

Morgan State University
Report of Independent Public Accountants
On
Applying Agreed-Upon Procedures
2017-2018 Academic Year

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON APPLYING AGREED-UPON PROCEDURES**

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We have performed the procedures enumerated below, which were agreed to by the Maryland Higher Education Commission (the Commission) and Morgan State University (the University), solely to assist in ensuring the accuracy of the eligibility of recipients of the Howard P. Rawlings Educational Excellence Awards Program, which includes the Educational Assistance Grant (EAG), the Guaranteed Access Grant (GAG), and the Campus Based Educational Assistance Grant (CB-EAG). The University's management is responsible for ensuring the accuracy of the eligibility of recipients of the Howard P. Rawlings Educational Excellence Awards Program, which the University reported to the Commission through the Maryland College Aid Processing System (MDCAPS). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and related results were as follows:

1. We obtained the population of students for the fiscal year ended June 30, 2018, for EAG, GAG and CB-EAG from the Commission. We calculated the sample size based on the selection size calculated from the spreadsheet developed by the Commission which we were informed by the Commission was based on a statistical sampling method using 75% confidence level, tolerable rate of error of 3% and an expected error rate of 0% for sample sizes of 101 or more for items a and b below. The spreadsheet allocated the total sample size between a and b. For a and b below, if a population was between 11 and 100, we selected 10% of the population, and if a population was 10 or less, we selected the entire population per the Commission requirements. For items c and d, if the population was over 10, we selected 10% and if the population was 10 or less, we selected the entire population per the Commission requirements. We calculated the following samples.
 - a. For the Educational Assistance Grant, not selected for verification, we selected 35 students from the University's 867 students receiving EAG that were not selected for federal verification as reported in MDCAPS.

- b. For the Educational Assistance Grant, selected for federal verification as reported in MDCAPS, we selected 12 students from the University’s 361 students receiving EAG that were selected for federal verification as reported in MDCAPS.
 - c. For the Guaranteed Access Grant, we selected 10 students from the University’s 96 students receiving the GAG as reported in MDCAPS.
 - d. For the Campus Based Educational Assistance Grant, we selected 4 students from the University’s 35 students receiving the CB-EAG as reported in MDCAPS.
1. For those students selected in No. 1, we compared information reported in MDCAPS database to supporting evidence maintained at the University with respect to the following attributes.

Agreed-Upon Procedures		Exceptions
a.	We obtained the Institutional Student Information Report (ISIR) and determined if the student was a U.S. citizen or eligible non-citizen. If the student received a Student Aid Report (SAR) code on the ISIR which indicated that the Social Security Administration could not verify citizenship or eligible non-citizen status, we obtained the proof of U.S. Citizenship or eligible non-citizen status such as, the student’s U.S. Passport, Certificate of Naturalization, Birth Certificate, or Alien Registration Receipt Card.	None
b.	We obtained the student’s address as stated on the student academic transcript or the ISIR and determined the student was a Maryland resident per the address listed on the student academic transcript or ISIR. The Maryland residency requirements include (1) the student who is dependent upon a parent(s) or spouse, (2) independent and (3) full-time active member of the Armed Forces of the United States who is stationed in the State of Maryland. Further, we determined the student maintained a permanent residence in Maryland for the required period.	None
c.	We obtained the student’s academic transcript and determined each student was enrolled for a minimum of 12 credits hours per semester or enrolled at least 12 credits as of the institution’s official census date of September 4, 2017, for the Fall semester and February 10, 2018, for the Spring semester.	1 See Appendix A
d.	We obtained the student’s academic transcript and determined the student met the requirements of the institutions Satisfactory Academic Progress (SAP) policy.	None
e.	We obtained the student’s ISIR and determined the student had not received any SAR code and was not in default of the federal loan.	None
f.	We obtained the degree program status as stated on the student’s ISIR and the academic transcript and determined the course work is applicable towards a degree or a 2-year associate degree program in which the course work is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution. Also, we determined if each field was updated appropriately in MDCAPS as noted in the MDCAPS Financial Aid Officers (FAO) User Manual.	1 See Appendix B

