

Prairie View A&M University

Reference No. 08-38

Special Tests and Provisions - Disbursements To or On Behalf of Students

Student Financial Assistance Cluster

Award year - July 1, 2006 to June 30, 2007

Award number - CFDA 84.032 Award Number Not Applicable, CFDA 84.063 P063P062319

Type of finding - Significant Deficiency and Non-Compliance

Pell Payment Data

Institutions submit Pell origination records and disbursement records to the Common Origination and Disbursement (COD) System. The disbursement record reports the actual disbursement date and the amount of the disbursement. Institutions must report student payment data within 30 calendar days after they make a payment; or become aware of the need to make an adjustment to previously reported student payment data or expected student payment data (Office of Management and Budget (OMB) Compliance Supplement A-133, March 2007, Part 5, Student Financial Assistance Cluster, Section III.L.1.e, page 5-3-16).

<p>Questioned Cost: \$ 0</p> <p>U.S. Department of Education</p>
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The disbursement amount and date in the COD System should match the disbursement date and amount in students' accounts or the amount and date the funds were otherwise made available to students (OMB Compliance Supplement A-133, Part 5, Student Financial Assistance Cluster, III.N.3, page 5-3-25).

In a sample of 50 students tested at Prairie View A&M University (University), 20 students received Pell Grant awards. For 15 of those 20 students (75 percent), the University did not report the correct date of disbursement of Pell Grant awards to the COD System.

Disbursement Notification

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

In a sample of 50 students tested at the University, 45 students received FFELP loans. For 6 of those 45 students (13.33 percent), the University provided incorrect disbursement dates on the disbursement notification letters it sent to the recipients of those loans. The disbursement notification letters included all the required elements; however, the disbursement dates on the letters did not agree with the dates in the University's Financial Aid System.

Recommendations:

The University should:

- Ensure that it reports correct disbursement dates for all Pell Grant awards to the COD System as required.

- Ensure that it includes correct disbursement dates on the disbursement notification letters it sends to FFELP loan recipients.

Management Response and Corrective Action Plan:

We agree with the Pell Payment Data finding and the Disbursement Notification finding. Since we are currently transitioning from our current Financial Aid Management system, SIS Plus, to Banner, we have developed a Corrective Action Plan to incorporate both software solutions. Our current SIS Plus procedures have been amended to include a reconciliation to ensure that correct and consistent disbursement dates appear on all reports and letters referenced. These corrective procedures will be implemented for SIS Plus by March 31, 2008 and for Banner by August 31, 2008.

Implementation Date: August 2008

Responsible Person: Carlos Clark