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July 27, 2021

Dr. Jason Smith, President
Texarkana College
2500 North Robison Rd.
Texarkana, TX 75599

RE: Desk Review of the Texas Educational Opportunity Grant at Texarkana College

Dear Dr. Smith,

I am attaching the final report *A Compliance Monitoring Desk Review of the Texas Educational Opportunity Grant at Texarkana College*, Report No. THECB-CM-FA-21-026. There was one finding related to student eligibility resulting from this engagement. Management's responses have been incorporated into the final report.

Summary

Texarkana College substantially complied with Coordinating Board requirements regarding the administration of the Texas Educational Opportunity Grant Program.

Our scope included the following areas and results.

- Students met all eligibility criteria, including SAP requirements; one recommendation noted.
- Students demonstrated financial need; no recommendations noted.
- Students fulfilled residency requirements; no recommendations noted.
- Reported award amounts reconciled with Texarkana College's student data system and payment records; no recommendations noted.

One finding was noted regarding Texarkana College's compliance with award residency requirements. Please see the Detailed Observation, Recommendation, and Management's Response section of the report for further information. A follow up audit will be performed to evaluate Texarkana College's implementation of corrective action to address noted recommendations.

Our desk review included tests of relevant financial data reported and certified by Texarkana College for award year 2019-2020. We believe the evidence obtained provides a reasonable basis for the findings and recommendations, based on the desk review objectives.

This Compliance Monitoring report will be presented to the Texas Higher Education Coordinating Board (THECB) Committee on Agency Operations, a standing committee of the THECB Board, in October, 2021.

The cooperation of your staff during this review is greatly appreciated. If you have any questions or comments, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Poehl". The signature is written in a cursive style with a large, stylized 'M' and 'P'.

Mark A. Poehl, CPA, CIA, CISA, CFE
Assistant Commissioner, Internal Audit and Compliance

Detailed Observation, Recommendation, and Management's Response

1. A Texas Educational Opportunity Grant (TEOG) in an amount of \$1,227 was awarded to an ineligible student, and did not comply with program requirements referenced in the Texas Administrative Code, Title 19, Part 1, Chapter 22, Subchapter M, Sections 22.253-265.

A Texas Educational Opportunity Grant (TEOG) in amount of \$1,227 was awarded to an ineligible student, and did not comply with program requirements referenced in the Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter M, Sections 22.253-265.

Grant awarding processes and controls over student eligibility, including residency, should be strengthened to ensure compliance with the TAC, Title 19, Part 1, Chapter 22, Subchapter M, Sections 22.253-265.

We reviewed 30 samples to determine whether they met Texas Educational Opportunity Grant (TEOG) program criteria requirements including eligibility. 29 of the 30 samples we reviewed met the TEOG reviewed criteria requirements. We found that one student recipient was not a Texas resident as required by TAC, Section 22.256(a)(1), and therefore did not meet the TEOG eligibility requirements.

The TAC, Section 22.256(a)(1) states that "To receive an initial year award through the Program, a student must: (1) be a resident of Texas"

Enhanced oversight of the College's financial aid and grant awarding system and compliance with statutory requirements provides greater assurance that student eligibility requirements are met.

Recommendations:

- A. Refund \$1,227 in reported Texas Educational Opportunity Grant ineligible award to the Texas Higher Educational Coordinating Board.
- B. Strengthen oversight of grant awarding processes and controls over student eligibility and comply with Texas Administrative Code, Sections 22.253-265 requirements.

Management Response:

Persons responsible for corrective action at Texarkana College include Kim Jones, VP of Finance; Phyllis Deese, VP of Administrative Services; and Dr. Donna McDaniel, VP of Instruction.

- A. Texarkana College contacted the Texas Higher Education Coordinating Board and returned the \$1,227 in TEOG funds on 7/2/21 for the student identified as ineligible. Texarkana College has also performed a 100% internal review of residency for the students awarded TEOG that were not selected for review. Texarkana College's internal review showed that, for the year under review, all remaining students were classified correctly as Texas residents.
- B. Texarkana College has reviewed their internal controls and processes used to determine student eligibility, including residency. Texarkana is a border city and many of our students relocate across the state line frequently. Because of this, Texarkana College has an already established procedure of having the registrar's office manually review residency on all TEOG students immediately before they are awarded. In this instance, there was an oversight in the manual review process and this one student was allowed to receive the award. Because of this error, we have strengthened our internal controls and are now requiring two separate residency re-verifications by the registrar's office prior to awarding any TEOG grants.

PERFORMED BY:

Ms. Elizabeth Steele, Compliance Specialist

CC:

THECB

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