

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

Agenda Item Summary Sheet

Name: Audit Committee

Date: May 20, 2015

Title: Results of Financial Aid Audits

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input checked="" type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

Federal law requires an annual audit of major federal financial assistance programs, including the student financial aid programs. The firm of CliftonLarsonAllen, LLP conducted the audit as part of its responsibilities as the system auditor for MnSCU. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion. The audit report contains five isolated compliance findings related to certain federal financial aid regulations.

Minnesota Office of Higher Education regularly conducts audits of colleges and universities.

Scheduled Presenter(s):

Beth Buse, Executive Director, Office of Internal Auditing
Christopher Halling, System Director for Financial Aid
Don Loberg, Partner with CliftonLarsonAllen, LLP
Brenda Scherer, Manager with CliftonLarsonAllen, LLP

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

BOARD INFORMATION
RESULTS OF FINANCIAL AID AUDITS

1 **BACKGROUND**

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3 Copies of Minnesota State Colleges and Universities Schedule of Expenditures of Federal
4 Awards for the Year Ended June 30, 2014 were provided to members of the Board of Trustees in
5 the Board materials for the May 20, 2015 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 the system auditor for the Minnesota State Colleges and Universities. The
8 results of this report were incorporated into the State of Minnesota’s Single Audit report that was
9 released in late March. Copies of that report are available on the Minnesota Management and
10 Budget web site at (<http://mn.gov/mmb/accounting/reports/single-audit.jsp>).

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12 The Minnesota Office of Higher Education conducts regular program reviews of state student
13 financial aid programs 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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Date Presented to the Board of Trustees: May 20, 2015

Review Results of Financial Aid Audits



May 20, 2015

Minnesota State Colleges and Universities

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



Review Results of 2014 Federal Financial Assistance Report



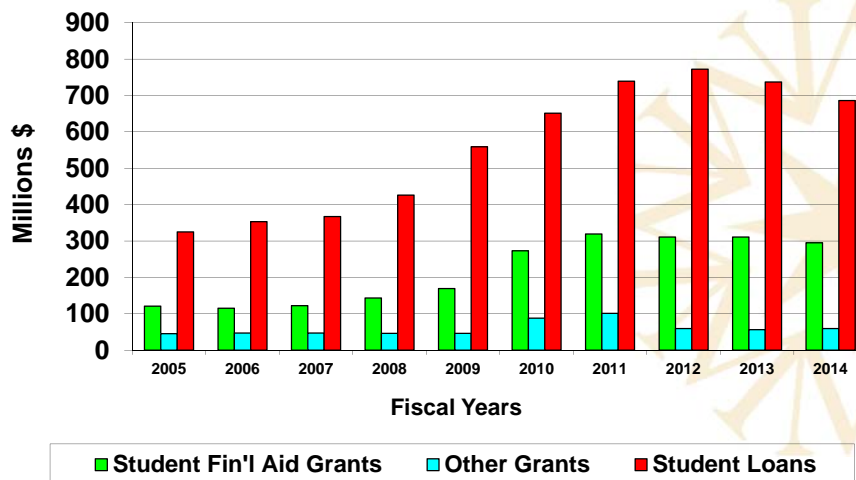
Background

- Annual audit required by federal law
- Focus on major programs
 - *Student Financial Aid*
- Audit work performed by System Auditor - CliftonLarsonAllen
- Results were included in State of Minnesota Report (Single Audit)



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Minnesota State Colleges and Universities
Federal Financial Assistance: 2004 to 2014



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Fiscal Year Comparison – Federal Financial Aid Grants

Program Title	FY14 Total	FY13 Total	Amount Change	% Change
Federal Pell Grant Program	\$282,025,772	\$296,890,308	(\$14,864,536)	-5.0%
Federal Work-Study Program	\$6,137,964	\$6,698,056	(\$560,092)	-8.4%
Federal Supplemental Education Opportunity Grants	\$6,484,739	\$6,451,325	\$33,414	.5%
Academic Competiveness Grants	\$0	\$43,500	(\$43,500)	-100%
National Science and Math Talent (Smart) Grants	\$30,959	\$31,680	(\$721)	-2.2%
Teacher Education Assistance for College and Higher Ed. Grants	\$499,565	\$498,304	\$1,261	.25%
Totals	295,178,999	\$310,613,173	(\$15,434,174)	-5%



