May 15, 2002

Members of the Legislative Audit Committee:

The State Auditor’s Office reviewed existing guides for federal and state student financial aid (SFA) to determine whether the development of an SFA self-assessment tool by our Office would improve colleges’ and universities’ ability to efficiently administer financial aid programs and comply with related regulations. Based on our research and review, we concluded that there are adequate existing guides available and that preparing an additional guide would not be beneficial.

Examples of available SFA guides include:

• A self-evaluation guide prepared by the National Association of Student Financial Aid Administrators. This guide addresses all federally funded student financial aid programs and the administration of SFA offices. In fiscal year 2001, Texas public colleges and universities (excluding community colleges) expended $1.2 billion in financial aid through federally funded student financial aid programs.

• An Institutional Audit Guide for the Tuition Equalization Grant Program for 2000-2001 and an Institutional Audit Guide for the Leveraging Educational Assistance Partnership (LEAP) at Independent Colleges and Universities for 2000-2001 prepared by the Division of Student Services (Division) of the Texas Higher Education Coordinating Board. In fiscal year 2001, the State awarded $62.2 million in financial aid through the Tuition Equalization Grant program and $0.8 million in financial aid through the LEAP program.

The Division is also preparing an Institutional Audit Guide for the TEXAS (Toward EXcellence, Access, and Success) Grant Program for 2001-2002. Completion of the guide is expected by the summer of 2002. In fiscal year 2001, the State awarded $35.9 million in financial aid through the TEXAS Grant program. Tuition Equalization Grant and TEXAS Grant program funds represented 87 percent of all state-appropriated SFA funding.

If you have any questions, please contact Ron Franke, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

cc: Dr. Don W. Brown, Commissioner of Higher Education, Texas Higher Education Coordinating Board

SAO Report No. 02-047