

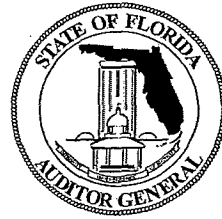


WILLIAM O. MONROE, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL

## STATE OF FLORIDA

G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450



850/488-5534/SC 278-5534  
Fax: 488-6975/SC 278-6975

February 1, 2005

Dr. Gwendolyn Stephenson, President  
Hillsborough Community College  
39 Columbia Drive  
Tampa, Florida 33606

Dear Dr. Stephenson:

Enclosed is a list of preliminary and tentative audit findings and recommendations which may be included in a report to be prepared on our audit of the Federal awards administered by the State of Florida for the fiscal year ended June 30, 2004.

Pursuant to Section 11.45(4)(d), Florida Statutes, you are required to submit to me within thirty (30) days after receipt of this list a written statement of explanation concerning all of the findings, including therein your actual or proposed corrective actions, agency contact name, and estimated corrective action date. The findings are being provided in a document format that allows you to provide your response in specified fields immediately following each finding. When your response is ready, please e-mail the preliminary and tentative audit findings document with your response incorporated therein and forward to this Office a paper copy with appropriate authoritative signatures. If within the 30-day period you have questions or desire further discussion on any of the proposed findings and recommendations, please contact Christina Porter, Section Audit Supervisor, at (813) 871-7753.

Please e-mail this Office at [flaudgen\\_audrpt@aud.state.fl.us](mailto:flaudgen_audrpt@aud.state.fl.us) to indicate receipt of the preliminary and tentative audit findings. Absent such receipt, delivery of the enclosed list of findings is presumed, by law, to be made when it is delivered to your Office.

Sincerely,

William O. Monroe

WOM/vb

Attachment

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 04-</b>
<b>CFDA Number</b>	84.032 and 84.063
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Return of Title IV HEA Funds (Official Withdrawals)
<b>State Educational Entity</b>	<b>State Universities and Community Colleges – Hillsborough Community College (HCC)</b>
<b>Finding Type</b>	Material Noncompliance & Reportable Condition Questioned Costs – \$628 (\$290 PELL, \$6 FFEL subsidized, \$332 FFEL unsubsidized). Student portion \$270 (PELL)
<b>Finding</b>	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.
<b>Criteria</b>	34 CFR 668.22
<b>Condition</b>	<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>
<b>Cause</b>	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.
<b>Effect</b>	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.
<b>Recommendation</b>	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**

**HCC Contact and  
Telephone Number**

**Estimated Corrective  
Action Date**

## U.S. DEPARTMENT OF EDUCATION

<b>Finding Number</b>	<b>FA 04-</b>
<b>CFDA Number</b>	84.032 and 84.063
<b>Program Title</b>	<b>Student Financial Assistance Cluster (SFA)</b> Federal Family Education Loans (FFEL) Federal Pell Grant Program (PELL)
<b>Compliance Requirement</b>	Special Tests and Provisions – Return of Title IV HEA Funds (Unofficial Withdrawals)
<b>State Educational Entity</b>	<b>State Universities and Community Colleges – Hillsborough Community College (HCC)</b>
<b>Finding Type</b>	Material Noncompliance & Reportable Condition Questioned Costs - \$7,372 (\$2,313 PELL, \$1,529 FFEL subsidized, and \$3,530 FFEL unsubsidized)
<b>Finding</b>	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.
<b>Criteria</b>	34 CFR 668.22
<b>Condition</b>	<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>
<b>Cause</b>	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.
<b>Effect</b>	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.
<b>Recommendation</b>	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**

**HCC Contact and  
Telephone Number**

**Estimated Corrective  
Action Date**

Nov/4

**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  
Questioned Costs – \$10,052 (\$9,972 PELL; \$80 FFEL unsubsidized)

**Finding** 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**

**HCC Contact and Telephone Number**

**Estimated Corrective Action Date**

**End of P&T Document**