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August 17, 2012

**MEMORANDUM**

**Code: AA-2012-11**

TO: Vice Presidents for Student Affairs

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

SUBJECT: Financial Aid Systemwide Audit Report 11-70: Financial Aid Fund Reconciliations

For the systemwide financial aid audit conducted March 2010 through November 2011, it was found that some campuses did not always prepare and review fund reconciliations in a timely manner nor did policies and procedures contain specific guidelines for documenting the timely preparation and review. The specific audit recommendation follows: "We recommend that the CO remind the campuses to include specific guidelines in their policies and procedures for documenting the timely preparation and review of financial aid fund reconciliations."

In response to this audit recommendation, we are providing the following instructions to campuses. All campuses are requested to review their financial aid fund reconciliation policies and procedures. Since this is a shared responsibility it requires joint action by the Financial Aid and Business Office. Upon review campuses shall update both their policies and procedures as necessary, to include guidelines for documenting the timely preparation and review of fund reconciliations. The documentation utilized by campuses should show the preparer's name, reviewer's name, date prepared, and date reviewed.

In reviewing the regulations, some programs such as the Federal Supplemental Educational Opportunity Grant and Direct Loans specify that reconciliation is a required monthly process. While not explicitly stated, it is expected as a best practice that campuses reconcile other financial aid programs on at least a monthly basis; given the intersect with cash management, internal control and disbursement requirements.

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We request that each campus provide the following information to Mr. Dean Kulju, Director of Financial Aid, Office of the Chancellor, once the campus review has been completed:

Certification from the director of financial aid and bursar (business officer) that campus financial aid fund reconciliation procedures have been properly implemented and functioning as intended.

Your prompt attention and cooperation in this matter is appreciated. Should you have any questions, please contact Mr. Dean Kulju at (562) 951-4737 or [dkulju@calstate.edu](mailto:dkulju@calstate.edu).

EPS/dk

c: Dr. Benjamin Quillian, Executive Vice Chancellor and Chief Financial Officer  
Dr. Ron Vogel, Associate Vice Chancellor, Academic Affairs  
Mr. Larry Mandel, University Auditor  
Mr. Eric Forbes, Assistant Vice Chancellor, Student Academic Support  
Mr. Dean Kulju, Director, Financial Aid and Scholarship Programs  
CSU Presidents  
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