

**FINANCIAL AID**

**CALIFORNIA STATE UNIVERSITY,  
SAN BERNARDINO**

**Audit Report 10-44  
November 9, 2010**

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## **ABBREVIATIONS**

CFR	Code of Federal Regulations
CSU	California State University
CSUSB	California State University, San Bernardino
FAO	Financial Aid Office
FERPA	Family Education Rights and Privacy Act of 1974
FSA	Federal Student (Financial) Aid
OUA	Office of the University Auditor
SAM	State Administrative Manual

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## **EXECUTIVE SUMMARY**

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last quarter of 2009, the Board of Trustees, at its January 2010 meeting, directed that *Financial Aid* be reviewed. *Financial Aid* was previously audited in 2002.

We visited the California State University, San Bernardino campus from June 29, 2010, through July 22, 2010, and audited the procedures in effect at that time.

Our study and evaluation revealed certain conditions that, in our opinion, could result in significant errors and irregularities if not corrected. Specifically, the campus did not maintain adequate internal control over the following areas: general environment and fiscal and program oversight and coordination. These conditions, along with other weaknesses, are described in the executive summary and body of this report. In our opinion, except for the effect of the weaknesses described above, the operational and administrative controls for financial aid activities in effect as of July 22, 2010, taken as a whole, were sufficient to meet the objectives stated in the "Purpose" section of this report.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

### **GENERAL ENVIRONMENT [6]**

Physical access to confidential federal student (financial) aid (FSA) records was not adequately restricted, nor were policies and procedures developed to address the periodic review and monitoring of key-code access to the financial aid office (FAO) or to define which individuals should have access to the FAO. Access controls for the financial aid systems needed improvement. For example, access to the financial aid modules of the PeopleSoft and Visiflow imaging systems was not always removed in a timely manner upon an employee's separation or contractor's end of appointment. Employee confidentiality compliance forms were not consistently maintained. Certain consumer information was not disclosed in direct individual notices.

### **FISCAL AND PROGRAM OVERSIGHT AND COORDINATION [11]**

FSA fund reconciliations were not consistently completed and documented.

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## INTRODUCTION

### BACKGROUND

Financial aid programs provide support for students to help meet the costs of obtaining a college education. The federal government, state governments, colleges and schools, and a variety of other public and private sources provide funding for financial aid programs. There are two main categories of financial aid, differentiated primarily by the basis upon which they are awarded, as follows:

**Achievement-based aid** is awarded to students who have a special characteristic, skill, talent, or ability. Typically, achievement-based aid is in the form of scholarships.

**Need-based aid** is provided to students who demonstrate financial need. Most financial aid, particularly publicly funded aid, is awarded on the basis of financial need determined through the application process and in accordance with a prescribed federal formula.

Financial aid is available in four basic types of programs as follows:

**Scholarships** are “gift aid” that do not have to be repaid. Scholarships typically include criteria such as academic performance or special talents.

