

**2015-650 Cash Management****Federal Pell Grant Program (CFDA # 84.063)****Federal Direct Student Loans (CFDA # 84.268)****Federal Award Agency: United States Department of Education****Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations (CFR) Section 668.162(b)(3) states that an institution must disburse the funds requested as soon as administratively feasible but no later than three business days following the date the institution received those funds.

Title 34 CFR Section 668.166(b) states that an institution may maintain an amount of excess cash for up to seven days that does not exceed one-percent of the total amount of funds the institution drew down in the prior award year. The institution must immediately return any amount of cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period to the Secretary of the United States Department of Education.

*Condition:* During our review of cash management at Central Connecticut State University (CSU), we noted that due to a federal Direct Student Loan Program (Direct Loan) drawdown made on October 28, 2014, excess cash of between \$60,000 and \$42,808 was on hand for eight calendar days from October 28, 2014 through November 5, 2014 (Award # P268K150064).

During our review of cash management at Eastern CSU, we noted that due to Direct Loan program adjustments made on September 23, 2014 and October 3, 2014, excess cash of \$6,946 and \$495 was on hand for eight and 13 calendar days, respectively (Award #P268K141231).

During our review of cash management at Southern CSU, we noted the following exceptions:

- Due to several federal Pell Grant Program (Pell) adjustments and drawdowns made during November 13, 2014 through January 7, 2015, excess cash of between \$4,951 and \$8,696 was on hand for 72 calendar days from November 13, 2014 through January 13, 2015 (Award P063P131225).
- Due to Direct Loan program adjustments made from October 8, 2014 through October 13, 2014, excess cash of between \$2,385 and \$10,716 was on hand for eight calendar days from October 8, 2014 through October 15, 2014 (Award #P268K141225).
- Due to Direct Loan program adjustments made from October 29, 2014 through November 18, 2014, excess cash of between \$4,371 and \$11,743



was on hand for 31 calendar days from October 29, 2014 through November 28, 2014 (Award # P268K141225).

- Due to Direct Loan program adjustments made from January 30, 2015 through February 5, 2015, excess cash of between \$6,967 and \$10,367 was on hand for 28 calendar days from January 30, 2015 through February 26, 2015 (Award # P268K141225).
- Due to Direct Loan program adjustments made on May 8, 2015, excess cash of between \$1,178 and \$3,158 was on hand for up to 13 calendar days from May 8, 2015 through May 20, 2015 (Award # P268K141225).

During our review of cash management at Northwestern Connecticut Community College (CC), we noted that due to Pell program adjustments made during November 5, 2014 through November 24, 2014, excess cash of between \$719 and \$6,382 was on hand for 27 calendar days from November 5, 2014 through December 1, 2014 (Award # P063P141220).

*Effect:* These institutions were not in compliance with federal regulations governing cash management.

*Cause:* These institutions did not follow established cash management procedures.

*Eastern CSU:* We were informed that the condition occurred because the university was short staffed during this time period. It was further stated that the Finance Department was involved with a fiscal year-end audit and the Financial Aid Office was preparing for the changes to the student loan origination fee rate.

*Northwestern Connecticut CC:* We were also informed that the college was having difficulty processing refunds to the federal government during this time-period.

*Recommendation:* The state universities and Northwestern Connecticut Community College should comply with the cash management provisions stipulated in Title 34 Code of Federal Regulations Section 668.166(b) by ensuring that federal cash drawdowns do not exceed the amounts necessary for immediate disbursement, and that any excess cash is returned within the timeframe established in the regulations.

*Agency Response:* *Central CSU:* "We agree with this finding."

*Eastern CSU:* "We agree with this finding."

*Southern CSU:* "We agree with this finding."

*Northwestern Connecticut CC:* "We agree with this finding. For some time, the United States Department of Education (USDOE) discouraged





*Agency Response:* “We agree with this finding.”

**2015-652 Student Eligibility – Satisfactory Academic Progress**

**Federal Supplemental Educational Opportunity Grants (CFDA #84.007)  
Federal Work-Study Program (CFDA #84.033)  
Federal Perkins Loans – Federal Capital Contributions (CFDA #84.038)  
Federal Pell Grant Program (CFDA #84.063)  
Federal Direct Student Loans (CFDA #84.268)  
Teacher Education Assistance for College and Higher Education Grants (CFDA #84.379)  
Federal Award Agency: United States Department of Education  
Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations Section 668.16(e) states for purposes of determining student eligibility for assistance under a Title IV, Higher Education Act Program, an institution must establish, publish and apply reasonable standards for measuring whether a student is maintaining satisfactory academic progress in their educational program.

Central Connecticut State University’s Satisfactory Academic Progress (SAP) policy has two component requirements; a minimum cumulative grade point average and a minimum cumulative completion rate of attempted credits. The university’s policy requires that a student complete 67.5 percent of their attempted credits.

*Condition:* From a sample of 20 students selected for student eligibility testing at Central Connecticut State University, we noted two instances in which the university did not follow its SAP policy. In both instances, the students did not did complete 67.5 percent of the attempted credits and were recorded as meeting SAP, when they should have been placed on SAP probation.

*Effect:* When SAP is not determined correctly, it increases the risk that the university could award financial aid to students who are not eligible.

*Cause:* We were informed that the condition may have been caused by a coding error in the university’s program that calculates SAP.

*Recommendation:* Central Connecticut State University should review its procedures for calculating and monitoring Satisfactory Academic Progress to ensure that they are consistently applied.

*Agency Response:* “We agree with this finding.”



