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August 10, 2020

Dr. Collette Pierce Burnette, President
Huston-Tillotson University
900 Chicon St.
Austin, TX 78702

Dear Dr. Burnette,

I am attaching the final report on *A Compliance Monitoring Desk Review of Tuition Equalization Grant at Huston-Tillotson University*, Report No. THECB-CM-FA-20-027. There was one finding related to information technology, and one finding related to noncompliance with TEG eligibility requirements from this engagement.

Summary

Huston-Tillotson University (HT) generally complied with relevant Coordinating Board (THECB) rules and regulations for the Tuition Equalization Grant (TEG) and with Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter B, Section 22.21 through 22.30. However, improvement is needed in the following areas:

- Information security controls, specifically audit logs, over key financial aid data must be established to ensure reliability and integrity of data used for financial aid purposes; and
- Procedures should be strengthened to ensure compliance with TEG eligibility requirements.

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

Sincerely,

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

Scope, Objective, and Methodology

Our desk review included tests of relevant financial aid data reported and certified by Huston-Tillotson University for award year 2018-2019. We believe the evidence obtained provides a reasonable basis for the findings and recommendations, if any based on the desk review objectives.

Our work included procedures to verify:

- Students demonstrated financial need;
- TEG award amounts met criteria;
- TEG award amounts adhered to Huston-Tillotson University's policies;
- TEG degree plan/major requirements were met; and
- TEG funds were reconciled.

Background

The Tuition Equalization Grant was authorized by Chapter 61, Subchapter F of the Texas Education Code. Rules establishing procedures to administer the subchapter can be found in Chapter 22, Subchapter B of the Texas Administrative Code. The program is funded by appropriations by the Texas Legislature. The purpose of the TEG program is to promote the best use of existing educational resources and facilities within Texas, both public and private, by promoting need-based grants to Texas residents and certain out-of-state National Merit Scholarship Finalists enrolled in approved private or independent Texas colleges or universities.

Texas Administrative Code Chapter 1, Subchapter A, Section 1.13 (b)(2) states, "The purpose of the Board's risk assessment process and compliance methodologies is to maximize the effectiveness of monitoring funds allocated by the Board and data reported to the Board. The agency-wide, risk-based compliance monitoring function is established for... (A) funds allocated by the board to institutions of higher education, private or independent institutions of higher education, and other entities, including student financial assistance funds, academic support grants, and any other grants, to ensure that those funds are distributed in accordance with applicable law and board rule."

Huston-Tillotson University awarded approximately 1.6 million in TEG awards for the 2018-2019 financial aid year.

Detailed Observation, Recommendations, and Management's Response

- 1. Information technology processes and controls over audit logs are needed to enable monitoring and reporting of unauthorized system activity.**

Information technology processes and controls over audit logs and student information system data should be strengthened. Although HT has policies and procedures in place to limit access to information systems, the student information system does not provide audit logs or change history for an extended period for critical data such as:

- Student Eligibility
- Satisfactory Academic Progress (SAP)
- Award Amounts
- Financial Need

Audit logs provide documentary evidence to track a sequence of events, and the ability to monitor unauthorized system or unusual activity. Without audit logs covering an extended period, maintaining the integrity of system information, and ensuring the reliability of data is limited.

Family Educational Rights and Privacy Act (FERPA) Chapter 34 Code of Federal Regulations (CFR) Section 99.31(a)(1)(ii) requires that "An educational agency or institution must use reasonable methods to ensure that school officials obtain access to only those education records in which they have legitimate educational interests." Security standards established by the Department of Information Resources (DIR) for institutions of higher education are a good source for strengthening information security.

Recommendation:

Capture and retain student information system audit logs or change history over an extended period for the critical data used for financial aid.

Management's Response:

Huston-Tillotson University agrees with the observation. At the start of the FY21, Information Technology implemented the process of downloading all audit logs on a weekly basis and storing them on our encrypted cloud-based server. This information will be stored in accordance with the university's record retention policy.

2. Procedures should be strengthened to ensure compliance with TEG eligibility requirements.

Huston Tillotson University issued TEG awards to three (3) students with an "undeclared" major for the 2018-2019 academic year. According to the Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter B, Section, Section 22.24 (a)(5), "To receive an award through the TEG program, a student must be enrolled in an approved institution in an individual degree plan...but not in a degree plan that leads to ordination, licensure to preach or a career in church work." In our review we noted the following:

Number of Students	Degree Plan/Major	Total Amounts Awarded
3	Undeclared	\$6,993

Recommendation:

Submit a documented plan to Texas Higher Education Coordinating Board as to how HT will enforce Texas Administrative Code (TAC), Title 19, Part 1, Chapter 22, Subchapter B, Section 22.28 (a)-(c). If acceptable, THECB will grant an extension in accordance with TAC, Title 19, Part 1, Chapter 22, Subchapter B, Section 22.28 (d). If HT cannot fully comply with TAC, Title 19, Part 1, Chapter 22, Subchapter B Section 22.28 (a)-(c), it must refund \$6,993 in TEG awarded for the above students to the THECB. HT should also develop procedures to ensure compliance with TAC Title 19, Part 1, Chapter 22, Subchapter B, Section 22.24 (a)(5).

Management's Response:

Huston-Tillotson University agrees with the observation. Additionally, the university will remove "undeclared" as an option on all university documentation including but limited to the admissions application and declaration of major form by August 15, 2020.

Any student unsure of their academic interest will be declared as a Liberal Arts major. In October of every academic year the Office of Financial Aid in partnership with the Office of Records & Registration and the Center for Academic Excellence will host an Academic Majors Fair for all students to explore academic interests.

To ensure compliance of TAC Chapter 19, Section 22.24 (a)(5) on the 12th class day the Office of Financial Aid will conduct a review of all students awarded TEG for adherence to the eligibility guidelines.

PERFORMED BY:

Ms. Jamyen Robinson-Hall, Compliance Specialist

CC:

THECB

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