Agreed Upon Procedures		Findings
g.	We obtained the student's billings records and determined each undergraduate student who received funds from the CB-EAG filed a Free Application for Federal Student Aid (FAFSA) on or after March 2, 2017 for the academic year from which the funds were paid.	None
h.	We obtained the student's ISIR and their billings records and determined the institution reported the correct housing status to the Commission.	3 See Appendix C
i.	For the EAG recipients who were federally selected for verification by the Commission, we obtained verification results reported by the institution in MDCAPS and determined if the ISIR had been updated for each student prior to disbursements of the state grant/scholarship.	None
j.	For the EAG recipients who were federally selected for verification by the Commission, in accordance with the U.S Department of Education's Title IV financial aid rules and regulations, we determined the ISIR information reported in MDCAPS for state aid recipients matched the ISIR used to disburse the student's State aid award.	None
k.	For the CB-EAG award recipients, we determined the student met all the eligibility requirements which were the student had completed the FAFSA after March 2, 2017, and had demonstrated financial need to receive the CB-EAG award. We recalculated the correct award amount based on the formula provided by the Office of Student Financial Assistance (OSFA).	1 See Appendix D

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance with the Howard P. Rawlings Educational Excellence Awards Program, in accordance with the Commission Office of Student Financial Assistance Independent Audit Manual. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission, and management of the University, and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, MD
May 31, 2019

SB + Company, LLC

Appendix A: Enrollment Exception

Criteria:

According to the Commission Independent Audit Manual, we are required to obtain the student's enrollment record or student's academic transcript and determine each student was enrolled for a minimum of 12 credits hours per semester or enrolled at least 12 credits as of the institution's official census date of September 4, 2017, for the Fall semester and February 10, 2018, for the Spring semester.

Condition:

We reviewed the student's Fall 2017, semester transcripts which showed that the student was enrolled for three quarter time. The University incorrectly reported the student's enrollment status for Fall 2017 semester as half time.

Number of Exceptions: 1

Result

As a result of performing the agreed upon procedures, we noted 1 exception of non-compliance with the enrollment status reporting for MHEC ID 1172098.

Recommendation:

We recommend the University implement procedures to ensure the enrollment status per the University's records are accurately entered into MDCAPS.

Corrective Action Plan:

The office of Financial Aid has implemented an awarding and certification policy and procedure in an effort to tighten and ensure the accuracy of data reported to MHEC.

Appendix B: Degree Exception

Criteria:

According to the Commission Independent Audit Manual, for EAG, GAG, and CB-EAG, an institution must accurately update the recipient's degree status in MDCAPS as noted in the MDCAPS FAO User Manual.

Condition:

We reviewed the student degree status on the ISIR and noted that the student degree status was 1st Bachelors. We also reviewed the student transcript records and noted the student was again reported as 1st Bachelors. However, the student was incorrectly reported on MDCAPS as Associates Degree.

Number of Exceptions: 1

Results:

As a result of performing the agreed upon procedures, we noted 1 exception of non-compliance with the degree status reporting for MHEC ID of 661134.

Recommendation:

We recommend the University implement procedures to ensure the degree status per the University's records are accurately entered into MDCAPS.

Corrective Action Plan:

The office of Financial Aid has implemented an awarding and certification policy and procedure in an effort to tighten and ensure the accuracy of data reported to MHEC.

Appendix C: Housing Exception

Criteria:

According to the Commission Independent Audit Manual, for EAG, GAG, and CB-EAG, an institution must accurately report recipients housing statuses to the Commission based on the following federal housing status types:

1. On campus
2. Off campus
3. With parents

Condition:

We reviewed the student housing status on the ISIR and noted that the student housing status was off campus. We also reviewed the student billing records and noted no housing charges. However, the student was incorrectly reported on MDCAPS as with parents. The University did not provide any documentation to support that the student lived off campus with parents.

