Florida Gulf Coast University Board of Trustees
September 21, 2010

SUBJECT: Student Support Services Audit Report

PROPOSED BOARD ACTION

Accept the internal audit report of Student Support Services program provided to President Wilson Bradshaw; Dr. Mike Rollo, Vice President for Student Affairs; Michele Yovanovich, Dean of Students, and Catherine Doyle, Director of Outreach Programs on August 13, 2010.

BACKGROUND INFORMATION

This is the fifth internal audit started during the 2009 – 2010 fiscal year. Most of the fieldwork was done during Spring Term 2010 fiscal year, but it was completed on July 20, 2010 as shown on the front page of the report. The date on the respective transmittal memo is the date the report including Management’s Response was issued to President Bradshaw.

The audit was part of the 2009 – 2010 internal audit plan approved by the FGCU Board of Trustees at its June 16, 2009 meeting.

Supporting Documentation Included: Student Support Service Audit Report Issued August 13, 2010

Prepared by: Internal Audit Director Carol Slade

Legal Review by: General Counsel Vee Leonard (September 3, 2010)

Submitted by: President Wilson G. Bradshaw
INTEROFFICE MEMORANDUM

To: Dr. Michael Rollo, Vice President Student Affairs
    Michele Yovanovich, Dean of Students
    Catherine Doyle, Director, Outreach Programs

Cc: Dr. Wilson Bradshaw, President
    Susan Evans, Chief of Staff

From: Carol Slade, Director, Internal Audit and
      Jena May, Accountant

Date: August 13, 2010

Re: Student Support Services Audit

FINAL REPORT

Attached is final report of the Student Support Services audit including management’s response. The Audit Committee of the Board of Trustees will be asked to accept this report at its September, 2010 meeting.
Florida Gulf Coast University

Student Support Services Audit

Internal Audit

Report Date: July 20, 2010 (End of Fieldwork)
STUDENT SUPPORT SERVICES AUDIT

EXECUTIVE SUMMARY

This report represents a limited scope audit of the Student Support Services (SSS) Program for 2009 - 2010. SSS is federally funded through the U.S. Department of Education. In general, although there are a few recommendations for management’s consideration below, the audit disclosed that the grant was administered efficiently and in compliance with Federal regulations and University policy and procedures.

The students selected to participate in the SSS program must meet the residency requirements for Federal student financial aid; be enrolled at FGCU; and two-thirds must be low-income and first generation students or students with disabilities. Tests indicated that all SSS program participants in 2009 – 2010 met the federal eligibility requirements.

The SSS program may spend up to twenty percent (20%) of its award on grant aid to eligible student participants. FGCU did award grant aid. Total grant aid to selected SSS participants was composed of approximately sixty percent (60%) SSS grant money and forty percent (40%) non-federal “matching” cash from Florida Gulf Coast University. The forty percent (40%) non-federal money exceeded the SSS matching requirement of at least thirty-three percent (33%) non-federal cash for grant aid, provided through the Student Financial Aid Office; therefore, the program was in compliance for this requirement.

Although all SSS program participants met the program eligibility requirements, federal regulations stipulate that SSS grant aid recipients must also be Pell award recipients. The audit disclosed one SSS participant who was ineligible for a Federal Pell award but received grant aid in error during 2009 – 2010. Also, two grant aid recipients had grade point averages (GPAs) below the required minimum of a 2.5, as stated in the SSS grant aid procedures created by the FGCU SSS Program staff.

The files of SSS participants who qualified because of disabilities needed additional documentation from Adaptive Services to support eligibility due to disability. We were told that SSS staff contacted the Adaptive Services Office and, when informed that the student had a documented disability, the SSS staff indicated this with a symbol on the student’s file.
program staff agreed that, beginning in 2010 – 2011, when a student was admitted based upon a disability they would include an e-mail from the Adaptive Services Office certifying that Adaptive Services had disability documentation on file for that student.

Internal Audit acknowledges the professional and patient assistance of the Office of Outreach Programs staff in the performance of this audit. The 2009 – 2010 participants appeared to receive enthusiastic attention and support from the SSS program staff.

OBJECTIVES

The audit objective was to verify that Florida Gulf Coast University’s Student Support Services program complied with the Federal program objectives and participation requirements as specified by the U.S. Department of Education and summarized in the A-133 Compliance Supplement.

Another audit objective was to review the efficiencies of the program and offer possible suggestions for improvement.

The effectiveness of the program was not considered in this audit. It may more appropriately be addressed by those trained in educational outcomes measurement.

