errors in its calculation of institutional charges.

As a result of those errors, the University returned less than it was required to return for 10 students. However, after auditors brought the issues to the University's attention, it corrected the return calculations and returned the additional funds; therefore, there were no questions costs. For the remaining students, the University returned more than it was required to return or the errors did not affect the amount of funds to be returned.

Corrective Action:

Corrective action was taken.

Texas Southern University

Reference No. 2017-119

Eligibility

Special Tests and Provisions – Institutional Eligibility

Activities Allowed or Unallowed

Cash Management

Reporting

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Return of Title IV Funds

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

(Prior Audit Issues 2016-109, 2016-111, 2016-112, and 2016-114)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164145; CFDA 84.033, Federal Work-Study Program, P033A164145; CFDA 84.063, Federal Pell Grant Program, P063P162327; CFDA 84.268, Federal Direct Student Loans, P268K172327; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172327

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

Cost of Attendance

The determination of the federal student financial assistance award amount is based on financial need. Financial need is defined as a student's cost of attendance (COA) minus the expected family contribution (EFC) (Title 20, United States Code (USC), Chapter 28, Subchapter IV, Section 1087kk). The phrase "cost of attendance" refers to the "tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study." An institution may also include an allowance for books, supplies, transportation, miscellaneous personal expenses, and room and board (Title 20, USC, Chapter 28, Subchapter IV, Section 1087ll).

For Title IV programs, the EFC is the amount a student and his or her family are expected to pay for educational expenses and is computed by the federal central processor and included on the student's Institutional Student Information Record (ISIR) provided to the institution. Awards must be coordinated among the various programs and with other federal and non-federal assistance to ensure that total assistance is not awarded in excess of the student's financial need (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 1, and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

Texas Southern University (University) established different COA budgets based on a student's classification (for example undergraduate and graduate); residency (in-state and out-of-state); living status (on-campus, off-campus, and commuter); and enrollment level (full-time, three-quarter-time, half-time, and less-than-half-time). The University's student financial assistance system, Banner, initially budgeted students for full-time enrollment. At the census date, the University locked a student's enrollment level for financial aid purposes and used the student's actual enrollment level to calculate a revised COA, if applicable.

For 16 (26 percent) of 62 students tested, the University incorrectly calculated the COA. Specifically, the University:

- Assigned incorrect loan fee budgets to 11 students' COAs. As a result, nine of those students' COAs were understated. The other two students' COAs were overstated; however, the University did not overaward those students financial assistance; therefore, there were no questioned costs.
- Assigned one student a COA for a term in which the student was not enrolled. As a result, the University overawarded that student a Federal Direct PLUS Loan in the amount of \$6,353. After auditors brought that error to the University's attention, it returned the loan funds to the U.S. Department of Education; therefore, there were no questioned costs.
- Did not assign one student the correct COA for the program in which the student was enrolled. As a result, the student's COA was understated; however, the University did not underaward financial assistance to that student because that student had already received the maximum financial assistance.
- Applied an incorrect room and board budget to the COA for two students for the Summer term. That error occurred because the University incorrectly established the Summer term room and board component for the COA in Banner. As a result, those students' COAs were overstated; however, the University did not overaward those students financial assistance. Therefore, there were no questioned costs.
- Did not assign one student a COA in Banner for the Summer term. As a result, the University awarded Federal Direct PLUS Loans in excess of that student's financial need. Specifically, the University awarded and disbursed a \$22,093 Graduate Direct PLUS Loan that exceeded the student's COA minus other estimated financial assistance. After auditors brought that error to the University's attention, it corrected the award and returned funds to the U.S. Department of Education; therefore, there were no questioned costs.

Other Compliance Requirements

Although the general control weaknesses described below apply to activities allowed or unallowed, cash management, reporting, special tests and provisions – disbursements to or on behalf of students, special tests and provisions – return of Title IV funds, and special tests and provisions – borrower data transmission and reconciliation (direct loan), auditors identified no compliance issues regarding those compliance areas.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student financial assistance information system, Banner. Specifically:

- Eleven contractor employees had inappropriate high-level administrative access at the network level. After auditors brought those issues to its attention, the University removed the inappropriate access.
- Nine contractors had inappropriate access to screens in Banner that control budget tables, fund rules, disbursement dates, and other programmed rules. After auditors brought those issues to its attention, the University removed the inappropriate access.
- The University's contractor was not able to identify which employees had access to two database administrator-level service accounts.

- Five former contractor employees had inappropriate access to the Web and application servers and the database server; the University did not disable their network access promptly after their termination dates. One current contractor employee also had inappropriate access to the database server. In addition, the University did not disable an unused test account on the Web and application servers.

The University shares responsibility for administration of its network—as well as the server, database, and application levels of Banner—with its contractor.

Those errors occurred because the University and its contractor did not appropriately review users' access based on their job responsibilities and employment status. Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system and does not allow for proper segregation of duties.

Corrective Action:

This finding was reissued as current year reference number 2020-113.

