REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
STATE STUDENT FINANCIAL AID
LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002
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April 29, 2002

Dr. Robert Krienke, President
Lamar Institute of Technology
P.O. Box 10043
Beaumont, TX 77710

Dear Dr. Krienke:

Enclosed is a copy of Report to Management on Follow-Up Audit of State Student Financial Aid, April 2002. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendations addressed in May 2001.

The audit is classified as a Category II based on criteria prescribed by the Rules and Regulations of The Texas State University System.

Management has fully implemented the three (3) prior audit recommendations. Lamar Institute of Technology has revised its Finance Office - Procedures Manual regarding the Texas Education Code, Sec. 56.003 (b). Also, the Institute has enhanced its procedures to identify qualified students for the Toward Excellence Access and Success (TExAS) Grant to provide the maximum benefits to its students. Finally, the Institute informs students about the Texas Public Education Grant (TPEG) Emergency Loan deferment option, which allow some students to continue their education.

If you should have comments or questions, I am available at your convenience to review the report.

Sincerely,

Twila J. Baker, CPA
Director of Internal Audit
OBJECTIVES

The Internal Audit Plan for fiscal year 2002 provides for a follow-up audit of State student financial aid. The primary focus of the audit was to evaluate management’s progress in implementing the prior audit recommendations addressed in May 2001.

The scope of the original audit was to review compliance with State guidelines, combined with review of operational efficiency and internal controls of the program. The period subject to review was during fiscal year 2001. We reviewed the following State financial aid programs:

- Toward Excellence Access and Success (TEXAS) Grant;
- Texas Public Education Grant (TPEG), and
- TPEG Emergency Loan.

Also, we reviewed information reported by the State Auditor’s report entitled An Audit Report on Student Financial Aid at Four-Year Public Universities. Finally, we performed a compliance audit of management controls and adherence to the Grant Conditions provided by the Texas Higher Education Coordinating Board (THECB).

The audit is classified as a Category II based on criteria prescribed by the Rules and Regulations of the Texas State University System.

RESULTS OF REVIEW

Management has fully implemented the prior three (3) outstanding recommendations. The status of the findings and recommendations are as follows:

Management has fully implemented the prior audit recommendations:

- Revised its Finance Office - Procedures Manual to reflect the Texas Education Code, Sec. 56.003 (b).
- Enhanced its procedures to identify qualified students for the TEXAS Grant.
- Informed students about the TPEG Emergency Loan deferment option.

CONCLUDING REMARK
We appreciate the assistance provided to Internal Audit by the staff doing our engagement.
REPORT TO MANAGEMENT ON
FOLLOW-UP AUDIT OF
STATE STUDENT FINANCIAL AID

LAMAR INSTITUTE OF TECHNOLOGY
APRIL 2002

Lamar Institute of Technology
Dr. Robert Krienke, President
Mr. Jonathan Wolfe, Vice President for Finance and Operations
Ms. Lisa Schroeder, Director of Financial Aid

The Texas State University System
Mr. J. Wiley Thedford, Vice Chancellor of Finance
Mr. Jerry W. Neef, Director of Audits and Analysis

Project Auditors
Ms. Twila Baker, Project Director
Ms. Daphne McIntire, Project Auditor
DETAILED FINDINGS
AND
RECOMMENDATIONS
REVISED THE POLICY AND PROCEDURES MANUAL

Prior Audit Recommendation:

We recommend management revise the Finance Manual to adhere to the prescribed Texas Education Code.

Management has fully implemented the prior audit recommendation.

Lamar Institute of Technology has revised its procedures to adhere to the prescribed Texas Education Code.

The Texas Education Code, Sec. 56.0333 (b) states:

Of the funds set aside under this section, not less than 90 percent shall be used for Texas Public Educational Grants (TPEG) and not more than 10 percent shall be used for emergency loans under Subchapter D of this Chapter.

Lamar Institute of Technology Finance Office - Procedures Manual states:

Of these monies, not less than 90% shall be used for TPEG Grants and not more than 10% shall be used for emergency loans.

RECOMMENDATION

There is no further recommendation for this finding.

DISBURSED TEXAS GRANT FUNDS

Prior Audit Recommendation:

We recommend management enhance procedures for identifying qualified students for the Toward Excellence Access and Success (TEXAS) Grant in order to provide the maximum benefits of this program to Lamar students.
Management has fully implemented the prior audit recommendation.

The Institute has developed a way to identify qualified students for the TEXAS Grant. The Institute’s Systems and Programming department has developed a field in the Student Information System that enables those eligible students to be marked for the grant.

The Institute has disbursed $106,176; approximately eighty-seven percent (87%) of the TEXAS Grant Program and $30,912; approximately ninety-two percent (92%) of the TEXAS Grant II Program allocated.

**RECOMMENDATION**

There is no further recommendation for this finding.

**TPEG EMERGENCY LOAN DEFERMENT OPTION PROCEDURES**

**Prior Audit Recommendation:**

   We recommend management develop formal, written procedures to ensure that students are consistently informed of and considered for the required TPEG Emergency Loan program’s deferment option.

Management has fully implemented the prior audit recommendation.

The Institute has formal procedures regarding the TPEG Emergency Loan deferment option. When a student has an outstanding balance, he/she must obtain approval from the Vice President for Finance and Operations before he/she can register for classes. At that time, the student is informed about the deferment option.

**RECOMMENDATION**

There is no further recommendation for this finding.