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Fiscal Year Comparison – Federal Loans

Program Title	FY14 Total	FY13 Total	Amount Change	% Change
Federal Direct Student Loans	\$685,517,550	\$736,667,111	(\$51,149,561)	-6.9%



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FY 2014 Federal Student Financial Aid Audit Findings

- Finding 1- Late return of Title IV
 - *40 sampled – 2 errors found*
 - *2 institutions*
 - *Questioned costs – insignificant*
- Finding 2 – Completion of Direct Loan reconciliation
 - *1 college*
 - *Questioned costs – none*
- Finding 3 – NSLDS updates and reporting
 - *12 institutions*
 - *Questioned costs – none*



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FY 2014 Federal Student Financial Aid Audit Findings

- Finding 4 – Incomplete verification
 - *60 sampled – 1 error found*
 - *Questioned costs – \$10,040*
- Finding 5 – Awarding of Subsidized Stafford loan
 - *60 sampled – 1 error found*
 - *Questioned costs – \$1,000*



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Prior Year (2013) Federal Student Financial Aid Findings

- 2 Findings
- Both 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	-
2009	5	\$4,567
2010	4	\$4,696
2011	3	-
2012	3	-
2013	2	\$24
2014	5	\$11,040

* includes questioned costs from USDOE program reviews



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U.S. Department of Education Program Reviews

- Minneapolis Community and Technical College
 - *Reviewers were on site in March 2014*
 - *Report issued in December 2014*
 - *3 minor findings were reported*
 - No questioned costs
- St. Paul College
 - *Reviewers were on site in June 2014*
 - *Report issued in December 2014*
 - *No findings reported*
- Century College
 - *Reviewers were on site in March 2015*



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Review Summary Results of 2015 Reports Minnesota Student Financial Aid Audits



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Background Minnesota Office of Higher Education

Student Financial Aid Programs Administered by MOHE	Total FY 2013 Awarded	MnSCU FY 2013 Awarded	MnSCU %	Total FY 2011 Awarded	MnSCU FY 2011 Awarded	MnSCU %
State Grant	\$161,087,000	\$64,765,000	40%	\$119,829,000	\$36,849,000	31%
Postsecondary Child Care Grant	\$5,649,000	\$4,788,143	85%	\$6,524,000	\$5,054,000	77%
Public Safety Officer's Survivor Grant	\$63,000			\$74,000	\$16,000	22%
Minnesota Indian Scholarship	\$2,125,000	\$1,233,303	58%	\$1,843,000	\$1,218,000	66%
Minnesota State Work Study	\$20,220,000	\$7,820,399	39%	\$19,599,000	\$9,673,000	49%
Student Educational Loan Fund (SELF)	\$51,549,000	\$18,272,876	35%	\$69,700,000	\$25,171,000	36%

Source: Minnesota Office of Higher Education

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Minnesota Office of Higher Education Background

- 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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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
- Have changed approach to audits in past year
 - *Increased sample sizes*
 - *Desk audits*
 - *Resulting in some tension with campuses*



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Minnesota Office of Higher Education Audit Summary

**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	7	71	\$5,322
2014	10	49	\$6,909
2015	7	58	\$14,106



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Minnesota Office of Higher Education Audit Summary

- Audit Finding Observations
 - *Satisfactory Academic Progress*
 - Technical compliance with federal regulations
 - Ideally would like to see common policies among institutions
 - *Grading Practices*
 - Ideally would like to see common practices
 - *Consortium agreement responsibilities*
 - *Some institutions miss program close-out deadlines*
 - *Program specific issues*
 - 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 tracks audit findings and resolutions*

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