**Grants** are “gift aid” and generally do not include criteria other than financial need.

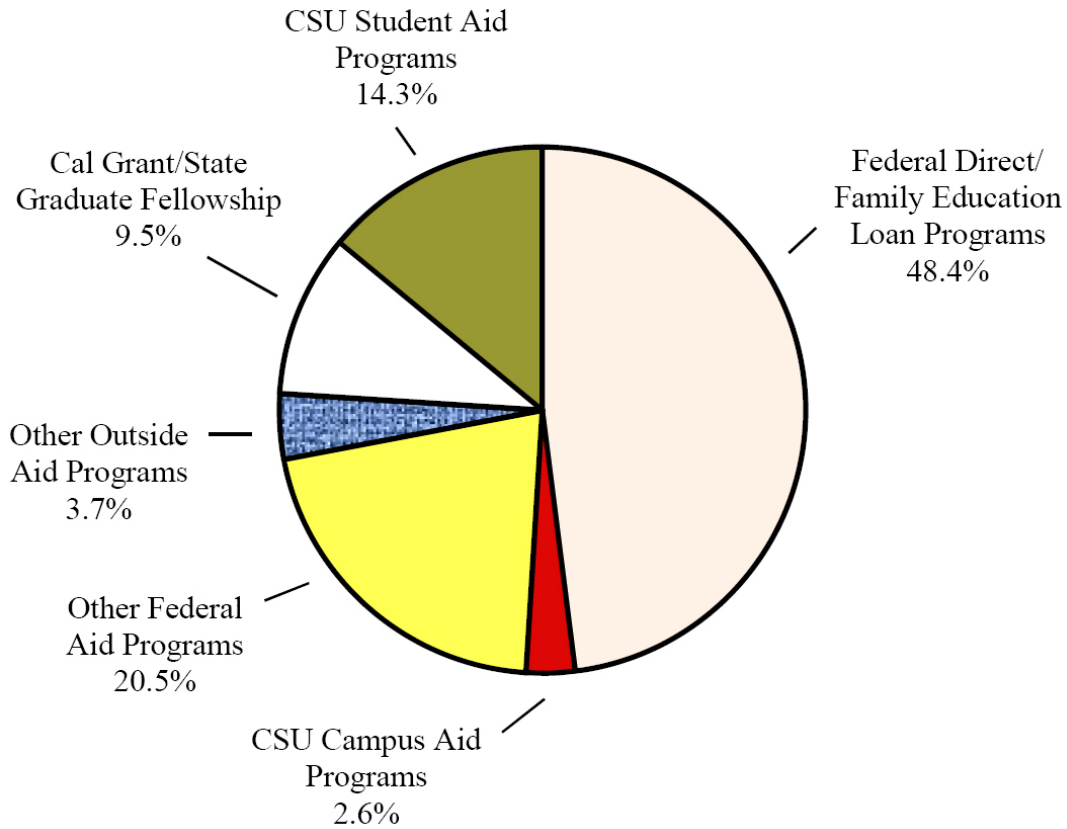
**Work-study** is a “self-help” program in the form of part-time employment during the student’s college career.

**Loans** are a form of “self-help” since they represent borrowed money that must be paid back over a period of time, typically after the student leaves school.

Federal financial aid programs provide almost 69 percent of the funding currently available for student financial aid. On an annual basis, federal financial aid programs are audited as part of the California State University (CSU) Single Audit as required by the Office of Management and Budget Circular A-133. As of June 30, 2009, the student financial assistance cluster in the Single Audit Report by KPMG included:

PROGRAM	AMOUNT
Federal Supplemental Educational Opportunity Grants	\$11,400,683
Federal Family Educational Loans	\$636,997,465
Federal Work Study	\$15,596,904
Federal Perkins Loan – Federal Capital Contributions	\$15,778,922
Federal Pell Grants	\$423,149,456
Federal (William Ford) Direct Loans	\$498,770,599
Academic Competitiveness Grants	\$12,410,868
National Science and Mathematics Grants	\$7,196,104
TEACH Grants, Nursing Loans, and Disadvantaged Student Loans	\$653,568
Total Student Financial Assistance	\$1,621,954,569

Non-federal financial aid programs include mainly those funded by the state through the California Student Aid Commission, programs administered by the CSU, and campus-administered funds. The state administers Cal Grants and certain loan assumption programs, and the CSU provides need-based assistance through state university grants and educational opportunity program grants. Certain other funds, such as local scholarships, are available through the campuses. In the CSU Statistical Abstract for fiscal year 2007/08, financial aid funds by source are graphically represented as follows:



For financial aid purposes, campuses establish standard student budgets or cost of attendance allowances that vary depending on where a student lives during the academic year (e.g., at home with parents or relatives, in university or campus housing such as residence halls, or off-campus in an apartment or other housing). Costs include fees and tuition, books and supplies, meals and housing, transportation, and other miscellaneous personal expenses. Students who are not classified as residents of the State of California must also pay non-resident tuition. Allowances for expenses, other than tuition and fees, are based largely on statewide survey data about the average expenses of students in California and information on the local or regional costs in the area served by particular campuses.

