A Report on

State of Texas Compliance with Federal Requirements for the Student Financial Assistance Cluster for the Year Ended August 31, 2023

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

The State of Texas complied in all material respects with the federal requirements for the Student Financial Assistance Cluster in fiscal year 2023. 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. The Single Audit for the State of Texas included (1) all high-risk federal programs for which the State expended more than $137,539,208 in federal funds during fiscal year 2023 and (2) other selected federal programs.

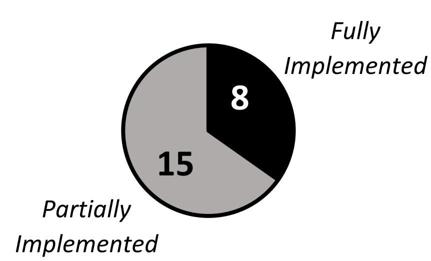
During fiscal year 2023 (from September 1, 2022, through August 31, 2023), the State of Texas expended $91.7 billion in federal funds, and it reported a total of $4.3 billion in expenditures for the Student Financial Assistance Cluster. The State Auditor's Office audited compliance with requirements for the Student Financial Assistance Cluster at 18 higher education institutions, which spent approximately $3.1 billion in federal Student Financial Assistance Cluster funds during fiscal year 2023.

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

INDEPENDENT AUDITOR'S REPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS



For more information about this audit, contact Assistant State Auditor James Timberlake or State Auditor Lisa Collier at 512-936-9500.

February 2024 | Report No. **24-012**

Key Points

$3.1 Billion in federal funding audited at **18 Universities**.

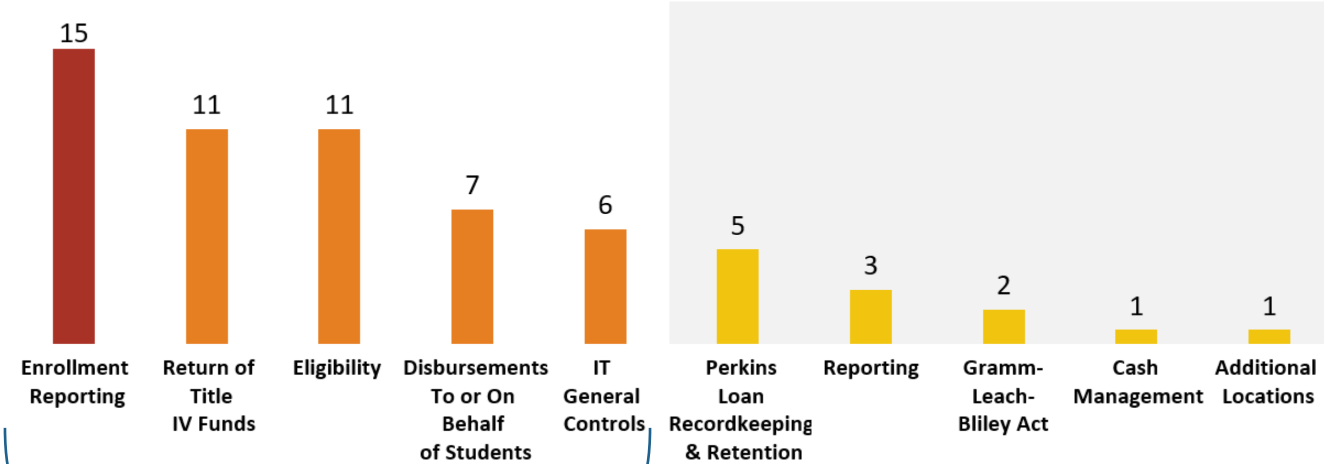
62	=	56	+	6
Total Findings		Significant Deficiency and Noncompliance Findings		Significant Deficiency Findings in IT General Controls

Refer to the Background Section for more information on the Finding Classifications (such as significant deficiencies and noncompliance) and IT General Controls.

The State Auditor's Office audited the **Student Financial Assistance Cluster** at the following higher education institutions:

- Lamar University (Lamar)
- Sam Houston State University (SHSU)
- Tarleton State University (Tarleton)
- Texas A&M University (TAMU)
- Texas Southern University (TSU)
- Texas State University (TXST)
- Texas Tech University (TTU)
- Texas Tech University Health Sciences Center (TTUHSC)
- The University of Texas at Arlington (UTA)
- The University of Texas at Austin (UT)
- The University of Texas at Dallas (UTD)
- The University of Texas at El Paso (UTEP)
- The University of Texas at San Antonio (UTSA)
- The University of Texas Health Science Center at San Antonio (UTHSCSA)
- The University of Texas Permian Basin (UTPB)
- The University of Texas Rio Grande Valley (UTRGV)
- University of Houston (UH)
- University of North Texas (UNT)

Auditors tested **13 Compliance Areas** plus **IT General Controls (+1)**. As a result of that testing, auditors identified **findings in 10** of those **14 areas.**



The following provides a breakdown of the

Top 5 Noncompliant Areas,

along with the most prevalent issues identified within those compliance areas.

Compliance Area:	Enrollment Reporting	Return of Title IV Funds	Eligibility	Disbursements To or On Behalf of Students	IT General Controls
Number of Findings:	15	11	11	7	6
Most Common Types of Issues within the Compliance Area [a]:	Accuracy (15)	Accuracy (8)	Cost of Attendance (8)	Award Notifications (5)	User Access (6)
	Timeliness (7)	Timeliness (6)	Award Limits (4)	Allowable Charges (3)	Change Management (2)
	—	Distance Education (4)	Satisfactory Academic Progress (2)	Disbursement Notifications (3)	—

[a] Each finding may have multiple types of issues. Only the most common types of issues within each compliance area are shown above. See the table on the next page for the findings in all compliance areas audited.

Overview of All Findings by Compliance Area and Institution

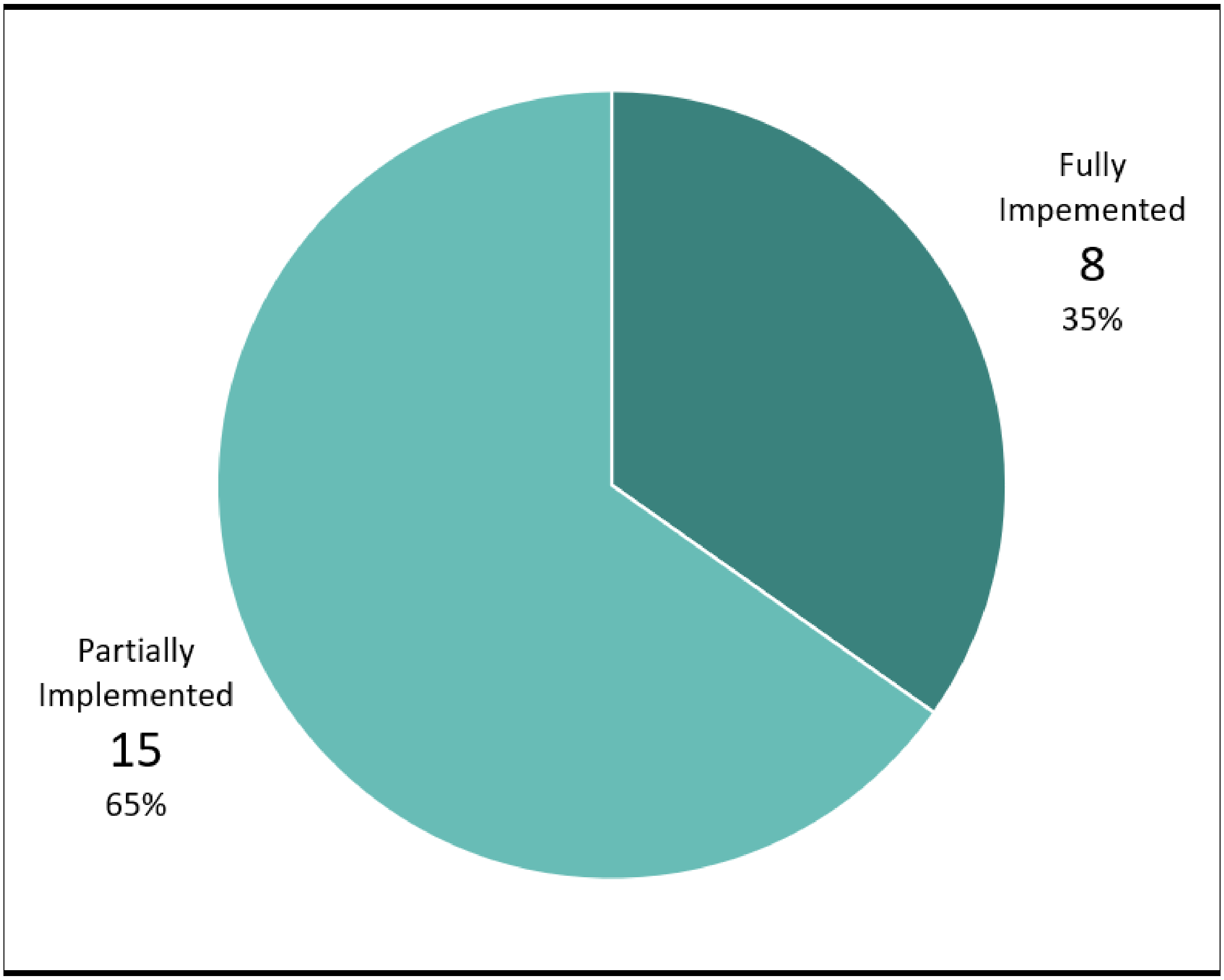
Select the acronym below to jump to a detailed look at findings for that higher education institution.

Higher Education Institution	Enrollment Reporting	Return of Title IV Funds	Eligibility	Disbursements To or On Behalf of Students	General Controls	Perkins Loan	Reporting	Gramm-Leach-Bliley Act	Cash Management	Additional Locations	*Total per Institution*
Lamar	X	X	X	X			X				5
SHSU		X	X		X						3
Tarleton	X	X	X	X							4
TAMU	X		X								2
TSU	X	X	X	X	X			X			6
TXST			X								1
TTU	X	X	X	X	X					X	6
TTUHSC	X										1
UTA	X	X	X		X		X		X		6
UT	X	X			X	X					4
UTD			X			X					2
UTEP	X										1
UTSA	X	X				X					3
UTHSCSA	X					X					2
UTPB	X	X	X	X	X						5
UTRGV	X										1
UH	X	X	X	X				X			5
UNT	X	X		X		X	X				5
Total Findings	15	11	11	7	6	5	3	2	1	1	***62***

Auditors also followed up on higher education institutions' corrective action plans for

23 Audit Findings from Prior Fiscal Years

related to the Student Financial Assistance Cluster.



Summary of Management Response
Current and Prior Year Findings

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

Background Information

Student Financial Assistance Cluster

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

The SFA 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.

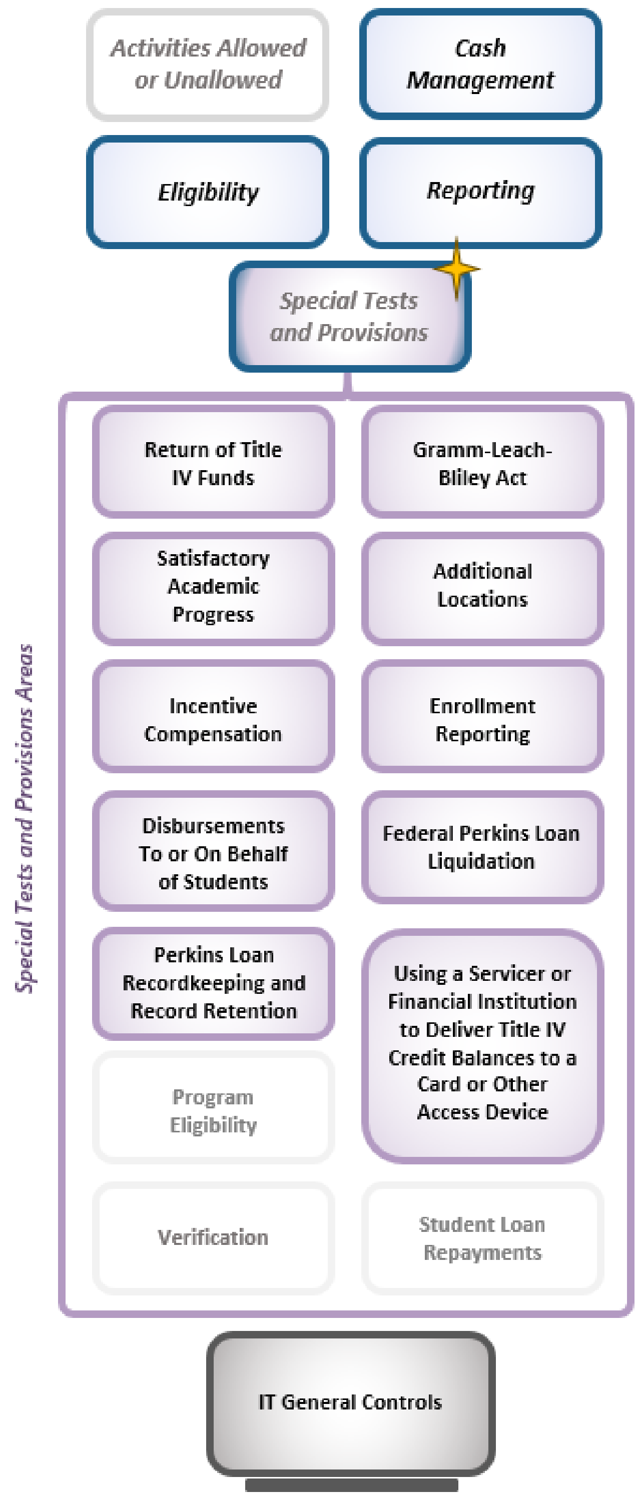
The 2023 Office of Management and Budget (OMB) *Compliance Supplement* identified 17 compliance areas as subject to audit for the SFA Cluster, including 4 standard compliance areas (Activities Allowed or Unallowed; Cash Management; Eligibility; and Reporting) and 13 Special Tests and Provisions (see Figure 1).

Special Tests and Provisions are compliance areas that are unique to each federal program. The SFA Cluster's Special Tests and Provisions required auditors to perform certain testing, such as determining whether a higher education institution (1) followed requirements for timing and appropriateness of disbursements; (2) accurately calculated the amount of unearned SFA Cluster funds for withdrawn students and returned those funds to the federal government; and (3) notified the federal government of changes in student statuses in an accurate and timely manner.

Auditors determined that 3 of the 4 standard compliance areas and 10 of the 13 Special Testing Provisions could have a direct and material effect on the SFA Cluster at the higher education institutions audited, and auditors performed compliance and control testing for those areas.

Figure 1

Compliance Areas and IT General Controls



IT General Controls

Higher education institutions must establish and maintain effective internal control over federal awards that provides reasonable assurance that the institution is managing federal awards with federal statutes, regulations, and the terms and conditions of the federal award.

In addition to the 13 compliance areas tested for the SFA Cluster, auditors also tested certain information technology (IT) general controls over the institutions' IT systems used to process and manage federal SFA Cluster funds. Those controls included (1) user access, (2) password parameters, and (3) change management.

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 noncompliance.
- A **material weakness** indicates significant control weaknesses that could potentially result in material noncompliance with the compliance area.

Similarly, compliance findings are classified as either noncompliance or material noncompliance; material noncompliance 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 SFA Cluster as a whole.

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 Glenn Hegar, Comptroller of Public Accounts
The Honorable Dan Patrick, Lieutenant Governor
The Honorable Dade Phelan, Speaker of the House of Representatives
and
Members of the Legislature, State of Texas

Report on Compliance for the Student Financial Assistance Cluster

Opinion on the Student Financial Assistance Cluster

We have audited the State of Texas's (State) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the State complied, in all material respects, with the 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, 2023.

Basis for Opinion on the Student Financial Assistance Cluster

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

This audit was conducted as part of the State of Texas Statewide Single Audit for the year ended August 31, 2023. 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, 2023. The State does not meet the Uniform Guidance requirements for a program-specific audit and the presentation of the Schedule of Federal 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 are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Student Financial Assistance Cluster. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, it is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the State's compliance with the requirements of the Student Financial Assistance Cluster as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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
Lamar University	Eligibility	2023-101
	Reporting	2023-102
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-103
	Special Tests and Provisions – Return of Title IV Funds	2023-104
	Special Tests and Provisions – Enrollment Reporting	2023-105
Sam Houston State University	Eligibility	2023-107
	Special Tests and Provisions – Return of Title IV Funds	2023-108
Tarleton State University	Eligibility	2023-109
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-110
	Special Tests and Provisions – Return of Title IV Funds	2023-111
	Special Tests and Provisions – Enrollment Reporting	2023-112
Texas A&M University	Eligibility	2023-113
	Special Tests and Provisions – Enrollment Reporting	2023-114
Texas Southern University	Eligibility	2023-116
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-117
	Special Tests and Provisions – Return of Title IV Funds	2023-118
	Special Tests and Provisions – Enrollment Reporting	2023-119

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security	2023-120
Texas State University	Eligibility	2023-121
Texas Tech University	Eligibility	2023-123
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-124
	Special Tests and Provisions – Return of Title IV Funds	2023-125
	Special Tests and Provisions – Enrollment Reporting	2023-126
	Special Tests and Provisions – Additional Locations	2023-127
Texas Tech University Health Sciences Center	Special Tests and Provisions – Enrollment Reporting	2023-128
The University of Texas at Arlington	Cash Management	2023-130
	Eligibility	2023-131
	Reporting	2023-132
	Special Tests and Provisions – Return of Title IV Funds	2023-133
	Special Tests and Provisions – Enrollment Reporting	2023-134
The University of Texas at Austin	Special Tests and Provisions – Return of Title IV Funds	2023-136
	Special Tests and Provisions – Enrollment Reporting	2023-137
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-138
The University of Texas at Dallas	Eligibility	2023-139
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-140
The University of Texas at El Paso	Special Tests and Provisions – Enrollment Reporting	2023-141
The University of Texas at San Antonio	Special Tests and Provisions – Return of Title IV Funds	2023-142
	Special Tests and Provisions – Enrollment Reporting	2023-143

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-144
The University of Texas Health Science Center at San Antonio	Special Tests and Provisions – Enrollment Reporting	2023-145
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-146
The University of Texas Permian Basin	Eligibility	2023-148
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-149
	Special Tests and Provisions – Return of Title IV Funds	2023-150
	Special Tests and Provisions – Enrollment Reporting	2023-151
The University of Texas Rio Grande Valley	Special Tests and Provisions – Enrollment Reporting	2023-152
University of Houston	Eligibility	2023-153
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-154
	Special Tests and Provisions – Return of Title IV Funds	2023-155
	Special Tests and Provisions – Enrollment Reporting	2023-156
	Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security	2023-157
University of North Texas	Reporting	2023-158
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-159
	Special Tests and Provisions – Return of Title IV Funds	2023-160
	Special Tests and Provisions – Enrollment Reporting	2023-161
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-162

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

Government Auditing Standards requires the auditor to perform limited procedures on the State's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs, to be significant deficiencies:

Higher Education Institution	Compliance Requirement	Finding Number
Lamar University	Eligibility	2023-101
	Reporting	2023-102
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-103
	Special Tests and Provisions – Return of Title IV Funds	2023-104
	Special Tests and Provisions – Enrollment Reporting	2023-105
Sam Houston State University	Eligibility 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 – Enrollment Reporting	2023-106
	Eligibility	2023-107
	Special Tests and Provisions – Return of Title IV Funds	2023-108
Tarleton State University	Eligibility	2023-109
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-110
	Special Tests and Provisions – Return of Title IV Funds	2023-111
	Special Tests and Provisions – Enrollment Reporting	2023-112
Texas A&M University	Eligibility	2023-113
	Special Tests and Provisions – Enrollment Reporting	2023-114
Texas Southern University	Eligibility 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 – Enrollment Reporting	2023-115
	Eligibility	2023-116
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-117

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions – Return of Title IV Funds	2023-118
	Special Tests and Provisions – Enrollment Reporting	2023-119
	Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security	2023-120
Texas State University	Eligibility	2023-121
Texas Tech University	Eligibility 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 – Enrollment Reporting	2023-122
	Eligibility	2023-123
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-124
	Special Tests and Provisions – Return of Title IV Funds	2023-125
	Special Tests and Provisions – Enrollment Reporting	2023-126
	Special Tests and Provisions – Additional Locations	2023-127
Texas Tech University Health Sciences Center	Special Tests and Provisions – Enrollment Reporting	2023-128
The University of Texas at Arlington	Eligibility 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 – Enrollment Reporting	2023-129
	Cash Management	2023-130
	Eligibility	2023-131
	Reporting	2023-132
	Special Tests and Provisions – Return of Title IV Funds	2023-133

Higher Education Institution	Compliance Requirement	Finding Number
	Special Tests and Provisions – Enrollment Reporting	2023-134
The University of Texas at Austin	Eligibility 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 – Enrollment Reporting	2023-135
	Special Tests and Provisions – Return of Title IV Funds	2023-136
	Special Tests and Provisions – Enrollment Reporting	2023-137
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-138
The University of Texas at Dallas	Eligibility	2023-139
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-140
The University of Texas at El Paso	Special Tests and Provisions – Enrollment Reporting	2023-141
The University of Texas at San Antonio	Special Tests and Provisions – Return of Title IV Funds	2023-142
	Special Tests and Provisions – Enrollment Reporting	2023-143
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-144
The University of Texas Health Science Center at San Antonio	Special Tests and Provisions – Enrollment Reporting	2023-145
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-146
The University of Texas Permian Basin	Eligibility 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 – Enrollment Reporting	2023-147

Higher Education Institution	Compliance Requirement	Finding Number
	Eligibility	2023-148
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-149
	Special Tests and Provisions – Return of Title IV Funds	2023-150
	Special Tests and Provisions – Enrollment Reporting	2023-151
The University of Texas Rio Grande Valley	Special Tests and Provisions – Enrollment Reporting	2023-152
University of Houston	Eligibility	2023-153
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-154
	Special Tests and Provisions – Return of Title IV Funds	2023-155
	Special Tests and Provisions – Enrollment Reporting	2023-156
	Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security	2023-157
University of North Texas	Reporting	2023-158
	Special Tests and Provisions – Disbursements To or On Behalf of Students	2023-159
	Special Tests and Provisions – Return of Title IV Funds	2023-160
	Special Tests and Provisions – Enrollment Reporting	2023-161
	Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention	2023-162

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the other 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 for the State for the Year Ended August 31, 2023, 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 Year Ended August 31, 2023.*

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

February 22, 2024

Schedule of Federal Program Expenditures for the Student Financial Assistance Cluster for the State of Texas for the Year Ended August 31, 2023

Schedule of Federal Program Expenditures

Higher Education Institution Audited	Federal Program Direct Expenditures
Lamar University	$113,960,948
Sam Houston State University	$152,722,421
Tarleton State University	$90,908,243
Texas A&M University	$349,026,906
Texas Southern University	$122,800,324
Texas State University	$249,407,771
Texas Tech University	$198,662,818
Texas Tech University Health Sciences Center	$68,374,436
The University of Texas at Arlington	$212,739,398
The University of Texas at Austin	$357,872,950
The University of Texas at Dallas	$104,786,089
The University of Texas at El Paso	$146,124,528
The University of Texas at San Antonio	$201,678,405
The University of Texas Health Science Center at San Antonio	$67,443,785
The University of Texas Permian Basin	$28,119,557
The University of Texas Rio Grande Valley	$185,686,351
University of Houston	$254,471,993
University of North Texas	$244,742,963
Total Audited Student Financial Assistance Cluster Federal Program Expenditures	**$3,149,529,885**

Note 1: Total expenditures do not sum exactly due to rounding.

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 *State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2023*.

Note 3: Federal expenditures for the Student Financial Assistance Cluster at state entities not included in the scope of this audit totaled $1,189,503,150 for the year ended August 31, 2023.

Note 4: The Student Financial Assistance Cluster includes the following programs listed by Assistance Listing Number (ALN).

The following programs are administered by the U.S. Department of Education:

- ALN 84.007 Federal Supplemental Educational Opportunity Grants (FSEOG).

- ALN 84.033 Federal Work-Study Program.
- ALN 84.038 Federal Perkins Loan Program.
- ALN 84.063 Federal Pell Grant Program.
- ALN 84.268 Federal Direct Student Loans.
- ALN 84.379 Teacher Education Assistance for College and Higher Education Grants (TEACH Grants).
- ALN 84.408 Postsecondary Education Scholarships for Veteran's Dependents (Iraq and Afghanistan Service Grant (IASG)).

The following programs are administered by the U.S. Department of Health and Human Services:

- ALN 93.264 Nurse Faculty Loan Program (NFLP).
- ALN 93.342 Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS).
- ALN 93.364 Nursing Student Loans (NSL).
- ALN 93.925 Scholarships for Health Professions Students from Disadvantaged Backgrounds – Scholarships of Disadvantaged Students (SDS)

Section 1

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, 2023.*

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	No ✓
Significant deficiency(ies) identified?	Yes ✗
Type of auditor's report issued on compliance for major federal programs:	*Unmodified*
Any audit **findings disclosed** that are required to be reported in accordance with Title 2, Code of Federal Regulations, Section 200.516(a)?	Yes ✗

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:	$137,539,208
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, 2023*.

Section 3
Federal Award Findings and Questioned Costs

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

Lamar University

Reference No. 2023-101

Eligibility

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; 84.379; and 93.264
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224051; Federal Work-Study Program, P033A224051; Federal Pell Grant Program, P063P222282; Federal Direct Student Loans, P268K232282; Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232282; and Nurse Faculty Loan Program (NFLP), 1 E01HP45821-01-00
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$1,409
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301). 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 unmet financial need, the borrower's COA, or the borrower's maximum borrowing limit. (U.S. Department of Education *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 5).

