FINANCIAL AID
CALIFORNIA STATE UNIVERSITY,
SAN MARCOS

Audit Report 11-68
January 19, 2012

Members, Committee on Audit
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Melinda Guzman, Vice Chair
Margaret Fortune  Steven M. Glazer
William Hauck   Hsing Kung   Linda Lang

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University Auditor: Larry Mandel
Senior Director: Michelle Schlack
Senior Auditor: Dane MacDonald

BOARD OF TRUSTEES
THE CALIFORNIA STATE UNIVERSITY
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ABBREVIATIONS

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<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>CFR</td>
<td>Code of Federal Regulations</td>
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<tr>
<td>CSU</td>
<td>California State University</td>
</tr>
<tr>
<td>EMS</td>
<td>Enrollment Management Services</td>
</tr>
<tr>
<td>FASO</td>
<td>Financial Aid and Scholarship Office</td>
</tr>
<tr>
<td>FSA</td>
<td>Federal Student (Financial) Aid</td>
</tr>
<tr>
<td>FWS</td>
<td>Federal Work-Study</td>
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<tr>
<td>NSC</td>
<td>National Student Clearinghouse</td>
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<tr>
<td>NSLDS</td>
<td>National Student Loan Data System</td>
</tr>
<tr>
<td>OUA</td>
<td>Office of the University Auditor</td>
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<tr>
<td>PLUS</td>
<td>Parent Loan for Undergraduate Students</td>
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<tr>
<td>SAM</td>
<td>State Administrative Manual</td>
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<tr>
<td>TEACH</td>
<td>Teacher Education Assistance for College and Higher Education</td>
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</tbody>
</table>
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last two quarters of 2010, the Board of Trustees, at its January 2011 meeting, directed that Financial Aid be reviewed. Financial Aid was previously audited in 2010.

We visited the California State University, San Marcos campus from October 17, 2011, through November 10, 2011, and audited the procedures in effect at that time.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on financial aid activities. However, we did identify other reportable weaknesses that are described in the executive summary and body of this report. In our opinion, the operational and administrative controls for financial aid activities in effect as of November 10, 2011, 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]

Student status changes were not always reported to the National Student Loan Data System within the required federal time frame. Also, the financial aid and scholarship office (FASO) did not adequately restrict access to confidential federal student (financial) aid records, and policies and procedures had not been developed to address the periodic review and monitoring of individuals with security badge and key access to the FASO. Further, administration of access to financial aid systems needed improvement. For example, access to the financial aid modules of the PeopleSoft and Singularity imaging systems was not always removed in a timely manner upon employee termination.

FISCAL AND PROGRAM OVERSIGHT AND COORDINATION [9]

Campus policies and procedures did not always include specific guidelines for documenting the timely preparation and review of financial aid fund reconciliations, and review of the reconciliations was not always documented or performed in a timely manner.

AWARDING AND DISBURSING [10]

Campus policies that limit the number of hours a federal work-study participant may work per week were not always followed.
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 70 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, 2010, the student financial assistance cluster in the Single Audit Report by KPMG included:

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>AMOUNT</th>
</tr>
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<tbody>
<tr>
<td>Federal Supplemental Educational Opportunity Grants</td>
<td>$11,960,306</td>
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<tr>
<td>Federal Family Educational Loans</td>
<td>$369,172,396</td>
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<tr>
<td>Federal Work Study</td>
<td>$18,128,106</td>
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<tr>
<td>Federal Perkins Loans</td>
<td>$9,546,123</td>
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<td>Federal Pell Grants</td>
<td>$583,902,990</td>
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<tr>
<td>Federal (William Ford) Direct Loans</td>
<td>$932,126,076</td>
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<tr>
<td>Academic Competitiveness Grants</td>
<td>$18,139,206</td>
</tr>
<tr>
<td>National Science and Mathematics Grants</td>
<td>$14,736,509</td>
</tr>
<tr>
<td>TEACH Grants, Nursing Loans, and Disadvantaged Student Loans</td>
<td>$1,515,389</td>
</tr>
<tr>
<td>Total Student Financial Assistance</td>
<td>$1,959,227,101</td>
</tr>
</tbody>
</table>
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 2009/10, 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 (OUA) audit risk assessment methodology changed, based on a fiscal year 2009/10 systemwide risk assessment. Using the new procedure, the OUA 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.
INTRODUCTION

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, 2011, 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 fiscal year 2009/10 through fiscal year 2010/11. In instances wherein it was necessary to review annualized data, fiscal years 2009/10 and 2010/11 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.
OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

STUDENT STATUS CHANGES

Student status changes were not always reported to the National Student Loan Data System (NSLDS) within the required federal time frame.

We reviewed six student status changes that occurred during academic year 2010/11 and found that four were not reported to the NSLDS within 60 days of receipt of the student status confirmation report, as required by federal statute.

Code of Federal Regulations (CFR) Title 34, Part 685, *William D. Ford Federal Direct Loan Program*, §685.309(b), states that a school shall: (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and (2) unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who enrolled at that school but has ceased to be enrolled on at least a half-time basis.

The registrar of enrollment management services operations/registrar stated that in two instances, reporting was not completed in a timely manner because the campus failed to schedule a final submission to the National Student Clearinghouse (NSC) to capture any final status changes made during the term. He further stated that although the campus reported the other two status changes to the NSC in a timely manner, the NSC did not promptly report the information to the NSLDS.

Failure to comply with reporting requirements for changes in student status jeopardizes the institutional eligibility of the campus to participate in federal aid programs.

