



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Department of Higher Education

### Student Financial Assistance Programs

The Missouri Department of Higher Education (MDHE) does not have sufficient procedures to ensure scholarships and financial assistance paid on students' behalf comply with program guidelines. The MDHE administers 11 scholarship and financial assistance programs. The largest programs are the Higher Education Academic Scholarship (Bright Flight), A+ Scholarship and Access Missouri Financial Assistance programs. MDHE relies on a department database, the Financial Assistance for Missouri Undergraduate Students (FAMOUS) system, to administer programs but does not sufficiently monitor the validity of data provided by institutions to support eligibility. Additionally, the MDHE does not periodically test the student eligibility determinations made by schools and related documentation or review schools' procedures for making the determinations. Auditors tested payments made on behalf of 60 students. Three of 30 A+ Scholarship payments reviewed exceeded amounts allowable under department regulations because the tuition rate exceeded the maximum allowable rate, the payment was related to coursework from which a student subsequently withdrew, or the student had exceeded the eligibility timeframe.

### Advantage Missouri

The Advantage Missouri Loan Program was established in 1998 to provide forgivable loans to students in approved educational programs who became employed in the state in certain occupational areas of high demand. For each year of employment, one year of the loan would be forgiven. The MDHE has made no new loans since 2005, and now only receives payments on outstanding loans. The standard repayment term is 10 years. MDHE lacks procedures to monitor and resolve amounts due on defaulted loans, and of approximately \$8 million issued to 2,041 students, about \$5.2 million remains unpaid. The MDHE drafted program operating rules to supplement the loan contract, which broadly outlined issues regarding qualifications and terms, but did not officially adopt and promulgate those rules. MDHE personnel indicated borrowers were notified of loan terms before repayment was required, but the MDHE has not followed up on accounts in default status and does not know the current status of each outstanding loan or whether the loan is collectible.

### User Account Management

The MDHE lacks sufficient procedures to ensure access to student financial aid data or other sensitive information is protected. The department's database system, FAMOUS, contains confidential student information such as social security numbers, financial assistance history and test scores. Employees of high schools, colleges and universities may access information in the FAMOUS system. Users submit a user agreement to MDHE, which is signed by the user and by an institutional representative. The department checks the user's title for reasonableness but lacks procedures to ensure the institutional representative was the appropriate individual to authorize FAMOUS access. Written agreements would establish the names and titles of individuals at each institution authorized to sign user agreements as the institutional representative and require prompt notification to the MDHE of individuals no longer needing system access.

Board Meeting Minutes	The MDHE did not always comply with the Sunshine Law. The department does not prepare minutes for Coordinating Board for Higher Education (CBHE) work sessions, although sessions constitute public meetings. The CBHE also held two closed minutes in 2013 but did not maintain minutes for one closed meeting and did not record in public minutes certain required information, such as the reason for entering closed session.
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In the areas audited, the overall performance of this entity was Fair.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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