Lamar University (University) uses algorithmic budgeting to build COA budgets for each term based on a student's classification (undergraduate or graduate), dependency (dependent or independent), residency (in-state or out-of-state), living status (on-campus, off-campus, or at home 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 23 (38 percent) of 61 students tested, the University incorrectly calculated the COA. Specifically, the University did not adjust the students' COA to reflect the students' actual enrollment as of the census date. The University experienced turnover in the Student Financial Aid department during the 2022–2023 award year, and could not provide a cause for those errors. The University asserted that it implemented a process to recalculate students' COAs based on their actual enrollment at census beginning with the Fall 2023 term; however, the errors discussed above occurred before that process was in place. As a result, the University overawarded two students.

- One of those students was assigned an overstated COA for the Fall 2022 term based on three-quarter-time enrollment although the student's actual enrollment was half-time. The student was awarded $5,294 in Subsidized Direct Loans, which exceeded the student's financial need, resulting in $1,113 in questioned costs associated with ALN 84.268, Federal Direct Student Loans, award number P268K232282.
- The other student was assigned an overstated COA for the Spring 2023 term based on full-time enrollment although the student did not attend during the term. The student was awarded $10,142 in Unsubsidized Direct Loans, which exceeded the student's actual COA, resulting in $296 in questioned costs associated with ALN 84.268, Federal Direct Student Loans, award number P268K232282.

The University did not have adequate controls in place to review budgets used in the calculation of COA and accurately assign those budgets to students. Incorrectly calculating COA 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.

Management's Response

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:

A process with the Student Aid office exists for aid clean up that is run after Census Day for each part of term identifying students that had a variation in payouts versus packaged budget. In reviewing the 2022-2023 aid year, it appears that these reports and processes were not being worked due to staff turnover.

Working the students identified on this report is part of scheduled processes. Student Aid is working with IT to have these reports automated and scheduled out for delivery to ensure that it is received and worked in a timely manner.

Implementation Date: February 2024

Responsible Person: Megan Begnaud, Director of Student Aid

Reference No. 2023-102

Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; and 84.063
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224051; and Federal Pell Grant Program, P063P222282
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Fiscal Operations Report and Application to Participate (FISAP)

An institution participating in campus-based programs is required to annually submit the FISAP to the Secretary of the U.S. Department of Education to receive funds for the campus-based programs. The institution uses the Fiscal Operations Report portion to report its expenditures in the previous award year and the Application to Participate portion to apply for the following year (Title 34, Code of Federal Regulations (CFR), Section 674.19(d); and U.S. Department of Education, *Fiscal Operations Report for 2022–23 and Application to Participate for 2024–25 (FISAP) Instructions*). The institution must ensure that the information is accurately reported on the form and at the time specified by the Secretary of the U.S. Department of Education (Title 34, CFR, Section 674.19(d)(2)).

Lamar University (University) did not maintain adequate support for its FISAP. Specifically, the University did not have support for the total Federal Pell Grants expenditures for the 2022–2023 award year reported in Part II, Section E. Assessments and Expenditures, Line 23. In addition, the supporting documentation provided by the University for the total Federal Supplemental Educational Opportunity Grants (FSEOG) expenditures for undergraduate independent students with income from $0 to $1,999 for the 2022–2023 award year did not match the amount reported in Part IV, Section A. Distribution of Program Recipients and Expenditures by Type of Student, Line 12(d). The University asserted that those issues were due to human error.

As a result, auditors were unable to determine whether the information on the FISAP for those line items was accurate and fairly presented in accordance with requirements.

Recommendation

The University should maintain adequate support for information reported on its FISAP to ensure that information is accurate.

Management's Response

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 the office of Student Aid began work on the Fiscal Operations Report and Application to Participate (FISAP), a discrepancy in the PELL amount was identified. The SAO team requested the FISAP in October 2023, which notated that the PELL amount would need to be submitted by the December 15th deadline.

The corrections to PELL were not resolved by the December 15th deadline, so a request for extension was requested on December 15, 2023, and granted on December 20, 2023, with an updated due date of January 3, 2024.

- Part II, Section E was completed with the corrected PELL amount on final submission.
- FSEOG Expenditures Reporting is being reviewed by Student Aid and Student Business Services to identify the error in reporting discrepancies.

Implementation Date: February 2024

Responsible Persons: Megan Begnaud, Director of Student Aid

Reference No. 2023-103

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

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; 84.379; and 93.264
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224051; Federal Work-Study Program, P033A224051; Federal Pell Grant Program, P063P222282; Federal Direct Student Loans, P268K232282; Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232282; and Nurse Faculty Loan Program (NFLP), 1 E01HP45821-01-00
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Award and Disbursement Notifications

Before an institution disburses Title IV, Higher Education Act of 1965 (HEA) program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans (Title 34, Code of Federal Regulations (CFR), Section 668.165(a)(1)).

If an institution credits a student's ledger account with Federal Direct Student Loan (Direct Loan) funds or Teacher Education Assistance for College and Higher Education (TEACH) Grant funds, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement, (2) the student's or parent's right to cancel all or a portion of that loan or grant and have the loan or grant proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or grant, or loan or grant disbursement (Title 34, CFR, Section 668.165(a)(2)). 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, CFR, Section 668.165(a)(3)).

For 21 (34 percent) of 62 disbursements tested, Lamar University (University) did not send an award or disbursement notification as required. Specifically:

- For 20 students that received Direct Loan disbursements, the University did not send a disbursement notification. The University asserted those errors occurred because the University was utilizing a manual process to send out the disbursement notifications, and on those days when the employee charged with performing the manual process was not present, the notifications were not sent to students.

- For one student who received Title IV funds, the University did not send an award notification. This error occurred because the University manually packaged the student's awards after clearing a verification requirement, and the University did not have an adequate process in place to ensure that students who are manually awarded receive an award notification.

Not receiving award and disbursement notifications impairs students' and parents' ability to budget for the cost of attending or exercise the option to cancel their loans or grants.

Promissory Notes

Institutions must establish a process to make loans consistent with institutional policies and federal laws and regulations, including the completion of the following during disbursement: (1) signed promissory note, and (2) disclosure of terms and conditions (Nurse Faculty Loan Program (NFLP) Administrative Guidelines, 42 United States Code (U.S.C.) 297n-1 (Public Health Service Act Section 846A)).

The University did not have a process in place to require a promissory note for NFLP loans prior to disbursement. NFLP loans were incorrectly identified in the student information system as a grant instead of a loan. As a result, the student information system did not place a required hold on disbursements until the promissory note requirement was completed.

Not requiring a signed promissory note prior to disbursement of loan funds could limit the University's ability to enforce repayment of the loan.

Recommendations

The University should:

- Strengthen its controls to ensure that it identifies all students that require an award or disbursement notification, and sends those notifications to the students.
- Configure controls in the student information system to require promissory notes for applicable loans.

Management's Response

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 Student Aid office has worked with IT to automate the communications identified in the audit report. All processes are successfully running with the new system. Student Aid is also reviewing disbursement communications. Based on testing it was identified that students were being notified based on the traditional student schedule, but additional disbursements for online students were being missed. We are actively working to implement disbursement communications for all parts of terms.

It was identified that the Nursing Faculty Loan Program (NFLP) was initially set up in the system as a grant, which did not cause the missing promissory note to prevent disbursement. This NFLP has been corrected in the Banner system from grant to loan, which will trigger the systems set in place for disbursement to students receiving the NFLP.

Implementation Date: February 2024

Responsible Person: Megan Begnaud, Director of Student Aid

Reference No. 2023-104

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224051; Federal Pell Grant Program, P063P222282; Federal Direct Student Loans, P268K232282; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232282
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$19,357
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

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)).

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, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 2).

An institution must offer to disburse directly to a student, or parent in the case of a parent PLUS loan, any amount of a post-withdrawal disbursement of loan funds that is not credited to the student's account. The institution must make a direct disbursement of any loan funds that make up the post-withdrawal disbursement only after obtaining the student's, or parent's in the case of a parent PLUS loan, confirmation that the student or parent still wishes to have the loan funds disbursed (Title 34, CFR, Section 668.22(a)(6)(ii)(B)).

Lamar University (University) made errors in Title IV return calculations for 25 (41 percent) of 61 students tested. Specifically, the University did not exclude any break days from the Spring 2023 term or days between modules as required. Those errors resulted in the University returning a total of $3,481 associated with ALN 84.268, Federal Direct Student Loans, award number P268K232282, and $1,802 associated with ALN 84.063, Federal Pell Grant Program, award number P063P222282, less Title IV funds than required.

- For 2 of those 25 students, the University also used an inaccurate withdrawal date in the return calculation.
- For 1 of those 25 students, the University also did not identify that the student was eligible to receive a post-withdrawal disbursement of loan funds and therefore did not offer to disburse those loan funds to the student as required.

In addition, for 8 (13 percent) of 61 students tested who did not have a return of Title IV funds made, the University did not perform a return calculation as required. The University asserted it did not consistently follow its procedures in identifying students who required a Title IV return calculation due to staff turnover and newer staff needing additional training. As a result, the University did not return a total of $13,707 associated with ALN 84.268, Federal Direct Student Loans, award number P268K232282, and $367 associated with ALN 84.063, Federal Pell Grant Program, award number P063P222282 as required.

The errors discussed above occurred because the University did not configure its information system to accurately calculate returns and because of manual errors that the University made in performing the return calculations. In addition, the University did not have an adequate monitoring process to identify those errors. Not having a process that consistently calculates and returns 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.

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 5 (8 percent) of 59 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frame. The University returned the funds for those students 47 to 143 days after it determined that the students withdrew. For 2 of 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. For three of those students, the University asserted that it determined that the return calculations required corrections, which resulted in the returns not being performed timely. Not making returns within required time frames reduces the funds 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.
- Accurately determine the number of days in the payment period 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 Title IV funds in a timely manner.

Management's Response

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:

Lamar University has already begun making strides to improve processes to ensure Return to Title IV (R2T4) funds are being reviewed and calculated correctly as it relates to return calculations. With turnover in staffing, we have worked to identify training materials available and schedule our FA Specialist Sr. the opportunity to attend the Return to Title IV training offered through NASFAA. Moving forward, any future staff will be required to attend this course to gain a better understanding of the process. We were provided a list of schools with unique modules for support or guidance with our processes. Once these resources and trainings are available, the Standard Operating Procedure manual will be updated to reflect process improvements.

IT is working with Student Aid to review reports and streamline the data used to identify students with changes to enrollment. This will allow a quicker turnaround time for processing students' accounts.

A process has been implemented with Student Aid and the Registrar's office to ensure that all changes to the academic calendar are reported so that adjustments can be made. This will ensure that an accurate calculation of days is being used. In addition, we have begun reviewing our current Course Program of Study process and look to implement a change. This will allow us to freeze a student's CPOS, which will avoid a student having a change in aid eligible enrollment after the R2T4 adjustments have been made.

Implementation Date: August 2024

Responsible Person: Megan Begnaud, Director of Student Aid

Reference No. 2023-105

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222282; and Federal Direct Student Loans, P268K232282
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education*, National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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 to NSLDS when required. Although the University uses the services of NSC, the

University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 7 (12 percent) of 60 students tested, the University did not accurately report campus- and program-level data elements or did not report enrollment status changes to NSLDS. Specifically:

- For two students, the University incorrectly reported the students' enrollment status as withdrawn, rather than graduated. The incorrect enrollment status was reported at both the campus and program levels to NSLDS. In addition, those statuses were not received by NSLDS until 130 and 134 days after the students graduated.
- For two students, the University did not report the withdrawn status at the campus and program levels to NSLDS as required.
- For two students, the University incorrectly reported the students' graduated status effective date at the campus level. However, the graduated effective date for both students was correctly reported at the program level. The effective date reported at the campus level should be the same date reported at the program level because those dates reflect the same enrollment status change.
- For one student, the University incorrectly reported the student's enrollment status at the campus and program levels. The University initially reported the correct enrollment status; however, subsequent submissions to NSLDS overwrote that enrollment status with an incorrect enrollment status.

The errors discussed above occurred because the University (1) did not ensure that all graduated students were included on the graduation transmission file to NSC, (2) did not fully address error reports provided by NSC, and (3) did not have a formally documented policy or review to ensure consistent and accurate enrollment 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, and repayment schedules.

Recommendation

The University should strengthen its controls to ensure that all status changes are reported accurately and in a timely manner to NSLDS.

Management's Response

Views of Responsible Officials:

The University accepts and confirms the findings. Through assessing and identifying the exceptions in the audit the University will work to develop and enforce the beneficial measures needed to refine our procedures.

Corrective Action Plan:

The University has formally documented the procedures that have been put in place. The University will address issues with National Student Clearinghouse (NSC) reporting and will attempt to fix each issue before sending to NSC, including Social Security Number, Name, and other miscellaneous issues. The procedures include three DegreeVerify files being sent that report graduates and the University will be adding three more DegreeVerify files to be sent two to three weeks after the end of the semester, part of term and end of mini to pick up remaining graduates for the term. The University will have the Information and Analysis team create a report each term of students that were enrolled in the previous semester but are not enrolled in the current semester so that they can be reported as withdrawn to NSC correctly.

Implementation Date: February 2024

Responsible Person: Cheri Lewis, Enrollment Management Analyst

Sam Houston State University

Reference No. 2023-106

General Controls. The following compliance areas were impacted:
Eligibility
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 - Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency
Questioned Costs:	None
Repeat Finding:	No

General Controls

An institution 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, Code of Federal Regulations (CFR), Section 200.303(a)).

Sam Houston State University (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 users who needed that access based on their job responsibilities. While the University had a process in place to review user access, that process was not adequately designed to ensure that the University granted the appropriate levels of access to all users based on the users' job duties. Allowing users inappropriate or excessive access to systems increases the risk of unauthorized changes being made in those systems.

In addition, the University did not have sufficient controls over its change management process for information systems. Specifically, 1 (14 percent) of 7 changes tested lacked documentation showing that the change was properly tested or validated before it was migrated to production. 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:

- Ensure that user access to its student information system is appropriately limited based on a user's job responsibilities.
- Strengthen its controls over its change management process to ensure adequate validation of changes prior to implementation.

Management's Response

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 user access has been limited to their specific job function. The university will verify user access was appropriately updated/removed. Access review procedures will be reviewed to ensure access is appropriately assigned in the future.

To streamline and assure a consistent outcome regarding the approvals for security patches to be introduced to the production environment, the University will convert these normal changes to standard changes. A standard change is "A pre-authorized change that is low risk, relatively common and follows a procedure or work instruction. (ITIL v4 definition.)" Software patching and updates are standard change candidates. Not applying security patches in a timely manner introduces a greater risk to the University than processing these requests as a normal change.

A standard change is pre-authorized and will address how IT is testing and/or validating whether the OS patches were successful in an available test environment prior to deployment to production. Test procedures will be documented as a requirement of the Standard Change Model. IT will document that outcome of the testing and/or validating of the OS patch as a Journal entry on the Standard Change prior to implementation.

The Change Advisory Board (CAB) will review these changes/procedures on a regular basis to ensure we are in compliance. Policies, Standards and Procedures will be updated to meet any required changes.

Implementation Date: January, 2025

Responsible Persons: Michael Dewey, Chief Technology Officer
Amy Wilson, Director of Financial Aid and Scholarships

Reference No. 2023-107

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.268
Pass-Through Agency:	N/A
Award Number:	Federal Direct Student Loans, P268K232301
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal Direct Student Loans

Direct Unsubsidized Loans have higher annual limits for certain graduate and professional health professions students. Schools may award the increased unsubsidized amounts to students who are enrolled at least half-time in certain health professions programs. The increased unsubsidized amounts that an eligible health professions student may receive are in addition to the regular $20,500 Direct Unsubsidized Loan annual loan limit for graduate and professional students. For programs with an academic year covering 10 or 11 months, the annual additional unsubsidized loan limit must be prorated. The prorated annual loan limit is determined by dividing the applicable loan limit for a nine-month academic year by nine, and then multiplying the result by 10 or 11. (U.S. Department of Education *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 5).

Based on a review of the full population of student financial assistance recipients, Sam Houston State University (University) overawarded a total of $239,932 in Unsubsidized Direct Loans to 133 students. Due to an incorrect proration methodology, the University awarded first- and second-year students in the Doctor of Osteopathic Medicine program in excess of their Unsubsidized Direct Loan annual limit. Specifically, the University prorated the sum of the annual and increased additional annual limits, instead of prorating only the increased additional annual limit. After auditors brought the errors to the University's attention, it returned the excess Unsubsidized Direct Loan funds; therefore, there were no questioned costs.

Recommendation

The University should use the appropriate methodology when prorating Unsubsidized Direct Loans for eligible health professions students to ensure that loans are disbursed within the student's applicable annual limit.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the findings of this audit. Management recognizes that increased unsubsidized amounts for eligible health professions are to be calculated by prorating the additional months then dividing the applicable loan limit for a nine-month academic year by nine, and then multiplying the result by 10 or 11, depending on the months of the program.

Corrective Action Plan:

The University has implemented corrections to this calculation when it was brought to the attention by the State Auditor's Office. Corrective action was immediately taken by reducing the unsubsidized award for those who received the incorrect amount during the 2022-2023 award year. The University also corrected awards for the 2023-2024 year and updated the awarding rules in it's Banner system.

Implementation Date: August 2023

Responsible Person: Amy Wilson, Director of Financial Aid and Scholarships

Reference No. 2023-108

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224110; Federal Pell Grant Program, P063P222301; Federal Direct Student Loans, P268K232301; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232301
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

For distance education, documenting that a student has logged into an online class is not sufficient to demonstrate academic attendance by the student. An institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity. Only active participation by a student in an instructional activity related to the student's course of study that meets the definition of "academic engagement" in Title 34, CFR, Section 600.2 and takes place during a payment period or period of enrollment qualifies as attendance in an academically related activity (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 2).

For 1 (4 percent) of 24 students tested, Sam Houston State University (University) did not have evidence of academic engagement in the distance education course from which the student's withdrawal date was determined. The University relies on the last dates of academic activity provided by instructors to determine the withdrawal date for Return of Title IV purposes for students who unofficially withdraw. The student's record did not reflect evidence of academic activity for the distance education course, and the University asserted that the last day of attendance provided by the instructor was inaccurate. The University did not have a process in place to require instructors to provide or maintain evidence of academic engagement in distance education courses. As a result, the University did not perform a return calculation because it incorrectly determined that the student completed over 60 percent of the period. After auditors brought the issue to the University's attention, the University performed a return calculation and returned Title IV funds as required; therefore, there were no questioned costs.

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.

Recommendation

The University should ensure that evidence of academic engagement is consistently documented for students in distance education courses.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the findings of this audit. Management acknowledges the responsibility to accurately verify the academic engagement and document it for students enrolled in distance education courses.

Corrective Action Plan:

The University has adjusted its practices to verify the academic engagement after resigning through online activity reports for students enrolled in distance education courses. Additional training is being provided to faculty members on the importance of the last day of attendance records.

Implementation Date: January 2024

Responsible Person: Amy Wilson, Director of Financial Aid and Scholarships

Tarleton State University

Reference No. 2023-109

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224131; Federal Work-Study Program, P033A224131; Federal Pell Grant Program, P063P222320; Federal Direct Student Loans, P268K232320; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232320
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations (CFR), Sections 668.2, 673.5, and 685.301).

Tarleton State University (University) uses algorithmic budgeting to build COA budgets for each term based on a student's tuition rate (guaranteed or variable), program, courses, classification (undergraduate or graduate), residency (in-state or out-of-state); living status (on-campus, off-campus, or with parent), 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 62 (100 percent) of 62 students tested, the University incorrectly calculated the COA. Specifically, the University used the 2021–2022 award year budgets instead of the 2022–2023 award budgets because it did not update the COA budget components in its student information system for the new award year. As a result, the COAs for those students were understated by a total of $148,781. This error would have affected the COA for all students in the Fall 2022 and Spring 2023 terms. However, because the students' budgets were understated, this error did not result in overawards of financial assistance; therefore, there were no questioned costs.

The University did not have adequate controls in place to review budgets used in the calculation of COA and accurately assign those budgets to students. Incorrectly calculating COA 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.

Management's Response

Views of Responsible Officials:

The University has carefully reviewed the findings outlined in the recent financial aid audit report, and we acknowledge and agree with the identified areas for improvement. Your thorough examination has provided valuable insights into our financial aid processes, and we appreciate the effort invested in ensuring transparency and accountability.

In response to the findings, we are committed to taking immediate and comprehensive corrective actions to address the identified issues and enhance the overall effectiveness of our financial aid management. Our team is already in the process of developing a detailed Corrective Action Plan that will outline the specific steps we will take to rectify the noted deficiencies. We understand the importance of financial aid in supporting our students' academic endeavors, and we are dedicated to ensuring that our processes align with the highest standards of integrity and compliance.

Corrective Action Plan:

In a typical academic year, we package prior to the new aid year COA being finalized. This means that we roll the prior year's components when initially packaging students. Once the new aid year's COA is finalized, we re-run COA to update these components on all students prior to disbursement each term. This involves updating the budget component screen in our student information system. In 2022-2023, we rolled the 2021-2022 budget components and did not accurately update the components in Banner, which led to lower COA for students enrolled in Fall 2022 and Spring 2023. This was not identified until the Summer of 2023 when entering the weekly summer budget components.

The Office of Financial Aid will implement a new aid year checklist specific to the review of Cost of Attendance that has a sign-off for each step of the process. The Executive Director and Director have responsibility in creation of the annual Cost of Attendance. The COA is shared with the Vice President of Enrollment Management prior to any awarding occurs. After the creation of the COA chart, the Director and Assistant Director will ensure accuracy of the chart in comparison to the COA methodology. The Director of Financial Aid will enter these components into Banner with secondary review by the Assistant Director. We will provide screenshots with the checklist that the COA chart matches Banner. When our IT staff runs COA prior to disbursement, we will test a sample of students to ensure budgets match the COA chart and RORALGS.

The policy and procedure will be revised to include these updated procedures.

The 2024-2025 aid year cycle is an atypical cycle with the delayed release of the FAFSA. We will not receive ISIR records until at least February 2024. We will not package students until after the 2024-2025 COA is finalized. This means that we will not roll the 2023-2024 COA. We will follow our new updated procedures and checklist to ensure accurate calculations and reporting.

Implementation Date: March 2024

Responsible Persons: Kathy Wright, Executive Director of Student Financial Assistance Services

Amanda Petrosian, Director of Financial Aid

Josiah Mendoza, Assistant Director of Operations

Reference No. 2023-110

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.379
Pass-Through Agency:	N/A
Award Number:	Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232320
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Award and Disbursement Notifications

Before an institution disburses Title IV, Higher Education Act of 1965 (HEA) program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans (Title 34, Code of Federal Regulations (CFR), Section 668.165(a)(1)).

If an institution credits a student's ledger account with Federal Direct Student Loan (Direct Loan) funds or Teacher Education Assistance for College and Higher Education (TEACH) Grant funds, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement, (2) the student's or parent's right to cancel all or a portion of that loan or grant and have the loan or grant proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or grant, or loan or grant disbursement (Title 34, CFR, Section 668.165(a)(2)). 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, CFR, Section 668.165(a)(3)).

Tarleton State University (University) did not send appropriate award and disbursement notifications to TEACH Grant recipients. Specifically, the University's TEACH award notification did not describe how and when funds would be disbursed, while the TEACH disbursement notification did not include the date of disbursement, student's right to cancel all or part of the loan, and guidance for the procedures and time for canceling the loan.

Not providing sufficient award and disbursement notifications impairs students' and parents' ability to budget for the cost of attending or exercise the option to cancel their loans or grants.

Recommendation

The University should ensure that award and disbursement notifications for TEACH recipients contain all required elements.

Management's Response

Views of Responsible Officials:

The University has carefully reviewed the findings outlined in the recent financial aid audit report, and we acknowledge and agree with the identified areas for improvement. Your thorough examination has provided valuable insights into our financial aid processes, and we appreciate the effort invested in ensuring transparency and accountability.

In response to the findings, we are committed to taking immediate and comprehensive corrective actions to address the identified issues and enhance the overall effectiveness of our financial aid management. Our team is already in the process of developing a detailed Corrective Action Plan that will outline the specific steps we will take to rectify the noted deficiencies. We understand the importance of financial aid in supporting our students' academic endeavors, and we are dedicated to ensuring that our processes align with the highest standards of integrity and compliance.

Corrective Action Plan:

The Office of Financial Aid has revised the award and disbursement notifications to TEACH Grant recipients to include all required elements. The award notification now describes how and when funds will be disbursed. The TEACH disbursement notification now includes the date of disbursement, student's right to cancel all or part of the award, and guidance for procedures and time for canceling the award. The policy and procedure will be revised to include these updated procedures.

Implementation Date: March 2024

Responsible Persons: Amanda Petrosian, Director of Financial Aid

Josiah Mendoza, Assistant Director of Operations

Reference No. 2023-111

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224131; Federal Pell Grant Program, P063P222320; Federal Direct Student Loans, P268K232320; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232320
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$12,259
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

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)).

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, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 2).

For a program offered in modules, a student is not considered to have withdrawn if the student successfully completes any of the following: (1) a module that includes 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules; (2) a combination of modules that together contain 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules (Title 34, CFR, Section 668.22(a)(2)(ii)(A)(2)); or (3) coursework equal to or greater than the coursework required for the institution's definition of a half-time student under 34 CFR 668.2(b) for the payment period (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 1).

An institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew. The institution must offer to disburse directly to a student, or parent in the case of a parent PLUS loan, any amount of a post-withdrawal disbursement of loan funds that is not credited to the student's account. The institution must make a direct disbursement of any loan funds that make up the post-withdrawal disbursement only after obtaining the student's, or parent's in the case of a parent PLUS loan, confirmation that the student or parent still wishes to have the loan funds disbursed (Title 34, CFR, Section 668.22(a)(6)(ii)(B)).

