

U.S. DEPARTMENT OF EDUCATION

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| Finding Number | FA 08- |
| CFDA Number | 84.375 and 84.376 |
| Program Title | Student Financial Assistance Cluster (SFA) Academic Competitiveness Grants (ACG) National Science and Mathematics Access to Retain Talent Grants (SMART) Program |
| Compliance Requirement | Eligibility – Overawards |
| State Educational Entity | University of North Florida (UNF) |
| Finding Type | Noncompliance and Significant Deficiency Questioned Costs – \$10,141 (\$8,841 SMART and \$1,300 ACG) |
| Finding | The institution disbursed Title IV Higher Education Act (HEA) funds to ineligible students. |
| Criteria | 34 CFR 691.15(b)(iii)(C), 691.15(c)(3) <i>Eligibility to Receive a Grant</i> |
| Condition | For 1 of 2 students tested that were disbursed SMART grant funds, we noted that the student was disbursed a \$2,000 award for the Fall 2007 term, although, the student's grade point average (GPA) entering the term was below the required 3.0 on a 4.0 scale. Subsequent to audit inquiry, the institution identified 4 other students (3 SMART recipients (\$6,841) and 1 ACG recipient (\$1,300)) that were also ineligible for the Fall 2007 term (2 students) or were ineligible for both the Fall 2007 and the Spring 2008 terms (2 students). Subsequent to audit inquiry, on August 1, 2008, the institution returned \$10,141 to the applicable programs. |
| Cause | When processing Spring 2008 awards, the institution awarded the students for Spring 2008 and retroactively for Fall 2007. The institution based the Fall 2007 term award on the cumulative GPA after the Fall 2007 term was over instead of using the cumulative GPA prior to the beginning of the Fall 2007 term. As a result, the students were not eligible for the Fall 2007 term award because their respective GPAs were below 3.0. |
| Effect | When institutions award Title IV HEA funds to ineligible students, funds may not be available for eligible students and institutions may be required to return institutional funds to the Federal program. |
| Recommendation | The institution should strengthen its procedures to ensure that awards of Title IV HEA funds are properly determined, monitored, and documented. The institution should also strengthen its procedures for monitoring changes to student awards during the year to ensure that students are not subsequently overawarded. |
| Auditor General Contact and Telephone Number | James R. Stultz, Audit Manager jimstultz@aud.state.fl.us 850-922-2263 |
| UNF Response and Corrective Action Plan | UNF has utilized the user defined fields in the SCT Banner Software Program to record the GPAs by term. The rules written in Banner for awarding and disbursing these programs will read these GPAs by term to ensure that the student is eligible for the program for that term. UNF also created a job to determine renewal criteria for these programs and records that status on the user defined fields to ensure that students are not awarded or disbursed funds from these accounts who do not meet the eligibility requirements. All funds have been repaid to the appropriate programs. |
| Estimated Corrective Action Date | December 1, 2008 |
| UNF Contact and Telephone Number | Janice Nowak Director of Compliance, Technology and Training 904-620-1043 |

U.S. DEPARTMENT OF EDUCATION

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|---|---|
| Finding Number | FA 08- |
| CFDA Number | 84.032 |
| Program Title | Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL) |
| Compliance Requirement | Special Tests and Provisions – Disbursements – Loan Notifications |
| State Educational Entity | University of North Florida (UNF) |
| Finding Type | Noncompliance and Significant Deficiency |
| Finding | The institution did not always follow its procedures to document the required disbursement notification of student or parent FFEL borrowers, within 30 days before or after crediting a student's account with FFEL funds. |
| Criteria | 34 CFR 668.165, <i>Notices and Authorizations</i> |
| Condition | For 1 of 5 students tested, we noted that the required notification for a Fall 2007 FFEL disbursement was not sent to the student. Additionally, none of the other 152 students on the same EFT disbursement roster dated October 31, 2007, received the required notification. Subsequent to audit inquiry, the institution identified a second EFT disbursement roster dated November 14, 2007, with 120 students for which the required notifications were not sent. |
| Cause | The institution did not follow its procedures for the disbursement rosters noted. Although the two EFT disbursement rosters were generated, the required notifications were not sent to the applicable students. |
| Effect | Because incurring a loan obligation is a serious responsibility, a borrower must be given the opportunity to cancel the loan at, or close to, the time the funds are actually disbursed and the debt incurred. Without notification of the right to cancel a loan, there is an increased risk that a borrower may incur unnecessary debt. |
| Recommendation | The institution should strengthen its monitoring procedures to ensure full compliance with Federal regulations. |
| Auditor General Contact and Telephone Number | James R. Stultz, Audit Manager jimstultz@aud.state.fl.us 850-922-2263 |
| UNF Response and Corrective Action Plan | The university has established a logging system when the job runs to generate the notification letter. These logs are reviewed bi-weekly by the Associate Director of Enrollment Services Processing Financial Aid and the Enrollment Services Compliance, Technology and Training department to ensure that all students who appear on the EFT (electronic fund transfer) roster are properly notified. |
| Estimated Corrective Action Date | December 1, 2008 |
| UNF Contact and Telephone Number | Janice Nowak Director of Compliance, Technology and Training 904-620-1043 |

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