Beginning in calendar year 2010, the Office of the University Auditor (OAU) audit risk assessment methodology changed, based on a fiscal year 2009/10 systemwide risk assessment. Using the new procedure, the OAU worked with CSU campus executive management to identify high-risk areas in each campus. As a result of this change in risk assessment, financial aid was identified as an area for review.

## **PURPOSE**

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to financial aid and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the audit objective, specific goals included determining whether:

- ▶ Campuses are administratively capable with regard to financial aid.
- ▶ Campuses have undertaken or completed initiatives to improve financial aid operations, maximize financial aid resources, and ensure compliance with federal regulatory requirements.
- ▶ Adequate consumer information on financial aid has been disclosed.
- ▶ Provisions have been made for securing financial aid data from inappropriate disclosures.
- ▶ Financial aid is supported by adequate automated recordkeeping systems.
- ▶ There is complete, correct, and consistent information circulated on financial aid.
- ▶ Other campus offices adequately coordinate with the financial aid office.
- ▶ Campuses avoid overcommitment or underutilization of financial aid resources.
- ▶ Financial aid operations are economical, efficient, and effective.
- ▶ Standard student budgets and cost of attendance are appropriately established.
- ▶ There is a process for validating the eligibility of financial aid applicants to receive assistance.
- ▶ The campus has complied with federal and state requirements and conditions stipulated by other financial aid resource providers.
- ▶ Financial aid is packaged in accordance with applicable policies and procedures.
- ▶ Financial aid decisions are made based on accurate verifications.
- ▶ Fee waivers have been factored into financial aid awards.
- ▶ Work-study program limits have not been exceeded.
- ▶ Separation of duties between awarding and disbursing is adequate.
- ▶ Disbursements are adequately controlled.

## **SCOPE AND METHODOLOGY**

The proposed scope of the audit as presented in Attachment A, Audit Agenda Item 2 of the January 26 and 27, 2010, meeting of the Committee on Audit stated that financial aid includes the identification of financial aid resources, establishing student budgets, packaging financial aid awards, coordinating financial aid benefits, managing financial aid funds, complying with federal and state program requirements, securing financial aid applicant information and preparing financial aid reports.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included the audit tests we considered necessary in determining that accounting and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. The audit focused on procedures in effect from July 1, 2008, through April 30, 2010. In instances wherein it was necessary to review annualized data, fiscal years 2008/09 and 2009/10 were the periods reviewed.

A preliminary risk assessment of campus financial aid operations was used to select for our audit testing those areas or activities with the highest risk. This assessment was based upon a systematic process using prior audits, management's feedback, and professional judgments on probable adverse conditions and other pertinent information, including prior audit history in this area. We sought to assign higher review priorities to activities with higher risks. As a result, not all risks identified were included within the scope of our review.

Based upon this assessment of risks, we specifically included within the scope of our review the following:

- ▶ The financial aid organization.
- ▶ Physical and logical security for sensitive financial aid information.
- ▶ Safeguarding financial aid automated systems.
- ▶ Recordkeeping for financial aid.
- ▶ Coordination between the financial aid department and other campus departments.
- ▶ Procedures used to avoid overcommitment or underutilization of financial aid resources.
- ▶ Establishing and calculating student budgets and cost of attendance.
- ▶ Establishing student eligibility for financial aid.
- ▶ Campus policies and professional judgment used for awarding of financial aid.
- ▶ Information verification procedures for financial aid applications.
- ▶ Work-study program payment compliance with federal regulations and campus guidelines.
- ▶ Appropriate separation of duties for awarding and disbursing financial aid.
- ▶ Disbursement procedures for financial aid payments.

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## **OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES**

### **GENERAL ENVIRONMENT**

#### **PHYSICAL SECURITY**

Physical access to confidential federal student (financial) aid (FSA) records was not adequately restricted, nor were policies and procedures developed to address the periodic review and monitoring of key-code access to the financial aid office (FAO) or to define which individuals should have access to the FAO.