**FEDERAL STUDENT FINANCIAL ASSISTANCE - DEPARTMENTS OF  
EDUCATION AND HIGHER EDUCATION – STATEWIDE**

Federal Student Financial Assistance awards were made individually to the following institutions during the fiscal year ended June 30, 2015:

<u>Institution</u>	<u>Office of Post-Secondary Education (OPE) ID</u>
University of Connecticut	00141700
University of Connecticut School of Medicine	00141700
University of Connecticut School of Dental Medicine	00141700
Central Connecticut State University	00137800
Eastern Connecticut State University	00142500
Southern Connecticut State University	00140600
Western Connecticut State University	00138000
Charter Oak State College	03234300
Asnuntuck Community College	01115000
Capital Community College	00763500
Gateway Community College	00803700
Housatonic Community College	00451300
Manchester Community College	00139200
Middlesex Community College	00803800
Naugatuck Valley Community College	00698200
Northwestern Connecticut Community College	00139800
Norwalk Community College	00139900
Quinebaug Valley Community College	01053000
Three Rivers Community College	00976500
Tunxis Community College	00976400
A.I. Prince Technical High School	00982200
Bristol Technical Education Center	00927700
Bullard-Havens Technical High School	01149600
E.C. Goodwin Technical High School	00927700
Eli Whitney Technical High School	00730000
Howell Cheney Technical High School	02245300
Norwich Technical High School	01184300
Platt Technical High School	02565000
Vinal Technical High School	01169700
W.F. Kaynor Technical High School	02300000
Windham Technical High School	00731100



## 2015-650 Cash Management

**Federal Pell Grant Program (CFDA # 84.063)**

**Federal Direct Student Loans (CFDA # 84.268)**

**Federal Award Agency: United States Department of Education**

**Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations (CFR) Section 668.162(b)(3) states that an institution must disburse the funds requested as soon as administratively feasible but no later than three business days following the date the institution received those funds.

Title 34 CFR Section 668.166(b) states that an institution may maintain an amount of excess cash for up to seven days that does not exceed one-percent of the total amount of funds the institution drew down in the prior award year. The institution must immediately return any amount of cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period to the Secretary of the United States Department of Education.

*Condition:* During our review of cash management at Central Connecticut State University (CSU), we noted that due to a federal Direct Student Loan Program (Direct Loan) drawdown made on October 28, 2014, excess cash of between \$60,000 and \$42,808 was on hand for eight calendar days from October 28, 2014 through November 5, 2014 (Award # P268K150064).

During our review of cash management at Eastern CSU, we noted that due to Direct Loan program adjustments made on September 23, 2014 and October 3, 2014, excess cash of \$6,946 and \$495 was on hand for eight and 13 calendar days, respectively (Award #P268K141231).

During our review of cash management at Southern CSU, we noted the following exceptions:

- Due to several federal Pell Grant Program (Pell) adjustments and drawdowns made during November 13, 2014 through January 7, 2015, excess cash of between \$4,951 and \$8,696 was on hand for 72 calendar days from November 13, 2014 through January 13, 2015 (Award P063P131225).
- Due to Direct Loan program adjustments made from October 8, 2014 through October 13, 2014, excess cash of between \$2,385 and \$10,716 was on hand for eight calendar days from October 8, 2014 through October 15, 2014 (Award #P268K141225).
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- Due to Direct Loan program adjustments made from January 30, 2015 through February 5, 2015, excess cash of between \$6,967 and \$10,367 was on hand for 28 calendar days from January 30, 2015 through February 26, 2015 (Award # P268K141225).
- Due to Direct Loan program adjustments made on May 8, 2015, excess cash of between \$1,178 and \$3,158 was on hand for up to 13 calendar days from May 8, 2015 through May 20, 2015 (Award # P268K141225).

During our review of cash management at Northwestern Connecticut Community College (CC), we noted that due to Pell program adjustments made during November 5, 2014 through November 24, 2014, excess cash of between \$719 and \$6,382 was on hand for 27 calendar days from November 5, 2014 through December 1, 2014 (Award # P063P141220).

*Effect:* These institutions were not in compliance with federal regulations governing cash management.

*Cause:* These institutions did not follow established cash management procedures.

*Eastern CSU:* We were informed that the condition occurred because the university was short staffed during this time period. It was further stated that the Finance Department was involved with a fiscal year-end audit and the Financial Aid Office was preparing for the changes to the student loan origination fee rate.

*Northwestern Connecticut CC:* We were also informed that the college was having difficulty processing refunds to the federal government during this time-period.

*Recommendation:* The state universities and Northwestern Connecticut Community College should comply with the cash management provisions stipulated in Title 34 Code of Federal Regulations Section 668.166(b) by ensuring that federal cash drawdowns do not exceed the amounts necessary for immediate disbursement, and that any excess cash is returned within the timeframe established in the regulations.

*Agency Response:* *Central CSU:* "We agree with this finding."

*Eastern CSU:* "We agree with this finding."

*Southern CSU:* "We agree with this finding."

*Northwestern Connecticut CC:* "We agree with this finding. For some time, the United States Department of Education (USDOE) discouraged



institutions from returning cash via paper check or Automated Clearing House payments throughout the Account Payable system. At the same time, the State of Connecticut Treasurer's Office was not allowing the colleges to return funds through Auto Debit to the college account by the USDOE. In June 2015, the State Treasurer began allowing the colleges to return funds through the Auto Debit process on G5, the USDOE's Grant Management System, provided the college alerts the Treasurer's Office in advance of such refunds."