For 58 (97 percent) of 60 students tested, Tarleton State University (University) incorrectly calculated the amount of Title IV funds to be returned or returned the incorrect amount of funds. Specifically:

- For 56 students, the University did not exclude any break days from the Fall 2022 term as required, and it incorrectly excluded 5 break days rather than 8 break days from the Spring 2023 term. Those errors occurred because the University did not load the correct 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 Fall 2022 and Spring 2023 terms. Additionally:
    - For 2 of those 56 students, the University did not identify that the students were eligible to receive a post-withdrawal disbursement and therefore did not disburse those grant funds or offer to disburse those loan funds to the students as required.

  - For 4 of those 56 students, the University incorrectly determined the number of days in the payment period or used an incorrect withdrawal date for students enrolled in modules.

- For 2 students enrolled in the Summer 2023 term, the University did not follow the return of Title IV requirements related to modular terms. For one student, the University incorrectly used the number of days in the full payment period rather than only the days within the period that the student was scheduled to complete prior to ceasing attendance. For the other student, the University failed to identify that the student successfully completed coursework equal to or greater than the coursework required for a half-time student and therefore should not have been considered withdrawn. The University asserted that this error occurred because staff misinterpreted the half-time withdrawal exemption requirements.

As a result of the errors discussed above, the University returned a total of $1,992 associated with ALN 84.268, Federal Direct Student Loans, award number P268K232320, and $374 associated with ALN 84.063, Federal Pell Grant Program, award number P063P222320 less Title IV funds than required for the students tested in the sample.

In addition, for 10 (17 percent) of 60 students tested who did not have a return of Title IV funds made, the University did not perform a return calculation as required.

- For 6 students, the University did not exclude break days from its determination of whether the students completed 60 percent or more of the payment period as required. As a result, the University incorrectly determined that the students earned their aid and did not return a total of $7,679 associated with ALN 84.268, Federal Direct Student Loans, award number P268K232320, and $1,053 associated with ALN 84.063, Federal Pell Grant Program, award number P063P222320 as required.

- For 4 students, the University incorrectly used the number of days in the full payment period in its determination of whether the students successfully completed 49 percent or more of the number of days in the payment period. As a result, the University incorrectly determined that the students earned their aid and did not return a total of $1,161 in questioned costs associated with ALN 84.268, Federal Direct Student Loans, award number P268K232320 as required.

The errors discussed above occurred because the University did not configure its information system to accurately calculate returns and because of manual errors that the University made in performing return calculations. In addition, the University did not have an adequate monitoring process to identify those errors. Not having a process that consistently calculates and returns 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.

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.
- Accurately determine the number of days in the payment period and configure its student information system to 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 Title IV funds.

Management's Response

Views of Responsible Officials:

The University has carefully reviewed the findings outlined in the recent financial aid audit report, and we acknowledge and agree with the identified areas for improvement. Your thorough examination has provided valuable insights into our financial aid processes, and we appreciate the effort invested in ensuring transparency and accountability.

In response to the findings, we are committed to taking immediate and comprehensive corrective actions to address the identified issues and enhance the overall effectiveness of our financial aid management. Our team is already in the process of developing a detailed Corrective Action Plan that will outline the specific steps we will take to rectify the noted deficiencies. We understand the importance of financial aid in supporting our students' academic endeavors, and we are dedicated to ensuring that our processes align with the highest standards of integrity and compliance.

Corrective Action Plan:

To address accurate reporting of scheduled breaks in the future, we will update our R2T4 policy and procedure to ensure that weekends are included in the scheduled breaks. Our updated policy and procedure will include information regarding how the break is determined. The Assistant Director of Operations will enter these dates on SOATBRK each aid year with secondary confirmation of accuracy by the Director of Financial Aid.

The Office of Financial Aid did not have update access to the Banner form (SFAWDRL) used to process R2T4 calculations which caused inaccurate processing of students in modules. We have now properly configured our student information system so that the R2T4 processing staff have update access to this form in order to correctly report the start and end dates for students enrolled in modules. This will accurately calculate their percentage of attendance. Our current R2T4 procedures include a monitoring control to ensure accurate return of aid after an R2T4 is calculated and return is determined. The current process is reviewed by the same R2T4 processor who calculated the return. We will revise this procedure to have secondary review by the Assistant Director of Operations or in the absence of the Assistant Director, the Director will conduct this secondary review. We will review all students in which an R2T4 was calculated, not only those who had a return processed. This review will be documented in RHACOMM.

In addition to the above procedural updates, the Office of Financial Aid is re-calculating R2T4 for the students impacted in this sample.

The policy and procedure will be revised to include these updated procedures.

Implementation Date: May 2024

Responsible Persons: Amanda Petrosian, Director of Financial Aid

Josiah Mendoza, Assistant Director of Operations

Reference No. 2023-112

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222320; and Federal Direct Student Loans, P268K232320
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4).

Enrollment is reported for a specific location of each campus; that is, the eight-digit Office of Postsecondary Education Identification (OPEID) number. Most students are enrolled in coursework at only one location. However, for students who are taking coursework at multiple locations of the same school, the school must determine which location is the student's "primary location" and report the combined enrollment for the student using that location to NSLDS. A student's "primary location" is the location where the student is taking more coursework than at any other location. Reporting a student's enrollment at the main campus does not satisfy the enrollment reporting requirement if aid was disbursed or the student was physically attending school at a different location (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 4 and 6). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

Tarleton 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 to NSLDS when required. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 20 (33 percent) of 61 students tested, the University did not report or did not accurately report campus- or program-level data elements to NSLDS. Specifically:

- For 19 students, the University incorrectly reported the OPEID number of the main campus instead of the OPEID number of the location where the students were taking the majority of their coursework. The University asserted that it reports the main campus OPEID number for all students to NSLDS, which would result in errors affecting all students who did not take the majority of their coursework at the main campus location. Additionally:
  - For 1 of those 19 students, the University did not report an enrollment status to NSLDS at the campus or program level. The University asserted that it reported the student's

enrollment and graduated statuses to NSC; however, those statuses were not reported to NSLDS.

  - For 1 of those 19 students, the program begin date was reported incorrectly. The University reported the program begin date for a program from which the student had withdrawn, instead of the first day of the term in which the student began attendance in a new program.

- For one student, the University did not accurately report the student's graduated status at the campus level to NSLDS. The student's status was reported as graduated at the program level but was reported as withdrawn at the campus level. In addition, the withdrawn status was not received by NSLDS until 132 days after the student graduated.

The University had a process to monitor enrollment information reported to NSC; however, that process was not sufficient to identify the errors discussed above. Not reporting student 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, and repayment schedules.

Recommendation

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

Management's Response

Views of Responsible Officials:

The Office of the Registrar has thoroughly reviewed the findings related to enrollment reporting, specifically concerning instances highlighted in the recent financial aid audit report. We acknowledge and agree with the identified discrepancies and are committed to addressing these issues promptly. For the student in question where the program begin date was reported incorrectly, we recognize the significance of accurately reporting program begin dates and maintaining accurate and consistent reporting across relevant systems. Regarding the case where the graduated status was inaccurately reported at the campus level, we understand the impact of such discrepancies and the delay in reporting.

We recognize the importance of precise and timely enrollment reporting, and we are committed to enhancing our processes to prevent similar issues in the future. Our team is actively working on these corrective measures, and we aim to demonstrate significant improvements in the accuracy and timeliness of our reporting.

Corrective Action Plan:

The Office of the Registrar will develop an action plan to evaluate the internal process changes which must occur considering the following implications:

- There will be significant process changes of the reporting parameters that are run for the National Student Clearinghouse jobs in Banner to ensure that the proper branch code is identified for each student;

- Further research will be required to identify other areas which will be impacted by this change, including but not limited to IPEDS data submissions, CBM Reporting, SACSCOC notifications, etc.;

- Will collaborate with College of Graduate Studies to remove degree plans that are listed as sought and are not actively being pursued by the student. This will ensure that correct degree sequencing is accounted for and reported on correctly each month to the National Student Clearinghouse;

- Strengthen internal controls and communication channels to ensure consistent and accurate reporting of student statuses across all levels. Implementing additional validation checks in our reporting systems will ensure the accuracy of program begin dates before submission;

- Update our standard operating procedures to indicate review of the National Student Clearinghouse EDI Rejection File to ensure all students are accurately being pulled into NSLDS;

- Conduct a comprehensive review of our reporting procedures to identify the specific breakdown in the process that led to the failure to report enrollment status to NSLD;

- Implement enhanced internal controls and validation checks to ensure that enrollment statuses are accurately reported to both NSC and NSLDS in a timely manner; and

- The policies and procedures will be revised to include these updated procedures.

Implementation Date: January 2024

Responsible Person: Erika Graham, University Registrar

Texas A&M University

Reference No. 2023-113

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; 84.379; and 84.408
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A234136; Federal Work-Study Program, P033A224136; Federal Pell Grant Program, P063P225286; Federal Direct Student Loans, P268K235286; Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T235286; and Postsecondary Education Scholarships For Veteran's Dependents (Iraq and Afghanistan Service Grant (IASG)), P408A225286
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	Unknown
Repeat Finding:	No

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act of 1965 (HEA) program assistance if the student maintains satisfactory academic progress in his or her course of study according to the institution's published standards of satisfactory academic progress (SAP) that satisfy the provisions of Title 34, Code of Federal Regulations (CFR), Section 668.34 (Title 34, CFR, Section 668.32(f)). An institution's 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, *2022-2023 Federal Student Aid Handbook*, Volume 1, Chapter 1).

For an undergraduate program measured in credit hours, a period that is no longer than 150-percent of the published length of the educational 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)(1)).

For 1 (2 percent) of 45 students tested, Texas A&M University (University) did not calculate SAP in accordance with its policy. Specifically, the University did not update the program hours for the Bachelor of Science in Nursing program in its student information system when it changed the program length from 123 hours to 120 hours during the 2017–2018 award year. Therefore, this issue would have affected all students enrolled in the program. As a result, the maximum time frame calculation incorrectly allowed students to exceed the maximum hours without failing SAP.

Incorrectly calculating the maximum time frame increases the risk that students could receive financial assistance for which they are not eligible.

Recommendation

The University should ensure that the maximum time frame is configured in its student information system with the accurate number of credit hours for each degree program.

Management's Response

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:

Once the discrepancy was identified in July of 2023, corrections were made for the next satisfactory academic progress review in August of 2023 and going forward. The new procedures put into place in August are as follows: the SAP table used for calculating maximum time frame will be reviewed by the Associate Director and Director over Advising in conjunction with the Registrar's office to ensure there are no discrepancies in degree program hour requirements. The policy manual has been revised to include procedures.

Implementation Date: August 2023

Responsible Person: Delisa Falks, Assistant Vice President

Reference No. 2023-114

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P225286; and Federal Direct Student Loans, P268K235286
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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)).

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*, November 2022, 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 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)).

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 2022, Chapter 3, Section 3.3).

For 2 (3 percent) of 61 students tested, the University did not accurately report graduated status changes to NSLDS. Both students graduated from the Doctor of Veterinary Medicine program, but were reported to NSLDS as withdrawn. After auditors brought this to the University's attention, the University determined that the issue was caused by the students being on two separate reports sent to NSC. NSC included the students on a warning file provided to the University to review and correct. However, the University did not complete a review of the warning file or make updates to those students' enrollment status. As a result, NSC subsequently submitted a withdrawn status for those students. The University asserted the issue affected 158 additional Doctor of Veterinary Medicine program graduates, and indicated it was in the process of updating NSLDS with the correct enrollment status.

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, and repayment schedules.

Recommendation

The University should strengthen its process of reporting graduated students and ensure that warning files related to graduated students are addressed and corrected.

Management's Response

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, with the National Student Clearinghouse (NSC), has developed an expanded enrollment reporting schedule for reporting graduated students on special "Graduates Only" files after subsequent semester enrollment reporting has begun. Previously, we relied on the DegreeVerify file to report Graduated status.

The Graduates Only files, which will include only students with an awarded credential for the semester and are a supplement to the regular Enrollment files sent during the semester, will ensure that Graduated statuses for Doctor of Veterinary Medicine students are reported accurately and in a timely manner. The use of a supplemental Graduates Only enrollment file will also eliminate warning files that currently result from the DegreeVerify reporting process. Should there be an issue with the Graduates Only file, an enrollment reporting warning/error file will be received and processed in a timely manner, as they are during the semester when an Enrollment file generates a warning/error report. The new process will be more consistent, efficient, and complete.

The Graduates Only file transmission schedule for the current semester has been updated and procedures for setting the enrollment reporting schedule each year have been updated to include the expanded Graduates Only file transmission schedule. Discussion with the NSC resulted in a clear understanding of how the Graduates Only files should be processed to ensure accurate and complete reporting of Graduated statuses. All staff members responsible for processing of the Graduates Only files have been trained in this procedure, and additional information has been included in written procedures for processing the files.

Implementation Date: November 2023

Responsible Person: Venesa Heidick, Registrar

Texas Southern University

Reference No. 2023-115

General Controls. The following compliance areas were impacted:
Eligibility
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 - Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency
Questioned Costs:	None
Repeat Finding:	2020-113, 2017-119, 2016-109

General Controls

An institution 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, Code of Federal Regulations (CFR), Section 200.303(a)).

Texas Southern University (University) did not appropriately restrict user access to its student information system. Specifically, the University did not always ensure that (1) access to modify information and process transactions in the student information system and (2) administrative access at the network level was limited to only current employees and users who needed that 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 unauthorized changes being made to those systems.

Recommendation

The University should ensure that user access to its student information system and administrative access to its network is appropriately limited to employees based on current job responsibilities.

Management's Response

Views of Responsible Officials:

The Office of Technology acknowledges and agrees with the finding.

Corrective Action Plan:

Through analysis of the exceptions identified in the audit, the University has developed a standard operating procedure to assign employee access based on the principle of least privilege as determined by individual roles.

The university is engaged with a third-party vendor to procure and implement an automated role-based access assignment process, to ensure that the University complies with this audit findings requirements.

Implementation Date: June 2024

Responsible Person: Mr. Matthew Steimel, Director of Enterprise Applications

Reference No. 2023-116

Eligibility

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; 84.379; and 93.925
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224145; Federal Work-Study Program, P033A224145; Federal Pell Grant Program, P063P222327; Federal Direct Student Loans, P268K232327; Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232327; and Scholarships for Health Professions Students from Disadvantaged Backgrounds – Scholarships for Disadvantaged Students (SDS), 5 T08HP39322-03-00, 5 T08HP39282-03-00
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	2020-113, 2017-119, 2016-109

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 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 with parent); 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 7 (11 percent) of 65 students tested, the University incorrectly calculated the COA. Specifically, the University assigned an incorrect amount for books and supplies for these students. Those errors occurred because the University decreased the default amount for the books and supplies budget component but did not update the algorithmic budget table in its student information system to reflect that change. As a result, the COA was overstated by $40 for each of those students. 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.

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(a)). 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, 2022-2023 Federal Student Aid Handbook, Volume 3, Chapter 3; and Title 34, CFR, Section 690.63(b)).

For 2 (3 percent) of 65 students tested who received Federal Pell Grants, the University did not award the correct amount of Federal Pell Grant assistance. Specifically, the University awarded those students less than they were eligible to receive. The University did not identify additional credit hours from late registration in the students' Federal Pell Grant award determinations. As a result, the students were underawarded a total of $1,544 in Federal Pell Grant assistance.

Federal Direct Student Loans

A borrower who has reached the aggregate borrowing limit for Direct Subsidized Loans and Direct Unsubsidized Loans may not receive additional loans. Once the loans are repaid, in full or in part, the borrower may apply for additional loans. The aggregate unpaid principal amount of all Direct Subsidized Loans made to a student may not exceed $23,000 for any student who has not successfully completed a program of study at the undergraduate level (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 5; and Title 34, CFR, Section 685.203(d)(1)).

The University did not always disburse Federal Direct Student Loans in accordance with applicable limits. Specifically, the University exceeded the aggregate limit for Subsidized Direct Loans. Auditors determined that a student had been awarded $500 in excess of the aggregate limit of $23,000. The University manually cleared a hold to enforce the loan limit, without properly reviewing or adjusting the student's loan. After auditors brought the overaward issue to the University's attention, it returned the loan funds; therefore, there were no questioned costs. However, by not properly reviewing account holds, the University increases the risk of overawarding financial assistance to students.

Satisfactory Academic Progress

A student is eligible to receive Title IV, Higher Education Act of 1965 (HEA) program assistance if the student maintains satisfactory academic progress in his or her course of study according to the institution's published standards of satisfactory academic 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 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.

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, *2022-2023 Federal Student Aid Handbook*, Volume 1, Chapter 1; and Title 34, CFR, Section 668.34(b)).

Additionally, an institution's SAP policy should provide that, if at the time of evaluation, the student has not achieved the required grade point average, is not successfully completing his or her program of study at the required pace, or has not completed the program within the maximum time frame, the student is no longer eligible for Title IV aid. The policy should provide specific procedures for disbursements to students on financial aid warning or probation status and permit the student to appeal a determination; it should also provide specific procedures for re-establishing eligibility to receive Title IV aid and the basis on which a student may file an appeal (Title 34, CFR, Section 668.34(a)).

For 1 (2 percent) of 65 students tested, the University did not calculate SAP in accordance with its policy. The student re-enrolled in the Fall 2022 term after a gap in attendance, and the University did not perform a manual SAP calculation, which would have shown that the student did not meet the minimum required pace as defined in the University's SAP policy. The student would have been required to submit an appeal, and have that appeal approved, to receive financial assistance. The student was initially overawarded $6,184. Part of the funds were returned as a result of a Return of Title IV Funds calculation after the student withdrew, and the remaining funds were returned after auditors brought the issue to the University's attention. Therefore, there were no questioned costs.

Not calculating SAP compliance increases the risk that students could receive financial assistance for which they are not eligible.

Institutional Student Information Records (ISIR)

The U.S. Department of Education automatically distributes (or "pushes") to institutions certain ISIR transactions processed by the Central Processing System (CPS); it then requires the institutions to take some sort of action. An example of a pushed ISIR would be a student-corrected ISIR that causes a change to the EFC. Institutions are required to review all pushed ISIRs and assess any potential effect on students' eligibility for assistance (*Technical Reference for Electronic Date Exchange (EDE) 2022-2023*).

The University did not have a process to address errors to ensure that all ISIR data was loaded accurately and completely into its student information system. Specifically, the University did not reconcile records received from CPS-pushed ISIRs to the University's student information system records during the Fall 2022 term and part of the Spring 2023 term. As a result, some eligible students did not receive their financial assistance until making an inquiry of the University.

Recommendations

The University should:

- Ensure that it accurately configures COA budget components within its student information system.
- Award students Federal Pell Grant assistance based on actual enrollment.
- Disburse Subsidized Direct Loans within the student's applicable aggregate limit.
- Ensure that all students are evaluated for Satisfactory Academic Progress prior to disbursing financial assistance.
- Properly reconcile all records received from CPS-pushed ISIRs.

Management's Response

Views of Responsible Officials:

Cost of Attendance (COA)

The Office of Student Financial Success agrees with the auditor's findings indicating that 7 of 65 students tested had an incorrect COA specifically related to the students' books and supplies portion of the budget.

Corrective Action Plan:

The Office of Student Financial Success has worked with the Office of Technology to develop an effective budget rule in the Banner system that accurately calculates books and supplies for students based on hours of enrollment. We have identified and rectified issues with banner that prevented identified students from being recalculated to determine appropriate hours of attendance for books and supplies. The Office of Student Financial Success has developed a new Budget Component report that identifies the correct credit hours from both the student enrollment and financial aid banner modules, which assist with the recalculation process ensuring accurate books and supplies for all students. In addition, we have also increased the number of times we recalculate the budget components at the beginning of each semester.

Implementation Date: January 2024

Responsible Person: Dr. Latisha Addison, Executive Director Student Financial Success

Views of Responsible Officials:

Federal Pell Grant

The Office of Student Financial Success agrees with the findings that 2 of 65 students tested were not awarded the correct amount of Federal Pell grant funds.

Corrective Action Plan:

The Office of Student Financial Success has created written procedures to include the process for recalculating Federal Pell Grant eligibility after the final student add/drop course deadline. In addition, we have also increased the number of times we recalculate Federal Pell Grant eligibility for students at the beginning of each semester based on add/drop processes.

Implementation Date: January 2024

Responsible Person: Dr. Latisha Addison, Executive Director Student Financial Success

Views of Responsible Officials:

Federal Direct Student Loans

The Office of Student Financial Success agrees with the finding that 1 student did not receive federal student loans in accordance with applicable limits.

Corrective Action Plan:

The Office of Student Financial Success has added to its written policy a process for determining student loan eligibility manually. The system functions to identify students near aggregate limits based on FAFSA data received. Students who have reached their aggregate loan limits are identified through a newly created loan limit Argos report. Student financial aid counselors review the students on the report and compare them with data pulled from NSLDS to determine any remaining eligibility for each student. The ability to award a student more than they are eligible for is a manual process, and in the case of the student in the finding, it was overridden by a staff member. Policies have been implemented to ensure the accuracy of student eligibility identification by financial aid counselors before awarding a student loan manually.

Implementation Date: January 2024

Responsible Person: Dr. Latisha Addison, Executive Director Student Financial Success

Views of Responsible Officials:

Satisfactory Academic Progress

The Office of Student Financial Success agrees with the finding that 1 of 65 students did not receive an SAP calculation in accordance with TSU policy.

Corrective Action Plan:

The Office of Student Financial Success has ensured staff training as it relates to manual SAP calculations as needed based on student circumstances. The SFS Office has identified that some students who have breaks in enrollment may not be included in yearly SAP run processes. Our policy now states that a student who has not been enrolled for more than a year must have a manual SAP calculation completed before being awarded financial aid to ensure accuracy and compliance.

Implementation Date: January 2024

Responsible Person: Dr. Latisha Addison, Executive Director Student Financial Success

Views of Responsible Officials:

Institutional Student Information Records (ISIR)

The Office of Student Financial Success agrees with the finding related to Institutional Student Information Records.

Corrective Action Plan:

During the fall of 2022 and some of the spring of 2023, the Office of Student Financial Success did not have a staff member in place to ensure the accuracy of data being pulled in from the Department of Education. Since then, proper staff has been hired and trained to ensure the accuracy of data files being loaded into the Banner student information system.

Implementation Date: January 2024

Responsible Person: Dr. Latisha Addison, Executive Director Student Financial Success

Reference No. 2023-117

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224145; Federal Work-Study Program, P033A224145; Federal Pell Grant Program, P063P222327; Federal Direct Student Loans, P268K232327; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232327
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Award and Disbursement Notifications

Before an institution disburses Title IV, Higher Education Act of 1965 (HEA) program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans (Title 34, Code of Federal Regulations (CFR), Section 668.165(a)(1)).

If an institution credits a student’s ledger account with Federal Direct Student Loan (Direct Loan) funds or Teacher Education Assistance for College and Higher Education (TEACH) Grant funds, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement, (2) the student's or parent's right to cancel all or a portion of that loan or grant and have the loan or grant proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or grant, or loan or grant disbursement (Title 34, CFR, Section 668.165(a)(2)). 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, CFR, Section 668.165(a)(3)).

For 61 (100 percent) of 61 disbursements tested, Texas Southern University (University) did not send an award or disbursement notification as required. The University asserted it did not send award notifications to students because it relied on the Common Origination and Disbursement (COD) Disclosure Statements sent by the Department of Education. However, the COD Disclosure Statements did not include all required elements of the award notification. In addition, the University did not consistently send disbursement notifications for the Fall 2022 term, and did not send any disbursement notifications for the Spring 2023 term. The issues with disbursement notifications were attributed to both manual error and disabling of the University's automated processes. Further, the disbursement notifications that were sent for the Fall 2022 term did not include all required elements.

Not receiving award and disbursement notifications impairs students' and parents' ability to budget for the cost of attending or exercise the option to cancel their loans or grants.

Allowable Charges and Credit Balance Authorizations

An institution may credit a student's ledger account with Title IV, HEA program funds to pay for allowable charges associated with the current payment period. Allowable charges are: (1) the amount of tuition, fees, and institutionally provided room and board assessed the student for the payment period or the prorated amount of those charges if the institution debits the student's ledger account for more than the charges associated with the payment period; and (2) the amount incurred by the student for the payment period for purchasing books, supplies, and other educationally related goods and services provided by the institution for which the institution obtains the student's or parent's authorization under Section 668.165(b) (Title 34, CFR, Section 668.164(c)(1)).

A Title IV, HEA credit balance occurs whenever the amount of Title IV, HEA program funds credited to a student's ledger account for a payment period exceeds the amount assessed the student for allowable charges associated with that payment period. A Title IV, HEA credit balance must be paid directly to the student or parent as soon as possible, but no later than (1) fourteen days after the balance occurred if the credit balance occurred after the first day of class within a payment period; or (2) fourteen days after the first day of class of a payment period if the credit balance occurred on or before the first day of class within that payment period (Title 34, CFR, Section 668.164(h)).

If an institution obtains written authorization from a student or parent, as applicable, the institution may: (1) use the student's or parent's Title IV, HEA program funds to pay for charges that are included in that authorization, and (2) hold on behalf of the student or parent any Title

IV, HEA program funds that would otherwise be paid directly to the student or parent as a credit balance, unless the Secretary provides funds to the institution under the reimbursement payment method or the heightened cash monitoring payment method (Title 34, CFR, Section 668.165(b)(1)).

An institution may not use Title IV funds to pay finance charges or fees that are incurred because a student uses a financing method provided by the school to pay for educational expenses over time. Because students or families choose to incur these additional expenses rather than paying the balance due at registration, the additional charges are not considered educational expenses, and may not be included in a student's cost of attendance. (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 2).

For 8 (13 percent) of 61 students tested, the University used Title IV funds to pay unallowable charges. Specifically, the University credited the students' ledger accounts during the payment period for installment handling charges and late installment charges. Although the University obtained authorization from the students to apply Title IV funds to charges other than tuition, fees, or institutionally provided room and board, that authorization did not extend to those unallowable charges.