We noted that 17 of 73 individuals with key-code access to the FAO were no longer employees or student workers at the campus. We also noted that, by the end of audit fieldwork, physical access to the FAO had been removed from those 17 former employees and student workers.

Code of Federal Regulations (CFR) Title 34, *Family Educational Rights and Privacy*, §99.31(a)(1)(ii), states that an educational institution must use reasonable methods to ensure that school officials obtain access to only those education records in which they have legitimate educational interests. An educational institution that does not use physical or technological access controls must ensure that its administrative policy for controlling access to education records is effective and that it remains in compliance with the legitimate educational interest requirements.

The director of financial aid stated that FAO access reviews had not been performed recently because the individual responsible for monitoring access was no longer employed at the campus.

Failure to adequately control access to confidential FSA records increases campus exposure to improper disclosure of private information or loss from inappropriate acts.

#### **Recommendation 1**

We recommend that the campus:

- a. Adequately restrict physical access to confidential FSA records to only those individuals who have appropriate authorization.
- b. Develop and implement policies and procedures to address the periodic review and monitoring of key-code access to the FAO and to define which individuals should have access to the FAO.

#### **Campus Response**

We concur with the recommendation. The FAO will review and analyze access to its department through its door code. A corrective action plan will be developed to include the following:

- a. The FAO has designated to the administrative assistant the responsibility of set-up and removal of door code access to the financial aid department of staff and student employees.

- b. The FAO will create FAO Physical Access Policy and Procedures to include the following:
- Identify FAO individual who authorizes the granting and removal of physical access to door codes (FAO manager).
  - Incorporate procedures that define level of access and authority based on job position and description.
  - Establish monthly review of current door code records with access to FAO.
  - Implement an exit process and check-off form with a 12-hour turnaround time frame to remove door code access of employees after last day of employment with the university and/or the FAO.

Completion date: March 15, 2011

## **ADMINISTRATION OF FINANCIAL AID SYSTEMS ACCESS**

Access controls for the financial aid systems needed improvement.

We found that:

- ▶ Access to the financial aid modules of the PeopleSoft and Visiflow imaging systems was not always removed in a timely manner upon an employee's separation or contractor's end of appointment. Our testing showed that three former employees and one former contractor had access to PeopleSoft and that four former employees had access to Visiflow. We noted that by the end of audit fieldwork, system access for all of the former employees had been removed.
- ▶ Adequate procedures had not been developed to ensure the periodic review of access to the PeopleSoft and Visiflow imaging systems.

State Administrative Manual (SAM) §4840 et seq. requires that state agencies ensure the integrity of computerized information resources by protecting them from unauthorized access, modification, destruction, or disclosure and to ensure the physical security of these resources.

SAM §4842.2 states that appropriate risk management procedures should be implemented to provide termination practices that ensure information assets are not accessible to former employees. Effective termination practices include removal of system access upon employee termination or transfer.

The California State University *Information Security Policy*, dated April 19, 2010, states that campuses must implement procedures to revoke access upon termination, or when job duties no longer require a legitimate business reason for access, except where specifically permitted by university policy and by the data owner. Unless otherwise authorized, when an employee voluntarily or involuntarily separates from the university, information system privileges, including all internal, physical, and remote access, must be promptly disabled or removed.

The director of financial aid stated that failure to remove system access for the employees and the contractor immediately upon separation from employment or end of appointment was due to oversight.

Failure to adequately control access to financial aid systems increases campus exposure to improper disclosure of private information or loss from inappropriate acts.

## **Recommendation 2**

We recommend that the campus:

- a. Ensure that access to the financial aid modules of the PeopleSoft and Visiflow imaging systems is removed immediately upon an employee's separation or contractor's end of appointment.
- b. Develop and implement procedures to address the periodic review of access to the PeopleSoft and Visiflow imaging systems.