## 2015-651 Student Eligibility

### Federal Direct Student Loans (CFDA #84.268)

Federal Award Agency: United States Department of Education

Award Year: 2014-2015

*Criteria:* Title 34 Code of Federal Regulations (CFR) Section 685.200(a)(1) states that a borrower is eligible to receive federal Direct Student Loans (Direct Loan), if the student is enrolled or accepted on at least a half-time basis in a school that participates in the Direct Loan program.

Title 34 CFR Section 668.164(b)(3) stipulates that an institution may disburse Title IV, Higher Education Act program funds to a student or parent for a payment period only if the student is enrolled for classes for that payment period and is eligible to receive those funds.

*Condition:* From ten students selected for testing at the University of Connecticut, an enrollment status of full-time was determined for a graduate student enrolled in some undergraduate courses that would not count toward his degree. These courses were dropped on the last day of the add/drop period after the Direct Loan had disbursed. This graduate student was not eligible to receive a Direct Loan, because his enrollment status was less than half time based on the number of graduate courses he was enrolled in.

*Effect:* A student was awarded and disbursed an unsubsidized Direct Loan of \$10,141 that he was ineligible for. Upon our discovery, the university rescinded the ineligible Direct Loan award.

*Cause:* We were informed that the condition occurred when an individual who packaged the award thought the undergraduate courses were replacements for graduate program requirements.

*Recommendation:* The University of Connecticut should establish procedures to ensure that only eligible courses that count toward a student's degree, certificate, or other recognized credential are used to determine enrollment status.





*Agency Response:* “We agree with this finding.”

**2015-652 Student Eligibility – Satisfactory Academic Progress**

**Federal Supplemental Educational Opportunity Grants (CFDA #84.007)**

**Federal Work-Study Program (CFDA #84.033)**

**Federal Perkins Loans – Federal Capital Contributions (CFDA #84.038)**

**Federal Pell Grant Program (CFDA #84.063)**

**Federal Direct Student Loans (CFDA #84.268)**

**Teacher Education Assistance for College and Higher Education Grants (CFDA #84.379)**

**Federal Award Agency: United States Department of Education**

**Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations Section 668.16(e) states for purposes of determining student eligibility for assistance under a Title IV, Higher Education Act Program, an institution must establish, publish and apply reasonable standards for measuring whether a student is maintaining satisfactory academic progress in their educational program.

Central Connecticut State University’s Satisfactory Academic Progress (SAP) policy has two component requirements; a minimum cumulative grade point average and a minimum cumulative completion rate of attempted credits. The university’s policy requires that a student complete 67.5 percent of their attempted credits.

*Condition:* From a sample of 20 students selected for student eligibility testing at Central Connecticut State University, we noted two instances in which the university did not follow its SAP policy. In both instances, the students did not did complete 67.5 percent of the attempted credits and were recorded as meeting SAP, when they should have been placed on SAP probation.

*Effect:* When SAP is not determined correctly, it increases the risk that the university could award financial aid to students who are not eligible.

*Cause:* We were informed that the condition may have been caused by a coding error in the university’s program that calculates SAP.

*Recommendation:* Central Connecticut State University should review its procedures for calculating and monitoring Satisfactory Academic Progress to ensure that they are consistently applied.

*Agency Response:* “We agree with this finding.”





## 2015-653 Student Eligibility - Federal Supplemental Educational Opportunity Grants

### Federal Supplemental Educational Opportunity Grants (CFDA #84.007)

Federal Award Agency: United States Department of Education

Award Year: 2014-2015

*Background:* We compared the list of all students that received a Federal Supplemental Educational Opportunity Grant (FSEOG) to those students who also received a federal Pell Grant (Pell). This was done as a result of a recommendation that was made at multiple institutions for the fiscal year ended June 30, 2014. We had identified a number of students that were ineligible to receive FSEOG, because these students did not receive a federal Pell Grant in the same award year.

*Criteria:* Title 34 Code of Federal Regulations Section 676.10 establishes the particular eligibility requirements for a student to receive FSEOG. One of these requirements is that an institution shall select students with the lowest Estimated Financial Contribution (EFC) who will also receive Pell in that year.

*Condition:* *Southern CSU:* We noted that two out of 698 students received FSEOG awards that they were not eligible for because they did not also receive a Pell award in the same award year.

*Norwalk CC:* We noted that one out of 815 students received an FSEOG award that the student was not eligible for because they did not also receive a Pell award in the same award year.

*Quinebaug Valley CC:* We noted certain students who demonstrated Pell Grant eligibility, with the lowest EFC, were not awarded FSEOG funds as these students' Institutional Student Information Reports were processed later than eligible students with a higher EFC.

*Effect:* *Southern CSU:* These students' total FSEOG awards were \$2,246. Upon our discovery, the university rescinded the ineligible FSEOG awards.

*Norwalk CC:* The student's total FSEOG award was \$200. Upon our discovery, the college rescinded the ineligible FSEOG award.

*Quinebaug Valley CC:* The college's policy for awarding FSEOG was not in compliance with federal regulations.



*Cause:* *Southern CSU:* The university's automated system allowed FSEOG to be disbursed to students who were not disbursed a federal Pell Grant.

*Norwalk CC:* We were informed that the college attempted to cancel the student's award. However, due to the FSEOG fund being locked, the college's disbursement process did not remove the award from the student's account.

*Quinebaug Valley CC:* During award year 2014-2015, the college's policy was to award the FSEOG on a first-come, first-serve basis to those students who were also Pell eligible without any consideration of the student's EFC. We were informed that the college modified its FSEOG awarding policy effective with award year 2015-2016 to be in compliance with federal regulations.

