

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	04/02/2018	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 5/11/2018

2. COMAR Codification

Title Subtitle Chapter Regulation

13B 08 18 01 - .06

3. Name of Promulgating Authority

Maryland Higher Education Commission

4. Name of Regulations Coordinator

Christine Wellons

Telephone Number

410-767-3313

Mailing Address

6 N. Liberty Street

City State Zip Code

Baltimore MD 21201

Email

christine.wellons@maryland.gov

5. Name of Person to Call About this Document

Christine Wellons

Telephone No.

410-767-3313

Email Address

christine.wellons@maryland.gov

6. Check applicable items:

☒ New Regulations

☐ Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: .
_ Repeal of Existing Regulations
_ Recodification
_ Incorporation by Reference of Documents Requiring DSD Approval
_ Reproposal of Substantively Different Text:
:
Md. R
(vol.) (issue) (page nos) (date)
Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

_ Yes **X**- No

8. Incorporation by Reference

_ Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

X- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

_ OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

_ Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Christine Wellons, Assistant Attorney General, (telephone #410-767-3313) on March 5, 2018. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Christine Wellons

Title

Principal Counsel

Date

March 5, 2018

Telephone No.

410-767-3313

Title 13B
B MARYLAND HIGHER EDUCATION COMMISSION

Subtitle 08 FINANCIAL AID

13B.08.18 Institutional Audit Requirements for Educational Excellence Awards

Authority: Education Article, §§11-105(u), 18-204(c), and 18-307, Annotated Code of Maryland

Notice of Proposed Action

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The Maryland Higher Education Commission proposes to adopt new regulations requiring institutional audits of financial aid awards under the Delegate Howard P.

Rawlings Program of Educational Excellence Awards.

This action was considered at a public meeting of the Commission on Dec. 13, 2017.

Statement of Purpose

The purpose of this action is to adopt new regulations, COMAR 13B.08.18.01 - .06, to require institutional audits of financial aid awards made under the Howard P. Rawlings Program of Educational Excellence Awards.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.

Institutions of higher education will audit their performance in awarding Educational Excellence Awards. This will result in costs to the institution, but may result in savings to the State due to the return to the State of any improperly granted awards.

II. Types of Economic Impact.

A. On issuing agency:

Return of Improperly Granted Awards

Revenue (R+/R-)

Expenditure (E+/E-)

Magnitude

(R+)

Unknown

B. On other State agencies:

NONE

C. On local governments:

NONE

Benefit (+)

Cost (-)

Magnitude

D. On regulated industries or trade groups:

Cost of Audits

(-)

Minimal

E. On other industries or trade groups:

NONE

F. Direct and indirect effects on public: NONE

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A. The audits will result in the return of any improperly granted awards to the State.

D. The institutions will incur costs in performing audits.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Donna Thomas, Director, Office of Student Financial Assistance, Maryland Higher Education Commission, 6 N. Liberty St, Ground Floor, Baltimore, MD 21201, or call 410-767-3109, or email to donnae.thomas@maryland.gov, or fax to . Comments will be accepted through June 25, 2018. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 19

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

Implementation of the regulation does not require State funds.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

The regulations do not apply to small businesses.

G. Small Business Worksheet:

Attached Document:

.01 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Auditor" means an independent certified public accountant.

(2) "Commission" means the Maryland Higher Education Commission.

(3) "EEA Program" means the Howard P. Rawlings Educational Excellence Awards Program under Educ. §§ 18-301 – 18-310 of the Annotated Code.

(4) "OSFA" means the Office of Student Financial Assistance within the Commission.

(5) "Secretary" means the Secretary of Higher Education for the State of Maryland.

.02 Scope and Purpose.

A. This chapter applies to financial aid awards under the EEA Program.

B. The purpose of this chapter is to provide for the independent audit of awards made under the EEA Program.

.03 Performance of Audit Review.

A. Beginning in fiscal year 2019, each institution of higher education that enrolls students who participate in the EEA Program shall procure annually an independent audit of the institution's implementation of the EEA Program

B. The institution shall submit each audit to the Commission in accordance with Regulation .04.

.04 Audit Requirements.

A. The audit required by regulation .03 shall be conducted in accordance with the standards of the American Institute of Certified Public Accountants, and in compliance with generally accepted auditing standards.

B. The audit shall determine whether and to what extent the institution has complied with the statutory and regulatory requirements of the EEA Program during the fiscal year.

C. In determining EEA Program compliance under paragraph B, the audit shall assess the following factors as they relate to the EEA Program:

(1) Compliance with federal regulations of institutional policies and procedures regarding satisfactory academic progress (SAP), housing, and Title IV financial aid verification requirements;

(2) Compliance with State residency requirements;

(3) Compliance with the institution's enrollment and credit completion requirements;

(4) Accuracy of award eligibility determination performed by the institution;

(5) Adequacy of reporting by the institution to the Office in the Institutional Student Information Record;

(6) Estimation of State awards disbursed by the institution; and

(7) Verification of completed and signed Maryland College Aid Processing System (MDCAPS) Individual User

Agreements.

D. The audit report shall provide:

(1) Detail of discrepancies and nature of non-compliant student records identified during review;

(2) Recommendations provided to the institution to resolve findings; and

(3) The total amount of award payments that were made improperly by the institution.

E. The auditor shall issue a management letter to the institution, which shall contain a listing of all material weakness in the institution's system of internal controls.

F. By June 1 of each year, a copy of the audit, the management letter, and the institution's response to each item in the management letter shall be filed with the Commission.

G. The Commission may request additional information from the auditor or from the institution.

H. Noncompliance with the auditor's recommendations shall be noted in future management letters and may result in payment remittance required of the institution as determined by the Commission.

.05 Extensions of Time.

A. A written request for an extension of time to file the required reports and the management letter shall be received by the Commission no later than 30 days before the original due date as noted in Regulation .04.

B. A request for a reasonable extension of time may be granted by the Secretary if:

(1) Detailed reasons are stated that indicate why the reporting deadline cannot be met;

(2) The request indicates the estimated date the audit will be completed and the report filed; and

(3) The request is signed by the president of the college.

.06 Payment Remittance.

A. The Commission shall require an institution to return to the Commission any overpayments of EEA Program funds that were not awarded and paid consistent with statute and regulation.

B. Except as provided in paragraph C, the institution may elect to remit payment to the Commission in one of the following ways:

(1) A check payable to the Maryland Higher Education Commission;

(2) Electronic Funds Transfer (EFT); or

(3) Deduction from the initial payment from the Commission to the institution in the subsequent award year.

C. If the return of funds relates to the Campus Based EEA Program, then the institution shall return the funds to the Commission by check.

D. The Commission may discontinue an institution's eligibility to participate in the EEA Program if the institution fails to return funds pursuant to paragraph A within the timeframe specified by the Commission.