## **Campus Response**

We concur with the recommendation. The FAO will review and analyze access of its computer terminals, system servers, and software programs. Revision of current FAO System Security Policy and Procedures will include the following:

- a. A procedure is in place to immediately remove access to the financial aid modules within PeopleSoft upon termination of employment or end of appointment. The procedure consists of submitting a form (Remove Access Form) to the information security office, which upon review and validation of the request, will proceed to remove the access to the appropriate modules of PeopleSoft.
- b. A quarterly procedure and certification was developed and implemented to review access to the financial aid module of PeopleSoft. Visiflow access policies will be revised to:
  - Identify staff and student employees who are assigned Visiflow access based on job position and description.
  - Ensure Visiflow contractual licensure permits are established and not exceeded.
  - FAO manager will meet monthly with Visiflow imaging supervisor to validate continued access of end users of Visiflow imaging system.
  - Implement an exit process and check-off form with a 12-hour turnaround time frame to remove Visiflow imaging access of employees upon departure or termination of employment with the university and/or the FAO.

Completion date: March 15, 2011

## **CONFIDENTIALITY OF FINANCIAL AID DATA**

Employee confidentiality compliance forms were not consistently maintained.

We found that 2 of 10 employees did not have on file in the human resources department the confidentiality compliance forms required for financial aid staff and student aid employees who work with Family Education Rights and Privacy Act of 1974 (FERPA) protected student information.

The California State University, San Bernardino (CSUSB) *Confidentiality of Personal Information* procedures state that CSUSB requires all employees who have been determined to have a need for access to confidential personal information complete a Confidentiality & Compliance Form. This form is filed in the human resources department. It is the responsibility of each department manager to ensure that forms are completed by their employees and returned to the human resources department.

The California Information Practices Act §1798.20, *Agency Requirements*, states that each agency shall establish rules of conduct for persons involved in the design, development, operation, disclosure, or maintenance of records containing personal information and instruct each such person with respect to such rules and the requirements of this chapter, including any other rules and procedures adopted pursuant to this chapter and the remedies and penalties for non-compliance.

The human resources manager stated that the confidentiality compliance forms for the two individuals appeared to have been misplaced.

Inconsistent maintenance of confidentiality compliance forms increases the risk that protected confidential student information could be compromised.

### **Recommendation 3**

We recommend that the campus ensure that confidentiality compliance forms are maintained for all employees who work with protected student information.

### **Campus Response**

We concur with the recommendation. Confidentiality compliance forms are obtained and maintained for all employees who work with protected student information. This form is now signed by all employees at the time of hire. This procedure will be reviewed with all human resources staff members.

Completion date: March 15, 2011

## **CONSUMER INFORMATION**

Certain consumer information was not disclosed in direct individual notices.

The campus could not provide evidence of consumer information direct individual notice disclosures for such areas as special facilities and services available to disabled students; the school's fire safety report; the school's policy regarding all vaccinations; information on student body diversity; and certain other specific information for which direct individual disclosure is required. We found that the campus had performed a direct individual notice of consumer information in the prior year; however, the notice did not identify all the information disclosures and specific details required to be disclosed.

The federal Higher Education Act, the Higher Education Opportunity Act, the federal Equity in Athletics Disclosure Act, regulatory guidance provided in the CFR, and the guidance provided in the 2009/10 Federal Student Aid Handbook require direct individual notices of prescribed information to certain target audiences, including prospective students, currently enrolled students, current employees, parents, coaches and counselors of prospective student athletes, and the general public. The disclosures are to include general school information, crime/security statistics, student completion/graduation/transfer rates, financial aid program information, and gender-specific information on athletic participation and financial support. At a minimum, direct individual notices must:

- ▶ Identify the required information disclosures.
- ▶ Provide the exact electronic website address where the information can be found.
- ▶ State that upon request, a person is entitled to a paper copy containing the required information.
- ▶ Inform students and others how to request a paper copy.

The director of records, registration, and evaluation stated that she was aware of consumer information requirements but relied on other campus departments to provide her with updated consumer information required to be disclosed.

The lack of individual direct notice of prescribed financial aid information jeopardizes the institutional eligibility of the campus to participate in federal financial aid programs.

