

HILLSBOROUGH

Community College 

P.O. Box 31127 • Tampa, FL 33631
(813) 253-7050 • FAX (813) 253-7183
e-mail: Stephenson@hcc.cc.fl.us

OFFICE OF THE PRESIDENT
Gwendolyn W. Stephenson, Ph.D.

February 28, 2005

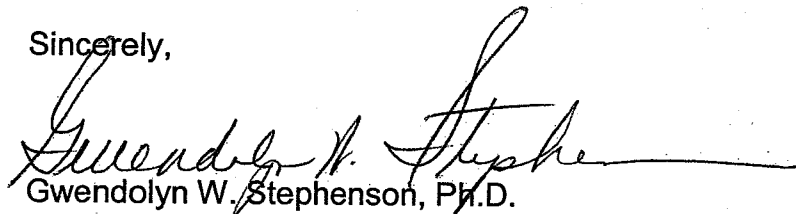
Mr. William O. Monroe, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Monroe:

Enclosed are the College's responses to the preliminary and tentative audit findings and recommendations for the fiscal year ended June 30, 2004 Federal Awards.

Please do not hesitate to contact me or Dr. Gary Goff, Vice President for Administration/Chief Financial Officer, if there are any problems.

Sincerely,


Gwendolyn W. Stephenson, Ph.D.
President

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Enclosure

cc: Dr. Sylvia Marion Carley
Dr. Gary Goff

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 04-
CFDA Number	84.032 and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
Compliance Requirement	Special Tests and Provisions – Return of Title IV HEA Funds (Official Withdrawals)
State Educational Entity	State Universities and Community Colleges – Hillsborough Community College (HCC)
Finding Type	Material Noncompliance & Reportable Condition Questioned Costs – \$628 (\$290 PELL, \$6 FFEL subsidized, \$332 FFEL unsubsidized). Student portion \$270 (PELL)
Finding	The institution did not identify, correctly calculate, and timely return Title IV HEA funds for students who officially withdrew on or before the 60 percent point of the payment period. In addition, students and NSLDS were not always timely notified of grant overpayments.
Criteria	34 CFR 668.22
Condition	<p>The institution did not correctly calculate the number of days during the Spring 2004 term which resulted in 3 de minimus overpayments and 4 underpayments. The institution owes Title IV HEA funds totaling \$628 (\$290 PELL, \$6 FFEL subsidized, \$332 FFEL unsubsidized) for 4 of 7 students. For 1 of the 7 students, the institution did not timely notify the student of the PELL grant overpayment totaling \$270.</p> <p>For 3 of 15 students tested, the institution calculated a return of Title IV HEA funds; however, the institution returned the unearned Title IV HEA funds 13 to 213 days late.</p> <p>For 3 of 15 students for whom the institution calculated a return of grant funds, the institution did not timely notify NSLDS if the student had not taken positive action within 45 days from the date the student was notified of the overpayment. The number of days late ranged from 3 to 46 days.</p>
Cause	The institution did not correctly calculate the number of calendar days for the Spring 2004 term. In addition, the institution did not always follow its established procedures for promptly identifying official withdrawals, correctly calculating and timely returning Title IV HEA funds, and notifying students and NSLDS of grant overpayments.
Effect	The institution retained unearned Title IV HEA funds that should have been returned to the Title IV HEA programs. Also, because the institution did not notify or timely notify students and NSLDS of grant overpayments, students may have retained Title IV HEA funds for which they were not entitled.
Recommendation	We recommend that the institution return \$628 (\$290 PELL, \$6 FFEL subsidized, \$332 FFEL unsubsidized). We also recommend the institution revise its procedures to ensure that all students who have officially withdrawn are promptly identified and, when required, accurately and timely return Title IV HEA funds. In addition, the procedures should address the timely notification of students and NSLDS of grant overpayments.

**HCC Response and
Corrective Action Plan**

As noted in the audit recommendation, the college returned on 4/16/04, \$5.84 for the Subsidized Stafford Loan and on 12/17/04, \$331.85, for the Unsubsidized Stafford Loan for the total of \$338 to Sallie Mae, the guarantee agency. Also, Federal Pell Grant funds were returned for the amount of \$5.12 on 12/1/04 and \$284.44 on 2/4/05 for the total of \$290.

The institution revised the official withdrawals procedure for the Return of Title IV Funds. The college's procedure now specifies each item necessary to ensure the notification and completion of the required processes in a timely fashion.