For 6 (11 percent) of 57 students tested, the University did not return credit balances to students or parents within 14 days of the disbursement date or first day of class. Specifically, the University returned credit balances to those students between 21 and 78 days. The University asserted those errors were caused by changes to the term allocations, and inadequate tracking of credit balances and associated refunds.

Not receiving all Title IV funds a student is entitled to, or not receiving those funds in a timely manner, impairs students' and parents' ability to budget for the cost of attending.

Recommendations

The University should strengthen its controls to ensure that:

- It identifies all students that require an award or disbursement notification, and sends those notifications to the students.
- Award and disbursement notifications include all required elements.
- It does not credit student ledger accounts for unallowable charges.
- Credit balances caused by the awarding of Title IV funds are returned to students in a timely manner.

Management's Response

Views of Responsible Officials:

Award and Disbursement Notifications

The Office of Student Financial Success agrees with the finding related to award and disbursement notifications.

Corrective Action Plan:

The Office of Student Financial Success has worked with the Office of Information Technology to deliver student loan disbursement information via the student portal. A tab has been created that allows students to receive specific disbursement information related to their student loans. In addition, the disbursement notification process has been established to ensure all students receive a disbursement notification before disbursements are made to student accounts. Our policy now requires, before disbursement, the generation of disbursement notifications made by the Senior Systems Analyst.

Implementation Date: January 2024

Responsible Person: Dr. Latisha Addison, Executive Director Student Financial Success

Views of Responsible Officials:

Allowable Charges and Credit Balance Authorizations

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 significant process enhancements in this area. The University has updated the charges associated with the university installment plan in the ERP system to be designated as an unallowable charge. This update will ensure that Title IV aid will not pay towards those charges. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: February 2024

Responsible Person: Mr. Errol Thomas, Executive Director of Student Accounting

Reference No. 2023-118

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224145; Federal Pell Grant Program, P063P222327; Federal Direct Student Loans, P268K232327; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232327
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

For 8 (13 percent) of 61 students tested, Texas Southern University (University) incorrectly calculated the amount of Title IV funds to be returned for unofficially withdrawn students. Specifically, those 8 students were enrolled in the Fall 2022 term, and the University did not use the last date of attendance identified in the University's automated report process. For return of Title IV funds, the University uses an automated report process to identify students who have unofficially withdrawn from a term; however, that process was inconsistently followed or not completed in determining the students' withdrawal dates. The incorrect withdrawal dates used by the University were prior to the students' actual withdrawal dates, which resulted in the University returning more Title IV funds than required for those students; therefore, there were no questioned costs.

Those errors occurred because the University did not have an adequate process to determine the withdrawal dates of students who unofficially withdrew from the University.

Timeliness of Returns

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 earliest end date of (1) the payment period or period of enrollment, (2) the academic year in which the student withdrew, or (3) the 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 of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(j)).

For 35 (57 percent) of 61 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 23 students who unofficially withdrew in the Fall 2022 term, the University did not determine the withdrawal date within the required 30-day time frame, nor did it return the Title IV funds within the required 45-day time frame. The University determined the withdrawal date and returned the Title IV funds at the end of the Spring 2023 term.
- For 9 students who unofficially withdrew in the Spring 2023 term, the University did not determine the students' withdrawal date within the required 30-day time frame. The University determined the withdrawal date for those students between 31 and 52 days after the end of the period of enrollment.
- For 3 students who withdrew in the Fall 2022 term, 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. The University asserted that for two students, this was due to an oversight in processing the return of those funds. The University returned the funds for those two students 71 and 115 days after it determined that the students withdrew. For the third student, the University completed a return calculation but did not return the funds as required. After auditors brought this error to the University's attention, the University returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

Those errors occurred because the University did not have an effective monitoring process to identify those errors and because of manual errors the University made in performing the return calculations. Not making returns within the required time frame reduces the funds available to the U.S. Department of Education for its program management.

Recommendations

The University should:

- Strengthen its process to ensure that it accurately determines the withdrawal date for students who unofficially withdraw from the University in a timely manner.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in return of Title IV calculations and returns Title IV funds in a timely manner.

Management's Response

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 will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University has implemented significant process enhancements in this area. The Office of Student Accounting will share the entire list of all completed R2T4 calculations with the Financial Aid department for a secondary review. The Office of Student Accounting will also develop and implement a new report that compares R2T4 "Revised Award Amounts" to the actual account activity to ensure that Title IV aid adjustments needed as a result of a R2T4 calculation are completed. 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: February 2024

Responsible Persons: Mr. Errol Thomas, Executive Director Student Accounting

Dr. Nickolaus Cioci, Dean of Student Records

Views of Responsible Officials:

Timeliness of Returns

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 significant process enhancements in this area. The university has filled the vacant position of Senior Accountant responsible for the processing of Title IV credit balances. The Senior Accountant will process refunds daily to ensure compliance with Title IV credit balance timeline regulations. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: Spring 2024

Responsible Person: Mr. Errol Thomas, Executive Director of Student Accounting

Reference No. 2023-119

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222327; and Federal Direct Student Loans, P268K232327
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	2020-115

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3).

For 10 (17 percent) of 60 students tested, the University did not accurately report campus- or program-level data elements to NSLDS. Specifically, the program length was reported incorrectly for the students' master's degree or doctoral degree programs. Additionally, for 1 of those 10 students, the University inaccurately reported the effective date of the student's graduated status at the campus and program levels. The date reported was eight days before the actual date of graduation for the student.

For 17 (45 percent) of 38 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. Specifically:

- For 13 students, the University reported the students' graduated status to NSLDS between 73 and 100 days after the students graduated.
- For 2 students, the University reported the students' enrollment level change to NSLDS 89 and 95 days after the effective date of the status change.
- For 2 students, the University reported the students' withdrawal status to NSLDS 68 and 70 days after the students' withdrawal date.

The errors discussed above occurred because the University (1) did not configure its information system to accurately report student enrollment information to NSLDS, (2) does not have a process to monitor student enrollment and program information reported to NSLDS, and (3) does not have a reporting process that allows it to make corrections to ensure that it certifies and submits graduated statuses 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, and repayments schedules.

Recommendation

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

Management's Response

Views of Responsible Officials:

Campus and Program Level Data

Texas Southern University agrees with the finding related to not accurately reporting campus or program level data elements to NSLDS.

Corrective Action Plan:

Texas Southern University agrees with the information that states the student's program length was incorrectly reported to NSLDS for 10 of 60 students tested. To further enhance reporting accurate information, the Office of Student Records (formerly the Registrar's Office) has updated our business practice regarding this matter in the following way. First, the Office of Student Records reached out to the Interim Dean of the Graduate School to provide the correct program length for Graduate Programs at TSU. Second, we gathered information regarding the total number of hours of each program offered and the total number of hours required to be considered a full-time student at TSU. We then utilized this information to calculate the program length in years. (For example, the eMPA program at TSU is 36 hours and a full-time course load for a graduate student is 9 hours. We then divided the total hours of the program (36 hours) by the full-time load (9). This provided us with how many semesters a full-time student would take to complete the program. To finish the calculation and get the program length, we divided it into 2 to get the number of years required to complete the program.

Implementation Date: January 2024

Responsible Person: Dr. Nickolaus Cioci, Dean of Student Records

Views of Responsible Officials:

Enrollment Status Updates

Texas Southern University agrees with the finding related to not accurately reporting enrollment status updates to NSLDS in a timely manner.

Corrective Action Plan:

Texas Southern University also agrees with the information stating 17 of 38 student's tested enrollment status was not reported to NSLDS in a timely manner. We agree with this information that states 13 of the students tested did not have their graduation effective date accurately reported to NSLDS in a timely manner. To combat this issue, the Office of Student Records has created a new business process to report these students to NSLDS in a timelier manner. First, the graduation coordinator has requested academic units to provide her with information regarding students whose degrees are 100% complete earlier to allow her to confer these degrees quicker. Second, the Office of Student Records has also changed their business practice and informed both the Graduation Coordinator and the Law School Registrar's representative that all degrees must be conferred no later than 45 days after the semester ends. This will allow other staff time to turn in the graduation report to NSC in a timelier manner and review the rejected records/correct the rejected records before the 60-day deadline to help keep us in compliance.

Implementation Date: January 2024

Responsible Person: Dr. Nickolaus Cioci, Dean of Student Records

Views of Responsible Officials:

Accurate Attendance Reporting

Texas Southern University agrees with the finding related to not accurately reporting enrollment status updates to NSLDS in a timely manner.

Corrective Action Plan:

Texas Southern University also agrees with the information stating 4 students that did not have their withdrawal status or effective date of status change reported in a timely manner to NSLDS. In reviewing these records, it appears accurate attendance was not taken causing Texas Southern University to be out of compliance for reporting practices. To further enhance reporting capabilities, the Office of Student Records has created a new business process to correct this error. First, TSU no longer allows advisors to register students and students must register themselves and sign a financial acknowledgement form. Also, the Office of Student Records has collaborated with the Office of the Provost to effectively communicate with faculty the ramifications of inaccurate attendance reporting. In these communications, the faculty are also provided instructions on how to accurately report attendance using their MyTSU attendance portal. Also, the Office of Student Records worked in conjunction with the Office of Information Technology, to automate the process of dropping students for non-attendance as reported by their faculty. Furthermore, we are continuing to update our business processes, so these students are reported to NSC/NSLDS in a timely manner. Another issue involved students being reported as nonattending but attending the course. TSU's Office of Student Records and Office of the Provost have also worked in conjunction to fix this issue as well. Several faculty members would not mark attendance causing their whole class to get dropped. We have worked in our process to inform instructors they must mark attendance for students to not create this issue in the future.

Implementation Date: January 2024

Responsible Person: Dr. Nickolaus Cioci, Dean of Student Records

Reference No. 2023-120

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

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Gramm-Leach-Bliley Act

Institutions must protect sensitive data, including information obtained in support of the administration of federal student financial assistance programs, as required by the Gramm-Leach-Bliley Act (GLBA) (Public Law 106-102). Under their Program Participation Agreement (PPA) and the GLBA, postsecondary educational institutions must protect student financial aid information, with particular attention to information provided by the Department of Education or otherwise obtained in support of the administration of the Title IV Federal student financial aid programs (*Dear Colleague Letter*, July 1, 2016 (GEN-16-12)). Institutions are required to develop, implement, and maintain an information security program that includes the minimum elements in Title 16, Code of Federal Regulations (CFR), Section 314.4. In addition, the institution must designate a qualified individual responsible for overseeing, implementing, and enforcing the institution’s information security program (Title 16, CFR, Section 314.4(a)).

Texas Southern University (University) did not implement an information security program as required by the GLBA. The University did not have a written information security program (and therefore did not address any of the minimum elements), and it did not designate a Qualified Individual responsible for implementing and monitoring its information security program. The University asserted that this was due to significant staffing issues in its Information Technology Department. Not implementing the required safeguards in an information security program and designating a Qualified Individual to implement and enforce those safeguards increases the University’s risk of data breach or loss.

Recommendations

The University should:

- Develop and implement an information security program that contains all elements required by the GLBA and the Code of Federal Regulations.
- Designate a Qualified Individual responsible to implement and monitor its information security program.

Management's Response

Views of Responsible Officials:

<u>Gramm-Leach-Bliley Act</u>

The University acknowledges and agrees with the findings.

Corrective Action Plan:

Through analysis of the exceptions identified in the audit, the University is working to hire a new full-time position to create and monitor its information security program and the University is in the process of publishing an information security webpage that meets all regulation requirements and serves as a conduit for users to locate policy, review the related legal code, report incidents, and request both training and OIT's assistance in assessment. Leadership has signed a contract with a third-party vendor to identify and implement all required GLBA controls.

Implementation Date: June 2024

Responsible Person: Mr. Matthew Steimel, Director of Enterprise Applications

Texas State University

Reference No. 2023-121

Eligibility

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; 84.379; 84.408; and 93.925
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224122; Federal Work-Study Program, P033A224122; Federal Pell Grant Program, P063P220387; Federal Direct Student Loans, P268K230387; Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T230387; Postsecondary Education Scholarships For Veteran's Dependents (Iraq and Afghanistan Service Grant (IASG)), P408A220387; and Scholarships for Health Professions Students from Disadvantaged Backgrounds - Scholarships for Disadvantaged Students (SDS), 5 T08HP39298-03-00
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, CFR, Sections 668.2, 673.5, and 685.301).

Texas State 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); housing status (on-campus, off-campus, or living with parent); and enrollment status (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 1 (2 percent) of 44 students tested, the University incorrectly calculated the COA. Specifically, the University assigned a less-than-half-time COA when the student was enrolled full-time. As a result, the student's COA was understated by $9,545. After auditors brought the issue to the University's attention, it identified a total of 84 total students who were affected, including 56 students who received Title IV financial assistance. Those errors occurred because the University did not recalculate the COA for students in the Pathway program after enrollment was finalized for the Spring 2023 term.

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.

Recommendation

The University should strengthen its controls to ensure that it correctly calculates students' COA budgets for the Pathway program in accordance with its process.

Management's Response

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:

After research, it was determined that the issue was limited to our co-enrollment program with Austin Community College (ACC Pathways). Procedures have been updated in our Systems Team to include recalculating the COA for all co-enrollment students after census. As a double check, our Program Specialist Team will also review all co-enrollment students to ensure that the COA was recalculated correctly.

Implementation Date: September 2023

Responsible Person: Dede Gonzales, Director of Financial Aid and Scholarships

Texas Tech University

Reference No. 2023-122

General Controls. The following compliance areas were impacted:
Eligibility
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 - Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency
Questioned Costs:	None
Repeat Finding:	No

General Controls

An institution 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, Code of Federal Regulations (CFR), Section 200.303(a)).

Texas Tech University (University) did not appropriately restrict user access to its student information system. Specifically, the University did not always limit access to the student information system to only users who needed that access based on their job responsibilities. While the University had a process in place to review user access, that process was not adequately designed to ensure that the University granted the appropriate level of access to all users based on the users' job duties. Allowing users inappropriate or excessive access to systems increases the risk of unauthorized changes being made in those systems.

Recommendation

The University should ensure that user access to its student information system is appropriately limited based on a user's job responsibilities.

Management's Response

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.
- The University immediately reviewed all Financial Aid security access and removed any access not deemed immediately necessary to the employee's job duties.
- The University has developed Financial Aid security classes based on employee positions. This will allow us to more easily monitor what access an employee has and ensure that it is appropriate to their job responsibilities.

Implementation Date: September 2023

Responsible Persons: Kyle Phillips and Robert Hamilton

Reference No. 2023-123

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222328; and Federal Direct Student Loans, P268K232328
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$562
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, Code of Federal Regulations, 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 3 (5 percent) of 65 students tested, the University incorrectly calculated the COA. Specifically:

- For one student, the University assigned an incorrect loan fee to the COA. The University manually canceled the student's loan, but asserted that it did not remove the fee because the student was still eligible to receive the loan. As a result, the student's COA was overstated by $60.
- For one student, the University did not adjust the student's COA budget to reflect the student's actual enrollment. The University manually assigned a three-quarter-time budget to the student. Due to the manual update, the COA was not subject to an automated update process to adjust the COA to less-than-half-time status at census. In addition, the student was not included in the University's process for reviewing manually updated budgets. As a result, the student's COA was overstated by $4,157, and the student was overawarded $562 associated with ALN 84.063, Federal Pell Grant Program, award number P063P222328.
- For one student, the University did not adjust the student's tuition and fees budget component to reflect a change in the student's academic program. The student's major changed after the initial budget had been assigned. As a result, the student's COA was overstated by $903; however, the University did not overaward financial assistance to that student.

Incorrectly calculating COA 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.

Management's Response

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 an ad hoc report to identify students with canceled loans and loan fees included in their COA. The report is reviewed bi-weekly and loan fees for canceled loans are removed in a timely manner. Training regarding the timely cancelation of loan fees was provided to staff responsible for the review and adjustment.
- We have implemented an ad hoc report to review student's COA budget and the student's actual enrollment to identify discrepancies between a student's actual enrollment charges and student's COA budget. The report is reviewed following our census after the 20th day of classes and COA budgets are adjusted to align with actual enrollment charges. Training regarding post census review of student's actual attendance and student's COA budget was provided to staff responsible for the review and adjustments.
- We have implemented an ad hoc report to review student's tuition and fees budget component and the student's academic program to identify discrepancies between the student's tuition and fees budget component and the charges associated with their academic program. The report is reviewed monthly, and a student's tuition and fees budget components are adjusted to align with the student's academic program. Training regarding review of a student's tuition and fees budget component and the student's academic program was provided to staff responsible for the review and adjustments.

Implementation Date: January 2024

Responsible Persons: Christina Montecillo and Robert Hamilton

Reference No. 2023-124

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222328; and Federal Direct Student Loans, P268K232328
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Award Notifications

Before an institution disburses Title IV, Higher Education Act of 1965 (HEA) program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans (Title 34, Code of Federal Regulations (CFR), 668.165(a)(1)).

For 7 (16 percent) of 43 disbursements tested, Texas Tech University (University) did not send an award notification or sent an award notification that did not include all required information. Specifically:

- For four students who enrolled in the Fall 2022 term after August 1, 2022, the University did not send an award notification. The University sent award notifications to all students enrolled for the Fall 2022 term prior to that date. However, it did not have a process in place to identify and send award notifications to students who enrolled after that date. Therefore, this issue would have affected all students who enrolled in the Fall 2022 term after August 1, 2022.
- For three students who enrolled in the Spring 2023 term, the award notifications did not contain the type or amount of funds that the student or his or her parent could expect to receive. The University notified students of expected financial assistance through email, and the award notification emails for the Fall 2022 term contained a hyperlink for students to access their account in the student information system to review the expected loan types and amounts. However, the award notification emails for the Spring 2023 term did not contain that hyperlink. This issue would have affected all students who enrolled after August 1, 2022, and only for the Spring 2023 term.

The University did not have adequate controls in place to ensure that all students received award notifications and that the notifications contained all required elements. Not receiving award notifications, or receiving incomplete award notifications, impairs students' and parents' ability to budget for the cost of attending.

Recommendations

The University should:

- Strengthen its controls to ensure that it identifies all students that require an award notification, and sends those notifications to the students.
- Ensure that award notifications contain all required elements.

Management's Response

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 updated its disbursement notifications to include the type of loan borrowed and the amount borrowed in the template of the notification. In addition, the University has updated the notifications to go out to student and parent borrowers separately. The process has also been updated so that the notifications are sent out after any change to the student award is made on a nightly basis.

Implementation Date: January, 2024

Responsible Person: Robert Hamilton

Reference No. 2023-125

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; 84.379; and 84.408
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224151; Federal Pell Grant Program, P063P222328; Federal Direct Student Loans, P268K232328; Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232328; and Postsecondary Education Scholarships For Veteran's Dependents (Iraq and Afghanistan Service Grant (IASG)), P408A222328
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	Unknown
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

For distance education, documenting that a student has logged into an online class is not sufficient to demonstrate academic attendance by the student. An institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity. Only active participation by a student in an instructional activity related to the student's course of study that meets the definition of "academic engagement" in Title 34, CFR, Section 600.2 and takes place during a payment period or period of enrollment qualifies as attendance in an academically related activity (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 2).

For 1 (5 percent) of 20 students tested, Texas Tech University (University) did not have evidence of academic engagement in the distance education course from which the student's withdrawal date was determined. The University asserted that when an instructor submits a failing grade for a student, the instructor is required to provide the date of last academic activity. That date is recorded in the University's student information system and used by the University to determine the unofficial withdrawal date for Return of Title IV purposes. However, the University did not have a process in place to require instructors to provide or maintain evidence of academic engagement in distance education courses. As a result, the University could not demonstrate that the student participated or otherwise engaged in an academically related activity in that course to support the last date of attendance used by the University for Return of Title IV purposes.

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.

Recommendations

The University should:

- Ensure that evidence of academic engagement is consistently documented for students in distance education courses.
- 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.

Management's Response

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 Financial Aid and Scholarships Office at Texas Tech University will collaborate closely with the Provost's office to create a strategy for more precisely recording the final date of academic engagement for students enrolled in online courses.

Implementation Date: January 2024

Responsible Persons: Robert Hamilton and Bobbie Brown

Reference No. 2023-126

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222328; and Federal Direct Student Loans, P268K232328
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	2020-117

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education*, National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 2022, 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 5 (8 percent) of 60 students tested, the University did not report campus- or program-level data elements accurately or in a timely manner to NSLDS. Specifically:

- For three students, the enrollment effective date was correctly reported as the first day of the Summer 2023 term to NSLDS at the program level; however, the enrollment effective date was incorrectly reported as the day after the last day of the Spring 2023 term at the campus level because it did not align with the date reported at the program level. The effective date reported at the campus level should be the same date reported at the program level because those dates reflect the same enrollment status change.
- For one student, the University incorrectly reported the student's program-level enrollment status and the student's program begin date as the day after the last day of the Spring 2023 term. The enrollment status should have been reported at the program level as full-time effective the first day of the Fall 2023 term.
- For one student, the campus-level enrollment status change should have been reported as graduated, but it was incorrectly reported as withdrawn. Additionally, the student was pursuing dual majors, and the program-level enrollment status was correctly reported as graduated for one program in a timely manner but incorrectly reported as withdrawn for the second program. The incorrect campus-level enrollment change and program-level enrollment change were reported to NSLDS 135 days after the effective date of the graduation.

The errors discussed above were caused by issues related to the configuration of the enrollment reporting processes in the University's student information system.

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, and repayments schedules.

Recommendations

The University should:

- Strengthen its controls to ensure that campus-level and program-level data elements are reported to NSLDS accurately and in a timely manner.
- Ensure that dual-major graduated statuses are reported to NSLDS accurately and timely for all programs.

Management's Response

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.
- Additional checks are now in place to ensure that campus-level and program level reporting is accurate moving forward.
- Additional checks have also been put in place to ensure that dual-majors graduation statuses are reporting accurately and in a more timely manner moving forward.

Implementation Date: January 2024

Responsible Persons: Kyle Phillips and Bobbie Brown

Reference No. 2023-127

Special Tests and Provisions – Additional Locations

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.268
Pass-Through Agency:	N/A
Award Number:	Federal Direct Student Loans, P268K232328
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$3,452,367
Repeat Finding:	No

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 plans to disburse Title IV funds to students enrolled at that location (Title 34, Code of Federal Regulations (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)).

Texas Tech University's (University) most recent ECAR did not include all additional locations. Specifically, the University offered more than 50 percent of an eligible program at the School of Veterinary Medicine at Amarillo; however, the University did not include the location on its most recent ECAR nor did it submit notice or an application for approval of additional location as required. The University asserted that the error occurred due to turnover of the Primary Designee responsible for requesting approval of the new location, which resulted in the University failing to 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 $3,452,367 in federal student financial assistance to 108 students at the unreported location during the 2022–2023 award year. Those disbursements were associated with ALN 84.268, Federal Direct Student Loans, award number P268K232328, and were considered questioned costs. After auditors brought the issue to the University's attention, the University added the location to its ECAR and the School of Veterinary Medicine at Amarillo was approved on July 26, 2023.

Recommendation

The University should update its ECAR as required, and ensure that it does not disburse federal financial assistance to students at locations that are not approved by the U.S. Department of Education.

Management's Response

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.
- The University immediately updated the ECAR to add the School of Veterinary Medicine at Amarillo.
- The University has implemented updated procedures requiring both the Primary and Secondary designee to review the ECAR quarterly for any required changes.

Implementation Date: August 2023

Responsible Persons: Jamie Hansard and Kyle Phillips

Texas Tech University Health Sciences Center

Reference No. 2023-128

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P223367; and Federal Direct Student Loans, P268K233367
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	2016-122

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4). 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(*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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 to NSLDS when required. Although the Health Sciences Center uses the services of NSC, the Health Sciences Center still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide,* November 2022, Chapter 3.3).

For 6 (10 percent) of 62 students tested, the Health Sciences Center did not accurately report campus-level enrollment effective dates or did not report enrollment status changes to NSLDS. Specifically:

- For one student, the enrollment status effective date was reported incorrectly at the campus-level. The student's enrollment status for the Spring 2023 term decreased from full-time to less-than-half-time in April 2023; however, the effective date was reported as January 2023.
- For five students, the Health Sciences Center did not report the students' enrollment status changes to NSLDS. Two of those students withdrew, two students graduated, and one student received an approved leave of absence.

The Health Sciences Center asserted that the errors discussed above were caused by issues related to the configuration of the enrollment reporting processes in the Health Sciences Center's student information system, manual reporting errors, and not having adequate controls to ensure that student enrollment information reported to NSC was accurately 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, and repayment schedules.

Recommendation

The Health Sciences Center should strengthen its controls to ensure that campus-level enrollment statuses and effective dates are reported accurately and in a timely manner to NSLDS.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees 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.

Corrective Action Plan:

We will work to reestablish access with NSLDS to ensure that all student statuses are reported correctly from NSC. We will also incorporate procedures to ensure we are capturing and reporting all students' status changes accurately through Cognos reports and a newly developed enrollment reporting dashboard.

Implementation Date: Summer 2024

Responsible Person: Amanda McSween, TTUHSC Registrar

The University of Texas at Arlington

Reference No. 2023-129

General Controls. The following compliance areas were impacted:
Eligibility
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 - Enrollment Reporting

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency
Questioned Costs:	None
Repeat Finding:	2020-142

General Controls

An institution 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, Code of Federal Regulations (CFR), Section 200.303(a)).

The University of Texas at Arlington (University) did not appropriately restrict user access to its student information system. Specifically, a user was granted administrative access in the student information system, which included the ability to modify information and process transactions, such as authorizing and disbursing aid. The University did not remove the administrative access after the user's specific job responsibilities no longer required that level of access. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate or excessive access to systems increases the risk of unauthorized changes being made in those systems.

Recommendation

The University should ensure that user access to its student information system is appropriately limited based on a user's job responsibilities.

Management's Response

Views of Responsible Officials:

To the point that The University of Texas at Arlington (University) did not appropriately restrict user access to its student information system. OIT and Financial Aid acknowledge that a user was given elevated access that was not removed when the assigned maintenance task was completed.