### **Recommendation 4**

We recommend that the campus disclose consumer information in direct individual notices and, at a minimum:

- a. Identify the required information disclosures.
- b. Provide the exact electronic website address where the information can be found.
- c. State that upon request, a person is entitled to a paper copy containing the required information.
- d. Inform students and others how to request a paper copy.

### **Campus Response**

We concur with the recommendation. A Disclosure of Consumer Information has been updated to include all of the required areas. The document will be posted on the CSUSB website homepage, as well as several other locations, and will be e-mailed to all enrolled and prospective students as required by law.

Completion date: March 15, 2011

## **FISCAL AND PROGRAM OVERSIGHT AND COORDINATION**

FSA fund reconciliations were not consistently completed and documented.

We reviewed 12 FSA fund reconciliations from academic year 2009/10, and found that Cal Grant funds were not consistently reconciled, one Direct Loan reconciliation was performed late (beyond 30 days from the preceding month), and the completion dates for reconciliations were not consistently documented.

California Student Aid Commission *Cal Grant Program Institutional Participation Agreement for 2008-09*, Article IV, requires institutions to reconcile payments no later than 60 days after the end of each term. Reconciliations must also be performed on all award-year Cal Grant funds received and disbursed by the institution no later than December 31 following the award year or an earlier final processing date in December as authorized by the Commission.

The U.S. Department of Education, *Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs*, Chapter 12, dated July 2005, states that reconciliation in FSA programs is an internal control procedure that helps ensure that a school has met its fiduciary responsibility to use its FSA funds in the manner and purposes prescribed by the regulations.

SAM §7901 states that the accuracy of an agency's accounting records may be proved partially by making certain reconciliations and verifications and requires monthly preparation of all reconciliations within 30 days of the preceding month.

SAM §7920 states that each agency is responsible for completing any reconciliation necessary to safeguard assets and ensure reliable financial data.

The director of financial aid stated that a new advisor had taken over the responsibilities for performing the Cal Grant fund reconciliations and was in the process of learning the standards and procedures necessary to consistently perform the reconciliations and document completion dates. She further stated that the Direct Loan reconciliation was completed late due to workload priorities.

Failure to complete and fully document FSA fund reconciliations in a timely manner compromises accountability and increases the risk that errors and irregularities would not be detected in a timely manner.

### **Recommendation 5**

We recommend that the campus ensure that FSA fund reconciliations are completed and documented within 30 days of the preceding month.

### **Campus Response**

We concur with the recommendation. The FAO at CSUSB has developed policies and procedures outlining federally mandated monthly reconciliations for all FSA funds and currently follows these strict guidelines. California Cal Grant reconciliations will be conducted quarterly to ensure meeting the Institution Participation Agreement requirements of reconciling within the required time frame.

Process steps include:

- a. The director of the FAO will meet biweekly with FSA program coordinators to ensure monthly reconciliations are completed and reviewed and to ensure outstanding unreconciled student accounts are brought to reconciliation closure within federal or state regulated time frames.
- b. FSA program coordinators continue to retain documented evidence signed each month by the individual who conducted and prepared the reconciliation and signed by the manager who performed a secondary confirmation of the reconciliation review.