*Recommendation:* Southern Connecticut State University and Norwalk Community College should award and disburse Federal Supplemental Educational Opportunity Grants in accordance with the requirements stipulated in Title 34 Code of Federal Regulations Section 676.10. Quinebaug Valley Community College should ensure that its policy for awarding Federal Supplemental Educational Opportunity Grants is in accordance with federal regulations.

*Agency Response:* *Southern CSU:* "We agree with this finding."

*Norwalk CC:* "We agree with this finding."

*Quinebaug Valley CC:* "We agree with this finding."

**2015-654 Reporting - Fiscal Operations Report and Application to Participate (FISAP)**

**Federal Supplemental Educational Opportunity Grants (CFDA #84.007)**  
**Federal Work-Study Program (CFDA #84.033)**  
**Federal Perkins Loan – Federal Capital Contributions (CFDA #84.038)**  
**Federal Pell Grant Program (CFDA #84.063)**  
**Federal Award Agency: United States Department of Education**  
**Award Year: 2014-2015**

*Criteria:* The instructions for completing the Fiscal Operations Report and Application to Participate (FISAP) are contained in the *Instructions Booklet for Fiscal Operations Report for 2014–2015 and Application to Participate for 2016–2017(FISAP)*.

*Condition:*

We reviewed the FISAP at the University of Connecticut (UConn) and noted the following:

- The total expenditure for state grants and scholarships made to undergraduates was reported as \$4,629,055. The supporting documentation for the expenditure was \$4,594,405. Upon our discovery, the university submitted a FISAP correction.
- The total number of independent professional students was reported as 3,264 in the Eligible Aid Applicant Information part of the FISAP. The supporting documentation for this amount was 3,270. Upon our discovery, the university submitted a FISAP correction.
- The expended Federal Work-Study Program (FWS) authorization was reported as \$1,266,327 on the FISAP. The supporting documentation for drawdowns in the United States Department of Education's Grant Management System (G5) was \$1,279,354.
- The total FWS earnings of the students for whom jobs were located or developed was reported as \$3,405,000. The supporting documentation for these earnings was \$3,492,042. This condition was self-identified by the school; the university submitted a FISAP correction.

In our Statewide Single Audit covering the fiscal year ended June 30, 2014, we recommended that UConn make corrections to the total number of students, and the amount of tuition and fees that were reported, due to reporting errors in the FISAP data submitted for award year July 1, 2013 through June 30, 2014. The Office of Student Financial Aid Services provided us with a screen print of the FISAP Change Request Confirmation submitted on April 14, 2015. We were informed that the United States Department of Education Campus-Based Program office did not respond to the request, and did not reopen the FISAP to allow for the changes to these fields. Upon our discovery, the university contacted the federal government again and submitted FISAP corrections on December 11, 2015, for the line items below:

- The total number of undergraduate and graduate/professional students was reported as 25,756 and 7,961, respectively. The supporting documentation for these students was 25,039 and 8,678, respectively.
- The total tuition and fees for undergraduate and graduate/professional students was reported as \$331,179,707 and \$144,976,850, respectively. The supporting documentation for the tuition and fees was \$334,258,285, and \$140,714,322, respectively.





We reviewed the FISAP at Central Connecticut State University (CSU) and noted the following:

- The total number of students enrolled as undergraduate and graduate/professional for the 2014-2015 award year was reported as 11,255 and 3,024, respectively. The supporting documentation from the university's enrollment records for these students was 11,359 and 3,040, respectively. Upon our discovery, the university submitted a FISAP correction.
- The number of FWS students in community service employment was reported as 32. The supporting documentation for these students was reported as 27. Upon our discovery, the university submitted a FISAP correction.
- The amount of the federal share of earned compensation for FWS students employed in civic education and participation activities was reported as \$13,217. The supporting documentation for this compensation was \$10,879. Upon our discovery, the university submitted a FISAP correction.
- The total amount of earned compensation for FWS students employed in civic education and participation activities was reported as \$16,522. The supporting documentation for this compensation was \$14,505. Upon our discovery, the university submitted a FISAP correction.

We reviewed the FISAP at Northwestern Connecticut Community College (CC) and noted the following:

- The total earned compensation for the FWS program was reported as \$43,635. The supporting documentation for the compensation was \$46,351. Upon our discovery, the college submitted a FISAP correction.
- The total on-campus earned compensation for FWS was reported as \$41,895. The supporting documentation for the compensation was \$44,611. Upon our discovery, the college submitted a FISAP correction.
- The total amount of FWS funds and the distribution of program recipients did not match the supporting documentation for several different income ranges. Upon our discovery, the college submitted FISAP corrections.

We reviewed the FISAP at Three Rivers CC and noted the following:

- The total expenditure for state grants and scholarships made to undergraduates was reported as \$39,800. The supporting documentation



for the expenditure was \$41,600. Upon our discovery, the college submitted a FISAP correction.

