PROJECT SUMMARY

Overview

At Texas A&M University - Corpus Christi, the financial and management controls over the financial aid processes generally ensure resources are used effectively and efficiently and in compliance with laws and regulations except for weaknesses in the protection of financial aid information and scholarship administration. Significant improvements are needed to strengthen the protection of financial aid information in the SCT Banner student information system, and the scholarship administration and guidance processes. Also, consortium agreements with other universities need to be brought current.

During fiscal year 2007, the total amount of scholarships and grants awarded was $12.2 million. In addition, students and their parents received approximately $40.8 million in Federal Family Educational Loans (FFEL). The three largest student financial aid programs are FFEL, Pell grants, and scholarships, respectively.

Summary of Significant Results

Access to Financial Aid Information

The University does not adequately administer access to confidential financial aid information in its student information system due to the lack of defined administrative procedures. Access control weaknesses could allow individuals inside and outside the University to gain unauthorized access to the SCT Banner student information system and read, copy, modify, or delete confidential student information.

Scholarship Administration

The University’s scholarship process requires further centralized monitoring and detailed guidance for the awarding of departmental and graduate scholarships. One endowed scholarship was not awarded over a three-year period in accordance with donor intent. Also, the award decisions were not documented for three of fifteen
departmental and four of five graduate scholarships. Without sufficient administrative monitoring and procedures, scholarship awards may not be made on an objective basis or meet donor intent.

Summary of Management’s Response

Management concurs with the observations and recommendations in this report and will strengthen the protection of financial aid information and scholarship administration.

Scope

Our review of financial and management controls over the student financial aid system focused on general eligibility for all major aid programs and scholarships. To test for compliance of selected controls, computer-based audit techniques were used to leverage audit effectiveness and efficiency and test for specific attributes of one hundred percent of the general eligibility requirements. Our audit did not include a review of Pell grants or other federal financial programs as the Texas State Auditor’s Office was covering these areas as part of its A-133 Federal Single Audit for the State of Texas.

We also reviewed information security and financial management controls associated with financial aid. Transactions and activities related to these areas were reviewed for the period of September 1, 2006 to May 31, 2008. Fieldwork was conducted from April through June 2008.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Access to Financial Aid Information

Observation

The University does not adequately administer access to confidential financial aid information in its SCT Banner student information system. The lack of defined administrative processes and turnover in information technology personnel has contributed to these control weaknesses. The risk associated with inadequate access controls is that the integrity, confidentiality, and availability of student information may be compromised. The following describes the control weaknesses in greater detail:

- The University recently implemented SCT Banner as its student information system. Control processes were not well established or documented to ensure that the University consistently adds, modifies, or removes a user's access when they are hired, when they resign or are terminated, or when their job responsibilities change.

- The online form used to request access does not include authorization by data owners such as the Office of Student Financial Assistance. In addition, the form does not reference the University requirement that a user sign a University Information Resources Security Acknowledgement Form and Nondisclosure Agreement.

- To establish authorization, the security administrator must contact the data owner via email and telephone to obtain approval and determine what specific roles are appropriate for the user.

- A monitoring process is not in effect giving data owners the opportunity to confirm, on a scheduled basis, the accuracy and completeness of the current user list.

- Review of current users with access to SCT Banner financial aid screens indicated six user accounts were active for individuals no longer with the University. These users had not been with the University for up to six months.
1. Access to Financial Aid Information (cont.)

University Rule 21.01.06.C2.03, Account Management, requires that "all users must sign the University Information Resources Security Acknowledgement Form and Nondisclosure Agreement before access is given to an account." It also states the specific duties of system administrators with regard to reviewing, modifying, and removing individual accounts.

Recommendation

The University should, in accordance with its Account Management Rule, develop and implement SCT Banner access security procedures which clearly define roles and responsibilities for:

- Providing user access, which includes creating new user accounts, modifying user profiles, and removing user accounts.
- Monitoring active and inactive user accounts.
- Periodically reviewing and confirming users’ access rights to SCT Banner.

Management’s Response

A new access form to Banner (including Financial Aid) has been developed and is now in use. This new form includes a compliance statement covering security acknowledgement and nondisclosure approval. The form now has both a section for supervisor’s approval, as well as, multiple data custodians’ approval and finally an approval for the Banner System Administrator. Beginning in August 2008, the Computer Services helpdesk reviews a monthly report for Human Resources actions of terminations to remove user access. Beginning in October 2008, a new monitoring process to confirm users already granted access will be implemented and will be done no less than once every six months.