Completion date: March 15, 2011

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## APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Albert K. Karnig	President
Patricia Aguilera	Advisor of Student Employment, Financial Aid
Deletta Anderson	Director, Accounting
John Anderson	Consultant, Financial Aid
Laura Carrizales	Analyst, Information Security Office
Jenny Casillas	Analyst, Human Resources
Andy Chander	Administrative Analyst, Financial Aid
Adela Cortez	Confidential Technology Support, Human Resources
Hong Cullen	Programmer Analyst, Enrollment Services
Twillea Evans-Carthen	Manager, Human Resources
Gabriela Fonseca	Administrative Support Coordinator, Financial Aid
Lorraine Frost	Associate Vice President, Information Resources and Technology
Kristal Gama	Student Personnel Technician, Financial Aid
Robert Gardner	Vice President, Administration and Finance
Randy Hanlin	Associate Director of Housing Services, Housing and Residential Life
Lisa Iannolo	Director of Auxiliary Financial Services, Foundation Accounting
Louise Jones	Advisor of Scholarships, Financial Aid
Ruth Landeros	Administrative Support Coordinator, Housing and Residential Life
Ellen Lee	Programmer Analyst, Financial Aid
Marilyn Lymuel	Student Accounts Manager, Bursar
Chunyan Ma	Programmer Analyst, Financial Aid
Lucia Macias	Advisor, Financial Aid
Lydia Ortega	Director of Records, Registration, and Evaluation
Frank Rincon	Vice President, Student Affairs
Olivia Rosas	Director and Interim Associate Vice President of Enrollment Services, Admissions, and Student Recruitment
Roseanna Ruiz	Director, Financial Aid
Patricia Sotelo	Advisor Loans, Financial Aid
Melissa Spagnuolo	Confidential Administrative Support, Administration and Finance
Javier Torner	Information Security Officer, Information Security Office
Grace Wichert	Administrative Support Assistant, Human Resources
Bob Wilson	Associate Vice President of Budget and Financial Operations, Budget
Daniel Zavala	Delivery Systems Analyst, Financial Aid

State of California

**California State University, San Bernardino**  
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San Bernardino, California 92407-2397

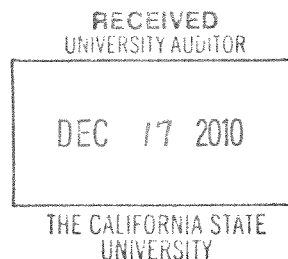
**MEMORANDUM**

DATE: December 17, 2010

TO: Larry Mandel  
University Auditor  
The California State University

FROM: Bob Gardner, Vice President  
for Administration and Finance

SUBJECT: **Campus Response to  
*Financial Aid Audit – Report No. 10-44*  
California State University, San Bernardino**



Enclosed is the campus response to CSUSB's Financial Aid Audit – Report No. 10-44.

Please contact me with any questions you may have. Thank you.

c: Al Karnig  
Frank Rincon  
Dale West  
Olivia Rosas  
Javier Torner  
Roseanna Ruiz

Enclosure

**FINANCIAL AID****CALIFORNIA STATE UNIVERSITY,  
SAN BERNARDINO****Audit Report 10-44****GENERAL ENVIRONMENT****PHYSICAL SECURITY****Recommendation 1**

We recommend that the campus:

- a. Adequately restrict physical access to confidential FSA records to only those individuals who have appropriate authorization.
- b. Develop and implement policies and procedures to address the periodic review and monitoring of key-code access to the FAO and to define which individuals should have access to the FAO.

**Campus Response**

The campus concurs with the recommendation. The Financial Aid Office will review and analyze access to its department through its door code. A corrective action plan will be developed to include the following:

- a. The Financial Aid Office has designated to the Administrative Assistant the responsibility of set-up and removal of door code access to the financial aid department of staff and student employees.
- b. The Financial Aid office will create FAO Physical Access Policy and Procedures to include the following:
  - Identify FAO individual who authorizes the granting and removal of physical access to door codes (FAO manager).
  - Incorporate procedures that define level of access and authority based on job position and description.
  - Establish monthly review of current door code records with access to Financial Aid office.
  - Implement an exit process and check-off form with a 12-hour turnaround time frame to remove door code access of employees after last day of employment with the University and/or the Financial Aid office.

Completion Date: March 15, 2011

## ADMINISTRATION OF FINANCIAL AID SYSTEMS ACCESS

### Recommendation 2

We recommend that the campus:

- a. Ensure that access to the financial aid modules of the PeopleSoft and Visiflow imaging systems is removed immediately upon an employee's separation or contractor's end of appointment.
- b. Develop and implement procedures to address the periodic review of access to the PeopleSoft and Visiflow imaging systems.