- The total number of independent undergraduate students was reported as 2,012 in the Eligible Aid Applicant Information part of the FISAP. The supporting documentation for the number of students was 2,011. Upon our discovery, the college submitted a FISAP correction.
- The total amount of Federal Perkins Loan Program (FPL) cash on hand and in depository as of October 31, 2015 was reported as \$22,664. The supporting documentation for this amount was \$28,664. Upon our discovery, the college researched and adjusted the cash on hand in depository as of October 31, 2015 to \$32,351. The college submitted a FISAP correction for this amount on January 11, 2016.
- The total cumulative amount of FPL funds advanced to students—number of borrowers was reported as 902. The supporting documentation from the college’s FPL service provider reports a total of 912.
- The total cumulative amount of FPL funds advanced to students was reported as \$802,214. The college’s accounting system indicates an amount of \$796,364, whereas the college’s FPL service provider indicates \$794,514.
- The total number of borrowers whose FPL principal assigned to and accepted by the United States was reported as 197. The supporting documentation from the college’s FPL service provider reports a total of 195. Upon our discovery, the college submitted a FISAP correction.
- The total cumulative amount of FPL other income was reported as \$92,215. The supporting documentation from the college’s FPL service provider reports a total of \$35,795.
- The total cumulative amount of borrowers for whom FPL loans were assigned due to default or liquidation was reported as 196. The supporting documentation from the college’s FPL service provider reports a total of 194. Upon our discovery, the college submitted a FISAP correction.
- The total amount of Federal Supplemental Educational Opportunity Grant (FSEOG) Program funds paid to recipients was reported as \$131,847. The supporting documentation for these funds was \$132,247. Upon our discovery, the college submitted a FISAP correction.
- The total amount of FSEOG funds and the distribution of program recipients did not match the supporting documentation for many different



income ranges. Upon our discovery the college submitted a FISAP correction.

*Effect:* The FISAP that these institutions submitted to the United States Department of Education contained errors. If an institution provides inaccurate data, the level of funding for its campus-based programs could be affected.

*Cause:* *UConn:* A newly created university scholarship was included in the amount expended for state grants and scholarships to undergraduate students even though the university has the final decision on which students get the funds. Also, departments inadvertently submitted inaccurate summary information to the office responsible for the submission of the FISAP. Controls were not in place to monitor the information provided prior to data entry.

*Central CSU:* In the first instance, the university provided enrollment numbers for a different award year. In the other instances, the reasons for the differences were unknown.

*Northwestern Connecticut CC:* It appears that the majority of the conditions appear to be clerical data entry errors.

*Three Rivers CC:* The Federal Perkins Loan account information was not reconciled with the FPL service provider reports. Unreconciled differences have been carried forward. Several of the above conditions appear to be clerical data entry errors.

*Recommendation:* The University of Connecticut, Central Connecticut State University and community colleges should establish internal controls to ensure that data reported on the Fiscal Operations Report and Application to Participate (FISAP) is accurate and in compliance with instructions provided by the United States Department of Education. The University of Connecticut and Three Rivers Community College should make necessary corrections to the FISAP data submitted for award year July 1, 2014 through June 30, 2015. Three Rivers Community College should continue to reconcile its internal records with those records maintained by the college's third-party Federal Perkins Loan service provider.

*Agency Response:* *UConn:* "We agree with this finding."

*Central CSU:* "We agree with this finding."

*Northwestern Connecticut CC:* "We agree with this finding. However, it should be noted that the final date for corrections to the 2014-2015 FISAP report had not been reached at the time of the audit. The FISAP report has





since been corrected. The college also questions the materiality of this finding.”

*Three Rivers CC:* “We agree with this finding in part. As reported there were errors that were made when the initial FISAP was sent to the United States Department of Education (USDOE). However, where possible, all of the errors are now corrected and have been accepted.”

*Auditors’ Concluding*

*Comments:* *Northwestern Connecticut CC:* The FISAP deadline is October 1, 2015. Our review of the FISAP was conducted in early December 2015. If we did not disclose the errors to the college, the errors may have never been identified and corrected.

*Three Rivers CC:* The college’s disagreement is with the bullets noted in the condition that were not listed as being corrected during the FISAP edit process. The FISAP is electronically reported through the USDOE’s eCampus-Based website. There are detailed procedures for making changes to the amounts reported on the FISAP after the close of an award year. The college has indicated that they are unable to make corrections to the total cumulative amount of FPL funds advanced to students, including the number of borrowers. However, the college has not provided us with any formal documentation from the USDOE Campus-Based Programs to confirm that the college cannot make corrections to the data erroneously reported. These same bulleted conditions were noted in our Statewide Single Audits covering the fiscal years ended June 30, 2013 and 2014.

**2015-655 Reporting – Pell Grant Disbursement Transmissions to the Common Origination and Disbursement System**

**Federal Pell Grant Program (CFDA #84.063)**

**Federal Award Agency: United States Department of Education**

**Award Year: 2014-2015**

*Background:* When disbursing federal Pell Grant (Pell) funds, entities must report certain disbursement records through the Common Origination and Disbursement (COD) System.

*Criteria:* The United States Department of Education’s Electronic Announcement “2014-2015 Deadline Dates for Reports and Other Records, posted date July 11 2014” lists deadline dates that institutions must submit information to the Federal Student Aid’s COD System. Institutions must submit COD Pell Grant and federal Direct Student Loans disbursement information, no later than 15



**2015-657 – Special Tests: Return of Title IV Funds**

**Federal Supplemental Educational Opportunity Grants (CFDA #84.007)**  
**Federal Work-Study Program (CFDA #84.033)**  
**Federal Perkins Loan – Federal Capital Contributions (CFDA #84.038)**  
**Federal Pell Grant Program (CFDA #84.063)**  
**Federal Direct Student Loans (CFDA #84.268)**  
**Teacher Education Assistance for College and Higher Education Grants (CFDA #84.379)**  
**Federal Award Agency: United States Department of Education**  
**Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations Section 668.22 provides guidance regarding the treatment of Title IV funds when a student withdraws from an institution.

Per Dear Colleague Letter GEN-04-03, if a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn. There is an exception if the institution can document that the student completed the period.

