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MEMORANDUM

Code: AA-2011-04

DATE: March 16, 2011

TO: CSU Directors of Financial Aid

FROM: Ephraim P. Smith 
Executive Vice Chancellor and Chief Academic Officer

SUBJECT: **Financial Aid Control Procedures**

For the A-133 audit of major federal programs for the year ended June 30, 2010 the auditors noted one area applicable to all CSU campuses that needed attention and improvement. The specific audit recommendation follows: "We recommend that management establish formal procedures to document review and approval by someone other than the preparer knowledgeable of the process."

In response to the recommendation, we are issuing this policy directive to remind campuses of this requirement and direct all CSU financial aid offices to review current operations and procedures and take the necessary steps to implement proper control procedures and documentation. Particular emphasis should be on the review and approval process for reconciliations, verification procedures, return of Title IV funds, submission of student status changes to the clearinghouse, disbursements, and reporting of Pell data. Although not an all-inclusive list, these are representative examples of key compliance areas.

Based on each campus' review it is expected that more detailed procedures be developed for those areas lacking the proper review and approval by someone other than the preparer. Campuses shall incorporate segregation of duty controls in the documentation of eligibility reviews and preparation/review of reconciliations. Furthermore, campuses should retain the documentation of these reviews for management and/or audit review. See section 4.2 of the CSU Records Retention and Disposition Schedule for more information (www.calstate.edu/recordsretention).

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CSU Directors of Financial Aid
AA-2011-04
March 16, 2011
Page 2

To confirm campuses are implementing proper control procedures, we request that each campus provide Dean Kulju by April 15, 2011 with at least two examples that show the campus has implemented procedures as directed in this memo.

Should you have any questions please contact Dean Kulju, Director of Student Financial Aid at (562) 951-4737 or email at dkulju@calstate.edu.

EPS/dk

c: CSU Presidents
CSU Provosts/Vice Presidents for Academic Affairs
CSU Vice Presidents for Administration
CSU Vice Presidents for Student Affairs