Reference No. 2017-120

Special Tests and Provisions – Verification

(Prior Audit Issue 2016-110)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164145; CFDA 84.033, Federal Work-Study Program, P033A164145; CFDA 84.063, Federal Pell Grant Program, P063P162327; CFDA 84.268, Federal Direct Student Loans, P268K172327; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172327

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program (SNAP) benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 8 (13 percent) of 61 students tested, Texas Southern University (University) did not accurately update its records when it performed verification. For those eight students, the University did not correct those students' ISIRs for one or more of the following items: adjusted gross income; U.S. income taxes paid; number of household members; number of household members in college; and SNAP benefits. Those errors occurred because the University did not update its student financial assistance system with the appropriate

information after it had reviewed documentation that the students had submitted. The University also did not have an adequate monitoring process to help ensure that it accurately documented verification information in its student financial assistance system.

When auditors brought those errors to the University's attention, the deadline to submit corrections for the award year had passed. As a result, the University did not make corrections to those students' ISIRs and auditors could not determine whether there was an effect on those students' EFCs or financial assistance awards. The University asserted that those errors resulted in changes to three of those students' EFCs and it returned the Federal Pell Grant funds that it overawarded. Auditors confirmed that the University returned Federal Pell Grant funds to the U.S. Department of Education but could not confirm whether the amounts it returned were accurate.

Not verifying FAFSA information appropriately could result in the University overawarding or underawarding student financial assistance.

Corrective Action:

Corrective action was taken.

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student financial assistance information system, Banner. Specifically:

- Eleven contractor employees had inappropriate high-level administrative access at the network level. After auditors brought those issues to its attention, the University removed the inappropriate access.
- Nine contractors had inappropriate access to screens in Banner that control budget tables, fund rules, disbursement dates, and other programmed rules. After auditors brought those issues to its attention, the University removed the inappropriate access.
- The University's contractor was not able to identify which employees had access to two database administrator-level service accounts.
- Five former contractor employees had inappropriate access to the Web and application servers and the database server; the University did not disable their network access promptly after their termination dates. One current contractor employee also had inappropriate access to the database server. In addition, the University did not disable an unused test account on the Web and application servers.

The University shares responsibility for administration of its network—as well as the server, database, and application levels of Banner—with its contractor.

Those errors occurred because the University and its contractor did not appropriately review users' access based on their job responsibilities and employment status. Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system and does not allow for proper segregation of duties.

Corrective Action:

This finding was reissued as current year reference number 2020-113.

Reference No. 2017-121

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issue 2016-113)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.063, Federal Pell Grant Program, P063P162327; and CFDA 84.268, Federal Direct Student Loans, P268K172327

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

General Controls

Institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institutions are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award (Title 2, CFR, Section 200.303).

The University did not appropriately restrict access to its student financial assistance information system, Banner. Specifically:

- Eleven contractor employees had inappropriate high-level administrative access at the network level. After auditors brought those issues to its attention, the University removed the inappropriate access.
 - Nine contractors had inappropriate access to screens in Banner that control budget tables, fund rules, disbursement dates, and other programmed rules. After auditors brought those issues to its attention, the University removed the inappropriate access.
 - The University's contractor was not able to identify which employees had access to two database administrator-level service accounts.
 - Five former contractor employees had inappropriate access to the Web and application servers and the database server; the University did not disable their network access promptly after their termination dates. One current contractor employee also had inappropriate access to the database server. In addition, the University did not disable an unused test account on the Web and application servers.

The University shares responsibility for administration of its network—as well as the server, database, and application levels of Banner—with its contractor.

Those errors occurred because the University and its contractor did not appropriately review users' access based on their job responsibilities and employment status. Allowing inappropriate or excessive access to a system increases the risk of inappropriate changes to the system and does not allow for proper segregation of duties.

Corrective Action:

This finding was reissued as current year reference number 2020-115.

Texas Tech University Health Sciences Center

Reference No. 2016-122

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2015, to June 30, 2016

Award numbers: CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P153367; and CFDA 84.268, Federal Direct Student Loans, P268K163367

Statistically valid sample: No

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, the *National Student Loan Data System (NSLDS) Enrollment Reporting Guide* states that, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date. For three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student dropped to those particular statuses (*NSLDS Enrollment Reporting Guide*, Appendix C).

The Texas Tech University Health Sciences Center (Health Sciences Center) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the Health Sciences Center reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the Health Sciences Center's behalf and communicates status changes to NSLDS, as applicable. Although the Health Sciences Center uses the services of NSC, it is still ultimately the Health Sciences Center's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, Chapter 3).

The Health Sciences Center did not report student status changes or effective dates to NSLDS accurately. For 37 (62 percent) of 60 students tested with a status change, the Health Sciences Center reported inaccurate status changes or reported a status change when there was none. Specifically:

- For 30 of those students, the Health Sciences Center reported those students' status changes inaccurately or reported a status change when the student did not have a status change. Those errors occurred because the Health Sciences Center inaccurately established the minimum number of credit hours required for different enrollment levels in its student financial assistance system, Banner. As a result, its submissions to NSLDS included inaccurate information.