*This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors. The audit procedures provided a reasonable basis for our opinion and the following reportable observations and recommendations.*

BACKGROUND

The Student Support Services grant is part of the TRIO group of five grants offered by the U.S. Department of Education (USDOE). It may be identified by its Catalog of Federal Domestic Assistance number, which is 84.062, and its compliance requirements are enumerated and described in the A-133 Compliance Supplement.
The TRIO Student Support Services (SSS) program at Florida Gulf Coast University (FGCU) offers academic assistance to low-income, first-generation and/or college students with disabilities.

Services provided to SSS students include instructional workshops, numerous types of advising, a book lending program and a peer advocate (mentoring) program. Grant aid funds are also available to qualified participants.

To be eligible to participate in the SSS program, a student must meet all of the following requirements: 1) be a U.S. resident for purposes of qualifying for Federal student financial assistance; 2) be enrolled at FGCU; 3) have a need for academic support as determined by SSS Annual Performance Report Standards; and, 4) is a low-income individual, a first-generation college student, or an individual with disabilities.

As part of its program, SSS may award grant aid funds to SSS participants. Program participants are eligible to receive aid if 1) they are otherwise participating in the Student Support Services program and 2) receive Federal Pell Grants. Priority of distribution must be given to those students who are freshmen or sophomores. Grant aid may be offered to students who have completed their first two years and are at high risk of dropping out because of financial need. However, Student Support Services must initially meet the needs of first and second year students enrolled in its program.

For 2009 – 2010 the SSS grant aid award was $1,000 per student for a two-semester year. Those recipients who graduated in December 2009 had their grant aid prorated by term. Certain conditions applied when distributing grant aid to students. First, the amount must not be less than the minimum or more than the maximum individual Pell Grant award. The 2009 - 2010 award minimum was $972; its maximum, $5,350. Second, grant aid distributed to the student cannot exceed the student’s cost of attendance. Therefore, an applicant was ineligible for SSS grant aid if his/her cost of attendance was less than $1,000.

**SCOPE**

The audit scope was the 2009 - 2010 SSS Grant to FGCU in the amount of $268,465. The accounting for its assets, revenues, and expenditures was recorded under Banner index 20040 for 2009 – 2010 (FY10). The TRIO-Student Support Services grant is funded by the U.S.
Department of Education and its Catalog of Federal Domestic Assistance (CFDA) number is 84.042.

The compliance requirements for CFDA 84.042 are listed and described in the A-133 Compliance Supplement as well as appear in italics below.

The eligibility test sample was comprised of those students who received grant aid for Fall Semester 2009. We considered the seventy-nine (79) students whose files we reviewed as representative of the entire SSS population because every student grant aid participant was required to be a participant in other activities offered by the SSS Program. The SSS Program served one hundred seventy-eight (178) students for the Fall Semester 2009 and a similar number, plus or minus four to five participants, for the Spring 2010 Semester. This sample of students represents forty-four percent (44%) of the entire population enrolled in the SSS program.

The information used in this audit was generated from internet resources, in particular those sites relating to the U.S. SSS Program; Banner student and finance records; interviews with the staff of the FGCU SSS Program; and a review of SSS participants’ paper files.

**OBSERVATIONS**

***Activities Allowed and Unallowed***

The allowable services and activities for the Student Support Services program include instruction, career counseling, academic advice, tutorial services, exposure to cultural events, academic programs, mentoring and activities specifically designed for individuals of limited English proficiency. The services FGCU provided, as specified in the Background section of this report, are all allowable under the grant.

The SSS program may never be used to pay for tuition, fees, stipends, and other forms of direct financial support for staff or participants; research not directly related to the evaluation or improvement of the project; and construction, renovation, and remodeling of any facilities. Our audit indicated that the FGCU SSS Program made no disbursements during 2009-2010 for unallowable costs. A clerical coding error exception is discussed below.
Exceptions Noted:

A review of expenditures disclosed a $9,513 disbursement of student grant aid incorrectly coded as stipends, an unallowable cost category per Federal Regulations. However, when brought to the attention of the Outreach Program Coordinator and Outreach Program Assistant, they arranged to have the expenditure correctly coded as scholarships, as they had originally requested, before the end of the fiscal year.

Eligibility

Internal Audit conducted a compliance test to ensure that SSS participants met the eligibility criteria for CFDA 84.042 as set forth in the A-133 Compliance Supplement. The sample students were required to meet the residency requirements for Federal Student financial assistance and have an application, an individual action plan, a list of support services used, and a signed program contract on file.

