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December 17, 2021

Dr. Adam C. Wright, President
Dallas Baptist University
3000 Mountain Creek Parkway
Dallas, TX 75211

Dear Dr. Wright,

I am attaching the final report on *A Compliance Monitoring Desk Review of the Tuition Equalization Grant (TEG) at Dallas Baptist University*, Report No. THECB-CM-FA-21-031. Your response has been incorporated into the final report.

Summary

Dallas Baptist University substantially complied with relevant statutes, rules, and regulations for the Tuition Equalization Grant (TEG) Program, except for one instance of non-compliance related to student eligibility. Dallas Baptist University over awarded \$1,710.00 in TEG exceptional need funds to one graduate student during fiscal year 2020. Dallas Baptist University needs to strengthen procedures to ensure compliance with TEC 61.227 (e) (TAC Sec. 22.22 (2)), regarding awarding additional amounts of TEG funds to students.

Our work included procedures to verify:

- Students demonstrated financial need
- TEG award amounts met criteria
- Students fulfilled residency requirements
- TEG degree plan/major requirement were met
- Applicable students registered with the selective service system; and
- Reported award amounts reconciled with Dallas Baptist University's student data system and payment records.

Our desk review included tests of relevant financial data reported and certified by Dallas Baptist University for award year 2019-2020. We believe the evidence obtained provides a reasonable basis for the observations 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 January 2022.

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, Recommendations and Management Response

Dallas Baptist University over awarded \$1,710.00 in TEG exceptional need funds to one graduate student during fiscal year 2020. The TEG program rules do not include *graduate* students in the language regarding exceptional need funds (the Texas Education and Administrative Codes are indicated below).

The identified graduate student met the requirements to receive TEG funds for the academic year in question however the student was not eligible to receive the additional \$1710.00 in exceptional need funds.

The error was caused due to a lack of controls in place to confirm the student's classification at the start of the academic term, prior to awarding the exceptional need amount to an otherwise eligible student.

Texas Education Code (TEC) Eligibility Requirements

According to Texas Education Code (TEC) Sec. 61.227 (e), Notwithstanding any restrictions provided by Subsection (c) on the amount of a grant, a tuition equalization grant for an academic period for an undergraduate student who establishes exceptional financial need in accordance with the procedures and rules of the coordinating board may be certified by the institution at which the undergraduate student is enrolled in an amount not to exceed 150 percent of the amount of the grant that the student would otherwise have been awarded for that period under the other provisions of this section.

Texas Administrative Code (TAC) Eligibility Requirements

According to Texas Administrative Code (TAC) Sec. 22.22 (2), Exceptional TEG need-- An additional amount of TEG funds for which an undergraduate student may qualify on the basis of having an expected family contribution generated through the use of the federal methodology, less than or equal to \$1,000.

Recommendations:

- A. Strengthen the institution's quality control procedures to ensure compliance with TAC Sec. 22.22 (2) (e) including a sound review of the student records, specifically, the student's classification prior to awarding the TEG exceptional need amount.
- B. Refund the \$1,710.00 in TEG exceptional need funds over awarded to the above student in question to the Texas Higher Education Coordinating Board under the authority of the terms of Dallas Baptist University's current Memorandum of Understanding for State Financial Aid Programs, Sec. 4.13.

Management Response:

Please find below a response to the recommendations suggested by your office from our Director of Financial Aid, Mrs. Shermain Reed:

- A. In order to prevent incorrectly awarding the exceptional need amount of TEG funds to graduate students at DBU, the Financial Aid Department has implemented an awarding and transmittal rule to ensure that students with a graduate-level academic program will a) not be awarded the exceptional need amount, and b) transmittal to the student's account receivable will be hindered for the exceptional need amount of TEG.

Furthermore, a compliance report that will identify students with a graduate- level program and an exceptional need amount of TEG will be generated by our Technical Coordinator and provided to our Financial Aid Counselors before the date of disbursement each semester.

- B. A refund of funds for \$1710.00 was issued to the Texas Higher Education Coordinating Board on December 07, 2021.

PERFORMED BY:

Ms. Shebah Washington, Compliance Specialist

CC:

THECB

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