- For 7 of those students, the Health Sciences Center did not report the withdrawn status and effective date accurately. Those errors occurred because the Health Sciences Center did not process those withdrawals in Banner and, as a result, it did not include those withdrawals in its reporting process or its last submission date occurred prior to the withdrawal. In addition, for two of those students, the Health Sciences Center also reported an inaccurate status change for a term that differed from the term in which the student withdrew.

The Health Sciences Center did not report status changes to NSLDS in a timely manner. For 16 (27 percent) of 60 students tested who had a status change, the Health Sciences Center did not report status changes to NSLDS in a timely manner. Specifically:

- For 6 of those students, the Health Sciences Center reported those students' status changes between 66 and 267 days after the status change occurred.
- For 10 of those students, the Health Sciences Center did not report those students' status changes to NSLDS.

For 8 of those students, the errors discussed above resulted in the Health Sciences Center not reporting status changes in a timely manner. For the remaining 8 students, the Health Sciences Center asserted that it reported those status changes in a timely manner to NSC; however, NSC did not report those status changes to NSLDS or did not report those status changes to NSLDS within the required time frame.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Recommendations:

The Health Sciences Center should:

- Accurately report all status changes and effective dates to NSLDS in a timely manner.
- Strengthen controls over the establishment of the minimum number of credit hours required for different enrollment levels in Banner to ensure that students' statuses are accurate.

Views of Responsible Officials and Corrective Action Plan 2016:

The University acknowledges and agree with the findings. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to further improve the processes.

Procedures have been modified to ensure all student status changes are reported correctly and in a timely manner. Clearinghouse reports are submitted every 30 days.

Procedures have been added that strengthen the controls for the SFATMST table in Banner. This is the table that controls the credit hour requirements for the enrollment levels. In addition, this table will be reviewed prior to the beginning of each term for accuracy.

Views of Responsible Officials and Corrective Action Plan 2017:

Clearinghouse reporting procedures have been modified to run once every 30 days to ensure all student status changes are reported correctly and in a timely manner. Additional edit reports are being generated for the Director of Enrollment Services to review and update prior to CH reports being submitted. An alert report has been created to notify personnel when a time status has changed. This data can also be used to trigger a review of NSLDS data for accuracy.

Term set up procedures have been added that strengthen the controls for SFATMST in Banner. This table controls credit hour requirements based on enrollment levels. This form will be set up each term manually and will be reviewed for accuracy at the time of set up.

Views of Responsible Officials and Corrective Action Plan 2018:

Clearinghouse reports are submitted every 30 days. Review of edit reports will take place for every submission. The NSC has acknowledged an oversight that resulted in the incorrect reporting of some status changes to the NSLDS.

“Clearinghouse has practices to avoid this and this was an oversight on our part. We apologize for this oversight and have made an account note in our system to deter from this recurring in the future.”

However, Texas Tech University Health Sciences Center reaffirms that we are responsible for the actions and inactions of our third party servicers. As such, additional reviews will be made to verify accuracy of data being submitted by the NSC to the NSLDS on the University’s behalf.

Review of the status codes was not done on a consistent basis. Additional procedures have been implemented to insure that time statuses match definitions. In addition, a secondary review of those forms is being consistently performed to insure accurate system data.

Views of Responsible Officials 2019:

Enrollment reporting must be completed every 30 days, this includes status changes.

An annual review of status codes is being performed to verify accuracy and to insure that time statuses match their definitions.

Texas Tech University Health Sciences Center reaffirms that the university is responsible for our enrollment reporting regardless if we utilize a third-party service or not. Additional reviews are being made to verify accuracy of data being submitted by the NSC to the NSLDS on the University’s behalf.

Corrective Action Plan 2019:

Enrollment reporting is being completed every 30 days, including status changes. TTUHSC reports via the Clearinghouse, who in turn reports to NSLDS on our behalf.

Status codes are verified, on an annual basis, insuring their definitions match the information in the Banner system.

Views of Responsible Officials 2020:

Management concurs with the findings. All aspects of enrollment reporting are critical and essential. Accurate enrollment effective dates are essential to institutional reporting and, as such, should be reported accurately. Clearinghouse reports are submitted every 30 days and error reports are being reviewed.

Corrective Action Plan 2020:

Texas Tech University Health Sciences Center (TTUHSC) will review internal enrollment change processes to assure the accurate dates for status start dates are being reported. We will coordinate with the National Student Clearinghouse (NSC) to verify that we understand exactly what date is to be used for those changes

regarding status start dates. We will review our internal reports currently used for enrollment reporting to verify accurate information is pulled and reported.

We will also work with the NSC to change our branch reporting structure due to the recent change in our term structure. These adjustments will take time, but it will benefit the institution and create less opportunity for errors.

