

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Audit Committee

Date of Meeting: May 17, 2011

Agenda Item: Review Results of Annual Student Financial Aid Audit

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Board Policy 1A.2. Part 5, Subpart E charges the Audit Committee with overseeing the work of external auditors.

Scheduled Presenter(s):

Eric Wion, Deputy Director, Office of Internal Auditing
Christopher Halling, System Director for Financial Aid
Craig Popenhagen, Principal with LarsonAllen , LLP

Outline of Key Points/Policy Issues:

- The auditor's report on compliance for the major federal award programs expressed an unqualified opinion
- The audit report contains four isolated compliance findings related to certain federal financial aid regulations.

Background Information:

- Federal law requires an annual audit of major federal financial assistance programs, including the student financial aid programs.
- MnSCU received over \$361 million in federal grants and students borrowed nearly \$651 million of federal loans in fiscal year 2010.
- The firm of LarsonAllen, LLP. conducted the audit as part of its responsibilities as principal auditor for MnSCU.

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MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD INFORMATION
REVIEW RESULTS OF ANNUAL STUDENT FINANCIAL AID AUDIT

BACKGROUND

Copies of this report have been provided to members of the Board of Trustees in the Board materials for the May 17, 2011 meeting. Additional copies will be made available at the meeting. The report was prepared by the firm of LarsonAllen LLP, as part of its responsibilities as principal auditor for the Minnesota State Colleges and Universities. The results of this report will be incorporated into the State of Minnesota's Single Audit Report that will be released in May. Copies of that report will be available on the Minnesota Management and Budget web site at (<http://www.finance.state.mn.us/fin/acct>).

Date Presented to the Board of Trustees: May 18, 2011



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Audit Committee May 17, 2011 Meeting

Review 2010 Federal Financial Assistance Audit Report

Eric Wion, Deputy Director of Internal Auditing
Christopher Halling, System Director for Financial Aid
Craig Popenhagen, Principal with LarsonAllen LLP

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Background

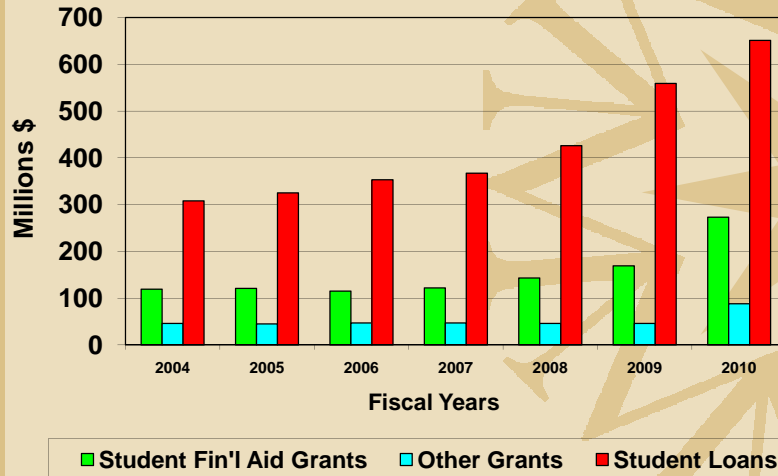
- Annual audit required by federal law
- Focus on major programs
 - Student Financial Aid
 - American Recovery and Reinvestment (ARRA)
- Testing performed by Principal Auditor
 - With assistance from Internal Auditing
- Results included with State of Minnesota Report
 - To be submitted to federal government by 3/31/10 (likely mid to late May)

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MnSCU Federal Financial Assistance: 2004 to 2010



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Note: Student Loans Exclude Perkins and Nursing Loans



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ARRA

- Nearly \$38 Million in 2010
 - 98 % State Fiscal Stabilization Fund Education State Grants (SFSF)
- No Audit Findings

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FY Comparison – Fin. Aid Grants

Program Title	FY10 TOTAL	FY09 TOTAL	Amount Change	% Change
Federal Pell Grant Program	\$254,681,709	\$152,803,128	\$101,878,581	67%
Federal Work-Study Program	\$7,373,199	\$7,331,334	\$41,865	1%
Federal Supplemental Education Opportunity Grants (SEOG)	\$6,389,253	\$5,704,202	\$685,051	12%
Academic Competiveness Grants	\$3,133,645	\$2,218,084	\$915,561	41%
National Science and Math Talent (Smart) Grants	\$1,526,987	\$959,877	\$567,110	59%
Teacher Education Assistance for College and Higher Ed. Grants	\$233,734	\$70,000	\$163,734	234%
Totals	\$273,338,527	\$169,086,625	\$104,251,902	62%

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FY Comparison – Fin. Aid Loans

Program Title	FY10 TOTAL	FY09 TOTAL	Amount Change	% Change
Federal Family Education Loans (FFEL)	\$458,211,894	\$484,954,435	(\$26,742,541)	-6%
Federal Direct Student Loans (FDSL)	\$192,552,846	\$74,151,286	\$118,401,560	160%
Totals	\$650,764,740	\$559,105,721	\$91,659,019	16%

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FY 2010 Student Financial Aid Findings

- 10-1 Incorrect calculation of refunds of federal awards - Questioned costs \$1053(1 university and 1 college)
- 10-2 Return of Title IV funds (1 college)
- 10-3 Late return of Title IV funds (3 colleges)
- 10-4 Failure to meet 7% community service requirement in Federal Work Study program - Questioned costs \$3645 (1 college)

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Prior Year (2009) Student Financial Aid Findings

- 7 Prior Findings
- All Were Resolved

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