*Condition:* Twelve students were selected for Return of Title IV Funds testing at the University of Connecticut (UConn). We noted the following:

- Two students who withdrew from the university during the fall 2014 semester did not have a Return of Title IV Funds calculation performed. Per audit calculation, a total of \$6,272 should have been returned to the federal Direct Student Loan Program (Direct Loan). Upon our discovery, the university returned the funds to the Direct Loan program. However, due to the error and subsequent correction, the funds were returned 354 and 313 days after the 45-day deadline for the return of funds.
- In one instance, there was a delay of eight days in the return of \$1,785 to the Direct Loan program.

Five students were selected for Return of Title IV Funds testing at Central Connecticut State University (CSU). We noted one instance in which the Return of Title IV Funds calculation was incorrect. As a result of the incorrect calculation, the university returned \$32 less to the Direct Loan program than what was appropriate. Upon our discovery, the university returned the funds to the Direct Loan program.



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Ten students were selected for Return of Title IV Funds testing at Eastern CSU. We noted the following:

- In three instances, the Return of Title IV Funds calculations were incorrect. As a result, the university returned \$5,711 less, in aggregate, to the Direct Loan program than what was appropriate. The university also returned \$751 more than required to the Direct Loan program. Upon our discovery, the university returned and disbursed the funds to the Direct Loan program.
- In one instance, the university did not send a post-withdrawal notification letter to a student identifying the type and amount of loan funds and explaining to the student that they may accept or decline some or all of the loan funds.
- In one instance, the university did not complete a Return of Title IV Funds calculation in a timely manner, which prohibited the return of funds within the timeliness requirements of the federal regulations. The delay was seven days.

During our review at Eastern CSU for students who received Title IV aid and did not have any passing grades in the academic year, we noted the following:

- Twenty-six instances in which the university did not follow its unofficial withdrawal procedures for determining whether a Title IV recipient, who began attendance during a period, completed the period or should be treated as a withdrawal. Upon our discovery, the university applied its procedures and performed Return of Title IV Fund calculations and returned an aggregate of \$1,314 to the federal Pell Grant (Pell) program, \$890 to the Perkins Loan Program, and \$58,013 to the Direct Loan program.
- Three instances in which the university did not conduct a Return of Title IV funds calculation for three students that officially withdrew from the fall 2014 semester. In one of these instances, the university returned all of the student's Title IV funds awarded and disbursed during the fall semester. In the other two instances, the university did not return any Title IV funds awarded and disbursed during the fall 2014 semester. Upon our discovery, the university applied its procedures and performed Return of Title IV Fund calculations for two of these students and returned an aggregate of \$1,351 to the Pell program, and \$4,816 to the Direct Loan program.

Ten students were selected for Return of Title IV Funds testing at Southern CSU. We noted one instance in which the Return of Title IV Funds





calculation was incorrect. As a result, the university returned \$704 more than required to the Direct Loan program. Upon our discovery, the university provided the student institutional funds.

Five students were selected for Return of Title IV Funds testing at Western CSU. We noted one instance in which the Return of Title IV Funds calculation was incorrect. As a result, the university made a post-withdrawal Direct Loan disbursement for \$57 less than required. Upon our discovery, the university disbursed institutional funds to the student.

Five students were selected for Return of Title IV Funds testing at Northwestern Connecticut Community College (CC). We noted three instances in which the Return of Title IV Funds calculations were incorrect. As a result, the college returned \$258 less in aggregate to the Pell program, and disbursed \$158 less in Pell funds to a student than what was correct. Upon our discovery, the college returned the funds to the Pell program and provided the student with institutional funds.

*Effect:* These institutions were not in compliance with the federal regulations governing the Return of Title IV Funds.

*Cause:* *UConn:* Institutional policy and protocol were not followed by certain regional/professional school staff and therefore did not trigger the appropriate action by other university offices.

*Central CSU and Southern CSU:* The Return of Title IV Funds calculation methodologies for these universities were not consistent with the federal regulations. These universities included the incorrect amount of institutional charges in the Return of Title IV Funds calculation.

*Eastern CSU:* We were informed that the reassignment of roles, due to staffing changes and insufficient transitional training, led to internal controls and policies not being properly followed.

*Western CSU:* The university's Return of Title IV Funds calculation methodology was not consistent with the federal regulations. In this instance, the university included the incorrect number of calendar days in the Return of Title IV Funds calculation.

*Northwestern Connecticut CC:* The college's Return of Title IV Funds calculation methodology was not consistent with the federal regulations. In two of the instances noted, the college included the incorrect amount of institutional charges in the Return of Title IV Funds calculation. In one of the



instances noted, the college used the incorrect amount of Pell funds in the calculation as “aid that could have been disbursed”.

*Recommendation:* The University of Connecticut, state universities and Northwestern Connecticut Community College should review their procedures to ensure compliance with the federal regulations contained in Title 34 Code of Federal Regulations Section 668.22 governing the treatment of Title IV funds when a student withdraws. The University of Connecticut and Eastern Connecticut State University should ensure that all staff responsible for collecting information necessary for the Return of Title IV Funds process is adequately trained.

*Agency Response:* UConn: “We agree with this finding.”

*Central CSU:* “We agree with this finding.”

*Eastern CSU:* “We agree with this finding.”

*Southern CSU:* “We agree with this finding.”

*Western CSU:* “We agree with this finding.”

*Northwestern Connecticut CC:* “We agree with this finding.”

### **2015-658 Special Tests: Enrollment Reporting**

**Federal Perkins Loans – Federal Capital Contributions (CFDA #84.038)**  
**Federal Pell Grant Program (CFDA #84.063)**  
**Federal Direct Student Loans (CFDA #84.268)**  
**Federal Award Agency: United States Department of Education**  
**Award Year: 2014-2015**

*Background:* The National Student Loan Data System (NSLDS) is the United States Department of Education's central database for federal student aid disbursed under Title IV of the Higher Education Act of 1965, as amended. Among other things, NSLDS monitors the programs of attendance and the enrollment status of Title IV aid recipients.

