

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

**Agenda Item Summary Sheet**

**Committee:** Audit Committee

**Date of Meeting:** April 16, 2013

**Agenda Item:** Review Results of Financial Aid Audits

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):**

Beth Buse, Executive Director, Office of Internal Auditing  
Christopher Halling, System Director for Financial Aid  
Craig Popenhagen, Principal with CliftonLarsonAllen, 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 3 isolated compliance findings related to certain federal financial aid regulations.
- Minnesota Office of Higher Education regularly conducts audits of colleges and universities.

**Background Information:**

- Federal law requires an annual audit of major federal financial assistance programs, including the student financial aid programs.
- MnSCU received over \$370 million in federal grants and students borrowed nearly \$772 million of federal loans in fiscal year 2012.
- The firm of CliftonLarsonAllen, LLP conducted the audit as part of its responsibilities as principal auditor for MnSCU.

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

<b>BOARD INFORMATION</b>
REVIEW RESULTS OF FINANCIAL AID AUDITS

1 **BACKGROUND**

2  
3 Copies of Minnesota State Colleges and Universities Schedule of Expenditures of Federal  
4 Awards for the Year Ended June 30, 2012 were provided to members of the Board of Trustees in  
5 the Board materials for the April 16, 2013 meeting. Additional copies will be made available at  
6 the meeting. The report was prepared by the firm of CliftonLarsonAllen LLP as part of its  
7 responsibilities as principal auditor for the Minnesota State Colleges and Universities. The  
8 results of this report will be incorporated into the State of Minnesota’s Single Audit report that is  
9 planned for a late release in May. Once released, copies of that report will be available on the  
10 Minnesota Management and Budget web site at (<http://www.mmb.state.mn.us/4057>).

11  
12 The Minnesota Office of Higher Education conducts regular program reviews of state paid  
13 financial aid administered by MnSCU colleges and universities.

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15 The attached PowerPoint presentation provides a summary of audit work completed on federal  
16 and state student financial aid programs.

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36 *Date Presented to the Board of Trustees: April 17, 2013*



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**Minnesota State Colleges and Universities**

## **Review Results of Financial Aid Audits**

**Beth Buse, Executive Director of Internal Auditing  
Christopher Halling, System Director for Financial Aid  
Craig Popenhagen, Principal with CliftonLarsonAllen LLP**

**April 16, 2013**

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.



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## **REVIEW 2012 FEDERAL FINANCIAL ASSISTANCE AUDIT REPORT**

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## Background

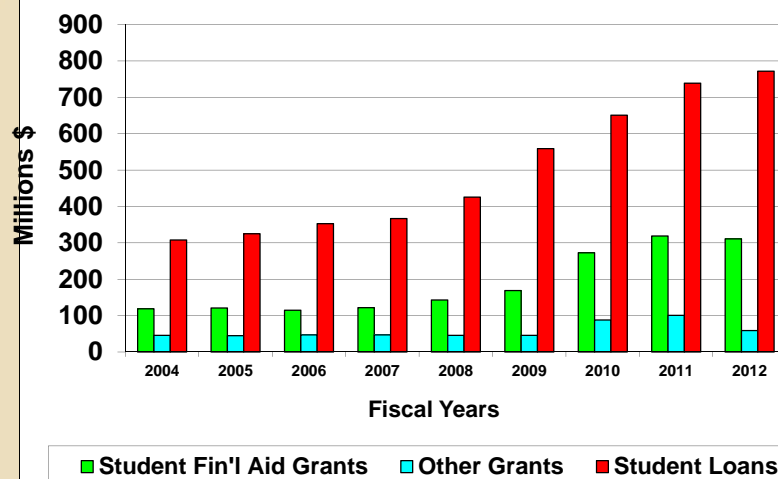
- Annual audit required by federal law
- Focus on major programs
  - Student Financial Aid
- Audit work performed by Principal Auditor (CliftonLarsonAllen)
- Results will be included with State of Minnesota Report
  - Planned late release in May 2013

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### MnSCU Federal Financial Assistance: 2004 to 2012



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Note: Student Loans Exclude Perkins and Nursing Loans



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## Fiscal Year Comparison – Federal Financial Aid Grants