Implementation Date: Changes will be implemented with the new reporting cycle of Fall 2021

Responsible Person: Amanda McSween, Registrar at TTUHSC

Texas Woman's University

Reference No. 2017-125

Eligibility

Special Tests and Provisions - Institutional Eligibility

Activities Allowed or Unallowed

Cash Management

Reporting

(Prior Audit Issue 2016-123)

Federal Program Title: Student Financial Assistance Cluster

Federal Agencies: U.S. Department of Education and U.S. Department of Health and Human Services

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164153; CFDA 84.033, Federal Work-Study Program, P033A164153; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; CFDA 84.268, Federal Direct Student Loans, P268K172330; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172330; CFDA 93.364, Nursing Student Loans, Award Number Not Applicable; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, T08HP30222-01-00

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Implemented

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act Program assistance if the student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of Title 34, CFR, Section 668.34 (Title 34, CFR, Section 668.32(f); Title 42, CFR, Section 57.306(a)(1)(iv); and Title 42, USC, Section 293a(d)(2)). An institution's satisfactory academic progress (SAP) policy should include a qualitative component that consists of grades or comparable factors that are measurable against a norm and a quantitative component that consists of the pace at which students must progress through their program to ensure that they will graduate within the maximum time frame required to complete their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 1, chapter 1).

For an undergraduate program measured in credit hours, a period no longer than 150 percent of the published length of the program as measured in credit hours should be used to determine the maximum time frame for the quantitative component of SAP (Title 34, CFR, Section 668.34(b)). The pace at which the student is progressing is calculated by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted (Title 34, CFR, Section 668.34(a)(5)(ii)).

In addition, the SAP policy should describe how a student's grade point average (GPA) and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions (Title 34, CFR, Section 668.34(a)(6)).

Institutions are required to have an established procedure for reviewing and addressing additional information that may have an impact on SAP reviews. For example, if institutions review SAP at the end of a Spring term and receive late notification of a grade change for the previous Fall or Spring term, they must recheck SAP using that new information (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook*, volume 1, chapter 1).

The University's SAP policy did not meet all federal requirements. The University's SAP policy allowed students to progress through an academic program at a pace that did not ensure that they would graduate within the maximum time frame. The policy specified a minimum number of hours that a student must complete based on the number of hours enrolled in a term, rather than defining pace based on a student's cumulative coursework. Calculating pace on a term basis and in a manner that does not ensure graduation within the maximum time frame increases the risk that students will not graduate within the maximum time frame required and, therefore, will be ineligible for federal financial assistance. Beginning with the Spring 2017 term for SAP evaluations affecting the 2017-2018 award year, the University revised its policy to require students to successfully complete at least 67 percent of their cumulative attempted hours.

In addition, the University's SAP policy did not describe how a student's GPA and pace of completion were affected by course incompletes, withdrawals, or repetitions.

For 4 (6 percent) of 67 students tested, the University did not assign SAP statuses correctly. Specifically:

- For two students, the University did not assign an appropriate SAP status because it did not calculate pace on a cumulative basis as discussed above. Both of those students should have been placed on suspension and would have been required to submit an appeal, and have that appeal approved, to continue receiving financial assistance. Those two students were ineligible for the \$13,175 in total financial assistance that they received. After auditors brought those errors to the University's attention, it returned funds for those two students to the U.S. Department of Education; therefore, there were no questioned costs.
- For two students, the University did not re-evaluate those students' SAP statuses when it received transfer credit information that affected the SAP reviews it had already performed. Based on that information, both students should have been assigned different SAP statuses. One of those students should have been placed on suspension, and would have been required to submit an appeal and have that appeal approved to continue receiving aid. As a result, that student received \$4,343 in financial assistance for which the student was ineligible. The error did not affect the other student's eligibility for the financial assistance that student received. Those errors occurred because the University did not have a process for re-evaluating SAP when it received new information that may have an effect on SAP reviews. After auditors brought those errors to the University's attention, it recalculated SAP for both students and returned funds for the student who was ineligible to receive aid to the U.S. Department of Education; therefore, there were no questioned costs.

Corrective Action:

Corrective action was taken.

Reference No. 2017-126

Special Tests and Provisions - Verification

(Prior Audit Issue 2016-124)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164153; CFDA 84.033, Federal Work-Study Program, P033A164153; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; CFDA 84.268, Federal Direct Student Loans, P268K172330; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172330

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program (SNAP) benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

For 8 (13 percent) of 60 students tested, Texas Woman's University (University) did not accurately verify all required items on the FAFSA; therefore, it did not subsequently request updated ISIRs as required. For those eight students, the University did not accurately verify one or more of the following items: income information for tax-filers, number of household members in college, SNAP benefits received, student's identity, or household resources. Those errors occurred because of manual errors the University made during its verification process. The University had a process to review completed verifications during the award year; however, that process was not sufficient to ensure that the University performed verification accurately.

When auditors brought those errors to the University's attention, the deadline to submit corrections for the award year had passed. However, the University performed procedures in its student financial assistance system, Colleague, to correct the errors, and it asserted the following:

- For four students, the errors did not result in changes to students' EFCs or financial assistance awards.
- For two students, the errors resulted in a change in EFC and, as a result, the University overawarded a total of \$175 in Pell Grant funds. The University subsequently returned the overawarded amounts to the U.S. Department of Education; therefore, there were no questioned costs.
- For two students, the University did not resolve conflicting information regarding verification of household resources; therefore, auditors could not determine the effect on those students' EFCs and whether there were any related questioned costs.