Grant aid was given to 40 students that were enrolled in their first two years of post-secondary education and 39 students who had completed their first two years. A review of students who applied for aid disclosed that the freshman and sophomore students, who applied but did not receive aid, had not fulfilled all necessary requirements. The audit concluded that priority was appropriately given to freshman and sophomore students and the remainder of grant aid was distributed to juniors and seniors.

Exceptions Noted:

1. The test sample had three students who qualified, in part, for participation in the SSS program because they were students with disabilities. None of the three students had documentation in his/her SSS file that the SSS staff had verified with the Adaptive Services Office that disability documentation was on file. SSS staff informed us that they telephoned Adaptive Services to confirm the eligibility of students with disabilities before SSS staff approved an applicant for the SSS Program. They put a unique symbol on the applicant’s folder to indicate that s/he was approved to participate because their eligibility had been verified. However, because there was no documented evidence that a phone call was made, a federal regulation exception was noted.

A review with the Director of Adaptive Services, however, confirmed that these three SSS students did in fact have a documented disability on file with that office.
upon the full compliance found in our test sample, we conclude that during 2009 – 2010 SSS served only eligible students.

2. SSS grant aid in the amount of $1,000 was awarded to one program participant who did not qualify for a federal Pell grant. Every SSS grant aid recipient should have been a Pell grant recipient.

3. As indicated on the FGCU grant aid application, students must have a grade point average (GPA) of at least 2.5 to receive aid. Two recipients of grant aid did not have GPAs of at least 2.5, violating SSS policy.

Equipment and Real Property Management

For the fiscal year 2009-2010, the SSS program purchased ten computers and a software program for tracking participant activities. Eight computers were purchased for use by participants in the SSS computer lab. The remaining two computers were to be used by SSS administrative staff. According to the SSS and Outreach Programs Director, the computers being replaced were old and were not meeting the technology needs of SSS participants in completing classroom assignments. The software system, AccuTrack, will be used to track computer usage in the computer lab and other SSS services used by student participants.

These equipment expenditures were appropriate to the grant. There were no real property purchases during the year.

Matching, Level of Effort, Earmarking

Matching:

The grant requires that not less than thirty-three percent (33%) of any monies used for student grant aid must be institutional or non-federal funds. Total scholarships to SSS participants totaled $86,500 of which $51,763 came from the federal grant and $34,737 from matching monies. Therefore, FGCU’s matching funds were approximately forty percent (40%) of the total funds used for student grant aid. Because this exceeds thirty-three percent (33%), the matching requirement was met.
Level of Effort:

The Student Support Service grant has no Level of Effort requirement.

Earmarking:

One requirement is that a minimum sixty-seven percent (67%) of the participant population be low income and first generation or disabled. The files of the entire population of SSS participants for the Fall 2009 Semester were reviewed to ensure that at least two-thirds of the students served were low income individuals who, in addition, were first generation college students or individuals with disabilities. Of the one hundred seventy-eight (178) student files reviewed, one hundred fifty (150) students were low income and first generation or disabled. They represented approximately eighty-four percent (84%) of the SSS participants during the Fall 2009 Semester. Because the actual eighty-four percent (84%) exceeds the required minimum sixty-seven percent (67%), FGCU met this earmarking requirement.

A second requirement is that not less than thirty-three percent (33%) of the individuals with disabilities must also be individuals with low-income. Our sample had three students with disabilities. Two of the three, or approximately sixty-seven percent (67%), were also low income, more than double the required percentage.

A final earmarking requirement stipulates that an institution operating an SSS project may not award more than twenty percent (20%) of its Federal SSS Program funds as grant aid to students (20 USC 1070a-14(c)(5)).

A test was conducted to ensure FGCU’s program met this requirement. The total U.S. Department of Education award for 2009-2010 was $268,465. Federal grant aid distributed to students was $51,763 or approximately nineteen percent (19%) of total Federal dollars awarded to FGCU. FGCU therefore met this earmarking requirement.

Period of Availability of Federal Funds

Funds were received and spent only during the allowable term of the grant. The Assistant Director of the Office of Research and Sponsored Programs (ORSP) routinely reviews the grant to ensure that funds are expended only during the period of availability. In addition automated controls within the Banner finance and the Banner grants module are used to control the period of availability for grant funds.
**Procurement, Suspension, and Debarment**

SSS staff buys only from vendors that have been researched and approved by Procurement Services. Procurement Services’ responsibilities include ensuring that the University is not purchasing from federally debarred vendors.