### Campus Response

The campus concurs with the recommendation. The Financial Aid Office will review and analyze access of its computer terminals, system servers and software programs. Revision of current FAO System Security Policy and Procedures will include the following:

- a. A procedure is in place to immediately remove access to the Financial Aid Modules within PeopleSoft upon termination of employment or end of appointment. The procedure consists of submitting a form (Remove Access Form) to the Information Security Office, which upon review and validation of the request, will proceed to remove the access to the appropriate modules of PeopleSoft.
- b. A quarterly procedure and certification was developed and implemented to review access to the financial aid modules of PeopleSoft. Visiflow access policies will be revised to:
  - Identify staff and student employees who are assigned Visiflow access based on job position and description.
  - Ensure Visiflow contractual licensure permits are established not exceeded.
  - FAO Manager will meet monthly with Visiflow Imaging Supervisor to validate continued access of end users of Visiflow imaging system.
  - Implement an Exit process and check off form with a 12-hour turnaround time frame to remove Visiflow imaging access of employees upon departure or termination of employment with the University and/or the Financial Aid office.

Completion Date: March 15, 2011

## CONFIDENTIALITY OF FINANCIAL AID DATA

### Recommendation 3

We recommend that the campus ensure that confidentiality compliance forms are maintained for all employees who work with protected student information.

**Campus Response**

The campus concurs with the recommendation. Confidentiality Compliance forms are obtained and maintained for all employees who work with protected student information. This form is now signed by all employees at the time of hire. This procedure will be reviewed with all Human Resources staff members.

Completion Date: March 15, 2011

**CONSUMER INFORMATION****Recommendation 4**

We recommend that the campus disclose consumer information in direct individual notices and, at a minimum:

- a. Identify the required information disclosures.
- b. Provide the exact electronic website address where the information can be found.
- c. State that upon request, a person is entitled to a paper copy containing the required information.
- d. Inform students and others how to request a paper copy.

**Campus Response**

The campus concurs with the recommendation. A Disclosure of Consumer Information has been updated to include all of the required areas. The document will be will be posted on the CSUSB website homepage, as well as several other locations, and will be emailed to all enrolled and prospective students as required by law.

Completion Date: March 15, 2011

**FISCAL AND PROGRAM OVERSIGHT AND COORDINATION****Recommendation 5**

We recommend that the campus ensure that FSA fund reconciliations are completed and documented within 30 days of the preceding month.

**Campus Response**

The campus concurs with the recommendation. The FAO at Cal State San Bernardino has developed policies and procedures outlining federally mandated monthly reconciliations for all FSA funds and currently follows these strict guidelines. California Cal Grant reconciliations will be conducted quarterly to insure meeting the Institution Participation Agreement requirements of reconciling within the required time frame.

Process steps include:

- a. Director of FAO will meet biweekly with FSA program coordinators to insure monthly reconciliations are completed and reviewed and to ensure outstanding un-reconciled student accounts are brought to reconciliation closure within federal or state regulated time frames.
- b. FSA Program Coordinators to continue to retain documented evidence signed each month by individual that conducted and prepared reconciliation and signed by manager who performed secondary confirmation of reconciliation review.

Completion Date: March 15, 2011

THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR

BAKERSFIELD

CHANNEL ISLANDS

January 14, 2011

CHICO

**MEMORANDUM**

DOMINGUEZ HILLS

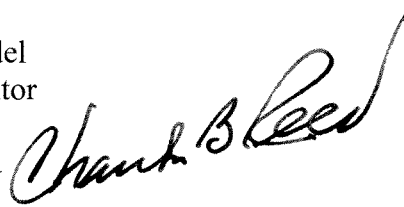
EAST BAY

TO: Mr. Larry Mandel  
University Auditor

FRESNO

FULLERTON

FROM: Charles B. Reed  
Chancellor



HUMBOLDT

SUBJECT: Draft Final Report 10-44 on *Financial Aid*,  
California State University, San Bernardino

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of January 14, 2011, I accept the response as submitted with the draft final report on *Financial Aid*, California State University, San Bernardino.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/amd

SACRAMENTO

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS