

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 06-
CFDA Number	84.007, 84.032, 84.033, and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Supplemental Educational Opportunity Grants (FSEOG) Federal Family Education Loans (FFEL) Federal Work-Study (FWS) Federal Pell Grant Program (PELL)
Compliance Requirement	Cash Management – Prohibition on Escheating of Title IV Higher Education Act (HEA) Funds
State Educational Entity	State Universities and Community Colleges – University of North Florida (UNF)
Finding Type	Material Noncompliance and Reportable Condition
Prior Year Finding	FA 05-089
Finding	The institution had not fully implemented revised procedures by June 30, 2006, to ensure timely identification and return of unclaimed Title IV HEA funds to applicable Federal programs or lenders.
Criteria	34 CFR 668 Subpart K and FSA Handbook Volume 4 Chapter 3 (2005-06) According to the U.S. Department of Education (USED), institutions are prohibited from allowing Title IV HEA funds to revert (or “escheat”) to a third-party, State, or institutional coffers, and Florida institutions must return unclaimed Title IV HEA funds no later than 180 days after checks containing such funds are written. Institutions are responsible for making sure that Title IV HEA funds are used only for the educational purposes for which they are intended.
Condition	In our report No. 2006-152, finding No. FA 05-089, we noted that the institution did not have adequate procedures to prevent Title IV HEA funds from escheating to a third-party, State, or institutional coffers, and we identified \$18,924 that the institution needed to return to applicable Federal programs and lenders. During our current audit, we were advised by institution personnel that the institution was revising its procedures, but the new procedures were not completely implemented by June 30, 2006.
Cause	Implementation of new accounting and student records systems delayed the institution from timely returning Federal Title IV HEA funds to the applicable Federal programs and lenders.
Effect	The institution may be allowing Title IV HEA funds to be used for purposes other than that for which they are intended.
Recommendation	The institution should continue its efforts to implement revised procedures to ensure the prompt return to Federal programs or lenders of unclaimed Title IV HEA funds contained in checks that remain unnegotiated for 180 days after the dates the checks are written. After the revised procedures have been fully implemented, the institution should ensure all Title IV HEA funds contained in nonnegotiated checks are returned to the applicable Federal programs or lenders.
UNF Response and Corrective Action Plan	As a result of implementing a new financial reporting system during the 2004-05 fiscal year, the University has been working to develop and implement procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date the funds would otherwise escheat. The effort involved coordinating the roles and responsibilities of different departments in the University to provide for a streamlined process. New procedures have now been fully implemented to identify and process unnegotiated stale-dated checks containing Title IV HEA funds so that these funds may be

returned to applicable programs and institutional lenders in a timely manner. In addition, all applicable funds have been returned to the applicable programs and lenders.

UNF Contact and Telephone Number

Martha Roberts, Assoc. Controller 904-620-2989

Estimated Corrective Action Date

Completed

U.S. DEPARTMENT OF EDUCATION

**Finding Number
CFDA Number
Program Title**

FA 06-
84.007, 84.032, 84.033, and 84.063
Student Financial Assistance Cluster
Federal Supplemental Educational Opportunity Grant (FSEOG)
Federal Family Education Loans (FFEL)
Federal Work-Study (FWS)
Federal Pell Grant Program (PELL)

**Compliance Requirement
State Educational Entity**

Eligibility
State Universities and Community Colleges - University of North Florida (UNF)

Finding Type

Reportable Condition

Prior Year Finding

No

Finding

The institution had not performed a sufficient review of the appropriateness of individual user's system access, including those involved in the awarding and processing of Title IV Higher Education Act (HEA) program funds.

Criteria

34 CFR 668.16(c)(1)

Condition

The institution implemented new student and financial aid modules of its enterprise resource planning (ERP) system for the 2005-06 award year, which impacted internal controls for processing of student information. The institution had not, of record, performed an assessment of the appropriateness of individual user access to the ERP system resources, and student and financial aid modules, relating to administration of Title IV HEA programs. Several employees had the ability to access or modify applications or data related to Title IV HEA programs that were inconsistent with their job responsibilities or resulted in an inadequate separation of duties. A similar finding was noted in our operational audit report No. 2006-064.

Cause

The institution had not implemented adequate procedures to periodically review the appropriateness of individual user access to ERP applications, including the modules that process and maintain information relating to Title IV HEA programs.

Effect

Without adequate access controls for system applications, there is an increased risk that Title IV HEA funds could be subject to theft, misappropriation, or processing errors. Errors may be caused by the improper use of or manipulation of data files, or improper use of computer resources.

Recommendation

The institution should ensure that ERP user access and update capabilities are limited to those functions that are required for performance of assigned duties and provide for an adequate separation of duties in the administration of Title IV HEA programs. Also, the institution should perform periodic reviews of actual individual user access to the ERP system and applications to identify and correct any inappropriate access.

UNF Response and Corrective Action Plan

The Enrollment Services Compliance Office has begun a monthly monitoring process to ensure that the access granted to employees is appropriate for their job responsibilities. Reports will be sent to appropriate offices confirming that the employees still reside in their respective departments and require access to

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perform their job responsibilities

Janice Nowak

904-620-1043

**Estimated Corrective
Action Date**

January 30, 2007

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 06-
CFDA Number	84.032 and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
Compliance Requirement	Special Tests and Provisions – Return of Title IV Higher Education Act (HEA) Funds (Official Withdrawals)
State Educational Entity	State Universities and Community Colleges – University of North Florida (UNF)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$13,075.58 (\$5,161.77 FFEL subsidized, \$6,564.80 FFEL unsubsidized, and \$1,349.01 PELL) (Student portion \$53.21 PELL)
Prior Year Finding	No
Finding	The institution did not always identify, accurately calculate, and timely return unearned Title IV HEA funds to applicable Federal programs and lenders for those students who officially withdrew prior to the 60 percent point of the payment period.
Criteria	34 CFR 668.22
Condition	For 14 of 15 students tested who officially withdrew during the Fall 2005 or Spring 2006 terms, and received Title IV HEA funds, we noted the following: <ul style="list-style-type: none">• For 6 students, the institution did not identify, calculate, and return unearned Title IV HEA funds totaling \$7,651.56 (\$1,930.99 FFEL subsidized and \$5,720.57 FFEL unsubsidized) to applicable lenders. As of July 12, 2006, the returns were from 230 to 237 days late.• For 6 students, the institution incorrectly calculated returns of Title IV HEA funds, resulting in \$1,927.87 (\$1,148.12 FFEL subsidized, \$670.60 FFEL unsubsidized, and \$109.15 PELL) owed to applicable Federal programs and lenders. Also, the Pell grant overpayment was incorrectly calculated, leaving \$17.99 owed by the student.• For 2 students, subsequent to audit inquiry, returns totaling \$3,496.15 (\$2,082.66 FFEL subsidized, \$173.63 FFEL unsubsidized, and \$1,239.86 PELL) were returned 95 and 283 days late. Also, the Pell grant overpayment was incorrectly calculated, leaving \$35.22 owed by the student.
Cause	The institution's new computer software used incorrect withdrawal dates and institutional costs, which caused inaccurate calculations and untimely returns of unearned Title IV HEA funds to applicable Federal programs and lenders.
Effect	The institution retained unearned Title IV HEA funds that should have been returned to applicable Federal programs and lenders.
Recommendation	The institution should correct the software problems and improve its monitoring of official withdrawals to ensure that returns of Title IV HEA funds are accurately calculated and timely processed. The institution should also review all official withdrawals for the 2005-06 award year, and return any additional unearned funds to applicable Federal programs and lenders. In addition, the institution should return \$13,075.58 to applicable Federal programs and lenders, and notify the students of the additional PELL overpayments totaling \$53.21.
UNF Response and Corrective Action Plan	We have reviewed the software system and identified some issues that needed resolution. These issues included manual adjustments to withdrawal dates by processing staff based on specific documentation approved through the fee committee, waivers of university policy, and medical withdrawals. Procedures, including limiting the number of staff members who have access to modify

withdrawal dates, have been implemented to reduce the number of errors. The Banner Student Accounts Receivable system has been updated to include all appropriate Title IV institutional charges. We have corrected all of the students cited above as of December 22, 2006, and we are currently reviewing all official withdrawals to confirm accuracy and will make corrections if appropriate.