Not properly verifying FAFSA information can result in incomplete verification of FAFSA information and overawarding or underawarding student federal financial assistance.

Corrective Action:

This finding was reissued as current year reference number 2020-122.

Reference No. 2017-129

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issue 2016-126)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162330; and CFDA 84.268, Federal Direct Student Loans, P268K172330

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b) and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

To protect a student's interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)). In instances in which a student completes one academic program and then enrolls in another academic program at the same institution, the institution must report two separate enrollment transactions: one showing the completion of the first program and its effective date and credential level, and the other showing the enrollment in the second program and its effective date (*Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

Texas Woman's University (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to the NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required

to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

For 2 (3 percent) of 60 students tested, the University did not report the status change to NSLDS or it did not report the effective date of the status change to NSLDS accurately. Specifically:

- For one student, the University did not report the student's graduated status to NSLDS. That student graduated in the Summer 2016 term and enrolled in the Fall 2016 term. The University reported both statuses to NSC; however, NSC reported only the Fall 2016 enrollment status to NSLDS, rather than reporting both the graduated status and subsequent enrollment status as required.
- For one student, the University did not report the effective date of the student's withdrawal to NSLDS accurately. That student unofficially withdrew from the Fall 2016 term and did not enroll in the Spring 2017 term. The University incorrectly reported the last date of the Fall 2016 term as the effective date of the withdrawal, rather than the student's last date of attendance. That error occurred because the University did not have a process to report unofficial withdrawals to NSLDS at that time; however, the University subsequently improved its process in Spring 2017 to report unofficial withdrawals to NSLDS.

Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

This finding was reissued as current year reference number 2020-124.

University of Houston

Reference No. 2017-131

Eligibility

Activities Allowed or Unallowed

Special Tests and Provisions – Institutional Eligibility

(Prior Audit Issues 2016-128 and 2015-120)

Federal Program Title: Student Financial Assistance Cluster

Federal Agencies: U.S. Department of Education and U.S. Department of Health and Human Services

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164166; CFDA 84.033, Federal Work-Study Program, P033A164166; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162333; CFDA 84.268, Federal Direct Student Loans, P268K172333; CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172333; and CFDA 93.925, Scholarships for Health Professions Students from Disadvantaged Backgrounds, 1-T08HP30152-01-00

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2015

Status: Implemented

Federal Supplemental Education Opportunity Grants (FSEOG)

In selecting among eligible students for FSEOG awards in each award year, an institution must select students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution must award the remaining FSEOG funds to eligible students with the lowest expected family contributions who will not receive Federal Pell Grants (Title 34, CFR, Section 676.10).

Based on a review of the full population of federal student financial assistance recipients, the University awarded a total of \$5,000 to 3 students who did not also receive Federal Pell Grants. The University initially awarded those students Federal Pell Grant funds, but it canceled those awards prior to disbursement because those students were ineligible for the Federal Pell Grant funds. However, the University did not identify that cancellation and awarded the FSEOG funds in error. The University conducted a self-review process during this audit and canceled the FSEOG distributions to those students; therefore, there were no questioned costs.

Corrective Action:

Corrective action was taken.

Reference No. 2017-132

Special Tests and Provisions – Verification

(Prior Audit Issues 2016-129, 2015-121, and 2014-139)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164166; CFDA 84.033, Federal Work-Study Program, P033A164166; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162333; CFDA 84.268, Federal Direct Student Loans, P268K172333; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172333

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2014

Status: Implemented

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. The number in college always includes (1) the student and (2) those in the household who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 2). Acceptable documentation for verifying household size and the number of household members who are in college includes a statement signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, volume 80, number 123).

For 3 (5 percent) of 62 students tested, the University of Houston (University) did not accurately verify certain required items on the FAFSA or made unsupported changes to FAFSA items. Specifically:

- The University did not accurately verify adjusted gross income for one student who submitted an amended tax return. That error occurred because of a manual error the University made in the verification process and because the University did not have an effective monitoring process during the award year to detect that error.

- The University inappropriately reduced the number of household members and number in college for two students. Each of those students certified the number of household members and the number in college on the verification forms they submitted to the University, and the University removed siblings from the household size and number in college because of the siblings' age. The University asserted that its practice was to remove household members who were in college and older than age 24; however, the University did not request information from the students to show that the household members it removed did not receive at least half of their support from the family.

After auditors brought those errors to the University's attention, it did not make corrections to those students' ISIRs. Therefore, auditors were unable to determine whether there were any questioned costs.

Not properly verifying FAFSA information could result in the University overawarding or underawarding student financial assistance.

Corrective Action:

Corrective action was taken.