Corrective Action Plan:

In response to the current finding of temporary access monitoring, the frequency of reviews for people that have temporary Financial Aid role assignments will be increased from an annual review to quarterly, for a period of two years. Staff training for access control and business owner training has taken place, to increase awareness that roles need timely removal when maintenance tasks are completed.

Implementation Date: 1/29/24

Responsible Persons: Karen Krause, Office of Financial Aid

Doug Bergere, Office of Information Technology

Reference No. 2023-130

Cash Management

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	93.264; and 93.364
Pass-Through Agency:	N/A
Award Number:	Nurse Faculty Loan Program (NFLP), 2 E01HP28792-04-00; and Nursing Student Loans (NSL), 1 E4CHP46343-01-00
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$19,593
Repeat Finding:	No

Institutions must maintain advance payments of federal awards in interest-bearing accounts (Title 2, Code of Federal Regulations (CFR), Section 200.305(b)(8)). Interest earned amounts up to $500 per year may be retained by the non-federal entity for administrative expense. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment (Title 2, CFR, Section 200.305(b)(9)).

The University of Texas at Arlington (University) did not remit interest to the Department of Health and Human Services' PMS as required. Specifically, the University:

- Maintained advance payments of Nurse Faculty Loan Program (NFLP) funds in an interest-bearing account, which earned $17,803 in interest in fiscal year 2023.
- Maintained advance payments of Nursing Student Loan (NSL) funds in an interest-bearing account, which earned $2,290 in interest in fiscal year 2023.

The University asserted it was not aware of the requirement to remit interest for NFLP and NLS, and believed the earnings on interest could be retained as a source of additional funds for lending to students.

After the $500 allowance for administrative expenses, the University would be required to remit interest totaling $17,553 associated with ALN 93.264, Nurse Faculty Loan Program, award number 2 E01HP28792-04-00 and $2,040 associated with ALN 93.364, Nursing Student Loans, award number 1 E4CHP46343-01-00, which are considered questioned costs.

Recommendation

The University should ensure that interest in excess of $500 per year earned on federal cash draws is remitted annually to the Department of Health and Human Services.

Management's Response

Views of Responsible Officials:

The University has been adhering to the guidance found in the Nursing Faculty and Student Loan award documentation as well as the guidance found in the HRSA EHB Guidance Document regarding interest earned on the advanced payments. The guidance found in these documents states that interest earned in these loan funds should be maintained in an interest-bearing account and deposited in the loan fund. It further states that the interest earned can be retained as an important source of additional funds for lending to students.

However, as a result of the finding from this audit, the University acknowledges that interest in excess of $500 must be remitted annually to the Department of Health and Human Services.

Corrective Action Plan:

The University will remit annually any interest earned in excess of $500 to the Department of Health and Human Services.

Implementation Date: 2/2024

Responsible Person: Andrea Wright, Executive Director of Accounting Services

Reference No. 2023-131

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224172; Federal Pell Grant Program, P063P222335; and Federal Direct Student Loans, P268K232335
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 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 Arlington (University) uses algorithmic budgeting to build COA budgets for each term based on a student's classification (undergraduate or graduate), dependency (dependent or independent), residency (in-state or out-of-state), living status (on-campus, off-campus, or 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 3 (5 percent) of 63 students tested, the University incorrectly calculated the COA. Specifically:

- For two students, the University understated the COA by assigning a books component that did not reflect the students' actual enrollment status. Those errors occurred because the University budgeted the students' books at half-time enrollment instead of full-time enrollment. The University attributed the cause to human error associated with a manual budget rebuild in the student information system. As a result, the COA was understated by $200 for each of those students.

- For one student, the University assigned an incorrect budget for the cost of tuition and fees component during the Summer 2022 term. The University attributed the cause to human error. As a result, the COA was understated by $198.

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.

Federal Pell Grant

A student is eligible to receive a Federal Pell Grant for the period of time required to complete his or her first undergraduate baccalaureate course of study (Title 34, CFR, Section 690.6(a)).

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(a)).

Based on a review of the full population of student financial assistance recipients, the University awarded a total of $1,593 in Federal Pell Grant assistance to 2 post-baccalaureate students who were not eligible for that assistance. The University asserted queries designed to identify these issues were not run timely due to staffing issues within the Financial Aid department. After auditors brought those errors to the University's attention, the University returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

For 1 (2 percent) of 63 students tested, the University did not award Federal Pell Grant assistance to an eligible student. Specifically, the student was eligible to receive $1,790 in Federal Pell Grant assistance, but did not receive an award from the University. The University asserted that the error occurred because the student made a late registration change and was missed on the University's add report. As a result, the student was underawarded Federal Pell Grant assistance; therefore, there were no questioned costs.

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 unmet financial need, the borrower's COA, or the borrower's maximum borrowing limit. (U.S. Department of Education *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 5).

For 1 (2 percent) of 63 students tested, the University did not disburse Direct Loans in accordance with applicable limits. Specifically, the University disbursed a Subsidized Direct Loan in excess of the student’s aggregate Subsidized Direct Loan and Total Direct Loan limits. After auditors brought the overaward issue to the University’s attention, it returned the loan funds; therefore, there were no questioned costs. The University asserted that error occurred because the University did not receive an updated history file in a timely manner due to issues with the National Student Loan Data System (NSLDS).

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 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 a total of $750 in FSEOG assistance to a student who was working towards a second bachelor’s degree and thus was not eligible for that assistance. The student was awarded FSEOG in the Spring 2023 term after earning a first bachelor’s degree in the Fall 2022 term. The University asserted this was a manual error caused by a counselor canceling the student’s Federal Pell Grant, but failing to cancel the student’s FSEOG award. After auditors brought the issue to the University’s attention, it removed the grant funds from the student’s account; therefore, there were no questioned costs.

Recommendations

The University should:

- Strengthen its controls to ensure that it correctly calculates students’ COA budgets in accordance with its process.
- Award Federal Pell Grant assistance only to eligible students.
- Ensure that students are awarded Federal Pell Grants for which they are eligible.
- Disburse Subsidized Direct Loans within the student’s applicable aggregate limit.
- Award FSEOG assistance only to eligible students.

Management's Response

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 significant process enhancements in this area. The policy manual has been revised to include detailed procedures.

The University will build Cost of Attendance and place in PeopleSoft Campus Solutions. Before financial aid is disbursed to students the Office of Financial Aid will rebuilt budgets which includes COA to ensure they match all COA's for all programs. This process will ensure that students are eligible for the aid awarded and disbursed.

OIT has implemented new reports to determine PELL, FSEOG, and Direct Loan eligibility and will be reviewed monthly to ensure accuracy of eligible awards and aggregate limits for all financial aid students.

Implementation Date:	March 2024
Responsible Persons:	Laurie Rosenkrantz, Associate Director
	Karen Krause, Executive Director
	Lea Anne Sikora, Associate Director

Reference No. 2023-132

Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222335; Federal Direct Student Loans, P268K232335; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232335
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

COD Reporting

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 helps prevent an institution from overawarding students (Title 34, Code of Federal Regulations (CFR), Section 690.83(b); U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 1; and Federal Register, Volume 88, Number 120). 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, cost of attendance, the start and end dates for the academic term, disbursement amount, and disbursement date (*2022-2023 COD Technical Reference*, Volume II).

For 5 (8 percent) of 61 students tested, the University of Texas at Arlington (University) did not accurately report all origination record data elements to the COD system. Two of those students had both errors discussed below. Specifically,

- For four students, the University reported an incorrect academic end date for one or more Direct Loan originations made on behalf of the students during the award year.
- For three students, the University reported an incorrect cost of attendance for one or more Federal Pell Grant and/or Direct Loan originations made on behalf of the students during the award year.

The University asserted that its developer was unable to identify the specific cause of these errors, but determined that the errors were related to an automated process rather than a manual change. In addition, the University did not have a sufficient monitoring process in place to identify those discrepancies. 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 academic end dates and cost of attendance are reported to the COD system accurately.

Management's Response

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

After the aid year activation for calendars is posted by the Office of Registrar, management will review calendar dates and other components reported to COD on a monthly schedule to ensure accuracy. COD reports are sent twice a week to ensure calendar and cost of attendance is updated correctly for all federal programs.

Implementation Date:	March 2024
Responsible Persons:	Leanne Sikora, Associate Director
	Laurie Rosenkrantz, Associate Director

Reference No. 2023-133

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222335; and Federal Direct Student Loans, P268K232335
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

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 5 (8 percent) of 61 students tested who withdrew and required a return of Title IV funds, the University of Texas at Arlington (University) did not return the funds within the required time frame. Specifically, the University returned the Title IV funds to the U.S. Department of Education between 101 to 390 days after the University determined the students withdrew. For four of those students, the updates to the students' returns occurred after auditors selected those students for review. The error for the other student was identified by the University, but the funds were not returned in a timely manner. After the University became aware of the errors, it returned those funds to the U.S. Department of Education; therefore, there were no questioned costs.

The University did not have an adequate monitoring process to ensure that Title IV funds were returned within the required time frame. Not making returns within the required time frames reduces the funds available to the U.S. Department of Education for its program management.

Recommendation

The University should ensure that it returns Title IV funds within required time frames.

Management's Response

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

During the academic year for this audit the Office of Financial Aid staffing was reduced by two full-time employees in the R2T4 area. The University has two full time employees who completes R2T4's daily. A secondary review and quality control will be completed by a third employee for accuracy on the R2T4 calculations and return of funds within established time frames. Reconciliations are completed monthly to ensure timeliness of R2T4s and return of funding to COD.

Implementation Date: March 2024

Responsible Persons: Laurie Rosenkrantz, Associate Director

Mayra Torres Gonzalez, Assistant Director

Jike Wei, FA Counselor III

Reference No. 2023-134

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222335; and Federal Direct Student Loans, P268K232335
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	2020-143

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November

2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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 to NSLDS when required. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 18 (30 percent) of 61 students tested, the University did not accurately report campus- and program-level data elements to NSLDS. One of those students was affected by two of the errors discussed below. Specifically:

- For 13 students, the University incorrectly reported the students’ enrollment status at the program level to NSLDS. Six students were reported as less-than-half-time instead of half-time, and seven students were reported as half-time instead of full-time. Those errors occurred because the enrollment reporting processes in the University’s student information system were not configured appropriately for the Graduate Nursing program.
- For four students, the enrollment effective date was reported correctly to NSLDS at the program level; however, the University incorrectly reported the first day of the Spring 2023 term as the enrollment effective date at the campus level. The effective date

reported at the program level should have been the same date reported at the campus level because those dates reflect the same enrollment status change. As noted above, those errors were caused by issues with the configuration of the enrollment reporting processes for the Graduate Nursing Program.

- For two students, the University did not report the students' graduated status or did not accurately report the graduated status at the campus and program levels to NSLDS. One student's graduated status was accurately reported at the campus level, but was reported as withdrawn at the program level. The other student was inaccurately reported as withdrawn at both the campus- and program-levels. Those errors occurred because the students' statuses required manual reporting and were overlooked.

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, and repayment schedules.

Recommendation

The University should strengthen its controls to ensure that all status changes are reported accurately to NSLDS.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. The University will work to develop and implement corrective action to improve and update the processes.

Corrective Action Plan:

The Office of the Registrar is working with the Office of Information Technology (OIT) to review the current NSC Enrollment Reporting logic within our student information system to identify the root cause of the data inconsistencies between campus- and program-level data, and subsequently update the associated logic for future term reporting. The Office of the Registrar has also implemented monthly data validation into our business processes (as of Fall 2023), in alignment with the NSC file submission schedules, which allows for further management oversight of deadline compliance and additional data validation.

Implementation Date: August 1, 2024

Responsible Persons: Kimberly Tate, University Registrar

Deepika Chalemela, Chief Information Officer

The University of Texas at Austin

Reference No. 2023-135

General Controls. The following compliance areas were impacted:
Eligibility
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 - Enrollment Reporting

Federal Agency:	U.S. Department of Education U.S. Department of Health and Human Services
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency
Questioned Costs:	None
Repeat Finding:	No

General Controls

An institution 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, Code of Federal Regulations (CFR), Section 200.303(a)).

The University of Texas at Austin (University) did not appropriately restrict user access to its student information system. Specifically, an employee retained the ability to modify student financial aid awards after transitioning from the Office of Student Financial Aid to another department within the University. Allowing users inappropriate or excessive access to systems increases the risk of unauthorized changes being made in those systems.

In addition, the University did not have sufficient controls over its change management process for information systems. Specifically, one of the University's departments did not enable the control designed to prevent developers from migrating their own code changes into production. Not having sufficient segregation of duties 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:

- Ensure that user access to its student information system is appropriately limited based on a user's job responsibilities.
- Strengthen its controls over its change management process to ensure adequate segregation of duties.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. In this case, the employee transitioned from the Office of Scholarships and Financial Aid (OSFA) to the Student Financial Aid implementation project. It was intended for this employee to retain his prior access for a time so he could help provide backstop support while his duties were transitioned to other employees within OSFA. This access should have been removed once his duties were successfully transitioned.

Corrective Action Plan:

In the event that an employee transitions to another University department but needs to retain access for a period of time to facilitate knowledge transfer or to provide backstop support during the transition period, a date will be set for removing that access by setting an expiration date on the authorization, when feasible. If an automated access expiration date is not available, a calendar meeting will be scheduled for at least 2 people authorized to remove that access to remind them to remove the access.

Implementation Date: January 2024

Responsible Person: Diane Todd Sprague, Assistant Vice Provost for Scholarships and Financial Aid

Views of Responsible Officials:

The University acknowledges and agrees with the finding. However, technical limitations in the current financial aid management system require that a particular mainframe programming library be exempted from the change control mechanisms that are used in all other libraries that can update student financial aid information.

Corrective Action Plan:

The University is currently in the process of replacing its current custom-developed, mainframe-based financial aid management system with a vendor-provided, cloud-based system. The current issue with the mainframe programming library not being under change control will be resolved with the implementation of the new financial aid management system.

Implementation Dates: Rolling implementation starting February 2024 through August 2024

Responsible Person: Graham Chapman, Assistant Vice Provost and Director of Academic Information Systems

Reference No. 2023-136

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224173; Federal Pell Grant Program, P063P222336; and Federal Direct Student Loans, P268K232336
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

For 1 (2 percent) of 60 students tested, the University of Texas at Austin (University) incorrectly calculated the amount of Title IV funds to be returned. Specifically, the University initially determined that the student officially withdrew on March 10, 2023, and the University incorrectly determined that the student completed more than 60 percent of the term. The University subsequently incorrectly determined that the student unofficially withdrew on February 10, 2023, and processed a return of Title IV funds in the amount of $18,742. After auditors brought the error to the University's attention, it re-performed the return calculation using the correct date of withdrawal and reinstated the appropriate amount of funds to the student. Not having a process that consistently calculates and returns 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.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Section 3508 of the CARES Act directs the Secretary to waive the statutory requirement for institutions to return Title IV funds (R2T4) as the result of student withdrawals related to a qualifying emergency. For any student who begins attendance in a payment period or period of enrollment that includes March 13, 2020, or begins between March 13 and the later of December 31 or the last date that the national emergency is in effect, and subsequently withdraws from the period as a result of COVID-19-related circumstances, an institution is not required to return Title IV funds. The CARES Act requires an institution to report to the Department information specific to each student for whom it was not required to return Title IV funds under the waiver exception. An institution must determine the total amount of grant and loan assistance that otherwise would have been returned, identified in Step 5 of the R2T4 calculation, had the calculation been performed. Therefore, it will continue to be necessary for institutions to perform an R2T4 calculation for each student covered by the CARES Act R2T4 waiver (Electronic Announcement titled UPDATED Guidance for interruptions of study related to Coronavirus (COVID-19), June 16, 2020).

For 1 (50 percent) of 2 students tested who were eligible for relief under the CARES Act, the University incorrectly processed a return of Title IV funds. The University determined that the student was eligible to receive an R2T4 waiver under Section 3508 of the CARES Act. However, the University subsequently processed a return of Title IV funds for the student. The University asserted that error occurred because the student was listed on a census report showing students who did not enroll in sufficient hours to receive aid, and the student's Title IV funds were incorrectly returned because the student's CARES Act R2T4 waiver was overlooked. After auditors brought the error to the University's attention, it reinstated the student's aid and reported to the U.S. Department of Education that the student qualified for relief under the

CARES Act waiver exemption and reported the amount of relief given. Not accurately identifying students who qualify for a waiver could result in those students not receiving aid to which they are entitled.

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 1 (2 percent) of 58 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frame. The University performed the return calculation and executed a transaction to return the funds within its student information system; however, the University did not return the Title IV funds to the U.S. Department of Education within the required 45-day time frame due to an error in processing the return of those funds. After auditors selected the student for testing, the University returned Title IV funds as required; therefore, there were no questioned costs. Not returning funds within the required time frame reduces the information available to the U.S. Department of Education for its program management.

The University had a process to review its calculations for returns of Title IV funds; however, it did not have adequate controls to ensure that it identified the errors discussed above.

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.
- Performs return of Title IV calculations and returns funds within the required time frame.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. For 1 (2 percent) of 58 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frame. For 1 (2 percent) of 60 students tested, the University incorrectly calculated the amount of Title IV funds to be returned. For 1 (50 percent) of 2 students tested eligible for relief under the CARES Act, the University incorrectly processed a return of Title IV funds. Through analysis of the exceptions identified in the audit, the

University will work to develop and implement corrective action to improve the processes further.

Corrective Action Plan:

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 the University complies with the requirements. Relief under the CARES Act expired at the end of the payment period, including the date of May 11, 2023, per General-23-46. No further corrective action plan is needed for relief under the CARES Act. To address issues of Title IV funds not being returned within the required time frame and incorrectly calculated amounts of Title IV funds to be returned, Office of Scholarships and Financial Aid (OSFA) has added a step to the process that includes a quality control review of no less than 20 percent of a randomly selected sample of all R2T4 reviews. In addition, OSFA has experienced technical limitations in the current custom-developed, mainframe-based system relying on manual processes for R2T4 calculations. The University is replacing the custom-developed, mainframe-based financial aid management system with a vendor-provided, cloud-based system. This will reduce the reliance on manual calculation of returns with a vendor system to assist with R2T4 calculations. By implementing a more robust quality control process and replacing our current mainframe-based financial aid system with a vendor-provided, cloud-based system, we will significantly enhance our R2T4 process to ensure compliance with Title IV requirements.

Implementation Dates:	Rolling system implementation from February 2024 through August 2024
Responsible Person:	Diane Todd Sprague, Assistant Vice Provost of Scholarships and Financial Aid

Reference No. 2023-137

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222336; and Federal Direct Student Loans, P268K232336
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 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 2022, 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 2022, 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 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. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner *(NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 4 (7 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 first date of the term, rather than the actual effective date of the students' enrollment status change. The University asserted those errors were caused by changes implemented in its automated enrollment reporting process to reflect the new 2023 academic calendar.

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, and repayment schedules.

Recommendation

The University should strengthen its controls to ensure that program enrollment effective dates are reported to NSLDS accurately.

Management's Response

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). For 4 (7 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 first date of the term, rather than the date the students' enrollment status actually changed. The University asserted those errors were caused by required changes to its automated enrollment reporting process to accommodate the newly implemented structure of its academic calendar. Through analysis of the exceptions identified in the audit, the University has developed and implemented corrective action to further improve the processes.

Corrective Action Plan:

The University has implemented process enhancements in this area. While the audit identified inaccurate Program Enrollment Effective Dates, the corresponding Campus Enrollment Effective Dates were accurate. To address this inconsistency, coding modifications have been created, tested, and applied to ensure our enrollment reporting files are accurate and match on Program Enrollment Effective Date and Campus Enrollment Effective Date. Beginning with our fall 2023 subsequent of term enrollment file received by the National Student Clearinghouse (NSC) on 12/18/23, the students' Program Enrollment Effective Dates are accurate and match the associated Campus Enrollment Effective Dates. Our documentation will be revised to include these changes. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: December 2023

Responsible Person: Eric Poch, Associate Registrar

Reference No. 2023-138

Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.038
Pass-Through Agency:	N/A
Award Number:	Federal Perkins Loan Program, award number N/A
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Institutions must retain promissory and master promissory notes (MPNs) and repayment records for each Perkins Loan program loan made. Institutions are required to keep original paper promissory notes or original paper MPNs and repayment schedules in a locked, fireproof container. The original promissory notes and repayment schedules must be kept until the loans are satisfied (Title 34, Code of Federal Regulations (CFR), Section 674.19(e)(4)). An institution shall retain disbursement and electronic authentication and signature records for each loan made using an MPN for at least three years from the date the loan is canceled, repaid, or otherwise satisfied. (Title 34, CFR, Section 674.19(e)(3)(i)).

The University of Texas at Austin (University) did not consistently maintain paper Perkins Loan records in a locked, fire-proof container, as required. Paper records for open Perkins Loans were properly maintained; however, paper records for retired Perkins Loans were stored in paper boxes in the basement storage room of the Student Accounts Receivable Office. The University asserted that only staff in the Student Accounts Receivables Office have access to the storage room with electronic key cards, and that the records were stored in boxes because the University did not have sufficient filing cabinet storage available.

Not appropriately storing paper records results in noncompliance with the Federal Perkins loan program record retention requirements and increases the risk of data loss or breach.

Recommendation

The University should ensure that retired Perkins Loan original paper promissory notes or original paper MPNs and repayment schedules are stored in a locked, fireproof container for the prescribed period.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. The University will work to develop and implement corrective action to further improve the processes.

Corrective Action Plan:

The University is investigating the procurement of required locked, fireproof file cabinets and is in the process of requesting a formal quote for management approval to purchase.

Implementation Date: December 2024 (Tentatively)

Responsible Person: Lori Peterson, Executive Director and Controller – Accounting and Financial Management

The University of Texas at Dallas

Reference No. 2023-139

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224174; Federal Work-Study Program, P033A224174; Federal Pell Grant Program, P063P223234; Federal Direct Student Loans, P268K233234; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T233234
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 Federal Student Aid Handbook*, Volume 4, Chapter 3; and Title 34, 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 at home); and enrollment level (full-time, three-quarter-time, half-time, or less-than-half-time).

Budgeting formulas within the University's student information system are used to assign various budget components based on the factors noted above.

The University did not always accurately configure COA budget components in its student information system. Specifically, the University incorrectly set the Summer transportation budget for a certain group of students—undergraduate students with a guaranteed tuition rate who were in-state residents living at home and enrolled half-time—to $640 instead of $928. After auditors brought the issue to the University's attention, it identified 299 students who were affected. As a result, the COA for those students was understated by a total of $86,112 for the Summer 2023 term.

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.

Recommendation

The University should ensure that it accurately configures COA budget components within its student information system.

Management's Response

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.

While reviewing the population for submission to the auditors, the University determined that the above error had occurred. Since the timing was still within the summer semester, we corrected the COA component error and provided institutional grant funding for those students who had increased need due to the update in their summer transportation budget. There were only 2 students who needed to have their loans repackaged to avoid under awarding federal aid, which was done.

Corrective Action Plan:

The University has implemented significant process enhancements in this area. The policy manual will be revised to include detailed procedures. The steps involved in testing and reviewing Cost of Attendance components for each population of students during aid year roll-over will be expanded to include secondary review of all COA components to show they are assigning correctly for all variations of COA structures. In addition, management will review to ensure we are following federal requirements.

Implementation Date: January 2024

Responsible Person: Frankin Foxworthy, Director of Technology, Office of Financial Aid

Reference No. 2023-140

Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.038
Pass-Through Agency:	N/A
Award Number:	Federal Perkins Loan Program, award number N/A
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Institutions must retain promissory and master promissory notes (MPNs) and repayment records for each Perkins Loan program loan made. Institutions are required to keep original paper promissory notes or original paper MPNs and repayment schedules in a locked, fireproof container. The original promissory notes and repayment schedules must be kept until the loans are satisfied. If required to release original documents in order to enforce the loan, the institution must retain certified true copies of those documents. After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full and retain a copy for the prescribed period (Title 34, Code of Federal Regulations (CFR), Section 674.19(e)(4)).

For 9 (100 percent) of 9 retired loans tested, the University of Texas at Dallas (University) did not send paid-in-full notifications to those borrowers, as required. As a result, the University did not maintain the required documentation of the paid-in-full notifications to those borrowers after their loan obligations were satisfied. Those errors occurred because the University's third-party Perkins Loan servicer erroneously excluded the paid-in-full letter service from its contract renewal with the University, and the University failed to identify the discrepancy. The University provided auditors with correspondence from the servicer in which the servicer accepted responsibility for the oversight. The servicer stated that it would send the paid-in-full letters to borrowers retroactively.

Not maintaining adequate documentation results in noncompliance with the Federal Perkins loan program record retention requirements. Additionally, not notifying borrowers of their loans' paid-in-full status increases the risk of borrowers making overpayments on their loans.

Recommendation

The University should ensure that paid-in-full notifications are sent to all borrowers who satisfy their Perkins Loan obligations, and retain a copy of each notification for the prescribed period.

Management's Response

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.

For many years, the University's Perkins Loan portfolio was being serviced by Campus Partners. Shortly after Heartland ECSI acquired Campus Partners, the University made the decision to fully transfer their Perkins Loan services to ECSI. This transition was intended to not only continue receiving the services provided by our current servicer, but also to enhance services in other areas. During the early stages of this transition our team was very involved in determining which services would be included in the contract. It was determined that there were services considered standard with Campus Partners that were not included with ECSI; the paid-in-full letter was one of these services. The Bursar management team noticed this discrepancy and mentioned this to our ECSI Client Relationship Coordinator dated April 27, 2017. Based on the information provided, it was our understanding that the paid-in-full letter service would be an active service with ECSI. Since ECSI does not retain copies of these letters, we had no reason to question whether this service was being done.

