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HOWARD UNIVERSITY PRESIDENT STATEMENT ON UNIVERSITY GRANTS

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In accordance with my commitment to continuous progress, in February 2015, I initiated a proactive review of the Howard University Office of Financial Aid to ensure the office was providing the best support to our campus community.

As part of this process, I was alerted in December 2016 that there may have been some misappropriation of University-provided financial aid funds. From the moment I was alerted that there may have been a misappropriation of funds, I have taken this situation extremely seriously. I immediately informed the Board of Trustees, and together we moved swiftly to begin an internal investigation. The University immediately engaged an outside auditor (RSM) to determine whether there had been any misappropriation of Howard University funds by staff in the Office of Financial Aid or elsewhere, and if so, the magnitude of that misappropriation. The auditors completed their investigation and reported the results to me in May 2017.

The investigation found that from 2007 to 2016, University grants were given to some University employees who also received tuition remission. The audit revealed that the combination of University grants and tuition remission exceeded the total cost of attendance. As a result, some individuals received inappropriate refunds. Note that University grants are institutional funds used to help support students with student charges. They are not federal funds or donor directed funds.

In July 2017, I self-reported this issue to the Department of Education and

assured them we would provide regular updates on the investigation.

An investigation of individual employee actions was completed in September 2017 and as a result, six employees have been fired for gross misconduct and neglect of duties. We will refer this matter for criminal prosecution, as appropriate.

Third Coast Higher Education, another outside expert, was also brought in specifically to determine if any misappropriation of federal funds occurred. At this point, Third Coast found no misappropriation of federal funds related to this issue.

The financial integrity of Howard University's operations is paramount and strong measures have been taken following the RSM investigation to ensure this never happens again. As part of these reform efforts, significant new policies and procedures have been implemented to strengthen Howard's internal controls with respect to the awarding of financial aid, including:

- Annual budgets for each category of financial aid are now loaded into the University's Banner student information system by the University Budget Office consistent with the University's overall Financial Aid Budget.
- Approval for all awards of University Grants are now reviewed and approved by the Budget Office prior to being awarded by the Financial Aid Office
- Approval for all donor-designated scholarship awards are now reviewed and approved by the Controller's Office prior to being awarded by the Financial Aid Office.
- Approval for all grant-funded financial aid are now reviewed and approved

by the University's Grant Accounting Unit prior to being awarded by the Financial Aid Office.

- Access to the Banner financial aid module has now been limited to a small number of appropriate senior University individuals, with adequate third-party review and appropriate segregation of duties.
- An annual reconciliation of awarded financial aid to approved financial aid is now being conducted.
- Management has established proper reporting relationships and segregation of duties within the Financial Aid Office.
- Management is in the process of hiring for all remaining open positions in the Financial Aid Office and enhanced training on policies and procedures will be provided both to new hires and continuing employees.
- A new Associate Provost for Enrollment Management and a new Chief Compliance Officer have been hired by the University.

While this has been a very difficult and disappointing situation, I know our campus community deserves better and I am committed to ensuring that each of our campus offices operate with integrity and are the best that higher education has to offer.

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