Reference No. 2017-134

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 2016-131, 2015-124, 2014-140, 2013-165, 13-147, 12-153, 11-154, 10-98, 09-87, 08-74, and 07-58)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162333; and CFDA 84.268, Federal Direct Student Loans, P268K172333

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2006

Status: Partially Implemented

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b) and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

The University of Houston (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

For 4 (7 percent) of 61 students tested who had a status change, the University did not always report effective dates accurately or did not report the status change in a timely manner to NSLDS. Specifically:

- For one student, the University incorrectly reported the effective date of the status change as the date that the University certified the status change to NSC instead of the date that the student dropped below full-time time enrollment.
- For one student, the University incorrectly reported the midpoint of the term as the effective date of the student's withdrawal instead of using the student's last day of academically related activity.
- For one student, the University initially reported the effective date for the student's withdrawal as the last day of academically related activity, which was accurate. However, a subsequent submission to NSLDS overwrote that effective date with an inaccurate effective date (the final day of the term).
- For one student, the University reported the enrollment status change to NSC within the required time frame. However, NSC did not report that student's status enrollment change to NSLDS until 76 days after the effective date of the enrollment status change.

The University did not have a process to ensure that the effective dates of enrollment status changes were reported accurately to NSLDS.

Not reporting the effective date of enrollment status changes accurately and not reporting status changes in a timely manner could affect the determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

Corrective Action:

This finding was reissued as current year reference number 2020-129.

University of North Texas

Reference No. 2017-135

Special Tests and Provisions – Verification

Activities Allowed or Unallowed

Cash Management

Eligibility

Reporting

Special Tests and Provisions – Disbursements To or On Behalf of Students

Special Tests and Provisions – Enrollment Reporting

Special Tests and Provisions – Borrower Data Transmission and Reconciliation (Direct Loan)

Special Tests and Provisions – Institutional Eligibility

(Prior Audit Issue 2016-132)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.007, Federal Supplemental Educational Opportunity Grants, P007A164085; CFDA 84.033, Federal Work-Study Program, P033A164085; CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162293; CFDA 84.268, Federal Direct Student Loans, P268K172293; and CFDA 84.379, Teacher Education Assistance for College and Higher Education Grants, P379T172293

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Implemented

Verification of Applications

For each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education, an institution must verify all of the applicable items, which include household size, number of household members who are in college, adjusted gross income, U.S. income taxes paid, child support paid, Supplemental Nutrition Assistance Program benefits, education credits, individual retirement account deductions, other untaxed income, high school completion, and identity and statement of educational purpose (Title 34, Code of Federal Regulations (CFR), Sections 668.54 and 668.56, and *Federal Register*, volume 80, number 123).

When the verification of an applicant's eligibility results in any change to a non-dollar item or a change to a single dollar item of \$25 or more from the applicant's FAFSA, the institution must submit a correction to the U.S. Department of Education and adjust the applicant's subsidized student financial assistance awards on the basis of the expected family contribution (EFC) on the corrected Institutional Student Information Record (ISIR) (Title 34, CFR, Section 668.59).

Household size for a dependent student includes (1) the student; (2) the student's parents; (3) the student's siblings and children, if they will receive more than half their support from the student's parent(s) for the entire award year; and (4) other persons who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. Household size for an independent student includes (1) the student; (2) his or her spouse; (3) the student's children if they will receive more than half their support from the student for the entire award year; and (4) other persons who live with and receive more than half their support from the student and will receive more than half support for the entire award year. Number in college always includes (1) the student and (2) those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education (U.S. Department of Education, *2016-2017 Federal Student Aid Handbook, Application and Verification Guide*, chapter 2). Acceptable documentation for verifying household size and the number of

household members who are in college includes a statement signed by the applicant, and if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each household member, the relationship of that household member to the applicant, and the name of the educational institution for each household member who is or will be attending at least half-time in a program that leads to a degree or certificate (Title 34, CFR, Sections 668.57(b) and (c), and *Federal Register*, volume 80, number 123).

For 5 (8 percent) of 61 students tested, the University of North Texas (University) did not accurately verify certain required items on the students' FAFSAs or made unsupported changes to FAFSA items. Specifically:

- For one student, the University inappropriately reduced the number of household members in college because it made a manual error during the verification process. That error resulted in the student's EFC being overstated, which resulted in the University underawarding the student a total of \$300 in Federal Pell Grant funds. When auditors brought that error to the University's attention, it corrected the student's ISIR and adjusted the student's award.
- For four students, the University inappropriately reduced the household size, number of household members in college, or both. Those students certified the household size and number of household members in college on the verification form they submitted to the University; however, the University removed family member(s) from the household size and/or number in college without obtaining additional support from the students. After auditors brought those errors to the University's attention, it did not make corrections to those students' ISIRs. Therefore, auditors were unable to determine whether there were any questioned costs.
- Not properly verifying FAFSA information could result in overawarding or underawarding financial assistance.

Corrective Action:

Corrective action was taken.

