

## University of Texas at Dallas

Reference No. 06-66

### Eligibility

#### Student Financial Assistance Cluster

**Award year - July 1, 2004 to June 30, 2005**

**Award numbers - CFDA 84.063 P063P043234, CFDA 84.033 P033A044174, CFDA 84.038 P038A044174, CFDA 84.007 PP007A044174**

#### Type of finding - Reportable Condition Control

As noted in Chapter 2, Volume 3 of the *Federal Student Aid Handbook* for the 2004-2005 award year, the cost of attendance (or budget) is the cornerstone of establishing a student's financial need because it sets a limit on the total aid that a student may receive. The federal Higher Education Act, Section 472, specifies the types of costs that are included in the cost of attendance, but an institution must determine the appropriate amount to include for each category of students at the institution.

Questioned Cost: \$ 0

U.S. Department of Education

In the process of testing eligibility at the University of Texas at Dallas (University), auditors requested a cost of attendance budget from the Financial Aid Office, which is responsible for preparing student financial assistance packages. As test work progressed, it was determined that in some cases, the budget in the University's financial aid system did not agree with the budget provided. The Financial Aid Office was unable to provide an adequate explanation for how it arrived at the budget it used to make student awards for the 2004-2005 academic year, and auditors were unable to determine whether the amounts in the system, which the Financial Aid Office used in determining financial aid awards, were appropriate. University management reported that it used an internally-developed budget that is submitted to the Higher Education Coordinating Board (Coordinating Board) each year. However, for six of eight relevant categories of students, the budgets submitted to the Coordinating Board did not match the budgets recorded in the University's financial aid system. University management could not provide explanations for these differences.

In testing eligibility, auditors used the cost of attendance budgets recorded in the financial aid system and found no exceptions. However, if the amounts submitted to the Coordinating Board had been used, some students may have been eligible for larger awards because the cost of attendance figures submitted to the Coordinating Board were larger than the cost of attendance budgets used by the Financial Aid Office. It is important to note that factors other than cost of attendance, such as availability of funds within the University and lifetime award history of each student, affect the size of student awards. Therefore, auditors could not conclusively determine whether additional student financial assistance would have been awarded in these cases.

The University reported in the Schedule of Expenditures of Federal Award for 2004-2005 that it awarded \$48,594,294 in federal financial assistance.

### Recommendation:

The University's Financial Aid Office should develop additional internal controls over its process for determining and documenting the cost-of-attendance budget used to determine amounts of financial assistance for which students are eligible. This will help ensure that the budget the Financial Aid Office uses can be independently verified.

Management Response and Corrective Action Plan:

*The Financial Aid Office submits all reports to external agencies to the Office of Institutional Research for approval prior to release to external agencies. This protocol was put in place in May, 2005. Requests to management on new tuition rates will be done in writing with signature sign off from administrative offices involved in the process of establishing tuition rates for new academic years. Testing of new rate in programming will continue as in the past but each test file will be identified by date with extension name of draft as part of the name. Also a new signed off protocol by the Associate Director of Financial Aid will be required with a copy to the Director of Financial Aid. Prior to implementing final rates into production programming, final electronic file will be labeled with date and extension name of "final." The Associate Director of Financial Aid will again sign off on the approval. Final approval by the Director of Financial Aid will be required before cost of attendance budgets are placed in electronic folder on financial aid network drive.*

*Implementation Date: March 2006 when work begins on new tuition rates and cost of education programming*

*Responsible Person: Richard Cumming and Maria del C. Ramos*

Reference No. 06-67

**Special Tests and Provisions - Disbursements To or On Behalf of Students****Student Financial Assistance Cluster**

**Award year - July 1, 2004 to June 30, 2005**

**Award number - CFDA 84.063 P063P043234, CFDA 84.033 P033A044174, CFDA 84.038 P038A044174, CFDA 84.007 PP007A044174**

**Type of finding - Material Weakness Control and Non-Compliance**

The *Student Financial Aid Handbook* (Volume 4, Chapter 2, pages 4-13 and 4-14) requires institutions to notify students in writing or electronically regarding the amount of funds the students and their parents can expect to receive from each student financial assistance program and how and when those funds will be disbursed. This notification must be sent no earlier than 30 days before and no later than 30 days after crediting the students' accounts.

Questioned Cost: \$ 0 U.S. Department of Education
---

The University of Texas at Dallas (University) asserts that it notifies students by e-mail; however, the e-mail notifications are not archived. This prevents verification of the proper notification within the specified time frame. As a result, there are no system controls that guarantee that the award notification is sent within the required period. The University provided \$48,594,294 in financial assistance to students during the fiscal year ended August 31, 2005.

Recommendation:

The University should retain evidence that it has sent required notifications to students.

Management Response and Corrective Action Plan:

*UTD reinitiated the protocol of hard copy paper notices for student borrower; one copy is mailed to the student, a second copy is maintained on file. This protocol will remain in effect until implementation of new student system.*

*Implementation Date: October 2005*

*Responsible Person: James Hubener and Maria del C. Ramos*