Federal Requirement 4.7 – Title IV Program Responsibilities

The institution is in compliance with its program responsibilities under Title IV of the most recent Higher Education Act as amended. (In reviewing the institution’s compliance with these program responsibilities, the Commission relies on documentation forwarded to it by the U.S. Department of Education.) (SACSCOC Principles of Accreditation: Foundation for Quality Enhancement, 2012, Federal Requirement 4.7)

Findings of the Off-Site Committee:

Many institutions and their students are dependent on federal and state financial assistance, including Texas Tech. As a result, compliance with federal, state and institutional regulations and policies is crucial for long-term sustainability.

Texas Tech participates in Title IV Federal Student Aid programs and the Off-Site Review Committee reviewed the current authorizations including the U.S. Department of Education Program Participation Agreement, the U.S. Department of Education Approval Notice, and the U.S. Department of Education Eligibility and Certification Approval Report.

The state auditor routinely contracts with an independent auditor to perform portions of the federal audit procedures necessary to meet the requirements of the federal Single Audit Act Amendments of 1996 and related Office of Management and Budget (OMB) Circular A-133. As shown in the State of Texas Federal Portion of the Statewide Single Audit Reports, KPMG LLC audited Texas Tech’s compliance with the requirements applicable to OMB Circular A-133 Student Financial Assistance Cluster for fiscal year (FY) 2010-11, FY 2011-12 and FY 2012-13.

For at least the last three fiscal years, the State of Texas Federal Portion of the Statewide Single Audit Reports included repeat findings regarding Texas Tech’s Student Financial Assistance Cluster. The audits included testing samples of student records and, in some instances, reviewing the entire populations of Title IV aid recipients. The State Auditor and KPMG issued qualified opinion letters on Compliance for Each Major Program and on Internal
Control Over Compliance Required by OMB Circular A-133, Audits of States, Local governments, and Non-Profit Organizations, for all three years reviewed by the Committee.

Following is a summary of Texas Tech’s audit findings for the last three years, including the applicable year(s) of each finding:

**Eligibility**

1. Instances that the university incorrectly calculated students’ cost of attendance (FY 2010-11, FY 2011-12 and FY 2012-13).

2. Instances of the university awarding Pell Grants to ineligible students (FY 2011-12 and FY 2012-13), awarding more than the eligible amount (FY 2010-11) and awarding less than the eligible amount (FY 2011-12).

3. Instances of the university awarding FSEOG assistance to students who did not receive a Pell Grant during the award year and not awarding FSEOG assistance to all other Pell Grant recipients before awarding FSEOG assistance to non-Pell Grant recipients as required (FY 2011-12).

4. The university’s policy is to evaluate satisfactory academic progress for all students at the end of each period of enrollment. According to the policy, students are to be placed in a warning status when they do not comply. If the student fails to achieve satisfactory academic progress during the next term, the student is to be placed in suspension status and is ineligible to receive Title IV assistance until the student submits an appeal and it is approved by the university or until the student regains eligibility. However, the university has not been following its written policy. In practice, the university places students in a warning status for two terms, not one term, prior to suspending the student’s eligibility for Title IV assistance. In addition, the auditor’s testing revealed instances of the university not determining the student’s compliance with its
standards for one or more terms or made other errors in determining compliance (FY 2010-11 and FY 2011-12).

5. The Budget Control Act of 2011 eliminated subsidized loan eligibility for graduate and professional students effective July 1, 2012. Based on a review of Title IV aid recipients, the institution awarded a Federal Direct Subsidized Loan to a graduate student (FY 2012-13).

**Reporting**

6. Texas Tech did not report disbursements of Pell Grant funds to students to the U.S. Department of Education’s Common Origination and Disbursement System within 30 calendar days of disbursement (FY 2010-11).

**Special Tests and Provisions**

7. The university must require each applicant whose Free Application for Federal Student Aid (FAFSA) is selected for verification by the Secretary of the U.S. Department of Education to verify all of the applicable items such as household size, number of household members who are in college, and adjusted gross income. The reviews revealed that Texas Tech did not retain supporting documentation as required for all verified amounts and the university did not accurately verify all required items (FY 2010-11, FY 2011-12, FY 2012-13).

8. Within 30 days before or after crediting a student’s account, an institution must notify the student or parent of the anticipated date and amount of disbursement of a Direct Loan, Federal Perkins Loan or Teacher Education Assistance for College and Higher Education (TEACH) Grant Program funds. In some instances, Texas Tech did not send required notifications within 30 days of disbursement (FY 2011-12).

9. Texas Tech processed additional disbursements of Title IV assistance to students after determining the students withdrew (FY 2011-12).
10. Texas Tech did not always correctly calculate the amounts of Title IV grant or loan funds to be returned when students withdrew and did not always return funds when required (FY 2010-11, FY 2011-12, FY 2012-13).

11. Institutions must notify the guaranty agency or lender within 30 day if it discovers that a Direct Subsidized, Direct Unsubsidized or Direct PLUS Loan has been made to a student who (1) enrolled but has ceased to be enrolled on at least a half-time basis, (2) has been accepted for enrollment but failed to enroll on at least a half-time basis, or (3) has changed his or her permanent address. Texas Tech did not always report such student status changes in an accurate and timely manner (FY 2010-11, FY 2011-12, FY 2012-13).

12. For graduated students, the effective date to be reported to the National Student Loan Data System (NSLDS) is the date the students competed the course requirements. Texas Tech did not report the correct effective date for students who graduated in fall 2012 (FY 2012-13).

13. Texas Tech uses the National Student Clearinghouse (NSC) to report enrollment status changes to NSLDS. The review revealed that automated controls are not operating effectively to help ensure that enrollment files and degree verifications that the university submits to NSC are complete and accurate. In addition, the university does not have a monitoring process to help ensure that NSC reports enrollment status information to NSLDS in an accurate and timely manner (FY 2011-12).

14. For direct student loans, institutions are required to reconcile the School Account Statement data file from the Common Origination and Disbursement (COD) System to the institution’s financial records. Texas Tech’s policy requires the university to prepare such monthly reconciliations. However, the university did not consistently prepare the reconciliations in accordance with its policy. The
reviews also revealed that the reconciliations were not effective in identifying and resolving discrepancies (FY 2010-11).

Texas Tech University’s Response:

In response to the comments received from the off-site committee to Federal Requirement 4.7, the 14 audit findings noted have been addressed and determined to be resolved satisfactorily. A table showing the audit findings referenced and resolved status for each finding is attached. The management response and corrective action plan is reviewed by the President and Chief Auditor of TTU and serves as the institution’s resolution to findings issued. The management responses and corrective action plans are published annually by the State Auditor’s Office (State of Texas Federal Portion of the Statewide Single Audit Report FY 2011 pages 318-325 [2], State of Texas Federal Portion of the Statewide Single Audit Report FY 2012 pages 313-320 [3], and State of Texas Federal Portion of the Statewide Single Audit Report FY 2013 pages 349-355 [4]). The annual reports are made available by the Department of Education School Participation Team to the Governor of Texas. The most current audit report (FY 2014) will be published in early February 2015 and made available to the on-site committee. We anticipate no material findings.

Supporting Documentation and Evidence:

<table>
<thead>
<tr>
<th>Primary Source</th>
<th>Document Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Texas State Auditor’s Office Website</td>
</tr>
</tbody>
</table>