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October 7, 2021

Dr. Kevin G. Fegan, District President
Navarro College
3200 W. 7th Avenue
Corsicana, TX 75110

Dear Dr. Fegan,

I am attaching the final report on *A Compliance Monitoring Desk Review of the Texas Educational Opportunity Grant at Navarro College*, Report No. THECB-CM-FA-21-025. Your response has been incorporated into the final report.

Summary

Navarro College substantially complied with relevant statutes, rules, and regulations for the Texas Educational Opportunity Grant (TEOG) Program, except for one instance of non-compliance related to student eligibility. Navarro College awarded \$2,454.00 in TEOG funds to one student during fiscal year 2020 without obtaining and retaining required documentation to confirm eligibility. Navarro College did not have sufficient procedures to ensure compliance with TEC 56.404 (b) (TAC Sec. 22.258(e)), relating to required documentation when a student has been convicted of a felony or offense under the Texas Controlled Substances Act.

Our work included procedures to verify:

- Students met all eligibility criteria, including SAP requirements;
- Students demonstrated financial need;
- Students fulfilled residency requirements;
- Applicable students registered with the selective service system; and
- Reported award amounts reconciled with Navarro College's student data system and payment records.

Our desk review included tests of relevant financial data reported and certified by Navarro College 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 initial "M".

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

Detailed Observation, Recommendations and Management Response

Navarro College awarded \$2,454.00 in TEOG funds to one student during fiscal year 2020 without obtaining and retaining required documentation to confirm eligibility.

TEC Eligibility Requirements

According to Texas Education Code (TEC) Sec. 56.404 (b), "A person is not eligible to receive a grant under this subchapter if the person has been convicted of a felony or an offense under Chapter 481, Health and Safety Code (Texas Controlled Substances Act), or under the law of another jurisdiction involving a controlled substance as defined by Chapter 481, Health and Safety Code, unless the person has met the other applicable eligibility requirements under this subchapter and has:

(1) received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or completed a period of probation ordered by a court and at least two years have elapsed from the date of the receipt or completion; or

(2) been pardoned, had the record of the offense expunged from the person's record, or otherwise been released from the resulting ineligibility to receive a grant under this subchapter."

Recommendations:

- A. Develop quality control procedures to ensure compliance with TEC Sec. 56.404 (b), including sound records review and retention practices.
- B. Refund the \$2,454.00 in TEOG funds awarded for the above student to the Texas Higher Education Coordinating Board.

Management Response:

Description: The TEOG procedure has been updated to ensure future compliance. Please see the updated information below highlighted in yellow.

Responsible Party: The Financial Aid Department will review each application to ensure correct TEOG awarding. The TEOG application now has added enhancements to require the student to submit necessary, supporting documents when needed.

Estimated Completion Date: The procedure has been updated effective immediately. The Financial Aid Office will work with THECB to return the funds in the amount of \$2,454 for FY 2020.

Management's Response continued:

3.4.2 Texas Educational Opportunity Grant (TEOG) Program

The purpose of the TEOG program is to provide grant aid to financially needy students enrolled in Texas public two-year colleges.

Eligibility Requirements:

Individuals who:

- *Are Texas residents;*
- *Show financial need;*
- *If applying for a first-time award, have a family contribution of no more than \$2,000;*
- *Register for the Selective Service or are exempt from this requirement;*
- *Are enrolled at least 1/2 time (6 semester credit hours) in the first 30 hours (or their equivalent) in an associate's degree or certificate program at a public two-year college in Texas;*
- *Have not been granted an associate's or a baccalaureate degree; and*
- *Have not been convicted of a felony or a crime involving a controlled substance.*

o Note About Adhering to Program Controlled Substance Restrictions

A person is not eligible to receive an initial or continuation TEOG award if the person has been convicted of a felony or an offense under:

- 1. Chapter 481, Health and Safety Code (Texas Controlled Substances Act).*
- 2. The law of any other jurisdiction involving a controlled substance as defined by Chapter 481, Health and Safety Code.*

However, the convicted person does qualify if he/she has met the other applicable eligibility requirements under this subchapter and has done one of the following:

- 1. Received a certificate of discharge by the Texas Department of Criminal Justice or a correctional facility or completed a period of probation ordered by a court, and at least two years have elapsed from the date of the receipt or completion.*
- 2. Been pardoned and had the record of the offense expunged from the person's record.*

Navarro College requires a TEOG Application that includes a Statement of Student Eligibility, with required supporting documentation, from each TEOG recipient prior to the awarding of funds. If the student selects "Yes" to the question in regard to a conviction of a controlled substance, supporting documentation must be provided by the student before they are able to submit the application. The application and supporting documentation will be reviewed by the Financial Aid Office and processed according to the specified guidelines.

Management's Response continued:

- If supporting documentation meets the guidelines, an award will be made to the student.
- If the supporting documentation does not meet the guidelines, the student will not be eligible for a TEOG award.

This application is retained with the student's records at the institution and can be made available if requested in the course of a program review or audit.

Navarro College determined the Statement of Student Eligibility will be collected once during initial or incoming recipients enrollment here at the institution. The TEOG Application is available (online) to the student through Self- Service > Financial Aid.

Students who continue in college and who meet program academic standards can receive awards for up to 75 semester credit hours, for four years, or until they receive an associate's degree, whichever comes first. The academic requirements for continuing in the program are: At the end of the first year, the student must meet the school's Satisfactory Academic Progress (SAP) requirements. At the end of the second year, the student must complete at least 75 percent of the hours attempted in the prior academic year and have an overall college grade point average (GPA) of at least 2.5 on a 4.0 scale.

Matching funds are awarded after each census date of the term. These funds are checked at the time of billing and a final review happens prior to the submittal of the FAD001 Report Cycle 3 to THECB.

Hardship Policy

A student who is ineligible for a TEOG award based on grade point average (GPA) or completion rate for satisfactory academic progress, or enrollment less than half-time may be deemed eligible under a hardship provision. Hardships may be granted to allow for awards in excess of the 75 attempted semester credit hours (SCH), but the total number of hours paid for with TEOG funds cannot exceed 75 SCH.

Students may contact the financial aid office to request a hardship review to qualify for aid. The student will submit an explanation of the situation which will be reviewed by the financial aid office. If approved, the student will be awarded based on the current hardship proration schedule.

PERFORMED BY:

Ms. Shebah Washington, Compliance Specialist

CC:

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