University of Texas at Arlington

Reference No. 2017-141

Special Tests and Provisions – Enrollment Reporting

(Prior Audit Issues 2016-138, 2015-131, 2014-152, and 2013-173)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.038, Federal Perkins Loan – Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162335; and CFDA 84.268, Federal Direct Student Loans, P268K172335

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2013

Status: Implemented

Enrollment Reporting

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

Institutions are required to use the date of a student's withdrawal for purposes of reporting enrollment status changes to the Secretary of the U.S. Department of Education and determining when a refund or return of Title IV funds must be paid (Title 34, CFR, Section 685.305(c)). In addition, in the absence of a formal withdrawal, the last recorded date of attendance should be reported as the status change date (*NSLDS Enrollment Reporting Guide*, Appendix C).

The University of Texas at Arlington (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

The University did not always report students who unofficially withdrew from all courses for the term to NSLDS or did not always report the correct effective date for the withdrawn status. For 6 (9 percent) of 67 students tested, the University determined the last date of attendance for students who withdrew without providing official notification; however, it did not report those students as withdrawn to NSLDS. Specifically:

- For three students, the University did not report a withdrawn status to NSLDS.

- For three students, the University ultimately reported a withdrawn status to NSLDS because the students did not return for the subsequent term; however, the effective date it reported was incorrect because the date it reported was the last day of the term, rather than the students' last dates of attendance.

The University did not have an adequate process to ensure that it accurately reported students who unofficially withdrew from all courses for the term to NSLDS.

In addition, the University did not always report the correct effective date for students' status changes.

For 3 (4 percent) of 67 students tested, the University correctly reported the students as withdrawn; however, it reported an incorrect effective date for the withdrawn status. For those students, the University incorrectly backdated the withdrawn status to the last day of the previous term or the first day of the current term, rather than reporting the actual date of the students' withdrawals.

The University did not have an adequate process to ensure that it reported student status changes and the effective dates of those changes to NSLDS accurately and in a timely manner.

Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

Corrective action was taken.

University of Texas at Austin

Reference No. 2017-143

Special Tests and Provisions – Enrollment Reporting

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162336; and CFDA 84.268, Federal Direct Student Loans, P268K172336

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2017

Status: Implemented

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended, or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

The University of Texas at Austin (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS, as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

The University did not ensure that students with enrollment changes were accurately reported to NSLDS. Specifically, for 2 (3 percent) of 60 students tested with enrollment status changes, the University did not report the status change to NSLDS. Both of those students unofficially withdrew during the Fall 2016 term and, while the University reported the status changes to NSC, those status changes were never reported to NSLDS. Both of those students also unofficially withdrew during the Spring 2017 term, and the University determined that those students never attended that term. For one of those students, the University reported the student as withdrawn with an incorrect effective date. For the other student, the University never reported the withdrawal to NSLDS. The University accurately reported the statuses of both students to NSLDS after auditors brought those errors to its attention.

The University did not have an adequate monitoring process to ensure that student status changes were accurately reported to NSLDS. Not reporting student status changes accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

Corrective action was taken.

University of Texas at El Paso

Reference No. 2017-148

Special Tests and Provisions - Enrollment Reporting

(Prior Audit Issue 2016-146)

Federal Program Title: Student Financial Assistance Cluster

Federal Agency: U.S. Department of Education

Award year: July 1, 2016, to June 30, 2017

Award numbers: CFDA 84.038, Federal Perkins Loan - Federal Capital Contributions, Award Number Not Applicable; CFDA 84.063, Federal Pell Grant Program, P063P162338; and CFDA 84.268, Federal Direct Student Loans, P268K172338

Statistically valid sample: No and not intended to be a statistically valid sample

Type of finding: Significant Deficiency and Non-Compliance

Initial Year Written: 2016

Status: Partially Implemented

Unless an institution expects to submit its next enrollment reporting roster file to the Secretary of the U.S. Department of Education within the next 60 days, it must notify the Secretary within 30 days if it discovers that a Federal Perkins Loan, Federal Family Education Loan (FFEL), Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who (1) enrolled at that institution but has ceased to be enrolled on at least a half-time basis; (2) has been accepted for enrollment at that institution but failed to enroll on at least a half-time basis for the period for which the loan was intended; or (3) has changed his or her permanent address (Title 34, Code of Federal Regulations (CFR), Sections 674.19(f), 685.309(b), and 682.610(c)). Enrollment reporting roster files must also include Federal Pell Grant-only recipients (Title 34, CFR, Section 690.83(b)(2), and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)). Institutions are required to report the campus-level enrollment for the student, including enrollment status and the effective date of that enrollment status (*National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, chapter 1).

To protect a student's interest subsidy, institutions are required to report a graduated status for students who have completed their course of study (*NSLDS Enrollment Reporting Guide*, Appendix C and chapter 4, and *Dear Colleague Letter*, April 14, 2014 (GEN-14-07)). When a student completes one academic program and then enrolls in another academic program at the same institution, the institution must report two separate enrollment transactions: (1) one transaction showing the completion of the first program and its effective date and credential level and (2) another transaction showing the enrollment in the second program and its effective date (*NSLDS Enrollment Reporting Guide*, Appendix C, and *Dear Colleague Letter*, March 30, 2012 (GEN-12-06)).