In addition, Spring 2005, the college hired two full-time District Financial Aid staff members whose primary responsibility is for the timely identification and notification to students who had withdrawn. Furthermore, the staff member will be responsible for the calculating, monitoring of unpaid balances, and the coding of the obligation onto the students' accounts to the National Student Loan Data Systems (NSLDS). Finally, they will refer the debt to the Department of Education as required by the Return of Title IV program regulations.

**HCC Contact and
Telephone Number**

Charlotte Johns-Rich, Director of Financial Aid
813-253-7160

**Estimated Corrective
Action Date**

February 15, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number	FA 04-
CFDA Number	84.032 and 84.063
Program Title	Student Financial Assistance Cluster (SFA) Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
Compliance Requirement	Special Tests and Provisions – Return of Title IV HEA Funds (Unofficial Withdrawals)
State Educational Entity	State Universities and Community Colleges – Hillsborough Community College (HCC)
Finding Type	Material Noncompliance & Reportable Condition Questioned Costs - \$7,372 (\$2,313 PELL, \$1,529 FFEL subsidized, and \$3,530 FFEL unsubsidized)
Finding	Students who ceased attendance on or before the 60 percent point of the payment period without providing official notification to the institution were not always accurately or promptly identified. Title IV HEA funds were not always accurately calculated and timely returned, and students and NSLDS were not timely notified of grant overpayments.
Criteria	34 CFR 668.22
Condition	<p>For 11 of 15 students tested, the institution did not determine that these students were unofficial withdrawals and did not perform Title IV HEA funds calculations until subsequent to our inquiry. The determinations were made from 43 to 141 days late. The unearned Title IV HEA funds totaled \$7,372 (\$2,313 PELL, \$1,529 FFEL subsidized, and \$3,530 FFEL unsubsidized), however, subsequent to audit inquiry all funds had been returned except \$438 FFEL unsubsidized. Also, 5 students did not take positive action to return their portion of unearned PELL grant funds and the institution notified NSLDS from 3 to 94 days late.</p> <p>In addition, for 6 of the 15 students who unofficially withdrew during the Fall 2003 and Spring 2004 terms, the institution did not correctly count the number of days. This error resulted in institutional and student overpayments totaling \$164 (\$2 PELL and \$162 FFEL unsubsidized) and \$8 PELL, respectively.</p>
Cause	The institution did not correctly calculate the number of calendar days used for determining the amount of earned and unearned Title IV HEA funds. In addition, the institution did not always follow its established procedures for identifying unofficial withdrawals, determining the withdrawal date, timely returning Title IV HEA funds, and notifying students and NSLDS of grant overpayments.
Effect	The institution retained unearned Title IV HEA funds that should have been returned to the Title IV HEA programs, and did not notify or timely notify students and NSLDS of grant overpayments. Also, because the institution did not notify or timely notify students and NSLDS of grant overpayments, students may have retained Title IV HEA funds for which they were not entitled.
Recommendation	We recommend that the institution revise its procedures to ensure that all students who have unofficially withdrawn are promptly identified and, when required, accurately calculate and timely return Title IV HEA funds to comply with Federal regulations. In addition, the procedures should include timely notifying students and NSLDS of grant overpayments. We recommend that the institution return the remaining \$438 FFEL unsubsidized to the lender.

**HCC Response and
Corrective Action Plan**

The institution revised the unofficial withdrawals procedure for the Return of Title IV Funds. The college's procedure now specifies each item necessary to ensure the notification and completion of the required processes in a timely fashion.

Fall 2004, the College implemented the usage of a new grade, "FX". The purpose of the "FX" grade is to identify students who received an "F" grade as the result of excessive absences. The Faculty member awards the "FX" grade and records the final date of attendance.

In addition, Spring 2005, the college hired two full-time District Financial Aid staff members whose primary responsibility is for the timely identification and notification to students. Furthermore, the staff member will be responsible for the calculating, monitoring of unpaid balances, and the coding of the obligation onto the students' accounts to the National Student Loan Data Systems (NSLDS). Finally, they will refer the debt to the Department of Education as required by the Return of Title IV program regulations.