*Criteria:* Per Title 34 Code of Federal Regulations Section 685.309(b)(2), changes in enrollment to less-than-half-time, graduated, or withdrawn, must be reported within 30 days. However, if a roster file is expected within 60 days, the data may be provided on that roster file.



The NSLDS Enrollment Reporting Guide outlines the specific enrollment reporting requirements, including the valid enrollment status codes that each institution must use when reporting enrollment changes. A school must correctly report students who have completed a program as “graduated” and not as “withdrawn”.

*Condition:*

We selected ten students that separated from Central Connecticut State University (CSU). We noted one instance in which the student’s enrollment information, as reported to the NSLDS, was not reported in a timely manner. In this instance, the student withdrew from the university on September 2, 2014 and was subsequently reported as withdrawn to the NSLDS on December 11, 2014.

We selected ten students that separated from Eastern CSU. We noted one instance in which the student’s enrollment information, as reported to the NSLDS, was not accurate. In this instance, the student’s enrollment status was reported as withdrawn, when the student should have been reported as graduated.

We selected ten students that separated from Northwestern Connecticut Community College (CC), and noted two instances in which the student’s enrollment information, as reported to the NSLDS, was not accurate. In both of these instances, the NSLDS was not notified of the various changes to the student’s enrollment status after the student, who previously withdrew, returned to the college. In one of the instances, the student’s graduation status was never reported to the NSLDS.

*Effect:*

*Central CSU and Northwestern Connecticut CC:* Enrollment information was not provided to the NSLDS for certain students in a timely and/or accurate manner.

*Eastern CSU:* Enrollment information was not provided to the NSLDS for certain students in an accurate manner.

*Cause:*

*Central CSU:* We were informed that because the Registrar’s Office did not have this student’s Social Security number in its enrollment records initially, the enrollment status was not transmitted in a timely manner.

*Eastern CSU:* Established procedures for reporting enrollment changes were not followed.

*Northwestern Connecticut CC:* We were informed that the college’s enrollment reporting service provider experienced data extracting problems related to a software upgrade that caused these students’ enrollment information not to be reported to the NSLDS.





*Recommendation:* Central Connecticut State University, Eastern Connecticut State University, and Northwestern Connecticut Community College should implement procedures to ensure that enrollment status changes are accurately and timely submitted to the National Student Loan Data System in accordance with federal regulations.

*Agency Response:* *Central CSU:* “We agree with this finding.”

*Eastern CSU:* “We agree with this finding.”

*Northwestern Connecticut CC:* “We disagree with this finding.”

*Auditors’ Concluding*

*Comments:* *Northwestern Connecticut CC:* Per the NSLDS Enrollment Reporting Guide and Dear Colleague Letter GEN-12-06, schools are expected to add students that received Title IV aid who do not appear on the school’s NSLDS roster to their roster either on their own or through their servicer. In both instances noted, the student received a federal Pell Grant during the semester in which the enrollment was never reported to the NSLDS. Also, it is very important that schools update the enrollment of a student for whom they had previously reported as being enrolled less than half-time. Schools must report to NSLDS an Enrollment Status of “Graduated” when the student has completed their academic program.

**2015-659 Special Tests: Student Loan Repayments**

**Federal Perkins Loan – Federal Capital Contributions (CFDA #84.038)**  
**Federal Award Agency: United States Department of Education**  
**Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations (CFR) Section 674.31(b)(2) states that repayment begins nine months after the borrower ceases to be at least a half-time regular student at the institution.

Title 34 CFR Section 674.42(b) requires an institution to conduct exit counseling with the borrower either in person, by audiovisual presentation, or electronically, before the student ceases to be enrolled on at least a half-time basis. If a borrower withdraws without the institution’s prior knowledge or fails to complete an exit counseling session, the institution must provide the exit counseling material to the borrower within 30 days.

The 2014-2015 Federal Student Aid (FSA) Handbook states that a Perkins borrower is entitled to an initial grace period of nine consecutive months after dropping below half-time enrollment. If the borrower returns to school on at



least a half-time basis before the nine months has elapsed, the initial grace period has not been used. The borrower is entitled to a full initial grace period of nine consecutive months from the date that he or she graduates, withdraws or drops below half-time enrollment again.

The FSA Handbook further states that a grace period is always day specific, an initial grace period begins on the day after the day the borrower drops below half-time enrollment.

*Condition:*

From a sample of ten borrowers at the University of Connecticut (UConn) who entered repayment during the audited period, we noted the following:

- In two instances in which the university was aware that the borrower was graduating, exit counseling was not conducted before the end of the semester. The exit counseling was conducted 31 and 38 days after the end of the semester.
- In one instance in which the university was aware that the borrower ceased to be at least half-time, exit counseling materials were sent 26 days beyond the 30-day allowable timeframe.
- In two instances, borrowers were put into repayment early. One borrower was put into repayment three months early and only received six months of his entitled nine-month grace period; and one borrower was put into repayment one year early and subsequently placed into student deferment.
- In eight instances, the separation date, grace period end date, and first payment due date was inconsistent. Six of these borrowers had a separation date of May 11, 2014, a grace end date of March 1, 2015, and began repayment on April 1, 2015; and two borrowers had a separation date of May 10, 2014, a grace end date of February 1, 2015, and began repayment on March 1, 2015. The May 10, 2014 separation date should have been used as that was the effective status date reported on the National Student Loan Data System.

We selected ten borrowers at Central Connecticut State University (CSU) who entered repayment during the audited period and noted the following:

- In three instances in which the university was aware that the borrower was graduating, exit counseling was not timely. The exit counseling was conducted 45 and 50 days after the end of the semester.
- In seven instances, the borrower's separation date was reported incorrectly to the service provider, which caused the grace period to be



incorrect. In two instances, there were delays to the repayment process of 19 and 98 days. In five instances, the borrowers were put into repayment status nine days early.

We selected ten borrowers at Eastern CSU who entered repayment during the audited period and noted the following:

- In three instances in which the university was aware that the borrower ceased to be at least half-time, exit counseling was conducted between 114 and 125 days beyond the 30 day timeframe.
- In one instance in which the university was aware that the borrower was graduating, exit counseling was conducted 159 days after the end of the semester.

We selected ten borrowers at Southern CSU who entered repayment during the audited period and noted the following:

- In one instance in which the university was aware that the borrower was graduating, exit counseling was conducted 24 days after the end of the semester.
- In ten instances, the borrower's separation date was reported incorrectly to the service provider, which caused the grace period to be incorrect. The delays ranged from 14 to 111 days. In two of these instances, there was a delay to the repayment process.

We selected ten borrowers at Western CSU who entered repayment during the audited period and noted five instances in which the university was aware that the borrower was graduating, and exit counseling was not conducted before the date of graduation. The changes in the borrowers' enrollment status were reported to the university's service provider 18 to 44 days after the graduation date. In each of these instances, the borrowers were not provided the exit counseling package and repayment schedule in a timely manner. In two of these instances, the university's service provider had recorded the borrower's incorrect separation date.

*Effect:* These institutions were not in compliance with federal due diligence requirements.

*Cause:* *UConn:* The university's procedures are not in compliance with the federal regulations governing repayment and exit counseling.

University procedures during our audited period were to send an anticipated graduation list to its service provider four weeks into the semester, when the





deadline for students to apply for graduation had passed. We were informed that pre-graduation exit counseling was not conducted for those students that self-certified graduation candidate status or when changes were made to the expected graduation term late in the semester.

We were informed that the program used for billing by the university's service provider starts counting the grace period at the beginning of the month following separation, as bills are sent out once a month in order to ensure that the full nine month grace period is provided. The calculations are based on a flag that is set on the school file record. The first payment due date is then one month following the grace period end date. If the flag was not set, then the grace period will begin on the first day of the month of separation.

*Central CSU:* In the first condition, established reporting procedures were not followed. In the second condition, there were two instances in which the university inadvertently reported the incorrect separation date to its service provider. The other five instances noted in the second condition were the result of the actual separation date being rounded back to the first of the month.

*Eastern CSU:* In the first condition, the university did not identify that the students had unofficially withdrawn in a timely manner. In the second condition, the student graduated in the summer payment period and had not been identified until the fall graduation report was processed.

*Southern CSU:* In the first condition, established reporting procedures were not followed. In the second condition, procedures at the time were to not utilize the borrower's actual separation date but instead use the first of the following month as the separation date. In the two instances in which the delay in the repayment process was noted, the university reported the student's last date of attendance incorrectly to their service provider.

*Western CSU:* Established reporting procedures were not followed.

*Recommendation:* The University of Connecticut should ensure that policies and procedures regarding Perkins Loan repayments and exit counseling are in compliance with the federal regulations. The state universities should ensure that policies and procedures regarding changes in enrollment status of Perkins Loan recipients are reported to the loan service provider in an accurate and timely manner.

*Agency Response:* UConn: "We agree with this finding."

*Central CSU:* "We agree with this finding."



*Eastern CSU:* “We agree with this finding.”

*Southern CSU:* “We agree with this finding. In compliance with Title 34 CFR Section 674, Southern CSU has amended its procedures to ensure that the separation date is reported as the day immediately following the last date of at least half-time enrollment, to ensure that the initial grace period and subsequent repayment dates are calculated properly. Per the 2015-2016 FSA Handbook, volume 6, chapter 4, page 6-128, lenders/schools are able to establish standard repayment dates following the conclusion of the grace period (i.e. the first of the subsequent month). Our third party servicer, University Accounting Services, does set the first repayment date as the 1st of the subsequent month following the expiration of the grace period.”

*Western CSU:* “We agree with this finding.”

**2015-660 Special Tests: Student Loan Repayments – Default**

**Federal Perkins Loan – Federal Capital Contributions (CFDA #84.038)**

**Federal Award Agency: United States Department of Education**

**Award Year: 2014-2015**

*Criteria:* Title 34 Code of Federal Regulations Section 674.42(c) requires that an institution must contact a federal Perkins Loan borrower with a nine-month grace period at the 90-day, 150-day and 240-day point of the grace period.

The 2014-2015 Federal Student Aid Handbook states that a grace period is always day specific. An initial grace period begins on the day after the day the borrower drops below half-time enrollment.

*Condition:* We selected ten borrowers at the University of Connecticut whose loan went into default during the audited period and noted the following:

- One instance in which the required 90-day contact letter was not sent to the borrower. It was also noted that the borrower had the incorrect separation date. The borrower’s separation date was December 15, 2012; however, the separation date that was recorded by the university’s service provider was January 15, 2013.
- Nine instances in which the grace period was inconsistent for borrowers who separated, which caused the required grace letters to be sent untimely. In six of these instances, the university’s service provider notified borrowers that their grace period end date was on the first of the month following the actual ending date. In three of these instances, the