

Student Financial Assistance Regulatory Update

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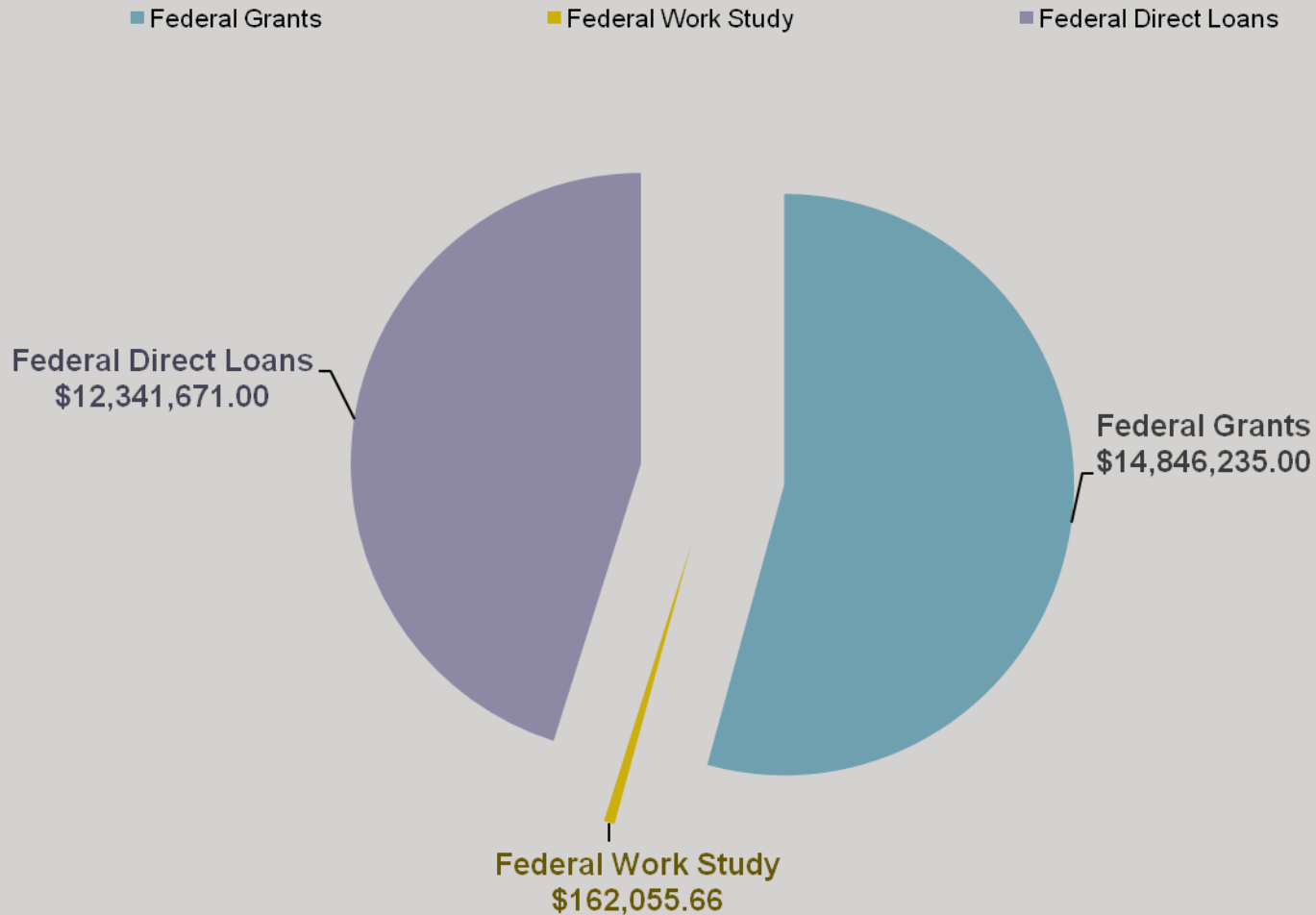
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Title IV - Federal Financial Aid Programs

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Summary

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- Aggressive Banner Implementation Schedule
- Departmental Transition of Staff
- Failure to Respond to Regulatory Requirements
- Timely Reporting Requirements

Background

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- **Annual Reviews by Independent Auditors**
 - KPMG
 - ✦ 2008/09 and 2009/10
 - ✦ Mid-year audit review 2010-11
 - Crowe Horwath
 - ✦ 2010/11
- **U.S. Department of Education (DOE) Resolution Review Process**
 - May require schools to provide additional documentation
 - May require the return federal funds
 - May impose other restrictions

Key Developments 2008 - 09

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- Banner Implementation
 - ✦ Student Financial Assistance was the first module to go live in April of 2008
 - ✦ Processing aid in multiple systems
 - Regent
 - Banner
 - Oracle

- Transition of staff in the Office of Student Financial Assistance

- Increase in the volume of awards made to students by 15%

- Transitioning into the Federal Direct Student Loan program

2008 - 2009 Audit

U.S. Department of Education Requested back up documentation for 5 of the 7 findings included in the A133 – Single Audit Report for the 2008-2009 Award Year

- **Federal Work Study (FWS):**
 - Students awarded FWS in question
 - 5 students over awarded FWS
 - Item resolved
 - No financial liability incurred
- **Cost of Attendance:**
 - 1 student loan in question
 - Awarded a loan that exceeded the cost of attendance
 - Estimated liability: \$1,375

2008 - 2009 Audit

Continued...

Federal Student Loans - \$7 Million Awarded in 2008-09

- 150 student loans in question
- Loans calculated using incorrect student grade level
- Estimated liability: \$7,599

Pell Grant Awards - \$5.8 Million Awarded in 2008-09

- 13 students Pell awards in question
- Awards were calculated using incorrect payment schedule
- Estimated liability: \$969

2008 - 2009 Audit

Continued...

- **Return of Title IV Funds - 2008-09:**
 - 3,130 students awarded Federal Student Aid
 - 245 students who withdrew completely from the institution had their aid recalculated
 - Formula used incorrectly
 - Estimated liability unknown
 - Awaiting DOE response

2009-2010 Audit

U.S. Department of Education reviewed single audit report and provided the College with a final audit determination.

- **Federal Student Loans - \$12 Million in Loans Awarded in 2009-10:**
 - Improper loan calculations
 - Paid DOE \$8,462

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Corrective Action Plan

Failure to take corrective action regarding improper calculation of aid; must be rectified for 2010/211

- **Correspondence with DOE**
 - Conference calls and daily emails providing materials/documentation needed to rectify all items questioned
- **Hired Banner Consultant**
 - Train and assess technical and system deficiencies
 - Have resolved and adjusted processes and procedures thus far

Corrective Action Plan

- **Hired Financial Aid Services Consultants**
 - Review all of the records for 2010/11 award year
 - Identify any procedural deficiencies and address all regulatory/compliance requirements
 - Assure that repeated findings have been corrected for 2010-11 and going forward

- **2010 - 2011 Audit Delay**
 - Have requested a 45-day extension on the annual audit to assure that we are fully compliant with the Title IV - Federal Financial Aid programs.

Questions?

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