



OFFICE OF THE CONTROLLER

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Phone: 401-874-2378 · Fax: 401-874-2589

UNIVERSITY OF RHODE ISLAND

(A Component Unit of the State of Rhode Island and Providence Plantations)

Corrective Action Plan

Year ended June 30, 2004

Reference Number: 04-1

Federal Agency: U.S. Department of Education

CFDA Number: 84.268

Program: Federal Direct Loan Program

Description:

If a student ceases enrollment without performing an exit interview and has received a Federal Direct Loan, the financial aid administrator must confirm that the student has completed on-line counseling, or mailed exit counseling material to the borrower at his or her last known address. The material must be mailed within 30 days after learning that the borrower has left school or failed to participate in an exit counseling session.

We noted 10 out of 30 students that received Federal Direct Loan and ceased enrollment that did not have an exit interview performed or mailed within the required 30 days.

We also noted that the exit interview for one student was not performed within the 30-day timeframe.

Questioned Costs:

\$95,254 - Amount of total loans awarded and disbursed to the 10 students without evidence of an exit interview.

Recommendation:

We recommend that the University strengthen its procedures to ensure that a signed exit interview form or confirmation that on-line counseling was performed be received from all borrowers to be in compliance with the federal requirements regarding exit interviews.

Grantees' Response:

The University concurs with the recommendation. The University will diligently follow the policies and procedures currently in place to conduct exit interviews. The University conducts group and individual interviews with thousands of students each year. The University also assists student access to the Direct Loan website for information concerning loan counseling and their actual indebtedness. The University's diligence in providing exit loan counseling can be noted in the cohort default rate.

The University will strengthen its procedure of recording that exit interview materials were mailed to those students, who withdraw or are retroactively withdrawn administratively for medical, military, or other personal reasons.

Requests for Information

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Corrective Action Plan

Year ended June 30, 2004

Reference Number: 04-2

Federal Agency: U.S. Department of Education

CFDA Number: 84.063

Program: Federal Perkins Loan Program

Description:

The promissory note is a legally binding document that is evidence of a borrower's indebtedness to a school. A student must sign this note before he or she can receive any Perkins Loan funds.

Out of 13 students selected for disbursement testwork, we noted two students whose promissory notes were signed after the first disbursement.

Questioned Costs:

None.

Recommendation:

Policies should be enforced to ensure all documentation is completed for the required entrance interviews and disbursements.

Grantees' Response:

The University concurs with the recommendation. Policies will be reviewed to ensure appropriate documentation is completed before the University disburses funds.

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Year ended June 30, 2004

Reference Number: 04-3

Federal Agency: U.S. Department of Transportation

CFDA Number: 20.701

Program: University Transportation Centers Program

Description:

OMB Circular A-133 requires a pass through entity to monitor the sub-recipient's activities to provide reasonable assurance that the sub-recipient administers federal awards in compliance with requirements. One of these monitoring responsibilities is to ensure subrecipient audits were completed.

We noted that during the current fiscal year, the monitoring of this requirement was not performed in a timely manner.

Questioned Costs:

None.

Recommendation:

The University should review its current policies and procedures to ensure all aspects of monitoring subrecipient activity is performed in a timely manner.

Grantees' Response:

The University concurs with the recommendation. The sub-recipient monitoring was not completed timely due to a change in personnel and job duties. The sub-recipient monitoring has been reassigned and the procedure has been reviewed to ensure it will be followed in the future. With the new process implemented fiscal year 2005 will be completed in a timely manner.

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Corrective Action Plan

Year ended June 30, 2004

Reference Number: 04-4

Federal Agency: U.S. Department of Education

CFDA Number: 84.268 and 84.038

Program: Federal Direct Loan Program and Federal Perkins Loan Program

Description:

If an institution credits a student's account with Federal Direct Loan (FDL) funds or Federal Perkins Loan Program funds, the institution must notify the student of the date and amount of the disbursement and the student's right to cancel all or a portion of the loan. The institution must send the notice to the student, either in writing or electronically, no earlier than 30 days before and no later than 30 days after the date the institution credits the student's account. If a school notifies a borrower electronically, it must request that the borrower confirm the receipt of the notice. If a student or parent wishes to cancel all or a portion of the loan, the school must honor the request if the request is received no later than:

- 14 days after the date the school send the notice, or
- the first day of the payment period, if the school sends the notice more than 14 days before the first day of the payment period.

The University currently does not have a procedure in place to notify students of the date and amount of the disbursement of their loan and their right to cancel loan proceeds upon receipt of FDI and Federal Perkins Loan Program funds.

Questioned Costs

None.

Recommendation

We suggest that the University implement procedures to notify the student of the receipt of their FDI or Federal Perkins Loan fund and their right to cancel, whether written or electronically.

Grantees' Response:

The University agrees with the finding. Although the University currently directs student to review their account on-line enabling them to confirm disbursement dates, the University will review this policy in order to comply with Federal guidelines.

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Corrective Action Plan

Year ended June 30, 2004

Reference Number: 04-5

Federal Agency: U.S. Department of Education

CFDA Number: 84.036 and 84.268

Program: Federal Pell Grant Program and Federal Direct Loan Program

Description:

A school must submit an origination record for every Pell and Direct Loan recipients. The origination record establishes the student's eligibility and the amount of Pell and Direct Loan the student can receive for the award year. A disbursement record should be submitted no later than 30 days after the disbursement is made. A school is required to report disbursements within 30 days of making payment.

Out of the 30 students selected for both Pell and Direct Loan disbursement reporting, we noted four students receiving Pell and two students receiving Direct Loan whose disbursements were not transmitted to the Department of Education within the required 30 days.

Questioned Costs

None.

Recommendation

The University should review its procedures to ensure disbursement records are transmitted to Department of Education within the required 30 days.

Grantees' Response:

The University concurs with this finding. Due to initial problems with PeopleSoft transmissions, we have reviewed our procedures and are in process of tightening controls during the transmission process.

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