

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Audit Committee

Date: May 21, 2014

Title: Review 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 principal auditor for MnSCU. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion. The audit report contains two isolated compliance findings related to certain federal financial aid regulations.

MnSCU received over \$311 million in federal grants and students borrowed nearly \$737 million of federal loans in fiscal year 2013.

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
Craig Popenhagen, Principal with CliftonLarsonAllen, LLP

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

BOARD INFORMATION
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, 2013 were provided to members of the Board of Trustees in
5 the Board materials for the May 21, 2014 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 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://www.mmb.state.mn.us/2013-cafr>).

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: May 21, 2014*
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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

May 21, 2014

Minnesota State Colleges and Universities

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

REVIEW 2013 FEDERAL FINANCIAL ASSISTANCE AUDIT REPORT

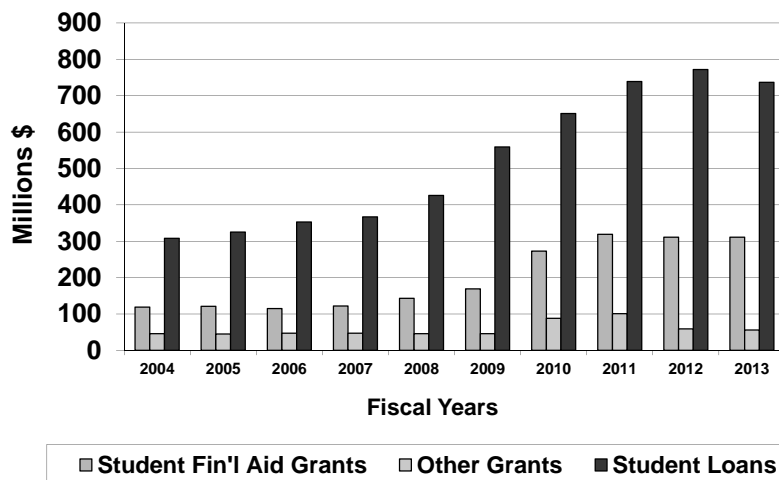


Background

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



MnSCU Federal Financial Assistance: 2004 to 2013



Note: Student Loans Exclude Perkins and Nursing Loans



Fiscal Year Comparison – Federal Financial Aid Grants

Program Title	FY13 Total	FY12 Total	Amount Change	% Change
Federal Pell Grant Program	\$296,890,308	\$297,167,750	(\$277,442)	-0.1%
Federal Work-Study Program	\$6,698,056	\$7,179,090	(\$481,034)	-7%
Federal Supplemental Education Opportunity Grants	\$6,451,325	\$6,089,367	\$361,958	6%
Academic Competitiveness Grants	\$43,500	\$69,646	(\$26,146)	-38%
National Science and Math Talent (Smart) Grants	\$31,680	\$45,150	(\$13,470)	-30%
Teacher Education Assistance for College and Higher Ed. Grants	\$498,304	\$454,803	\$43,501	10%
Totals	\$310,613,173	\$311,005,806	(\$392,633)	-0.1%



Fiscal Year Comparison – Federal Loans

Program Title	FY13 Total	FY12 Total	Amount Change	% Change
Federal Direct Student Loans	\$736,667,111	\$771,876,888	\$35,209,777	-5%



FY 2013 Federal Student Financial Aid Findings

- 2 Findings
 - Of 40 sampled, 1 return to Title IV calculation was incorrect – questioned costs were \$24 of subsidized Stafford that should have been returned.
 - Of 60 students tested, 3 did not receive exit counseling when they terminated attendance (at 3 separate colleges).



Prior Year (2012) Federal Student Financial Aid Findings

- 3 prior findings
- All were Resolved



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
2013	3	24
Total	32	\$1,499,256

* - includes questioned costs from USDOE program reviews




USDOE Program Reviews

- Minneapolis Community and Technical College
 - Reviewers were on site in March 2014
 - Awaiting final report
- St. Paul College
 - Scheduled visit by reviewers in June 2014



MINNESOTA
OFFICE OF
HIGHER
EDUCATION

SUMMARY AND RESULTS OF AUDIT WORK



Background

Summary for All Participating Minnesota Higher Education Institutions

Minnesota Student Financial Aid Programs

Program	Dollars Appropriated (FY2014)	Funds Awarded to Students (FY2013)	Number of Students Receiving Aid (FY2013)	Number of MN Institutions Participating (FY2013)
Minnesota State Grant	\$179,141,000	\$161,418,000	99,440	114
State Work Study	\$14,502,000	\$14,490,000	10,633	83
Postsecondary Child Care Grants	\$6,684,000	\$5,649,000	2,666	68
Minnesota Indian Scholarship	\$3,100,000	\$2,385,000	758	74
Public Safety Officer Survivor's Grants	\$100,000	\$63,000	8	6
Minnesota SELF Loans	\$0	\$67,408,000	10,888	122
Total	\$203,527,000	\$251,413,000		

Source: Minnesota Office of Higher Education

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	\$161,418,000	\$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	\$2,385,000	\$1,233,303	52%	\$1,843,000	\$1,218,000	66%
Minnesota State Work Study	\$14,490,000	\$7,820,399	54%	\$19,599,000	\$9,673,000	49%
Student Educational Loan Fund (SELF)	\$67,408,000	\$18,272,876	27%	\$69,700,000	\$25,171,000	36%

Also, administers tuition reciprocity agreements



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



Background – Minnesota Office of Higher Education

- Program Reviews (audits)
 - Audit manager and two audit staff
 - Have gone through staffing changes in past year
 - 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



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	7	71	\$5,322
2014*	10	49	\$6,909
Total	55	289	\$124,301

* - Thru April 2014



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