**Reporting**

Internal Audit verified that the SSS program properly submitted the Student Support Services Program Annual Performance Report for 2008 – 2009 during 2009 - 2010. The report for 2008-2009 was submitted by the deadline in November 2009. The report for 2009-2010 must be submitted by November 2010. We tested only that the report was submitted timely not the accuracy of the electronic report. However the information provided to us for audit came from the electronic files that were and will be submitted to USDOE. Our tests indicated that the content was substantially correct with the exceptions noted above.

**RECOMMENDATIONS**

1) Consider reviewing expenditures charged to the SSS grant index (fund) within Banner Finance to verify that disbursements are made only from allowable cost accounts. For instance this would have disclosed the grant aid charged to the “Stipends” Banner account, an unallowable cost by grant regulations, instead of the correct scholarship account. We suggest that the review take place before the end of each fiscal year to avoid future audit questions.

2) For each students admitted to the SSS program because of a disability, SSS should have an e-mail or other documentation from the Adaptive Services Office that the student has a documented disability on file with that office. This strengthens the procedure of relying on a verbal phone conversation between staff members. This is an agreed upon action by all concerned parties, including Susan Genson, Michele Yovanovich, Cori Bright, Dr Jon Brunner, and Assistant General Counsel David Greenbaum.

3) Consider a documented review by a second SSS staff member verifying that grant aid recipients, in particular, have met the Federal requirements for aid; and SSS participants, in general, have met the Federal requirements for low income and parental education level or disability status.
4) Consider disbursement of grant aid funds to new SSS participants during the Spring Semester, or second term of attendance, as a way to further encourage students to be active participants, as required, in the Student Support Services program. This practice will also help limit grant aid issued to students who withdraw from courses or fail to maintain an adequate GPA. Alternatively the grant aid might be issued in the Fall Semester or first term of attendance as long as the required SSS activities had been completed.

5) Consider maintaining a consistent schedule of updates for individual databases and spreadsheets. When new information is learned about a student (i.e. verification was completed, change in eligibility status, etc.) be sure to update the master data and the student files. Create a method for comparing updated spreadsheets to reporting database to ensure that the most correct information is reported to USDOE.

Performed by: Carol Slade, Director of Internal Audit and Jena May, Accountant

Reviewed by: Deborah McEwan, Internal Auditor/Investigator

MANAGEMENT RESPONSE

The management response is attached to this report.
TO: Carol Slade, Director of Internal Audit

FROM: Cathy Doyle, Director of Student Support Services and Outreach

DATE: August 12, 2010

RE: Student Support Services' (SSS) Management Response to University Audit

In response to the audit conducted by Internal Audit at FGCU, the following is managements’ response to the recommendations:

Comment on Recommendation 1—Disbursements: The SSS Program Assistant and SSS Coordinator will work more closely with the disbursement office to make sure that the correct codes denoting “scholarships” are used in the disbursement of grant aid to SSS participants. A review will take place at the end of each fiscal year to verify that these disbursements were made from allowable cost accounts.

Comment on Recommendation 2—SSS records: The SSS Assistant Director will verify a student reported disability with the Office of Adaptive Services and will obtain this verification in writing through email. The coding symbol by SSS recognizing students with disabilities will not be utilized without verification from Adaptive Services.

Comment on Recommendation 3—Review by a Second SSS Staff Member: For the 2010-2011 academic year a new SSS Grant Aid application has been created to include an “office use” only section for checking all SSS eligibility factors by 2 separate staff members. The Assistant Director works closely with the SSS Coordinator to verify all necessary documentation.

Comment On Recommendation 4—Disbursement: A new system is currently being reviewed with the Director of Financial Services to rescind that semester’s grant aid of an SSS participant who does not meet the requirements for grant aid or complete SSS required activities. This will be an amendment added to the current SSS participants Grant Aid Form and will be included on the new student Grant Aid Form which will be available to new SSS participants in Fall 2010.

Comment On Recommendation 5—Schedule of Updates: An Excel spreadsheet utilized in the Fall 2009 semester will continue to be reviewed to determine the SSS participant who received grant aid. A comment section has been added to explain why a student did not receive aid. If a student is in verification when the grant aid is disbursed, the spreadsheet will be updated noting the date they completed verification and packaged by Financial Services. Noting the completion date will provide a clearer picture of why or why not the student was awarded grant aid. In addition, financial aid records will be reexamined at mid-semester and end of the semester to verify status. Any changes will be updated in databases and spreadsheet. When a student is reported to the Education Department for the first time on the Annual Performance Report all fields must be completed, however, the following year only “certain” fields can be updated which prohibits updating any unintentional errors from the year before.

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