We reviewed the student housing status on the ISIR and noted that the student housing status was on campus. We also reviewed the student billing records and noted housing charges. However, the student was incorrectly reported on MDCAPS as off campus.

We reviewed the student housing status on the ISIR and noted that the student housing status was on campus. We also reviewed the student billing records and noted housing charges. However, the student was incorrectly reported on MDCAPS as off campus.

Number of Exceptions: 3

Result:

As a result of performing the agreed upon procedures, we noted 3 exceptions of non-compliance with the housing status reporting for MHEC IDs of 1345288, 1172098, and 1304246.

Recommendation:

We recommend the University implement procedures to ensure the housing status per the University's records are accurately entered into MDCAPS.

Corrective Action Plan:

The office of Financial Aid has implemented an awarding and certification policy and procedure in an effort to tighten and ensure the accuracy of data reported to MHEC.

Appendix C: Housing Exception (continued)

Corrective Action Plan: (continued)

is stated in our office policy as required and the University plans to continue this procedure given that MHEC has agreed and accepted this process.

The office of Financial Aid has implemented an awarding and certification policy and procedure in an effort to tighten and ensure the accuracy of data reported to MHEC.

Appendix D: Return of Funds Assessment

Criteria:

According to the Commission Independent Audit Manual, we are required to determine if the student met all the eligibility requirements which are: the student completed the FAFSA after March 2, 2017 and demonstrated financial need to receive the CB-EAG award. We are required to recalculate the correct award amount based on the formula provided by OSFA.

Condition:

We recalculated the student's CB-EAG award using the formula that was provided to us by OSFA and the correct CB-EAG award amount was \$2,900.

Number of Exceptions: 1

Result:

As a result of performing the agreed-upon procedures, we noted 1 exception of non-compliance. This reporting error resulted in an overpayment award in the amount of \$100 which the University will have to return to the Commission.

MHEC ID	Amount to be returned	Reason for return
1304246	\$100	We recalculated the student award using the formula that was provided to us by OSFA and the correct CB-EAG award amount was \$2,900. However, per the student account activity and per MDCAPS, the student was awarded \$3,000. We noted that the student was over awarded in the amount of \$100 which the University will have to return to the Commission.

Corrective Action Plan:

The office of Financial Aid will utilize the CB-EAG template in an effort to reduce the number of calculation errors.

Status of Prior Years Findings:

Findings	Recommendation	The University's Response/Status*
<p>Housing The University failed to correctly certify student's housing status as reported on MDCAPS based on the University's stated housing policy. There were two (2) findings.</p>	<p>The Office of Student Financial Aid (OSFA) recommends that the University complete the following: the process for updating student housing in MDCAPS should be tightened so as to ensure the accuracy of the data. Given the range of Cost of Attendance (COA), the net result for the EA award errors typically amount to several hundred dollars, and potentially more for GAs.</p>	<p>The office of Financial Aid has implemented an awarding and certification policy and procedure in an effort to tighten and ensure the accuracy of the data.</p>
<p>Verification The University failed to correctly verify student's information that the student's submitted on their FAFSA. There were twelve (12) findings.</p>	<p>The OSFA recommends that the University establish a quality assurance (QA) process for the verification process to ensure the accuracy of the process.</p>	<p>The University has developed and implemented a quality assurance process to include an independent audit review that is conducted each year in an effort to ensure the accuracy of the verification process</p>
<p>CB-EAG For two students, the CB-EAG calculation contained errors, which resulted in incorrect payments and there was one ineligible student. There were three (3) findings.</p>	<p>The OSFA recommends that the University develop a policy which ensures that updated ISIRS's are entered on the institutional line of MDCAPS as it pertains to EAG recipients.</p>	<p>The University will utilize the CB-EAG template in an effort to reduce the number of calculation errors</p>
<p>Return of funds The Housing, Verification, and CB-EAG miscalculation findings above resulted in return of funds for eight (8) students.</p>	<p>The OSFA required the University to return the over awarded amount of \$23,200.</p>	<p>The University returned to MHEC on October 12, 1996.</p>

* SBC did not perform any procedures to validate