During this audit, it was brought to our attention that the most recent contract renewal with ECSI did not indicate that they were providing the paid- in-full letters on our behalf. As the Bursar Office began to research this process, we were told by an ECSI representative that they did not see this service being provided to our borrowers. After further communication with our Client Relationship Coordinator, it was determined that ECSI did not "turn on" this service after the order request was submitted to their implementation team, as determined via email on October 12, 2023.

The University understands it's our responsibility to ensure processes are being completed by all servicing organizations. In response, ECSI has submitted an order for this service to be activated for all future accounts. They have also agreed to send paid in full notices to all borrowers dating back to the beginning of our contract, as well as revising the contract to ensure this service is included moving forward.

Corrective Action Plan:

The University has implemented significant process enhancements in this area. The vendor has revised its services to include the paid-in-full letter process and has sent paid if full letters to all Perkins borrowers who were missed. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: November 2023

Responsible Person: Lisa Davis, Director, Bursar Office

The University of Texas at El Paso

Reference No. 2023-141

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222338; and Federal Direct Student Loans, P268K232338
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status changes to three-quarter-time, half-time, and less-than-half-time status, the institution must use the effective date that the student changed to those particular statuses (*NSLDS Enrollment Reporting Guide*, November 2022, 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 2022, 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*, November 2022, Chapter 4 and Appendix C). 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 2022, 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 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. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 3 (5 percent) of 62 students tested, the University did not accurately report campus- and program-level enrollment effective dates or did not report enrollment status changes to NSLDS. Specifically:

- For two students, the effective date of the students' withdrawn status was reported incorrectly at both the campus and program levels. The University reported one student's withdrawal effective date as the end of the payment period, instead of the actual date of withdrawal. The University determined the second student never attended the Summer 2023 term and reported an incorrect withdrawal date instead of the student's actual last date of attendance, which was the last day of the Fall 2022 term.
- For one student, the University did not report an enrollment status change to NSLDS. The student's enrollment status decreased from three-quarter-time to less-than-half-time after the University approved a medical withdrawal for certain courses after the term had ended, and the University did not report that change.

For 2 (12 percent) of 17 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. Specifically, both students' graduated status was received by NSLDS 73 days after the students graduated.

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 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, and repayment schedules.

Recommendations

The University should:

- Strengthen its controls to ensure that campus- and program-level enrollment statuses and effective dates are reported to NSLDS accurately.
- Ensure that all graduated statuses are reported to NSLDS in a timely manner.

Management's Response

Views of Responsible Officials:

The University acknowledges the findings and recommendations. Staff members have begun working on the corrective action plan to improve the processes and implement any necessary changes by the end of the spring 2024 semester.

Corrective Action Plan:

The University has already established a campus-wide working group to provide additional modifications to the current procedures for Enrollment Reporting. Through this collaboration, the Institution is implementing changes to the spring 2024 semester that will provide the University with the necessary tools to comply with the Federal Enrollment Reporting regulations.

Implementation Date: May 2024

Responsible Person: Nohemi Gallarzo, Registrar & AVP for Enrollment Operations

The University of Texas at San Antonio

Reference No. 2023-142

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224169; Federal Pell Grant Program, P063P223294; Federal Direct Student Loans, P268K233294; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T233294
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	$64,905
Repeat Finding:	No

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 the student’s 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 the student’s 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 the student’s behalf as of the date of the institution’s determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

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)).

The University of Texas at San Antonio (University) made errors in Title IV return calculations for 14 (56 percent) of 25 students tested. Those errors occurred because the University did not exclude break days from its calculations of returns of Title IV funds for the Spring 2023 term as required; therefore, that issue would have affected all students who withdrew from the Spring 2023 term and had a return calculation performed. Although the amount of unearned Title IV assistance calculated for those students was incorrect, there were no questioned costs because the University returned more funds than required.

In addition, for 3 (12 percent) of 25 students tested who did not have a return of Title IV funds made, the University did not perform a return calculation as required. Those errors occurred because the University incorrectly used 7 break days instead of 8 break days when determining whether students who withdrew from the Spring 2023 term had completed 60 percent or more of the term. As a result, the University did not perform return calculations and return funds as required for students who withdrew between March 26 and March 28, 2023, which resulted in total questioned costs of $50,146 associated with ALN 84.268, Federal Direct Student Loans, award number P268K233294, and $14,759 associated with ALN 84.063, Federal Pell Grant Program, award number P063P223294.

The University did not have an adequate monitoring process to identify those errors. Not having a process that consistently calculates and returns 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.

Recommendations

The University should:

- Accurately determine the number of days in the payment period and exclude any scheduled breaks as required.
- Strengthen its controls to ensure that it detects and corrects errors in return of Title IV calculations and returns Title IV funds.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding that were the result of staff turnover. Through analysis of the exceptions identified in the audit, the University has worked to develop and implement corrective action.

Corrective Action Plan:

The University has revised the procedures to include additional procedural details. Management will conduct a second level review of the R2T4 new year system set up. Additionally, a quality control review of ten percent of the R2T4 calculations will be performed throughout the year to ensure accuracy and compliance with the R2T4 requirements.

Implementation Date:	February 2024
Responsible Persons:	Alejandra Gonzalez, Senior Associate Director
	Marcia Osman, Associate Director

Reference No. 2023-143

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P223294; and Federal Direct Student Loans, P268K233294
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education*, National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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)).

Enrollment is reported for a specific location of each campus; that is, the eight-digit Office of Postsecondary Education Identification (OPEID) number. Most students are enrolled in coursework at only one location. However, for students who are taking coursework at multiple locations of the same school, the school must determine which location is the student's "primary location" and report the combined enrollment for the student using that location to NSLDS. A student's "primary location" is the location where the student is taking more coursework than at any other location. Reporting a student's enrollment at the main campus does not satisfy the enrollment reporting requirement if aid was disbursed or the student was physically attending school at a different location (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 4 and 6).

The University of Texas at San Antonio (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 to NSLDS when required. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 2 (8 percent) of 26 students tested, the University inaccurately reported the OPEID number to NSLDS. Specifically for those students, the University incorrectly reported the OPEID number of the main campus, instead of the OPEID number of the location where the students were taking the majority of their coursework. The University asserted that it reports the main campus OPEID number for all students to NSLDS; therefore, the errors discussed above would have affected all students who did not take the majority of their coursework at the main campus location.

Not reporting student information accurately could affect determinations that guarantors, lenders, and servicers of student loans make related to in-school status, deferments, grace periods, and repayment schedules.

Recommendation

The University should implement a process to ensure that it accurately reports the OPEID number to NSLDS for students who take the majority of their coursework at a location other than the main campus.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding, which has had no impact on accurately reporting the enrollment levels of our students to NSLDS.

Corrective Action Plan:

Through analysis of the exceptions identified in the audit, the University is working to implement corrective action that will consistently report the OPEID of the location where students are taking the majority of their coursework.

Implementation Date: March 2025

Responsible Person: Tiffany Robinson, AVP and University Registrar

Reference No. 2023-144

Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.038
Pass-Through Agency:	N/A
Award Number:	Federal Perkins Loan Program, award number N/A
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Institutions must retain promissory and master promissory notes (MPNs) and repayment records for each Perkins Loan program loan made. Institutions are required to keep original paper promissory notes or original paper MPNs and repayment schedules in a locked, fireproof container. The original promissory notes and repayment schedules must be kept until the loans are satisfied. If required to release original documents in order to enforce the loan, the institution must retain certified true copies of those documents. After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full and retain a copy for the prescribed period (Title 34, Code of Federal Regulations (CFR), Section 674.19(e)(4)).

For 25 (100 percent) of 25 retired loans tested, the University of Texas at San Antonio (University) did not send paid-in-full notifications to those borrowers, as required. As a result, the University did not maintain the required documentation of the paid-in-full notifications being sent to those borrowers after their loan obligations were satisfied. Not maintaining adequate documentation results in noncompliance with the Federal Perkins loan program record retention requirements. Additionally, not notifying borrowers of their loans' paid-in-full status increases the risk of borrowers making overpayments on their loans.

The University asserted the errors discussed above occurred because it believed the University's third-party Perkins Loan servicer was responsible for sending the paid-in-full notifications. The University was unable to provide its contract with the third-party Perkins Loan servicer. However, the University obtained a list of services rendered from the servicer, which showed the paid-in-full letter service was not a service included in the contract.

Recommendation

The University should ensure that paid-in-full notifications are sent to all borrowers who satisfy their Perkins Loan obligations, and retain a copy of each notification for the prescribed period.

Management's Response

Views of Responsible Officials:

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

Corrective Action Plan:

The University will retroactively mail paid-in-full notices to all students who paid their loans in full during the audit period. We have already mailed notices for loans paid in 2022 & 2023 and expect to complete 2021 by February.

Relevant policies and procedures will be revised to ensure future paid accounts are handled accordingly by utilizing a monthly paid-in-full report from ECSI. Management will conduct a second level review to ensure that the University is in compliance with the requirements.

Implementation Date: February 2024

Responsible Person: Blanca Garcia, Director of Financial Services

The University of Texas Health Science Center at San Antonio

Reference No. 2023-145

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222337; and Federal Direct Student Loans, P268K232337
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 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 2022, 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*, November 2022, Chapter 4 and Appendix C). 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 2022, Chapter 4; and U.S. Department of Education Electronic

Announcement, *NSLDS Enrollment Reporting - Submission Dates, Effective Dates and Certification Dates*, April 20, 2017).

For 6 (10 percent) of 61 students tested, the University of Texas Health Science Center at San Antonio (Health Science Center) did not accurately report the program begin date to NSLDS. Specifically, those students began attendance in the program on July 29, 2019; however, the Health Science Center reported a program begin date of either January 6, 2020, or May 18, 2020. The Health Science Center asserted those errors were caused by the CIP code year conversion from 2010 to 2020 within the Health Science Center Registrar's Office. After auditors brought those errors to the Health Science Center's attention, the Health Science Center corrected the program begin date for all six students.

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, and repayment schedules.

Recommendation

The Health Science Center should strengthen its controls to ensure that program begin dates are reported to NSLDS accurately.

Management's Response

Views of Responsible Officials:

The University acknowledges noncompliance of validating program start dates aligned to Classification of Instructional Program (CIP codes) and graduated student status. Through analysis of the exceptions identified in the audit, the University will work to develop and implement corrective action to improve processes.

Corrective Action Plan:

The University has implemented significant process and validation enhancements in this area. The operational manual was revised to include detailed procedures. Management manually reviewed CIP codes for all programs and updated system records as appropriate on October 12, 2023. Management conducted two subsequent reviews on January 3, 2024, and January 5, 2024, to ensure compliance with the requirements.

Implementation Dates: Revisions to operational manual, October 12, 2023.

Updates to system records, October 12, 2023.

Management review for continued compliance, January 3, 2024 and January 5, 2024.

Responsible Persons: Blanca E. Guerra, Ph.D., University Registrar

Brandy Simpkins Piner, M.P.A., Senior Associate Registrar

Reference No. 2023-146

Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.038
Pass-Through Agency:	N/A
Award Number:	Federal Perkins Loan Program, award number N/A
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Institutions must retain promissory and master promissory notes (MPNs) and repayment records for each Perkins Loan program loan made. Institutions are required to keep original paper promissory notes or original paper MPNs and repayment schedules in a locked, fireproof container. The original promissory notes and repayment schedules must be kept until the loans are satisfied. If required to release original documents in order to enforce the loan, the institution must retain certified true copies of those documents. After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full and retain a copy for the prescribed period (Title 34, Code of Federal Regulations (CFR), Section 674.19(e)(4)).

For 17 (100 percent) of 17 retired loans tested, the University of Texas Health Science Center at San Antonio (Health Science Center) did not send paid-in-full notifications to those borrowers, as required. As a result, the Health Science Center did not maintain the required documentation of the paid-in-full notifications to those borrowers after their loan obligations were satisfied. The Health Science Center asserted that it was unaware of this requirement and that it only provided paid-in-full confirmations when requested by the borrower.

Not maintaining adequate documentation results in noncompliance with the Federal Perkins loan program record retention requirements. Additionally, not notifying borrowers of their loans' paid-in-full status increases the risk of borrowers making overpayments on their loans.

Recommendation

The Health Science Center should ensure that paid-in-full notifications are sent to all borrowers who satisfy their Perkins Loan obligations and retain a copy of each notification for the prescribed period.

Management's Response

Views of Responsible Officials:

The University acknowledges non-compliance with Perkins loan recordkeeping and will implement corrective action to improve processes.

Corrective Action Plan:

The University has updated and implemented revised procedures. Effective December 26, 2023, the University has begun notifying the borrower in writing with the appropriate documentation when the Perkins loan has been paid in full. Effective January 1, 2024, the institution has further incorporated reconciliation tasks into its procedures to ensure paid in full notifications have been sent as required to borrowers and will retain electronic copies of the notifications in the University's records.

Implementation Date: January 1, 2024, for improved processes and controls

Responsible Persons: Yvette Martinez, Senior Director of Financial Affairs and Controller

Diana Gonzalez, Director of Student Financial & Treasury Services

The University of Texas Permian Basin

Reference No. 2023-147

General Controls. The following compliance areas were impacted:
Eligibility
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 - Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency
Questioned Costs:	None
Repeat Finding:	No

General Controls

An institution 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, Code of Federal Regulations (CFR), Section 200.303(a)).

The University of Texas Permian Basin (University) did not appropriately restrict user access to its student information system. Specifically, the University did not always limit access to the student information system to only users who needed that access based on their job responsibilities. The University had a process to periodically review user access; however, that review was not sufficient to identify the inappropriate access. Allowing users inappropriate or excessive access to systems increases the risk of unauthorized changes being made in those systems.

Recommendation

The University should ensure that user access to its student information system is appropriately limited based on a user's job responsibilities.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has worked to implement further access limitations and enhanced its periodic review of access.

Corrective Action Plan:

The University has implemented significant enhancements- in its process to grant user access. In addition, to address the specific exceptions noted by the State Auditor's Office, access for all staff within the SIS has been restricted from disbursing aid. Access is now only granted to the batch user account.

Implementation Date: 11/2023

Responsible Person: Scott Lapinski, Assistant Vice President for Enrollment Management/Director of Financial Aid

Reference No. 2023-148

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.033; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224178; Federal Work-Study Program, P033A224178; Federal Pell Grant Program, P063P223265; Federal Direct Student Loans, P268K233265; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T233265
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 or her family are expected to pay for educational expenses; 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 the student's 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, *2022-2023 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 Permian Basin (University) uses algorithmic budgeting to build COA budgets for each term based on a student's classification (undergraduate or graduate), program (in-person or online), residency (in-state or out-of-state), living status (on-campus, off-campus, or at home 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 60 (98 percent) of 61 students tested, the University incorrectly calculated the COA. For some of the students discussed below, there were multiple errors in the COA calculation. Specifically:

- For 38 students, the University assigned an incorrect amount for the fees, loan fees, and/or transportation budget components. Those errors occurred because the amounts were incorrectly loaded into the budget tables in the University's student information system. The University asserted that it discovered these issues in April 2023, and attempted to manually update individual student accounts that were affected. As a result, the COA for those students was overstated, and three students were overawarded a total of $2,871. After auditors brought the overawards to the University's attention, it returned funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For 15 students, the University assigned an in-person budget instead of an online advanced budget. Those errors occurred because the University failed to consistently communicate which programs were offered online to the financial aid office, which would have helped ensure that the student information system was updated appropriately. As a result, the COA for those students was overstated, and one of those students was overawarded a Subsidized Direct Loan in the amount of $919. After auditors brought the overaward to the University's attention, it returned funds to the U.S. Department of Education; therefore, there were no questioned costs.
- For 12 students, the University incorrectly assigned an additional room and board fee. As a result, the COA was overstated by $50 per term for each of those students; however, the University did not overaward financial assistance to those students.
- For eight students, the University did not adjust the students' COA to reflect the students' actual enrollment. The University did not have a process to freeze student enrollment

levels in order to recalculate COA after census. As a result, the COA for those students was overstated; however, the University did not overaward financial assistance to those students.

The University did not have adequate controls in place to review budgets used in the calculation of COA and accurately assign those budgets to students. Incorrectly calculating COA 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.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has worked to implement additional controls as it relates to calculation of the Cost of Attendance.

Corrective Action Plan:

The University now reviews the Cost of Attendance for students as it gets closer to the start of the semester to ensure that there is a variety of Cost of Attendances instead of just mostly full time Cost of Attendance. This will help ensure that the COA amounts are correct before disbursements are made.

The University's Financial Aid & Scholarships Office will also work with the Registrar's Office to ensure that all online programs are input into the Cost of Attendance formulas before the start of the academic year to further ensure that Cost of Attendance calculations are correct.

Implementation Date: 08/2023

Responsible Persons: Scott Lapinski, Assistant Vice President for Enrollment Management/Director of Financial Aid

Joe Sanders Assistant Vice President for Enrollment Management/Registrar

Reference No. 2023-149

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Direct Student Loans, P268K233265; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T233265
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Award and Disbursement Notifications

Before an institution disburses Title IV, Higher Education Act of 1965 (HEA) program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans (Title 34, Code of Federal Regulations (CFR), Section 668.165(a)(1)).

If an institution credits a student's ledger account with Federal Direct Student Loan (Direct Loan) funds or Teacher Education Assistance for College and Higher Education (TEACH) Grant funds, the institution must notify the student or parent of (1) the anticipated date and amount of the disbursement, (2) the student's or parent's right to cancel all or a portion of that loan or grant and have the loan or grant proceeds returned to the U.S. Department of Education, and (3) the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan or grant, or loan or grant disbursement (Title 34, CFR, Section 668.165(a)(2)). 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, CFR, Section 668.165(a)(3)).

For 9 (15 percent) of 61 disbursements tested, the University of Texas Permian Basin (University) did not send a disbursement notification as required. Specifically, those nine students received Direct Loan disbursements, and the University did not send disbursement notifications because the University's automated process used to identify and send disbursement notifications to students was not configured to include students whose disbursements were made manually within the student information system. The University asserted that it identified this issue in May 2023 and corrected the process in its student information system, but did not retroactively send the missing disbursement notifications for the Fall 2022 or Spring 2023 term.

In addition, the University did not have a process in place to send award or disbursement notifications to TEACH Grant recipients. This error occurred because the University's automated processes used to identify and send award and disbursement notifications to students was not configured to include TEACH Grants. The University asserted that it identified this issue in May 2023 and corrected the processes in its student information system, but it did not retroactively send missing disbursement notifications for the Fall 2022 or Spring 2023 term.

Not receiving award and disbursement notifications impairs students' and parents' ability to budget for the cost of attending or exercise the option to cancel their loans or grants.

Recommendation

The University should strengthen its controls to ensure that it identifies all students that require an award or disbursement notification, and sends those notifications to the students.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has worked to ensure that disbursement notifications for Federal Direct Loans and TEACH grants go out to all applicable students.

Corrective Action Plan:

The University reviewed and corrected the queries used to ensure that students receive the appropriate notifications for disbursements made for TEACH grants and any Federal Direct Loans.

Implementation Date: 05/2023

Responsible Person: Scott Lapinski, Assistant Vice President for Enrollment Management/Director of Financial Aid

Reference No. 2023-150

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224178; Federal Pell Grant Program, P063P223265; Federal Direct Student Loans, P268K233265; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T233265
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

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 a program offered in modules, a student is not considered to have withdrawn if the student successfully completes either (1) a module that includes 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules; or (2) a combination of modules that together contain 49 percent or more of the number of days in the payment period, excluding scheduled breaks of five or more consecutive days and all days between modules (Title 34, CFR, Section 668.22(a)(2)(ii)(A)(2)).

For 3 (6 percent) of 48 students tested who did not have a return of Title IV funds made, the University of Texas Permian Basin (University) did not perform a return calculation as required. Specifically:

- For two students who were enrolled in module courses, the University did not perform a return calculation because it incorrectly determined that the students completed 49 percent or more of the number of days in the payment period. The University asserted that staff misinterpreted the 49 percent withdrawal exemption requirements.
- For one student, the University did not perform a return calculation and return funds as required due to staff oversight.

After auditors brought those errors to the University's attention, the University performed the return calculations and returned the funds to the U.S. Department of Education; therefore, there were no questioned costs.

In addition, the University made errors in Title IV return calculations for 11 (48 percent) of 23 students tested. Specifically, the University did not exclude any break days from the students' return calculations as required. Those errors occurred because the University did not load the break days into its student information system when setting up the payment periods for the standard Fall 2022 and Spring 2023 terms; therefore, this issue would have affected all students who withdrew from those terms. As a result, the University returned a total of $284 less than it should have for 2 of those 11 students. After auditors brought the issue to the University's attention, the University returned those funds to the U.S. Department of Education; therefore, there were no questioned costs.

- For 3 of those 11 students, the University also incorrectly adjusted the students' Direct Loans disbursements prior to performing the return calculation. As a result of those errors, the University returned more funds than required; therefore, there were no questioned costs.

The University did not have an adequate monitoring process to identify the errors discussed above. Not having a process that consistently calculates and returns 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.

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 3 (13 percent) of 23 students tested who withdrew and required a return of Title IV funds, the University did not return the funds within the required time frame. The University returned the Title IV funds to the U.S. Department of Education 46 and 203 days after the University determined that the students withdrew. The University did not have adequate controls in place to ensure that Title IV funds were returned within the required 45-day time frame.

Not making returns within required time frames reduces the funds available to the U.S. Department of Education for its program management.

Recommendations

The University should:

- Configure its student information system to 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 Title IV funds in a timely manner.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University has worked to ensure procedures and interpretation of the regulations for the Return to Title IV have been updated to result in correct and timely return of Title IV funds.

Corrective Action Plan:

The University previously misinterpreted the regulation related to enrollment in programs offered in modules. Training has been conducted on this topic.

In addition, the Registrar has been granted SIS access to update scheduled breaks of five or more days. During the calculation process the financial aid counselor completing the R2T4 will ensure that the days calculated are correct or, if not, will update the worksheet with the correct number of days.

The University will ensure that R2T4 calculations are completed in a timely manner to ensure that funding is returned for students within the 45-day time frame.

Implementation Date:	08/2023
Responsible Persons:	Scott Lapinski, Assistant Vice President for Enrollment Management/Director of Financial Aid Joe Sanders Assistant Vice President for Enrollment Management/Registrar

Reference No. 2023-151

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P223265; and Federal Direct Student Loans, P268K233265
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education*, National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, 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 2022, Chapter 4; and U.S. Department of Education Electronic Announcement*, NSLDS Enrollment Reporting - Submission Dates, Effective Dates and Certification Dates*, April 20, 2017). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

The University of Texas Permian Basin (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 to NSLDS when required. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 8 (13 percent) of 61 students tested, the University did not report enrollment status changes or did not accurately report campus- and program-level data elements to NSLDS. Specifically:

- For three students, the effective date for the students' withdrawn status was reported incorrectly. Those students were determined to have never attended the Spring 2023 term. The University incorrectly reported the last day of the Spring 2023 term as the effective date at the campus and program level, rather than the students' actual last date of attendance.
- For two students, enrollment status changes were inaccurately reported at the campus and program levels. Both students were enrolled full-time in the Spring 2023 term and had enrollment changes to half-time; however, the University incorrectly reported to NSLDS a less-than-half-time status for one student and a withdrawn status for the other student.
- For two students, the University incorrectly reported the effective date of enrollment status changes at the campus and program levels.
- For one student, the enrollment status for the Spring 2023 term was reported incorrectly at the campus and program levels because the University used graduate-level enrollment

rather than undergraduate-level enrollment. The University asserted that the student was enrolled as an undergraduate in the Spring 2023 term and as an undergraduate and graduate in the Summer 2023 term. This error was caused by the University not submitting the student's undergraduate program information to NSLDS.

For 3 (9 percent) of 33 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. Specifically, the University reported the 3 students' withdrawn status 118 days after it became aware that the students either never attended or unofficially withdrew from the Spring 2023 term.

The issues discussed above occurred because the University (1) did not configure its student information system to accurately report student enrollment and program information to NSLDS, (2) did not establish formal and documented policies over student enrollment reporting until policies were requested by auditors, and (3) did not have an adequate 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, and repayments schedules.

Recommendation

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

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding. Through analysis of the exceptions identified in the audit, the University is working to ensure that procedures and queries used for exporting enrollment information to the National Student Clearinghouse are updated so that reporting is accurate and timely.

Corrective Action Plan:

For students that are considered an unofficial withdraw from the university, the Financial Aid Counselor processing the unofficial withdraw will update NSLDS with the unofficial withdraw date at the end of each semester.

To address the incorrect enrollment status change and the incorrect program level errors noted by the auditors, the University is currently working on updating the query output that is used to report to the National Student Clearinghouse to ensure that the data is correct.

Implementation Dates: 01/2024 for Unofficial Withdraw

05/2024 for National Student Clearinghouse reporting

Responsible Persons: Scott Lapinski, Assistant Vice President for Enrollment Management/Director of Financial Aid

Joe Sanders Assistant Vice President for Enrollment Management/Registrar

The University of Texas Rio Grande Valley

Reference No. 2023-152

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222296; and Federal Direct Student Loans, P268K232296
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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 to NSLDS when required. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 2 (3 percent) of 62 students tested, the University inaccurately reported the students' program-level graduated status effective date to NSLDS. For those students, the graduated status effective date was reported correctly to NSLDS at the campus level; however, a different effective date was incorrectly reported at the program level for the students' graduated 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 graduated status change. The University identified and corrected the program-level effective date for one of those students after auditors selected the student for testing.

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, and repayment schedules.

Recommendation

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

Management's Response

Views of Responsible Officials:

UTRGV acknowledges and concurs with the audit 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:

To strengthen its controls and ensure that program-level data elements are reported to NSLDS accurately, the University will implement business procedures to prevent inaccurate reporting of effective dates. These procedures will be modified to align campus-level and program-level effective dates. Specifically, a review process will be added to ensure effective dates are reported accurately to NSLDS.

Implementation Date: January 2025

Responsible Persons: Sofia Almeda, University Registrar

Esteban Martin, Associate Registrar

University of Houston

Reference No. 2023-153

Eligibility

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; and 84.063
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224166; and Federal Pell Grant Program, P063P222333
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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).