**HCC Contact and
Telephone Number**

Charlotte Johns-Rich, Director of Financial Aid

813-253-7160

**Estimated Corrective
Action Date**

February 15, 2005

U.S. DEPARTMENT OF EDUCATION

Finding Number FA 04-
CFDA Number 84.032 and 84.063
Program Title **Student Financial Assistance Cluster (SFA)**
Federal Family Education Loans (FFEL)
Federal Pell Grant Program(PELL)

Compliance Requirement Cash Management – Prohibition on Escheating of Title IV Funds
State Educational Entity **State Universities and Community Colleges - Hillsborough Community College (HCC)**

Finding Type Material Noncompliance and Reportable Condition
Finding Questioned Costs – \$10,052 (\$9,972 PELL; \$80 FFEL unsubsidized)
The institution did not return funds related to unnegotiated Title IV HEA credit balance checks to the applicable Title IV HEA program accounts.

Criteria 34 CFR 668 Subpart K, SFA Handbook Volume 2 Chapter 5 (2003-04)
Per U.S. Department of Education, institutions are prohibited from allowing Title IV HEA funds to revert (or "escheat") to a third party, State, or institutional coffers. Institutions are responsible for making sure that Title IV HEA funds are used only for the educational purposes for which they are intended.

Condition We reviewed the institution's State of Florida Unclaimed Property Report for the 2002 calendar year. Of the total amount of unclaimed checks returned to the State, we determined, with the institution's assistance, that 5 checks included Title IV HEA funds totaling \$1,451 (PELL), and these funds were not returned to the Title IV HEA program account.
In addition, we reviewed the institution's unclaimed property listing for the 2003 calendar year and, with the institution's assistance, we determined that 22 checks included Title IV HEA funds totaling \$8,601 (\$8,521 PELL and \$80 FEFL unsubsidized). The institution has possession of these checks but has not, as of January 31, 2005, returned the funds to the Title IV HEA program accounts within the suggested Federal timeline (180 days).

Cause The institution did not have procedures to identify unnegotiated Title IV HEA credit balance checks and return the funds to the Title IV HEA programs.

Effect The institution may be allowing Title IV HEA funds to be used for purposes other than that for which they are intended.

Recommendation We recommend that the institution establish procedures to identify unnegotiated Title IV HEA credit balance checks and return those funds to the Title IV HEA programs before the date on which the State would assume ownership of those funds and within a few days after a student check would cease to be negotiable (usually 180 days).

HCC Response and Corrective Action Plan The College had established and followed procedures that were consistent with Section 717.117 of the State of Florida's statute for reporting unclaimed property. Accordingly, unclaimed checks were sent to the State of Florida. We have revised our procedures to identify unnegotiated Title IV HEA credit balance checks and to return those funds in a timely manner to the Title IV program account. A copy of the revised procedure is attached.
We are in the process of returning the unclaimed Title IV HEA credit balance checks totaling \$8,601 for the 2003 calendar year. We contacted the State of Florida regarding the status of the five checks totaling \$1,451 for the 2002 calendar year and they informed us that one of the checks in the amount of \$162.75 has been claimed by the student. A claim form has been sent to the State of Florida to recover the remaining \$1,288.25. The College is remitting \$1,288.25 to the Title IV HEA program account.

**HCC Contact and
Telephone Number**

Barbara DeVries, Director of Financial Services
813-253-7012

**Estimated Corrective
Action Date**

February 23, 2005

End of P&T Document

Hillsborough Community College
Procedure: Uncashed Financial Aid Checks

1. Banking Services receives a file transmission of cashed checks from the bank on the 5th business day of the month. Notifies Accounts Receivable that data is available.
2. Accounts Receivable runs a query to determine the uncashed financial aid checks.
3. The Accounting Technician will review the student's account to determine the account balance. If an outstanding balance exists, the uncashed check will be applied. If no balance exists, the student will be contacted.
4. An Accounting Technician will attempt to contact the student, via telephone, to inform that the check has not been cashed. If unable to contact via telephone, a letter will be sent.
5. If the check remains outstanding when the new list is received 30 days later, the Financial Aid Dept. will be contacted to determine if an updated mailing address, e-mail address, or phone number is available for the student.
6. If the check remains outstanding for 150 days, the account will be analyzed by an Accounting Technician to determine the source of funds, in preparation for return. (The agency name and address will be provided by the Financial Aid Dept.)
7. If the check is outstanding at 180 days, it will be considered stale. The check will be voided, the funds will be returned to the appropriate federal source, and the Financial Aid Dept. will be notified in order for the student's records to be updated.
8. The Financial Aid Dept. will notify Accounts Receivable after all adjustments are made. Accounts Receivable will void the check voucher to properly update the student's account.
9. The return of federal funds will be done on a monthly basis.