**UNF Contact and
Telephone Number**

Janice Nowak
904-620-1043

**Estimated Corrective
Action Date**

February 16, 2007

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 06-
CFDA Number	84.032 and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
Compliance Requirement	Special Tests and Provisions – Return of Title IV Higher Education Act (HEA) Funds (Unofficial Withdrawals)
State Educational Entity	State Universities and Community Colleges – University of North Florida (UNF)
Finding Type	Material Noncompliance and Reportable Condition Questioned Costs – \$5,839.57 (\$2,483.48 FFEL subsidized, \$ 2,804.23 FFEL unsubsidized, and \$551.86 PELL) (Student portion \$203.25 PELL)
Prior Year Finding	No
Finding	The institution did not always accurately calculate and timely return unearned Title IV HEA funds to applicable Federal programs and lenders for those students who ceased attendance without providing official notification to the institution of their withdrawal.
Criteria	34 CFR 668.22
Condition	For 9 of 15 students tested who ceased attendance without providing official notification to the institution of their withdrawal during the Fall 2005 or Spring 2006 terms, and received Title IV HEA funds, we noted the following: <ul style="list-style-type: none">• For 4 students, the institution did not determine an unofficial withdrawal and, therefore, failed to calculate and return unearned Title IV HEA funds totaling \$3,850.06 (\$1,810.35 FFEL subsidized, \$1,776.03 FFEL unsubsidized, and \$263.68 PELL). As of July 13, 2006, the returns were from 32 to 181 days late.• For 4 students, the institution incorrectly calculated returns of Title IV HEA funds, resulting in \$1,989.51 (\$673.13 FFEL subsidized, \$1,028.20 FFEL unsubsidized, and \$288.18 PELL) owed to applicable Federal programs and lenders. Also, one of the returns was 165 days late and 1 student's Pell grant overpayment was incorrectly calculated, leaving \$203.25 owed by the student.• For 1 student, the institution returned \$636.00 FFEL subsidized funds to the lender 19 days late.
Cause	The institution's new computer software used incorrect withdrawal dates and institutional costs, which caused inaccurate calculations and untimely returns of unearned Title IV HEA funds to applicable Federal programs and lenders.
Effect	The institution retained unearned Title IV HEA funds that should have been returned to applicable Federal programs and lenders.
Recommendation	The institution should correct the software problems and improve the monitoring of unofficial withdrawals to ensure that returns of Title IV HEA funds are accurately calculated and timely processed. The institution should also review all unofficial withdrawals for the 2005-06 award year, and return any additional unearned funds to applicable Federal programs and lenders. In addition, the institution should return \$5,839.57 to the applicable Federal programs and lenders, and notify the student of the Pell grant overpayment totaling \$203.25.
UNF Response and Corrective Action Plan	We have reviewed the software system and identified some issues that needed resolution. These issues included manual changes to withdrawal dates by processing staff. Procedures, including limiting the number of staff members who have access to modify withdrawal dates, have been implemented to reduce the number of errors. Changes made after grades have been posted will be

forwarded to the Financial Aid Coordinator for review for possible Return of Title IV calculation (i.e. fee committee and waiver of university policy).

The Banner Student Accounts Receivable system has been updated to include all appropriate Title IV institutional charges. We have corrected all of the students cited above as of December 22, 2006, and we are currently reviewing all unofficial withdrawals to confirm accuracy and will make any corrections as appropriate.

