Prior Year Findings Follow-Up
TEXAS A&M UNIVERSITY - CORPUS CHRISTI

Finding Reference # 09-55
Finding Title Special Tests and Provisions - Disbursements To or On Behalf of Students
Agency Number 760
Agency Name Texas A&M University - Corpus Christi

Detailed Finding Text (Exactly as written in Final Report)

Disbursement Notification Letters

If an institution credits a student’s account at the institution with Federal Perkins Loans (FPL) or Federal Family Education Loan Program (FFELP) loans, no earlier than 30 days before and no later than 30 days after crediting the student’s account, the institution must notify the student or parent of (1) the date and amount of the disbursement, (2) the student's right or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan, and (3) the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. The requirement for FFELP loans applies only if the funds are disbursed by electronic funds transfer payment or master check. The notification can be in writing or electronically (Title 34, Code of Federal Regulations, Section 668.165).

Texas A&M University-Corpus Christi (University) has established an automated process for notifying students when their accounts have been credited with a FPL or FFELP award. However, this program was not fully functioning and, as a result, the program was not posting the date the notification was sent in each student’s file. In a sample of 50 students, 44 (88 percent) received a loan from either the FPL program or FFELP. Because of the programming error, however, auditors were not able to determine whether notifications were sent within the required timeframe to all students in the sample for the award year that received a loan.

Entrance Counseling

An institution must ensure that initial counseling is conducted with each Stafford loan borrower prior to its release of the first disbursement, unless the student borrower has received a prior Federal Stafford, Federal Supplemental Loan for Students, or direct subsidized or unsubsidized loan. (Title 34, Code of Federal Regulations, Section 682.604 (f)).

Of 44 students tested, 2 (4.5 percent) that did not have evidence of entrance counseling in Banner (the University’s financial aid system). Banner still disbursed funds to these two students. Auditors determined that the students had received entrance counseling prior to disbursement; however, the automated system should not have disbursed the funds because Banner did not have evidence of the counseling. The control in Banner to prevent disbursement without entrance counseling was not activated.

Recommendations:
The University should:

- Correct the programming error related to notification letters dates and ensure that it maintains evidence of when it sends notification letters to students.
- Ensure that it establishes edits or reminders in the automated financial aid system to prevent loans from being disbursed to students who have not received entrance counseling.

Management Response and Corrective Action Plan 2008:

Disbursement Notification Letters
An automated process has been established to send out Notification letter to students when their accounts have been credited with a student or parent loan. During the audit it was determined that the date of the notification was not being posted to the student system prior to July 8, 2008. The financial aid programmer was able to correct the issue and the system since that date has been tracking the notification information. Evidence of when notifications are sent is being tracked appropriately in Banner on RUAMAIL.

Implementation Date: July 8, 2008
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Responsible Person: Jeannie Gage

Entrance Counseling

It was determined that two students did not have evidence of entrance counseling in the student system. Immediately upon discovery of the error, corrections were made to the appropriate student system forms to ensure that all entrances are properly tracked. Starting in April 2008, in addition to our regular loan processes, additional system processing jobs are run that are prior to disbursement and provide a report to identify any students who may not have an entrance record properly posted to their record in the student system. These additional jobs are run by the Assistant Director.

Implementation Date: April 2008

Responsible Person: Jeannie Gage

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<td>Person Responsible for Implementation: Tracie Perez</td>
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<td>Title</td>
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<td>Division</td>
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<td>Date Implemented</td>
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Description of Corrective Action Taken "and"
(If not fully corrected) the Planned Corrective Action "or"
Explanation For No Action:

The financial aid programmer corrected the issue and the system is tracking the notification information. Evidence of when notifications are sent is being tracked appropriately in Banner on RUAMAIL. This process is handled by the FAO programmer using Workflow.

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Description of Corrective Action Taken "and"
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Explanation For No Action:

Prior to the first disbursement of each term, additional system processing jobs are run that provide a report to identify any students who may not have an entrance recorded properly in the student system. Identified records are researched and updated accordingly. These additional jobs are run by the Assistant Director.
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