2. Scholarship Administration

Observation

Although the University’s scholarship process has structure and controls that provide a degree of assurance that scholarships are awarded in accordance with donor requirements, further centralized monitoring and detailed guidance for the awarding of college, departmental, and graduate scholarships is needed. Refer to the text box on the following page for a listing of University areas involved with scholarship administration.
Regarding one scholarship, $53,000 was awarded over a three-year period to students who did not meet the donor requirement that recipients be a United States citizen. In addition, three of fifteen departmental scholarships and four of five graduate scholarships reviewed were not supported with a ranking sheet or other documentation to substantiate the award decision.

The lack of sufficient centralized monitoring and detailed guidance for the awarding of college, departmental, and graduate scholarships creates a higher risk that the scholarship awarding process is not objective or does not meet donor requirements. Also, departments did not document that potential conflicts of interest were acknowledged in award decisions or that a retention period was in place for retaining award decisions.

University Rule 13.03.01.C2.02, Awarding Academic Scholarships, establishes general guidelines for awarding academic, fine arts, and college and departmental scholarships. During the audit, colleges and departments were in the process of complying with this University rule by providing documentation to the University’s scholarship coordinator regarding the specific criteria for awarding scholarships.

Recommendation

To ensure an objective, equitable process for awarding scholarships, strengthen centralized monitoring and detailed guidance for the awarding of college, departmental, and graduate scholarships by:

- Developing and disseminating procedures for the scholarship awarding process in accordance with University rules. The Office of Institutional Advancement and the scholarship coordinator could take responsibility for this administrative
2. Scholarship Administration (cont.)

- Documenting the evaluation and ranking of all scholarship applicants.
- Documenting who participated in the application evaluation and their concurrence with the list of scholarship awards.
- Documenting the acknowledgement of those participating in the applicant evaluation that they have considered any potential conflict of interest with applicants and recuse themselves from the decision-making process, if necessary.
- Retaining the applicant evaluation documentation for the length of time required according to the A&M System records retention schedule.

Management’s Response

A detailed scholarship handout detailing procedures will be complete by January 2009. Beginning January 1, 2009, all ranking sheets for scholarship applicants will be signed by the Chair of Scholarship Committee before funds are disbursed. All awarding committee meetings as of January 1, 2009 will require minutes to be prepared with nominee evaluations. All individuals involved in scholarship awards will sign a conflict of interest form beginning January 2009. Documents that clearly support the awarding of scholarships will be retained for the appropriate retention period.

3. Consortium Agreements

Observation

The University has consortium agreements with several other institutions coordinating the award of financial aid for dually enrolled students. However, the original agreements were initiated in the 1990s and have not been updated since that time. The universities involved no longer go by names identified in original documents. As a result, agreements may contain out-of-date information which could impact the coordination of financial aid with other institutions. The agreements had not been monitored or reviewed for several years. Proper monitoring ensures that internal controls continue to operate effectively.
Recommendation

3. Consortium Agreements (cont.)

Update all consortium agreements. Review consortium agreements periodically to ensure information is correct, accurate and meets current applications.

Management’s Response

All consortium agreements have been updated as of September 24, 2008. For monitoring purposes, these agreements are now on the contract database and will be reviewed prior to their term expiration date for applicable updates.
BASIS OF REVIEW

Objective

Evaluate the financial and management controls over the University’s student financial aid system to ensure resources are used efficiently and effectively and in compliance with laws, policies, and regulations.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System, Texas A&M University – Corpus Christi Rules, and other sound administrative practices. This audit was performed in compliance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The University facilitates students in meeting their higher education goals through a variety of grants, scholarships, loans and other means of financial assistance. During fiscal year 2007, 6,424 full-time students were enrolled at the University. The total amount of scholarships and grants awarded was $11.9 million. In addition, students and their parents received approximately $40.8 million in Federal Family Educational Loans (FFEL). The three largest student financial aid programs in actual dollars are FFEL, Pell grants, and scholarships, respectively.
AUDIT TEAM INFORMATION

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