Program Title	FY12 Total	FY11 Total	Amount Change	% Change
Federal Pell Grant Program	\$297,167,750	\$306,142,887	(\$8,975,137)	-3%
Federal Work-Study Program	\$7,179,090	\$7,071,092	\$107,998	2%
Federal Supplemental Education Opportunity Grants	\$6,089,367	\$6,202,142	(\$112,775)	-2%
Academic Competiveness Grants	\$69,646	\$3,801,108	(\$3,731,462)	-98%
National Science and Math Talent (Smart) Grants	\$45,150	\$1,999,579	(\$1,954,429)	-98%
Teacher Education Assistance for College and Higher Ed. Grants	\$454,803	\$335,663	\$119,140	35%
	<b>\$311,005,806</b>	<b>\$325,552,471</b>	<b>(\$14,546,665)</b>	<b>-4%</b>

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## Fiscal Year Comparison – Federal Loans

Program Title	FY12 Total	FY11 Total	Amount Change	% Change
Federal Direct Student Loans	\$771,876,888	\$739,473,470	\$32,403,418	4%

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## FY 2012 Federal Student Financial Aid Findings

- 3 Findings & **NO** Questioned Costs
  - One college did not report a reading tutor in the Fiscal Operations Report and Application to Participate (FISAP)
  - One college did not timely report changes in governance within the required 10 days.
  - One college did not properly report the disbursement date of a Pell disbursement in COD.

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## Prior Year (2011) Federal Student Financial Aid Findings

- 3 prior findings
- All were resolved

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## Federal Financial Aid Finding History

Fiscal Year	Total Findings	Questioned Costs
2006*	6	\$1,479,644
2007	8	10,323
2008	3	0
2009	5	4,567
2010	4	4,698
2011	3	0
2012	3	0
<b>Total</b>	<b>29</b>	<b>\$1,499,232</b>

\* - includes questioned costs from USDOE program reviews

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## MINNESOTA OFFICE OF HIGHER EDUCATION AUDIT WORK

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## Background – Minnesota Office of Higher Education

Student Financial Aid Programs Administered by MOHE	Total FY 2011 Awarded	MnSCU FY 2011 Awarded	MnSCU %
State Grant	\$119,829,000	\$36,849,000	31%
Postsecondary Child Care Grant	\$6,524,000	\$5,054,000	77%
Public Safety Officer's Survivor Grant	\$74,000	\$16,000	22%
Minnesota GI Bill	\$568,000	\$342,000	60%
Minnesota Indian Scholarship	\$1,843,000	\$1,218,000	66%
Minnesota State Work Study	\$19,599,000	\$9,673,000	49%
Student Educational Loan Fund (SELF)	\$69,700,000	\$25,171,000	36%

Also, administers tuition reciprocity agreements

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## Background – Minnesota Office of Higher Education

- Distinctive program eligibility requirements for most programs
  - Minnesota Residency
  - Minimum enrollment status requirements
  - Education term limits
- Other program specific requirements
  - Postsecondary Child Care Grant Program
  - Minnesota Indian Scholarship

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## Background – Minnesota Office of Higher Education

- Program Reviews (audits)
  - Audit manager and two audit staff
  - Conduct rotating audits of all MN colleges and universities (public, private non-profit and private for-profit)
  - Conduct audit work on individual colleges and universities, not the system as a whole
  - Current goal – conduct reviews a minimum of once every four years

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## Audits - Minnesota Office of Higher Education

### Minnesota State Colleges and Universities Audit Finding History

Fiscal Year	Audit Reports Issued	Total Recommendations	Total Amount Repaid
2008	7	29	\$33,648
2009	12	29	\$16,523
2010	15	67	\$20,310
2011	3	22	\$3,882
2012	12	74	\$44,616
2013*	6	68	\$5,322
<b>Total</b>	<b>55</b>	<b>289</b>	<b>\$124,301</b>

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\* - Thru March 2013



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## **Audits - Minnesota Office of Higher Education**

- **Audit Finding Observations**
  - Most issues noted in Child Care and State Grant Programs
  - Most audit findings are a result of manual calculation errors or incomplete information for determining program eligibility
- **Follow-up**
  - Internal Audit has been tracking and following up on findings since 2003