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 that the institution determines that the student has withdrawn, the difference between those amounts must be treated as a post-withdrawal disbursement in accordance with Title 34, CFR, Section 668.22(a)(6) and Section 668.164(i) (Title 34, CFR, Section 668.22(a)(5)).

The institution must disburse directly to a student any amount of a post-withdrawal disbursement of grant funds that is not credited to the student's account. The institution must make the disbursement 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(a)(6)(ii)(B)(1)).

Based on a review of the full population of student financial assistance recipients, the University of Houston (University) awarded a total of $6,500 in FSEOG assistance to 5 students who did not also receive a Federal Pell Grant. Specifically:

- For three students, the University did not award Federal Pell Grants to those students because the students reported on their Free Application for Federal Student Aid (FAFSA) that they had earned a bachelor's degree or were working on a degree beyond a bachelor's degree. After auditors brought these errors to the University's attention, the University canceled the FSEOG awards to those students; therefore there were no questioned costs.

- For one student, the University did not award a Federal Pell Grant to the student for the term in which the student received FSEOG funds. Due to a manual error, the University applied the student's Federal Pell Grant to the wrong term. After auditors brought the error to the University's attention, the University corrected the Federal Pell Grant award to the correct term; therefore there were no questioned costs.
- For one student, the University did not award a Federal Pell Grant to the student due to a hold that was placed on the student's account for an incomplete task. After auditors brought the error to the University's attention, the University reviewed the student's account and determined the hold should be removed. The University processed a post-withdrawal disbursement of Federal Pell Grant funds 324 days after the date of the University's determination that the student withdrew. There were no questioned costs as a result of this error.

Although the University had monitoring controls in place to ensure accurate awarding of federal funds, it did not have an adequate process to identify the errors discussed above.

Recommendations

The University should:

- Award FSEOG funds only to eligible students.
- Complete post-withdrawal disbursements within a timely manner.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees 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.

Corrective Action Plan:

The Office of Scholarships and Financial Aid will create a reconciliation process that will identify all FSEOG recipients for a given aid year. This reconciliation process will include a report/query that can be distributed weekly and on demand to identify any discrepancies that will be worked timely.

The office will also assign a staff member to conduct R2T4 quality control. The staff member will be responsible for running a query and creating a report categorizing the type of returns (i.e. – standard R2T4, Post Withdrawal, etc.) with an estimated time for completion on a weekly basis.

Implementation Date: March 2024

Responsible Person: Frank Gomez, Associate Director, SFA

Reference No. 2023-154

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222333; Federal Direct Student Loans, P268K232333; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232333
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Allowable Charges

An institution may credit a student's ledger account with Title IV, Higher Education Act of 1965 (HEA) program funds to pay for allowable charges associated with the current payment period. Allowable charges are: (1) the amount of tuition, fees, and institutionally provided room and board assessed the student for the payment period or the prorated amount of those charges if the institution debits the student's ledger account for more than the charges associated with the payment period; and (2) the amount incurred by the student for the payment period for purchasing books, supplies, and other educationally related goods and services provided by the institution for which the institution obtains the student’s or parent’s authorization under Section 668.165(b) (Title 34, Code of Federal Regulations (CFR), Section 668.164(c)(1)).

If an institution obtains written authorization from a student or parent, as applicable, the institution may: (1) use the student’s or parent’s Title IV, HEA program funds to pay for charges that are included in that authorization, and (2) hold on behalf of the student or parent any Title IV, HEA program funds that would otherwise be paid directly to the student or parent as a credit balance, unless the Secretary provides funds to the institution under the reimbursement payment method or the heightened cash monitoring payment method (Title 34, CFR, Section 668.165(b)(1)).

An institution may not use Title IV funds to pay finance charges or fees that are incurred because a student uses a financing method provided by the school to pay for educational expenses over time. Because students or families choose to incur these additional expenses rather than paying the balance due at registration, the additional charges are not considered educational expenses, and may not be included in a student's cost of attendance. (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 2).

For 13 (21 percent) of 62 students tested, the University of Houston (University) used Title IV funds to pay unallowable charges. Some of those students were affected by both errors discussed below. Specifically:

- For eight students, the University credited student ledger accounts during the payment period for unallowable charges unrelated to tuition, fees, or institutionally provided room and board. The unallowable finance charges paid with Title IV funds included various fees (credit card processing, severance of service, installment origination, and late fees), and various loan charges. Those charges are unallowable whether the University obtains student or parent authorization or not. The University asserted it is conducting a comprehensive review of all charges to determine allowability for Title IV funds.
- For eight students, the University credited student ledger accounts during the payment period for charges other than tuition, fees, or institutionally provided room and board without obtaining the authorization of the student or parent. The unallowable charges paid with Title IV funds included various parking and garage related fees, meal plan tax charges, and book loan university fund charges. Those errors occurred because the University did not have a process to obtain written authorization from a student or parent to apply Title IV funds to charges other than tuition, fees, and institutionally provided room and board.

Not receiving all Title IV funds a student is entitled to impairs students' and parents' ability to budget for the cost of attending.

Recommendations

The University should strengthen its controls to ensure that:

- It does not credit student ledger accounts for unallowable charges.
- It obtains written authorization from students or parents prior to crediting student ledger accounts for certain charges.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees 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.

Corrective Action Plan:

There is a current initiative at the university to complete a comprehensive review of all of our current charge item types for Title IV allowable/non-allowable purposes. The Office of Scholarships and Financial Aid is working with Student Business Services (SBS) and each academic college to departmentalize the charges. Once this effort is complete, we will work with SBS and Accounting to begin setting up and testing the required changes. We are committed to making the necessary changes in order to be in compliance but want to make sure it is understood that this is a monumental undertaking that will require considerable effort. It will demand a massive commitment of resources and time. Due to the nature of PeopleSoft and the effects of effective dating, this update will need to be implemented prior to the beginning of an aid year. We will take precautions to prevent inadvertent errors and system glitches by implementing these changes in 2025-2026.

The Office of Scholarships and Financial Aid in conjunction with Student Business Services are in the early stages of implementing functionality in PeopleSoft that will allow students to provide permission to apply financial aid for charges other than allowable charges. The implementation of this functionality will allow us to obtain written authorization from students or parents prior to crediting student ledger accounts for certain charges.

Implementation Date: February 2025

Responsible Persons: Kevin Burns, Bursar

Charita Hampton, Interim Executive Director, SFA

Gretta McClain Gibbs, Director, Accounting Services

Madiha Syeda, Financial Manager, General Accounting

Reference No. 2023-155

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224166; Federal Pell Grant Program, P063P222333; Federal Direct Student Loans, P268K232333; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232333
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's 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, such as a change in enrollment status unrelated to the withdrawal (U.S. Department of Education, *2022- 2023 Federal Student Aid Handbook*, Volume 5, Chapter 1, Section: Institutional Charges).

The University of Houston (University) made errors in Title IV return calculations for 18 (30 percent) of 60 students tested. Specifically:

- For 15 students, the University made errors in determining the amount of institutional charges to be used in the return calculation by including unallowable charges in its calculation for those students.
- For two students, the University returned the incorrect amount of Title IV funds due to manual entry errors. For one of those students, the University also incorrectly included unallowable charges in the student's return calculation as discussed above.
- For one student, the University incorrectly canceled the student's Federal Pell Grant award before its calculation. The University asserted that was due to a processing error in its student information system.

There were no questioned costs as a result of those errors because for each student the University returned more than the required amount or the error did not affect the amount of Title IV grant or loan assistance to be returned.

Distance Education

For distance education, documenting that a student has logged into an online class is not sufficient to demonstrate academic attendance by the student. An institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity. Only active participation by a student in an instructional activity related to the student's course of study that meets the definition of "academic engagement" in Title 34, CFR, Section 600.2 and takes place during a payment period or period of enrollment qualifies as attendance in an academically related activity (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 2).

For 1 (7 percent) of 14 students tested, the University did not have evidence of academic engagement in the distance education course from which the student's withdrawal date was determined. The University relies on the last dates of academic activity provided by instructors to determine the withdrawal date for return of Title IV purposes for students who unofficially withdraw. However, the University did not have an adequate review process in place to ensure that it maintained documentation supporting attendance in distance education courses. As a result, the University could not demonstrate that the student participated or otherwise engaged in an academically related activity in that course to support the last date of attendance used by the University for return of Title IV purposes.

The University did not have an adequate monitoring process to identify the errors discussed above. Not having a process that consistently calculates and returns the correct amount of Title IV funds increases the risk that the University could return the incorrect amount of Title IV funds.

Recommendations

The University should:

- Calculate institutional charges in accordance with U.S. Department of Education requirements.
- Ensure that evidence of academic engagement is consistently documented for students in distance education courses.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in its calculation of Title IV funds to return.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees 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.

Corrective Action Plan:

(1) The University will develop a process to identify all institutional charges and create a master list that will categorize the charges into allowable and non-allowable charges. The master list will be utilized to determine which institutional charges may be included in the calculation of Return of Title IV.

(2) The University will coordinate with the Institute of Global Engagement and Online Functional Support to obtain evidence of academic engagement utilizing the learning management software system for students in online only course and confirm active participation for study-abroad coursework.

(3) The University will establish a review process to ensure consistency and accuracy in R2T4 calculations. and conduct regular internal audits of a sample of R2T4 calculations to identify errors or discrepancies.

Implementation Date: March 2024

Responsible Person: Frank Gomez, Associate Director, SFA

Reference No. 2023-156

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222333; and Federal Direct Student Loans, P268K232333
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education*, National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 status 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 2022, Chapter 1, 4, 7, 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 2022, Chapters 1 and 4). 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 (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 4, Section 4.4.3).

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 to NSLDS when required. Although the University uses the services of NSC, the

University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3, Section 3.3).

For 3 (5 percent) of 61 students tested, the University did not report graduated status changes or did not accurately report graduated status changes at the campus and program levels to NSLDS. Specifically:

- For two students, the University did not report a graduated status at the program level. However, the graduated status for both students was correctly reported at the campus level. The University asserted that it reported the graduated statuses to NSC; however, NSLDS had no record found reported for the program level.
- For one student, a graduated status was not reported at the campus level, and the effective date of the graduated status was incorrectly reported at the program level. The University asserted that it reported the graduated status accurately to NSC.

For 24 (75 percent) of 32 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 student's enrollment status was not reported to NSLDS in a timely manner. Specifically:

- For 23 students, the students' graduated status for the Spring 2023 term was not received by NSLDS until 85 days after that status became effective on May 11, 2023. The University certified and submitted the graduation file to NSC on June 22, 2023; however, the statuses were not received by NSLDS until August 4, 2023.
- For one student, the University reported the status change 146 days after the student's graduated status became effective.

The errors discussed above occurred because the University 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, and repayment schedules.

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.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees 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.

Corrective Action Plan:

The Office of the Registrar and the Office of Scholarships and Financial Aid will collaborate to identify the root cause of why some student data is not being reported in a timely manner. The Office of the Registrar will also institute monthly validation into their business processes in alignment with the NSC and NSLDS submission schedule.

Implementation Date: February 2025

Responsible Persons: Rachel Honora, Senior Associate Registrar

Reggie Brazzle, Director of Operations, SFA

Reference No. 2023-157

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	Cross-cutting
Pass-Through Agency:	N/A
Award Number:	Cross-cutting
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Gramm-Leach-Bliley Act

Institutions must protect sensitive data, including information obtained in support of the administration of federal student financial assistance programs, as required by the Gramm-Leach-Bliley Act (GLBA) (Public Law 106-102). Under their Program Participation Agreement (PPA) and the GLBA, postsecondary educational institutions must protect student financial aid information, with particular attention to information provided by the Department of Education or otherwise obtained in support of the administration of the Title IV Federal student financial aid programs (*Dear Colleague Letter*, July 1, 2016 (GEN-16-12)). Institutions are required to develop, implement, and maintain an information security program that includes the minimum elements in Title 16, Code of Federal Regulations (CFR), Section 314.4. Those minimum requirements include conducting a periodic inventory of data, noting where it is collected, stored, or transmitted (Title 16, CFR, Section 314.4(c)(1)). In addition, the institution must designate a qualified individual responsible for overseeing, implementing, and enforcing the institution's information security program (Title 16, CFR, Section 314.4(a)).

The University of Houston's (University) information security program did not address the implementation of all minimum safeguards as required by the GLBA. Specifically, while the University had designated a Qualified Individual to coordinate its information security program and had a written information security program in place, that program did not meet the requirements for conducting a periodic inventory of data. Not implementing all required safeguards in its information security program increases the University's risk of data breach or loss.

Recommendation

The University should ensure that all elements required by the GLBA are documented and implemented in its information security program.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees 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.

Corrective Action Plan:

The University information security program and associated safeguards will be reviewed to ensure all elements of the GLBA are addressed and implemented. Any missing requirements will be documented and implemented to ensure full compliance with the GLBA.

Implementation Date: June 2024

Responsible Person: Jana Chvatal, Interim AVC/AVP, IT Security & CISO

University of North Texas

Reference No. 2023-158

Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222293; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232293
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

COD Reporting

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 helps prevent an institution from overawarding students (Title 34, Code of Federal Regulations (CFR), Section 690.83(b); U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 3, Chapter 1; and Federal Register, Volume 88, Number 120). 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 (*2022-2023 COD Technical Reference*, Volume II).

For 2 (3 percent) of 63 students tested, the University North Texas (University) did not accurately report all disbursement record data elements to the COD system. Specifically:

- For one student, the University reported an incorrect disbursement date for two TEACH disbursements made to the student during the award year. The University's process is to manually report TEACH Grant awards on COD's website; the incorrect disbursement dates reported were a result of manual entry errors made during that process.
- For one student, the University reported an incorrect disbursement date for one Federal Pell Grant disbursement made to the student during the award year. The University asserted that error occurred because the student's record had to be manually updated after being rejected by the COD system for a missing value.

The incorrect disbursement dates ranged from 78 days prior to 74 days after the actual funds were disbursed to the students. The University did not have a sufficient 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 disbursement dates are reported to the COD system accurately.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the findings regarding the accuracy of reporting disbursements in the Common Origination and Disbursement (COD) system. The University recognizes the importance of accurately reporting disbursements in the COD system and will work accordingly to ensure manual entries are entered with accurate information.

Corrective Action Plan:

The University will implement additional controls to check internal disbursement dates against disbursement dates reported in COD in instances where manual reporting is required.

Implementation Date: May 2024

Responsible Persons: Kimberley Wells, Director of Financial Aid & Scholarships

John Robert, Associate Director of Financial Aid & Scholarships

Beth Tolan, Associate Vice President of Financial Aid & Scholarships

Reference No. 2023-159

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222293; and Federal Direct Student Loans, P268K232293
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Allowable Charges and Credit Balance Authorizations

An institution may credit a student's ledger account with Title IV, Higher Education Act of 1965 (HEA) program funds to pay for allowable charges associated with the current payment period. Allowable charges are: (1) the amount of tuition, fees, and institutionally provided room and board assessed the student for the payment period or the prorated amount of those charges if the institution debits the student's ledger account for more than the charges associated with the payment period; and (2) the amount incurred by the student for the payment period for purchasing books, supplies, and other educationally related goods and services provided by the institution for which the institution obtains the student's or parent's authorization under Section 668.165(b) (Title 34, Code of Federal Regulations (CFR), Section 668.164(c)(1)).

A Title IV, HEA credit balance occurs whenever the amount of Title IV, HEA program funds credited to a student's ledger account for a payment period exceeds the amount assessed the student for allowable charges associated with that payment period. A Title IV, HEA credit balance must be paid directly to the student or parent as soon as possible, but no later than (1) fourteen days after the balance occurred if the credit balance occurred after the first day of class within a payment period; or (2) fourteen days after the first day of class within a payment period if the credit balance occurred on or before the first day of class within that payment period (Title 34, CFR, Section 668.164(h)).

If an institution obtains written authorization from a student or parent, as applicable, the institution may: (1) use the student's or parent's Title IV, HEA program funds to pay for charges that are included in that authorization, and (2) hold on behalf of the student or parent any Title IV, HEA program funds that would otherwise be paid directly to the student or parent as a credit balance, unless the Secretary provides funds to the institution under the reimbursement payment method or the heightened cash monitoring payment method (Title 34, CFR, Section 668.165(b)(1)).

For 5 (8 percent) of 62 students tested, the University of North Texas (University) used Title IV funds to pay unallowable charges. Specifically, the University credited student ledger accounts during the payment period for charges other than tuition, fees, or institutionally provided room and board without obtaining the authorization of the student or parent. The unallowable charges paid with Title IV funds included various fees (late registration, replacement identification card, and parking), as well as the balance of institutional loans. Those errors occurred because a statement designed to obtain the student's authorization to apply the Title IV funds to those types of charges was not included in the student self-service portal in the student information system as intended.

For 1 (3 percent) of 36 students tested, the University did not obtain written authorization from the student or parent to hold Title IV funds as a credit balance. Specifically, the University held $1,861 of Direct Loans in excess of the student's institutional charges, which should have been paid directly to the student or parent.

Not receiving all Title IV funds a student is entitled to impairs students' and parents' ability to budget for the cost of attending.

Recommendation

The University should strengthen its controls to ensure that it obtains written authorization from students or parents prior to crediting student ledger accounts for certain charges, or holding credit balances.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the findings regarding the payment of unallowable charges using Title IV funds for 5 students and the lack of written authorization to hold a Title IV fund as a credit balance for 1 student. The University recognizes the importance of ensuring Title IV funds are used only toward allowable charges and are not held as a credit balance without written authorization from the student or parent.

Corrective Action Plan:

The University is updating procedures to ensure unallowable charges are not paid using Title IV funds without proper authorization from the student or parent. The University will review and improve, as necessary, existing controls to ensure that Title IV aid in excess of the student's institutional charges will not be held without written authorization from the student or parent.

Implementation Date:	May 2024
Responsible Persons:	Beth Tolan, Associate Vice President of Financial Aid & Scholarships
	Christopher Foster, Associate Vice President of Student Accounting

Reference No. 2023-160

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.007; 84.063; 84.268; and 84.379
Pass-Through Agency:	N/A
Award Number:	Federal Supplemental Educational Opportunity Grants (FSEOG), P007A224085; Federal Pell Grant Program, P063P222293; Federal Direct Student Loans, P268K232293; and Teacher Education Assistance for College and Higher Education Grants (TEACH), P379T232293
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

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 the student's 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 the student's 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 the student's behalf as of the date of the institution's determination that the student withdrew (Title 34, CFR, Section 668.22(e)).

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)).

The University of North Texas (University) made errors in Title IV return calculations for 32 (52 percent) of 61 students tested. Those errors occurred because the University did not exclude any break days from its Title IV return calculations for the Fall 2022 term as required; therefore, that issue would have affected all students who withdrew from the Fall 2022 term and had an automated return calculation performed. Although the amount of unearned Title IV assistance calculated for those students was incorrect, there were no questioned costs as a result of those errors because the University returned more funds than required.

- For 1 of those 32 students, the University also did not accurately determine the withdrawal date for the student who was enrolled in modules. After auditors brought the issue to the University's attention, the University re-performed the return calculation and returned the additional Title IV funds as required; therefore, there were no questioned costs.
- In addition, for 1 of those 32 students, the University incorrectly returned Title IV funds for a student who completed more than 60 percent of the term and did not require a return.

Distance Education

For distance education, documenting that a student has logged into an online class is not sufficient to demonstrate academic attendance by the student. An institution must demonstrate that a student participated in class or was otherwise engaged in an academically related activity. Only active participation by a student in an instructional activity related to the student's course of study that meets the definition of "academic engagement" in Title 34, CFR, Section 600.2, and takes place during a payment period or period of enrollment qualifies as attendance in an academically related activity (U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*, Volume 5, Chapter 2).

For 1 (14 percent) of 7 students tested, the University did not have evidence of academic engagement for the student who attended all distance education courses. The University relies on the last dates of attendance (LDA) provided by instructors to determine the withdrawal date for Return of Title IV purposes for students who unofficially withdraw. If no LDAs are provided by the instructors, the University uses the midpoint of the term as the withdrawal date. The student was enrolled in all distance education courses, and the University used the midpoint as the withdrawal for the student. However, the University could not provide evidence that the student participated or otherwise engaged in an academically related activity in any of the distance education courses. After auditors brought the issue to the University's attention, the University performed a return calculation and returned Title IV funds as required; therefore, there were no questioned costs.

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 12 (20 percent) of 61 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 returned the Title IV funds to the U.S. Department of Education between 47 to 183 days after the University determined that the students withdrew. The University asserted those errors occurred due to staffing issues and problems with the transmission of the adjustments to the U.S. Department of Education's Common Origination and Disbursement (COD) system.

The University did not have an adequate monitoring process to identify those errors or document the review process. 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 incorrect amounts of Title IV funds. In addition, not making returns within the required time frames reduces the funds available to the U.S. Department of Education for its program management.

Recommendations

The University should:

- Accurately determine the number of days in the payment period and exclude any scheduled breaks as required.
- Ensure that evidence of academic engagement is consistently documented for students in distance education courses.
- Strengthen its monitoring controls to ensure that it detects and corrects errors in Title IV return calculations and returns Title IV funds in a timely manner.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the findings regarding the Return of Title IV funds in cases where a student officially or unofficial withdraws from the institution after the student begins attendance in a given payment period or period of enrollment. The University acknowledges the importance of accurately calculating the Title IV funds to be returned and the timely return of those funds.

Corrective Action Plan:

The University has implemented a review at the start of each term to ensure internal systems (Peoplesoft) are updated with the appropriate number of break days to ensure the accuracy of break days used in Return of Title IV calculations.

The University is implementing an enhanced secondary review process for Return of Title IV determinations to ensure accurate calculations and the timely return of funds.

The University will implement a process to ensure evidence of participation exists for students who attend all courses via the online platforms.

Implementation Dates:	Beginning January 2024 with completion May 2024
Responsible Persons:	Kimberley Wells, Director of Financial Aid & Scholarships
	John Robert, Associate Director of Financial Aid & Scholarships
	Beth Tolan, Associate Vice President of Financial Aid & Scholarships

Reference No. 2023-161

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.063; and 84.268
Pass-Through Agency:	N/A
Award Number:	Federal Pell Grant Program, P063P222293; and Federal Direct Student Loans, P268K232293
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	2020-136

Federal regulations and related guidance governing Title IV student aid programs require schools to report the enrollment of students who receive federal student aid (U.S. Department of Education*, National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022, 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 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 began attending the program being reported (*NSLDS Enrollment Reporting Guide*, November 2022, Chapters 1 and 4).

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 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. Although the University uses the services of NSC, the University still has the primary responsibility to report any changes in student enrollment status accurately and in a timely manner (*NSLDS Enrollment Reporting Guide*, November 2022, Chapter 3).

For 9 (36 percent) of 25 students tested, the University did not accurately report the program begin date to NSLDS. Specifically, the University reported the program begin date as the first day of the term after the students declared their major or were otherwise approved to enroll in the program, instead of the first day of the term in which the students actually began attendance in the program. The University asserted that the errors were caused by issues related to the configuration of the enrollment reporting processes in the University’s student information system.

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, and repayments schedules.

Recommendation

The University should strengthen its controls to ensure that program begin dates are reported to NSLDS accurately.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the findings regarding the accuracy of the program begin dates reported for some students identified in the testing. The University acknowledges the importance of accurately reporting program information for students receiving Title IV aid to ensure that guarantors, lenders, and servicers of student loans are able to make accurate determinations related to in-school status, deferments, grace periods, and repayment schedules.

Corrective Action Plan:

The University has implemented a correction to the reporting logic that caused the inaccurate reporting of program begin date for some students. This implementation was effective for enrollment reporting beginning with the Fall 2023 semester. In addition, the University is utilizing available error reports via the National Student Clearinghouse to ensure program begin dates and other program-level data reported is accurate..

Implementation Date: August 2023

Responsible Persons: Ashley Wheelis, Deputy Registrar

Molly Collins, Associate Registrar

Zach Yeager, Assistant Director

Reference No. 2023-162

Special Tests and Provisions – Perkins Loan Recordkeeping and Record Retention

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Assistance Listing Number:	84.038
Pass-Through Agency:	N/A
Award Number:	Federal Perkins Loan Program, award number N/A
Award Period:	July 1, 2022, to June 30, 2023
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Noncompliance
Questioned Costs:	None
Repeat Finding:	No

Institutions must retain promissory and master promissory notes (MPNs) and repayment records for each Perkins Loan program loan made. Institutions are required to keep original paper promissory notes or original paper MPNs and repayment schedules in a locked, fireproof container. The original promissory notes and repayment schedules must be kept until the loans are satisfied. If required to release original documents in order to enforce the loan, the institution must retain certified true copies of those documents. After the loan obligation is satisfied, the institution shall return the original or a true and exact copy of the note marked "paid in full" to the borrower, or otherwise notify the borrower in writing that the loan is paid in full and retain a copy for the prescribed period (Title 34, Code of Federal Regulations (CFR), Section 674.19(e)(4)).

For 4 (100 percent) of 4 retired loans tested, the University of North Texas (University) did not send paid-in-full notifications to those borrowers, as required. As a result, the University did not maintain the required documentation of the paid-in-full notifications to those borrowers after their loan obligations were satisfied. The University asserted that the notifications were not sent due to staff turnover and the assumption that the University's third-party Perkins Loan servicer was responsible for sending the notifications.

Not maintaining adequate documentation results in noncompliance with the Federal Perkins loan program record retention requirements. Additionally, not notifying borrowers of their loans' paid-in-full status increases the risk of borrowers making overpayments on their loans.

Recommendation

The University should ensure that paid-in-full notifications are sent to all borrowers who satisfy their Perkins Loan obligations, and retain a copy of each notification for the prescribed period.

Management's Response

Views of Responsible Officials:

The University acknowledges and agrees with the finding related to sending paid-in-full notifications to all borrowers who satisfy their Perkins Loan obligations.