The University of Texas at El Paso (University) uses the services of the National Student Clearinghouse (NSC) to report status changes to NSLDS. Under this arrangement, the University reports all students enrolled and their status to NSC. NSC then identifies any changes in status and reports those changes when required to NSLDS. Additionally, NSC completes the roster file on the University's behalf and communicates status changes to NSLDS as applicable. Although the University uses the services of NSC, it is still ultimately the University's responsibility to submit timely, accurate, and complete responses to roster files and to maintain proper documentation (*NSLDS Enrollment Reporting Guide*, chapter 3).

For 4 (7 percent) of 60 students tested, the University (1) did not report status changes to NSLDS when required, (2) did not accurately report effective dates of status changes to NSLDS, or (3) did not report status changes to NSLDS in a timely manner. Specifically, the University:

- Did not report one student's graduated status. The University reported that student's graduated status to NSC, but NSC did not report that status to NSLDS because that student enrolled in a subsequent term.

- Reported an incorrect effective date for one student who had a status change between two terms.
- Did not report two students' status changes in a timely manner. The status changes for those students were reported 61 and 64 days after their effective dates. According to the University, at the time those changes occurred, the University had not fully implemented its reporting schedule to ensure that changes were reported in a timely manner.

The University asserted that it had developed a monitoring process to ensure that student status changes were accurately reported to NSLDS; however, that process was not formalized or documented and did not detect the errors discussed above. Not reporting student status changes accurately and in a timely manner could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, repayment schedules, and the federal government's payment of interest subsidies.

Corrective Action:

This finding was reissued as current year reference number 2020-150.

Appendix

Appendix

Objective, Scope, and Methodology

Objective

With respect to the Student Financial Assistance Cluster, the objectives of this audit were to (1) obtain an understanding of internal controls over compliance, assess control risk of noncompliance, and perform tests of those controls unless controls were deemed to be ineffective, and (2) express an opinion on whether the State complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on the Student Financial Assistance Cluster in accordance with the Single Audit Act Amendments of 1996 and Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Scope

The audit scope covered federal funds that the State spent for the Student Financial Assistance Cluster from July 1, 2019, through June 30, 2020, which is the federal financial assistance award year. The audit work included control and compliance tests at 18 higher education institutions across the state.

Methodology

The audit methodology included developing an understanding of controls over each compliance area that was direct and material to the Student Financial Assistance Cluster at each higher education institution audited.

Sampling Methodology

Auditors selected nonstatistical samples for tests of compliance and controls for each direct and material compliance area identified based on the American Institute of Certified Public Accountants' (AICPA) audit guide entitled *Government Auditing Standards and Single Audits* dated April 1, 2020. In determining the sample sizes for control and compliance test work, auditors assessed risk levels for inherent risk of noncompliance, control risk of noncompliance, risk of material noncompliance, detection risk, and audit risk of noncompliance by compliance requirement. Auditors selected nonstatistical samples primarily through random selection. In some cases, auditors selected additional items for compliance testing based on risk.

Auditors conducted tests of compliance and of the controls identified for each direct and material compliance area, and performed analytical procedures when appropriate.

Information collected and reviewed included the following:

- Higher education institution financial assistance, eligibility, disbursement, cash management, reporting, return of federal funds, and student enrollment information.
- Federal award letter notifications.
- Student cost of attendance budgets.
- National Student Loan Data System (NSLDS) records.
- Common Origination and Disbursement (COD) System records.
- Transactional support related to expenditures and revenues.
- Policies and procedures related to student financial assistance.
- Higher education institution-generated reports and data used to support reports, revenues, and other compliance areas.
- Information system support related to general controls over student information systems that affected the control structure related to federal compliance.

Procedures and tests conducted included the following:

- Analytical procedures performed on expenditure data to identify instances of noncompliance.
- Compliance testing for samples of transactions for each direct and material compliance area.
- Tests of design and operating effectiveness of key controls and tests of design of controls to assess the sufficiency of each higher education institution's control structure.
- Tests of design and effectiveness of general controls over student information systems that supported the control structure related to federal compliance.

Criteria used included the following:

- Title 20, United States Code, Chapter 28.
- Title 42, United States Code, Chapter 6A.
- Titles 16, 34, and 42, Code of Federal Regulations.
- Title 2, Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix XI Compliance Supplement*.
- *Federal Register*, Volume 83, Number 60.
- *Federal Register*, Volume 84, Number 212.
- U.S. Department of Education Federal Student Aid letters and electronic announcements.
- U.S. Department of Education, 2019-2020 *Federal Student Aid Handbook*.
- U.S. Department of Education, 2019-2020 *Common Origination and Disbursement Technical Reference*.
- Higher education institution policies and procedures.
- U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2019.

Project Information

Audit fieldwork was conducted from April 2020 through January 2021. Except as discussed above in the Independent Auditor's Report, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Title 2, Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

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Copies of this report have been distributed to the following:

Legislative Audit Committee

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The Honorable Dade Phelan, Speaker of the House, Joint Chair
The Honorable Jane Nelson, Senate Finance Committee
The Honorable Robert Nichols, Member, Texas Senate
The Honorable Greg Bonnen, House Appropriations Committee
The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

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