**UNF Contact and
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Janice Nowak
904620-1043

**Estimated Corrective
Action Date**

February 16, 2007

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 06-
CFDA Number	84.032
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL)
Compliance Requirement	Special Tests and Provisions – Student Status Changes – National Student Loan Data System (NSLDS) Roster Files
State Educational Entity	State Universities and Community Colleges – University of North Florida (UNF)
Finding Type	Material Noncompliance and Reportable Condition
Prior Year Finding	No
Finding	The institution did not always timely and accurately report changes in FFEL student loan borrowers' enrollment status. Unless the institution expects to submit its next roster file (enrollment data) to NSLDS within 60 days, it must notify NSLDS (or the lender or guaranty agency directly) within 30 days of discovering that a student who received an FFEL loan ceased to be enrolled on at least a half-time basis.
Criteria	34 CFR 682.610(c)
Condition	For 20 FFEL student loan borrowers tested who graduated, withdrew, or ceased to be enrolled at least half-time, we noted the following: <ul style="list-style-type: none">• For 11 students, the institution reported enrollment status changes to NSLDS from 14 to 95 days late.• For 14 students, the enrollment statuses were incorrectly reported as full-time or half-time when, in fact, the students had withdrawn.• For 2 students, the status change effective dates reported were incorrect.
Cause	The institution's procedures were not adequate to ensure that FFEL student loan borrowers' enrollment status changes were reported accurately and timely to NSLDS. The institution was in the process of implementing accounting and student record system changes and final implementation had not been completed.
Effect	When NSLDS is not timely notified with accurate information, NSLDS may not have current data on FFEL student loan borrowers' enrollment status and the lenders may not be aware when a student ceases at least half-time enrollment, thereby not starting the grace period for repayment of student loans.
Recommendation	The institution should enhance both electronic and manual procedures to ensure FFEL student loan borrower enrollment status changes are timely and accurately reported to NSLDS.
UNF Response and Corrective Action Plan	Corrections were made to the extract file that was being sent to the Clearinghouse to include students who were withdrawing during the term. As of the Summer 2006, the extract files have been reported timely and accurately. The Enrollment Services Compliance Office will continue to monitor the files that are being sent to the Clearinghouse.
UNF Contact and Telephone Number	Janice Nowak 904-620-1043
Estimated Corrective Action Date	May, 2006

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 06-
CFDA Number	84.032
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL)
Compliance Requirement	Special Tests and Provisions - Student Status Changes - Exit Counseling
State Educational Entity	State Universities and Community Colleges – University of North Florida (UNF)
Finding Type	Material Noncompliance and Reportable Condition
Prior Year Finding	No
Finding	The institution did not always perform exit counseling, or provide exit counseling materials, for FFEL student loan borrowers who graduated, withdrew, or ceased to be enrolled at least half-time.
Criteria	34 CFR 682.604(g)
Condition	Students receive notification of exit counseling via e-mail. The e-mail contains a link to a web site with instructions on completing exit counseling. If the borrower completes the exit counseling on-line, the institution receives a confirmation. For 20 FFEL student loan borrowers tested who required exit counseling, we noted the following: <ul style="list-style-type: none">• For 13 students, the institution e-mailed exit counseling notifications from 42 to 106 days late.• One student, who officially withdrew from the institution on September 20, 2005, had not been notified as of July 28, 2006, 281 days late.• For 17 of the 20 FFEL student loan borrowers, exit counseling notification follow-up was required because the students had not completed the exit counseling on-line. For 13 of the 17 students, follow-up procedures had not been completed as of July 28, 2006, 130 to 197 days after the e-mail notifications.
Cause	Errors in the institution's process for detecting students that require exit counseling, attributed in part to new software, caused delays in sending notifications to FFEL student loan borrowers who withdrew or ceased to be enrolled at least half-time. Also, the institution did not have adequate follow-up procedures when exit counseling was not timely completed on-line by borrowers who had been electronically notified.
Effect	When exit counseling is not performed timely, FFEL student loan borrowers may not be aware of their loan repayment obligations, and lenders and guarantors may not be timely provided with important personal and contact information, which could lead to an increased default rate for the institution.
Recommendation	The institution should enhance its exit counseling procedures to ensure that exit counseling is performed, or exit counseling materials provided, within 30 days of a student ceasing at least half-time enrollment.
UNF Response and Corrective Action Plan	Procedures have been improved to include sending notifications to students utilizing their UNF email account as well as forwarding a letter through the U.S. Postal Service. All exit interview files are being maintained in a folder on the Q drive for future reference in order to enhance and ensure proper monitoring.
UNF Contact and Telephone Number	Janice Nowak 904-620-1043
Estimated Corrective Action Date	November 1, 2006

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