Corrective Action Plan:

The University is in the process of assigning the remainder of their active Perkins Loans to the Department of Education. However, the University will provide additional training to staff to ensure that any active loans retired prior to assignment will result in a paid-in-full notification being sent to the borrower and will maintain documentation of such notifications as required.

Implementation Date: February 2024

Responsible Persons: Kimberley Wells, Director of Financial Aid & Scholarships

John Robert, Associate Director of Financial Aid & Scholarships

Beth Tolan, Associate Vice President of Financial Aid & Scholarships

Section 4
Summary Schedule of Prior 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 findings." As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 2022 Schedule of Findings and Questioned Costs.
- Each finding in the 2022 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding.

The Summary Schedule of Prior Audit Findings for the year ended August 31, 2023, has been prepared to address these responsibilities.

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 Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$970
Repeat Finding:	No
Initial Year Written:	2020
Status	Implemented

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.

Corrective Action

Corrective action was taken.

Stephen F. Austin State University

Reference No. 2020-105

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P192315; and CFDA 84.268, Federal Direct Student Loans, P268K202315
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Management's Response

Views of Responsible Officials 2020:

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

Corrective Action Plan 2020:

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

Views of Responsible Officials 2021:

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

Corrective Action Plan 2021:

The University has partially implemented the management action plan. The Registrar's Office continues to work with Information Technology Services to develop reports to aid in ensuring campus- level and program-level elements are reported to NSLDS in a timely manner.

Views of Responsible Officials 2022:

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

Corrective Action Plan 2022:

The University has partially implemented the management action plan. The Registrar's Office has worked with Information Technology Services to design a report to aid in ensuring campus-level and program-level data elements are reported to NSLDS accurately. The report is scheduled to be operational for January 2023.

Views of Responsible Officials 2023:

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

Corrective Action Plan 2023:

While the new report was successfully implemented in January 2023, the Registrar's Office and Information Technology Services will continue to work with the software vendor to address a recently discovered software defect to ensure campus-level and program-level data elements are reported to NSLDS correctly.

Implementation Date: June 2024

Responsible Person: Dr. Lee Furbeck

Texas A&M University – Corpus Christi

Reference No. 2020-111

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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, P268K2034250
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Implemented

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 earns 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.

Corrective Action

Corrective action was taken.

Reference No. 2020-112

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P193425; and CFDA 84.268, Federal Direct Student Loans, P268K203425
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Management's Response

Views of Responsible Officials 2020:

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 2020:

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.

Views of Responsible Officials 2021:

As specified in the Federal Regulations CFR 682.610 and 685.309 and the NSLDS Enrollment Reporting Guide, enrollment status compliance reporting is met by reporting the student's enrollment status change within 60 days of determining the student's status has changed. Because Clearinghouse participating institutions expect to complete a Student Status Confirmation Report (SSCR) to NSLDS at least every two months institutions have 60 days to report enrollment status changes to NSLDS. When a status change is discovered after it has occurred, compliance is determined based on the date the institution identifies the status change ("date of determination"). The date the institution becomes aware (the date of determination) may be different than the status effective date. Compliance is established based on date of determination.

Enrollment Reporting and Graduation reporting continues to strengthen its controls by reviewing enrollment history to get a better understanding for the student's complete attendance record. In some cases, the date the institution became aware (the date of determination) may be different than the status effective date. Compliance is established based on date of determination.

We will continue to audit student sample population with the process that is outlined above. We will submit at least two degree verify files to the NSC to ensure that all students are reported correctly for any late degree conferrals. NSLDS Reporting: typically, the transmission schedule comprises at least eight to 12 transmissions per academic year and 3 degree transmissions. The reporting frequency enables the institution to communicate enrollment status changes in a timely manner. We have updated the enrollment reporting timeline for NSC to NSLDS for the first and last week of the month to ensure any updates are being sent in a timely manner.

Corrective Action Plan 2021:

- Continue to do student sample audits: gathering the sample, viewing NSC website, review student's enrollment history, review the NSLDS enrollment history.
- Updated enrollment reporting timeline for NSC to NSLDS during the first week and last week of the month to ensure any updates are being sent in a timely manner.
- We have submitted a Service Request with IT to establish a report that will trigger when a student with any financial aid funds that drops in status. This report will be scheduled to be sent automatically to our office within 24 hours of status change. The student's status will then be reported on a one-off manual request to NSC. This request is in-progress and will be available in January 2022 for the Spring 2022 semester.

Views of Responsible Officials 2022:

We have undertaken significant efforts to improve our enrollment reporting practices since Spring 2021. Since Spring 2021, the University has initiated other programmatic changes to bring to our reporting that are in line with best and promising practices for enrollment reporting. These include:

- Performing sample audits from students who had an enrollment status change.
- Updating processing manual and performing annual review.
- Increased the number of transmission from the National Student Clearinghouse (NSC) to the National Student Loan Data System (NSLDS).

<u>NSDLS Reporting Issues</u>

Beginning July 2022, the NSLDS began to modernize their platform and halted any submissions to be submitted.

In preparation for Federal Student Aid (FSA) deployment of their modernized platform, and as part of the standard reporting process, the Clearinghouse received and responded to the scheduled monthly July 2022 NSLDS Roster Distribution on July 5, 2022. The Clearinghouse also submitted enrollment updates to NSLDS on July 15, 2022. Additionally, the Clearinghouse received and responded to the mid-month ad hoc NSLDS rosters on July 18, 2022. July 25, 2022, NSLDS released the information regarding the halting of enrollment rosters until the migration was completed.

On August 31, 2022- FSA released a notification that stated: NSLDS Enrollment Reporting – We continue to make progress with identifying and resolving issues related to enrollment reporting; however, we will not begin disseminating September Enrollment Rosters on Sept. 1 as anticipated. More detailed information can be found here: https://fsapartners.ed.gov/knowledgecenter/library/electronic-announcements/2022-08-31/nslds-professional-access-documentationenrollment-reporting-and-postscreening-delays-audit-purposes.

Corrective Action Plan 2022:

Strengthen Data Auditing

To remain proactive in the identification and correction of student data errors, it is the job of the Enrollment Data Auditor to perform internal audits on student submission data.

These audits can be performed at any time, but it is advantageous to perform them after the NSLDS data submissions at the end of each semester. Performing audits at that time ensures that the majority of student data will be current. This is addition to the audit we perform before submitting to the NSC by running the enrollment report in audit mode. That report is done monthly.

The student population which will be audited is up to the auditor to determine, but one practice which can prove very beneficial is to build an auditing 'profile.' This profile should consist of problem or unusual cases which the auditor may encounter through simple day to day operations. Such examples include:

- Students whose schedules are backdated
- Students whose program data is unusual

Combine these students with a random sample from the most recent submission file to produce an adequate sample.

Once a group has been selected, perform an audit on the student's enrollment record:

1. Screenshot SGASTDN, SZAREGS, NSC, & NSLDS. The Records Specialist I will gather the data from Banner and NSC and the Associate Registrar will gather data from NSLDS.
2. Compare actual (SGASTDN/SZAREGS) to reported (NSC/NSLDS).
3. Identify any discrepancies in the data as reported, or in the data as it is on record.
4. Update and Correct Banner/NSC/NSLDS as needed.

The Registrar's enrollment reporting team will also receive in-depth training at least once a year to stay abreast of any enrollment reporting updates provided by National Student Clearinghouse or NSLDS. This will include webinars, training, and summits that are offered by NSC.

Views of Responsible Officials 2023:

At Texas A&M University Corpus Christi, the Registrar's enrollment reporting team is committed to staying up-to-date with any changes or updates to enrollment reporting procedures. To achieve this, they undergo comprehensive training at least once a year, specifically designed to keep them informed about the latest enrollment reporting updates provided by the National Student Clearinghouse (NSC) or the National Student Loan Data System (NSLDS). The training sessions conducted by NSC are aimed at equipping the enrollment reporting team with the knowledge and skills necessary to navigate any changes or new requirements in enrollment reporting. These sessions may take various forms, such as webinars, training workshops, and summits, which are organized by NSC. By engaging in regular training, webinars, and attending NSC-sponsored events, the Registrar's enrollment reporting team at Texas A&M University Corpus Christi ensures that they are well-informed and equipped to handle any enrollment reporting updates or changes. This commitment to staying abreast of developments in the field helps maintain accurate and efficient reporting processes, contributing to the overall success of the university's enrollment management efforts.

Corrective Action Plan 2023:

The role of the Enrollment Data Auditor at Texas A&M University Corpus Christi involves conducting internal audits on student submission data to proactively identify and correct any errors. These audits can be conducted at any time, but it is particularly advantageous to perform after the National Student Loan Data System (NSLDS) data submissions at the end of each semester. The timing ensures that the majority of student data will be up-to-date. In addition to the end-of-semester audits, the Registrar’s office also performs an audit before submitting data to the National Student Clearinghouse (NSC) on a monthly basis. This audit is conducted by running the enrollment report in audit mode, allowing for thorough verification of the data.

The specific student population to be audited is determined by the Records Specialist, taking into account their expertise and knowledge of potential problem areas. To streamline the auditing process, it can be beneficial for the auditor to create an auditing "profile." This profile consists of identified problems or unusual cases that the auditor may encounter during their day-to-day operations.

By maintaining an auditing profile, the Enrollment Data Auditor can focus on specific areas of concern or known issues. This proactive approach allows them to effectively identify and address any data errors or inconsistencies in student submissions. It helps streamline the auditing process and ensures that potential problem cases are given the necessary attention.

Overall, the Enrollment Data Auditor plays a crucial role in ensuring the accuracy and integrity of student data. By conducting regular internal audits and utilizing an auditing profile, they contribute to the university's commitment to data quality and provide valuable support for effective enrollment management.

Enrollment Reporting Compliance Plan

Objective: Ensure compliance with state and federal enrollment reporting procedures for Texas A&M University Corpus Christi by effectively managing data submissions to the National Student Clearinghouse (NSC) and National Student Loan Data System (NSLDS).

1. Establish a Compliance Team:
   a. Registrar Enrollment Team is responsible for overseeing enrollment reporting compliance.
2. Review State and Federal Requirements:
   a. Regularly monitor and review state and federal enrollment reporting requirements.
   b. Keep abreast of updates and changes from relevant authorities.
3. Training and Professional Development:
   a. Conduct regular training sessions for the enrollment reporting team to ensure they are well-versed in the latest reporting procedures.
   b. Provide specialized training on NSC and NSLDS reporting requirements.
   c. Encourage team members to attend relevant workshops and conferences organized by NSC or other regulatory bodies.
4. Documentation and Policies:
   a. Develop comprehensive documentation outlining enrollment reporting procedures.
   b. Clearly define roles and responsibilities within the enrollment reporting team.
   c. Establish written policies and procedures for data accuracy and security.
5. Data Validation and Audits:
   a. Implement regular internal audits to validate the accuracy of enrollment data.
   b. Schedule audits at strategic times, such as after NSLDS data submissions at the end of each semester.
   c. Conduct monthly audits before submitting data to NSC.
6. Create Auditing Profiles:
   a. Work with the Records Specialist to create auditing profiles identifying potential problem areas or unusual cases.
   b. Customize auditing profiles based on the team's experience and known issues.
7. Technology and Systems Integration:
   a. Ensure that the university's information systems are aligned with NSC and NSLDS reporting requirements.
   b. Regularly update and test software to prevent technical issues during data submissions.
8. Communication with NSC and NSLDS:
   a. Establish a communication protocol with NSC and NSLDS to receive timely updates on reporting procedures.
   b. Associate Registrar to address any inquiries or clarifications needed from NSC or NSLDS.
9. Regular Compliance Reviews:
   a. Conduct periodic reviews of enrollment reporting processes to identify areas for improvement.

   b. Document lessons learned and adjust procedures accordingly.
10. Documentation Retention:
   a. Establish a system for retaining documentation related to enrollment reporting for the required period.
   b. Comply with state and federal guidelines regarding record retention.
11. Continuous Improvement:
   a. Foster a culture of continuous improvement within the enrollment reporting team.
   b. Encourage feedback from team members to identify opportunities for enhancement.

By implementing and consistently updating this Enrollment Reporting Compliance Plan, Texas A&M University Corpus Christi can ensure the accurate, timely, and compliant reporting of enrollment data to both the National Student Clearinghouse and the National Student Loan Data System. Regular training, auditing, and communication will contribute to the university's commitment to meeting state and federal procedures.

Implementation Date: Fall 2023

Responsible Persons: Melissa Chapa, University Registrar

Christie Roberts, Associate Registrar

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	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)
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 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.

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.

Corrective Action

This finding was reissued as current year reference number 2023-115 (General Controls) and 2023-116 (Eligibility).

Reference No. 2020-114

Special Tests and Provisions - Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Corrective Action

This finding was reissued as current year reference number 2023-115 (General Controls).

Reference No. 2020-115

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P192327; and CFDA 84.268, Federal Direct Student Loans, P268K202327
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	2017-121 (General Controls) and 2016-113 (General Controls)
Initial Year Written:	2016
Status:	Partially Implemented

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.

Corrective Action

This finding was reissued as current year reference number 2023-115 (General Controls) and 2023-119 (Special Tests and Provisions - Enrollment Reporting).

Texas Tech University

Reference No. 2020-117

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P192328; and CFDA 84.268, Federal Direct Student Loans, P268K202328
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Corrective Action

This finding was reissued as current year reference number 2023-126.

Texas Tech University Health Sciences Center

Reference No. 2016-122

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2015, to June 30, 2016
Statistically Valid Sample:	No
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
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 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-halftime 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.

Corrective Action

This finding was reissued as current year reference number 2023-128.

Texas Woman's University

Reference No. 2020-123

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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 earns 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.

Corrective Action

Corrective action was taken.

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.

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.

Management's Response

Views of Responsible Officials 2020:

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.

Corrective Action Plan 2020:

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.

Views of Responsible Officials 2021:

TWU acknowledges and agrees with the findings and recommendations. We have developed and implemented a process to disburse Federal Pell Grant funds to eligible students who withdraw from a crossover payment period. We have strengthened our controls to ensure returns of Title IV funds are calculated correctly. We have strengthened our monitoring controls to detect and correct errors.

Corrective Action Plan 2021:

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 has updated policies and 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 continues to 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 processes return of Title IV funds calculation and adjustments weekly. A second level review of a random selection of withdrawals is completed to maintain compliance with the requirements. TWU has contracted with Deloitte to conduct an audit on the Return to Title IV funds findings and recommendations.

Views of Responsible Officials 2022:

TWU acknowledged and agreed with the findings and recommendations. We developed and implemented a process to disburse Federal Pell Grant funds to eligible students who withdraw from a crossover payment period. We strengthened our controls to ensure returns of Title IV funds are calculated correctly. We strengthened our monitoring controls to detect and correct errors.

Corrective Action Plan 2022:

The Office of Student Financial Aid developed and implemented a process to disburse Federal Pell Grant funds to eligible students who withdraw from a crossover payment period before July 1. Policies and procedures were updated to ensure that returns of Title IV funds are accurately calculated in regards to modules within a term. Management continues to 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 appropriate Title IV programs. Return of Title IV funds calculation and adjustments are processed weekly. A second level review of a random selection of withdrawals is completed to maintain compliance with the requirements.

Views of Responsible Officials 2023:

TWU acknowledges and agrees with the findings and recommendations. We will review and update our Return of Title IV procedures in regard to programs offered in modules.

Corrective Action Plan 2023:

The Office of Student Financial Aid will review and update our Return of Title IV procedures in regard to programs offered in modules. The Assistant Director and Counselor II who process Return of Title IV funds will review training materials and update procedures in regard to withdrawals in programs offered in modules.

Implementation Date: February 2024

Responsible Person: Lacey Thompson and Jessica Hogan

Reference No. 2020-124

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P192330; and CFDA 84.268, Federal Direct Student Loans, P268K202330
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	2017-129 and 2016-126
Initial Year Written:	2016
Status:	Implemented

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.

Corrective Action

Corrective action was taken.

The 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 Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Corrective Action

This finding was reissued as current year reference number 2023-129 (General Controls).

Reference No. 2020-143

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P192335; and CFDA 84.268, Federal Direct Student Loans, P268K202335
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Corrective Action

This finding was reissued as current year reference number 2023-129 (General Controls) and 2023-134 (Special Tests and Provisions - Enrollment Reporting).

The University of Texas at San Antonio

Reference No. 2020-155

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

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019 to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Recommendation

The University should strengthen its controls to ensure that it reviews the financial assistance history from NSLDS for all transfer students prior to disbursing funds.

Management's Response

Views of Responsible Officials 2020:

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 2020:

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.

Views of Responsible Officials 2021:

The University acknowledges the finding. The University has fully developed and implemented the corrective actions that have improved the process.

Corrective Action Plan 2021:

The University has implemented process enhancements in this area. Our office has implemented an enhancement for the Transfer Monitoring process. We created new population selections for our Transfer Monitoring selection identifiers which were tested successfully and are now set up in the Banner system. These population selections will find all students who require transfer monitoring as well as exclude students who have already had transfer monitoring run. This process has been fully implemented for Spring Term.

Views of Responsible Officials 2022:

We acknowledge this finding and would like to note that when students are selected during the process of extracting a financial aid history file (FAH), the student's record is added to the RNRTMNT table, and therefore will not be picked up again for 90 days. However, FAH does continuously update RNASLyy afterward, but doesn't place a subsequent 7-day hold before federal aid is disbursed. Please note that we had the most recent NSLDS information for the student in question on RNASLyy prior to disbursing federal aid for the spring term.

Transfer monitoring is run one month before disbursements at the beginning of each term, run again a week before disbursements, and throughout the term.

Corrective Action Plan 2022:

The University has made the decision not to process FAH files before we run the initial transfer monitoring process for the term. We will continue to utilize the existing corrective action plan as noted below.

The University has implemented process enhancements in this area. Our office has implemented an enhancement for the Transfer Monitoring process. We created new population selections for our Transfer Monitoring selection identifiers which were tested successfully and are now set up in the Banner system. These population selections will find all students who require transfer monitoring as well as exclude students who have already had transfer monitoring run. This process has been fully implemented for Spring Term.

Views of Responsible Officials 2023:

The University acknowledges and agrees with the disbursement finding. Through analysis of the transfer monitor exception identified in the audit, the University will develop and implement corrective actions to further improve the disbursement/transfer monitor processes.

Corrective Action Plan 2023:

The University will implement a plan to automate the transfer monitor program and a second level review will be conducted throughout the year to ensure that the program is run regularly and that the University is in compliance with the transfer monitor requirements.

Implementation Date: June 2024

Responsible Persons: Braulio Contreras, Associate Director Financial Aid & Scholarships

Marcia Osman, Associate Director Financial Aid & Scholarships

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 Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Implemented

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.

Corrective Action

Corrective action was taken.

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 Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
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
Repeat Finding:	No
Initial Year Written:	2020
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 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.

Corrective Action

Corrective action was taken.

Reference No. 2020-133

Special Tests and Provisions – Verification

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
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 (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.

Corrective Action

Corrective action was taken.

Reference No. 2020-134

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Implemented

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 earns 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.

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.

Corrective Action

Corrective action was taken.

Reference No. 2020-135

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P193465; and CFDA 84.268, Federal Direct Student Loans, P268K203465
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Implemented

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.

Corrective Action

Corrective action was taken.

University of North Texas

Reference No. 2020-136

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P192293; and CFDA 84.268, Federal Direct Student Loans, P268K202293
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Corrective Action

This finding was reissued as current year reference number 2023-161.

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 Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
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
Repeat Finding:	No
Initial Year Written:	2020
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 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.

Recommendation

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.

Management's Response

Views of Responsible Officials 2020:

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 2020:

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.

Views of Responsible Officials 2021:

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 2021:

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.

Completed (August 2021) – The University has revised it's policy regarding calculation of an initial COA budget as well as subsequent adjustments to the COA budgets. Additionally, staff were retrained on the COA budget process and ongoing training on this topic has been implemented.

Views of Responsible Officials 2022:

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 process.

Corrective Action Plan 2022:

The University will implement significant process enhancements, specifically retraining staff regarding the manual recalculating of term budgets.

Views of Responsible Officials 2023:

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 process.

Corrective Action Plan 2023:

The University has implemented significant process enhancements, specifically retraining staff regarding the manual recalculation of term budgets.

Implementation Date: May, 2023

Responsible Person: Garrick D. Hildebrand, Director of Financial Aid

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 measureable 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.

Corrective Action

Corrective action was taken.

Reference No. 2020-140

Special Tests and Provisions – Return of Title IV Funds

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
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
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	Unknown
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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 time frames.

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.

Management's Response

Views of Responsible Officials 2020:

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 2020:

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.

Views of Responsible Officials 2021:

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 2021:

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.

Completed (December 2021) – The University has implemented staff retraining regarding the All-F and R2T4 processes as well as updated it's business processes to include new reports and has implemented a second-level review.

Views of Responsible Officials 2022:

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 process.

Corrective Action Plan 2022:

The University will implement significant process enhancements, specifically to update business processes to incorporate a second level review of data once processed.

Views of Responsible Officials 2023:

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 process.

Corrective Action Plan 2023:

The University has implemented significant process enhancements, specifically to update business processes to incorporate a second level review of data once processed.

Implementation Date: March, 2023

Responsible Person: Garrick D. Hildebrand, Director of Financial Aid

Reference No. 2020-141

Special Tests and Provisions – Enrollment Reporting

Federal Agency:	U.S. Department of Education
Federal Program Title:	Student Financial Assistance Cluster
Award Numbers:	CFDA 84.063, Federal Pell Grant Program, P063P198229; and CFDA 84.268, Federal Direct Student Loans, P268K208229
Award Year:	July 1, 2019, to June 30, 2020
Statistically Valid Sample:	No and not intended to be a statistically valid sample
Type of Finding:	Significant Deficiency and Non-Compliance
Questioned Costs:	$0
Repeat Finding:	No
Initial Year Written:	2020
Status:	Partially Implemented

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.

Management's Response

Views of Responsible Officials 2020:

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 2020:

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.

Views of Responsible Officials 2021:

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 2021:

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.

Completed (September 2021) – The University has employed new measures to improve data validation.

- Performs daily data extracts to identify and troubleshoot data issues prior to analysis and publication.
- Runs manual and automated dataset checks, tabulations, and comparisons to ensure data integrity from input (data capture) to output (publication/export).

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.

Completed (September 2021) – The University has employed new measures to improve data validation.

- Performs daily data extracts to identify and troubleshoot data issues prior to analysis and publication.
- Runs manual and automated dataset checks, tabulations, and comparisons to ensure data integrity from input (data capture) to output (publication/export).

The University will consider changes to the organizational structure. This change will help improve review control and overall accountability.

Completed (July – October 2021) – The University has reorganized the data reporting team to include new leadership with more relevant experiences and a new staff with role clarity and fresh perspectives.

Views of Responsible Officials 2022:

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 process.

Corrective Action Plan 2022:

The University will implement significant process enhancements, specifically to update business processes related to error resolution between various reporting systems and departments.

Views of Responsible Officials 2023:

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 process.

Corrective Action Plan 2023:

The University has implemented significant process enhancements, specifically to updated business processes related to error resolution between various reporting systems and departments.

Implementation Date: June, 2023

Responsible Person: Jamie Lee, University Registrar

Appendix

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to (1) obtain an understanding of the internal controls over compliance for the Student Financial Assistance Cluster, assess the control risk of noncompliance, and perform tests of those controls unless the controls were deemed to be ineffective, and (2) express an opinion on whether the State has 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, 2022, through June 30, 2023, which is the federal financial assistance award year. The audit work included control and compliance testing at 18 higher education institutions across the state.

Methodology

Audit fieldwork was conducted from May 2023 through January 2024. Except as discussed above in the Independent Auditor's Report, we conducted this audit 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*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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, 2023. 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 of noncompliance, 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.

Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed higher education institution staff to gain an understanding of internal controls over compliance for the Student Financial Assistance Cluster.
- Identified the relevant criteria:
    - Title 2, Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix XI Compliance Supplement.*
    - Titles 16, Code of Federal Regulations, Part 314.
    - Titles 34, Code of Federal Regulations, Chapter VI.
    - Title 20, United States Code, Chapter 28.
    - *Federal Register*, Volume 88, Number 120.
    - U.S. Department of Health and Human Services student financial assistance guidelines.
    - U.S. Department of Education Federal Student Aid letters and electronic announcements.
    - U.S. Department of Education, *2022-2023 Federal Student Aid Handbook*.
    - U.S. Department of Education, *2022-2023 Common Origination and Disbursement Technical Reference*.
    - U.S. Department of Education, *National Student Loan Data System (NSLDS) Enrollment Reporting Guide*, November 2022.
    - U.S. Department of Education, *2022-2023 Technical Reference for Electronic Data Exchange (EDE)*.
    - Public Law 106-102 (The Gramm-Leach-Bliley Act).
    - Policies and procedures for each higher education institution audited.

- Collected and reviewed data including:
    - Each higher education institution's financial assistance, eligibility, disbursement, cash management, reporting, return of federal funds, student enrollment, information security, and employee compensation records.
    - 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.
    - Each higher education institution's policies and procedures related to student financial assistance.
    - Higher education institution-generated reports and data used to support the 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.
- Conducted tests of compliance and of the controls identified for each direct and material compliance area, and performed analytical procedures when appropriate, including:
    - Analytical procedures performed on financial assistance expenditure data to identify instances of noncompliance.
    - Compliance testing for samples of students, employees, or transactions for each direct and material compliance area, as applicable.
    - Tests of design and operating effectiveness of key controls and tests of the 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.

Data Reliability and Completeness

Auditors assessed the reliability of Student Financial Assistance Cluster expenditures, General Ledger data, and student and employee populations by (1) reviewing query language used to generate the data, (2) performing electronic testing, (3) reviewing existing information about the data and the system that produced the data, and (4) interviewing institution staff knowledgeable about the data. Auditors determined that the data sets were sufficiently reliable for the purposes of the audit.

Audit Staff

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

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