**Recommendation 1**

We recommend that the campus report student status changes to the NSLDS within the required federal time frame.

**Campus Response**

We concur. The campus shall develop and implement procedures to ensure we report student status changes to NSLDS within the required federal time frame.

Anticipated completion date: June 30, 2012

PHYSICAL SECURITY

The financial aid and scholarship office (FASO) did not adequately restrict access to confidential federal student (financial) aid (FSA) records, and policies and procedures had not been developed to
address the periodic review and monitoring of individuals with security badge and key access to the FASO.

We found that:

- Two individuals with key access to the FASO continued to have access to the office after separation from employment.

- Sensitive documents in the FASO file room and at the customer service window area were not properly secured outside of regular business hours.

CFR Title 34, Part 99, *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 FASO director stated that some employees continued to have access to the FASO after separation from employment because facilities management was not always notified of terminated employees. She also stated that the failure to secure sensitive documents outside of regular business hours and the lack of formal policies and procedures to address the periodic review and monitoring of individuals with security badge and key access to the FASO was due to oversight.

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

**Recommendation 2**

We recommend that the campus adequately restrict physical access to confidential FSA records and develop and implement policies and procedures to address the periodic review and monitoring of individuals with security badge and key access to the FASO.

**Campus Response**

We concur. The campus shall adequately restrict physical access to confidential FSA records and shall develop and implement policies and procedures to include periodic review and monitoring of individuals with badge and key access to the FASO in Cougar Central.

Anticipated completion date: June 30, 2012
ADMINISTRATION OF FINANCIAL AID SYSTEMS

Administration of access to financial aid systems needed improvement.

We found that:

- Policies and procedures had not been formally established to ensure the proper authorization of initial access to financial aid systems and the periodic review of continued access.

- Access to the financial aid modules of the PeopleSoft and Singularity imaging systems was not always removed in a timely manner upon employee termination. Six individuals (two with PeopleSoft access, three with Singularity access, and one with both) continued to have access after termination from employment.

State Administrative Manual (SAM) §4840 et seq. states that state agencies must ensure the integrity of computerized information resources by protecting them from unauthorized access, modification, destruction, or disclosure and must 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 FASO director stated that the absence of formal policies and procedures for the authorization and periodic review of access to the financial aid systems was due to oversight. She also stated that financial aid system access was not removed immediately after an employee’s termination because having just arrived, she had a pending request for access to initiate such changes.

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

Recommendation 3

We recommend that the campus:

a. Develop and implement policies and procedures to ensure the proper authorization of initial access to financial aid systems and the periodic review of continued access.

b. Ensure that access to the financial aid modules of the PeopleSoft and Singularity imaging systems is removed immediately upon an employee’s termination.
Campus Response

We concur. The campus shall develop and implement policies and procedures to ensure proper authorization of initial access and periodic review of access. The campus shall also ensure that both PeopleSoft and Singularity access is removed immediately upon an employee’s termination.

Anticipated completion date: June 30, 2012

FISCAL AND PROGRAM OVERSIGHT AND COORDINATION

Campus policies and procedures did not always include specific guidelines for documenting the timely preparation and review of financial aid fund reconciliations, and review of the reconciliations was not always documented or performed in a timely manner.

We reviewed federal and state financial aid fund reconciliations for five separate funds during academic year 2010/11 and found that one fund was not always reviewed in a timely manner and two funds did not always include documentation of the preparer and reviewer sign-off and date.

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. The person performing reconciliations should receive bank statements and Direct Loan reconciliation reports directly from the respective, appropriate sources. Supervisory approval of the completed reconciliations should also be obtained and documented on the forms.

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 §7908 states that all reconciliations will show the preparer’s name, reviewer’s name, date prepared, and date reviewed.

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

The FASO director stated that some fund reconciliations were reviewed slightly beyond the 30-day time frame due to staffing issues, vacations, holidays, and the development of a new reconciliation tool. She also stated that failure to always document the preparer and reviewer sign-off and date was due to a lack of priority in this area by the former director, and that policies and procedures lacked specific reconciliation guidelines due to oversight.
Failure to maintain policies and procedures and complete and fully document financial aid 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 4**

We recommend that the campus revise policies and procedures to include specific guidelines for documenting the timely preparation and review of financial aid fund reconciliations and ensure that financial aid fund reconciliation reviews are documented and performed in a timely manner.

**Campus Response**

We concur. The campus shall develop and implement specific guidelines to ensure the fund reconciliation processes are completed, documented, and reviewed in a timely manner.

Anticipated completion date: June 30, 2012

**AWARDING AND DISBURSING**

Campus policies that limit the number of hours a federal work-study (FWS) participant may work per week were not always followed.

We reviewed ten FWS participants from academic year 2010/11 and found that two were permitted to work in excess of 20 hours per week on multiple occasions.

The *CSU San Marcos Hiring Department’s Guide on Student Assistant Employment* states that there are numerous student employment programs at the university, including the Student Assistant Program, FWS Program, and Bridge Student Assistant Program. When classes are in session, a student employee may work up to, but not in excess of, 20 hours per week.

The FASO director stated that hiring departments and student workers were responsible for complying with campus FWS policies and that the failure to follow policies that limit FWS participants’ work hours to 20 hours per week when classes were in session was due to a lack of attention to campus policy and failure to make compliance a priority.

Failure to follow campus policies that limit an FWS participant’s work hours may adversely affect student academic progress.

**Recommendation 5**

We recommend that the campus comply with policies that limit the number of hours an FWS participant may work per week.
Campus Response

We concur. The campus shall develop and implement policies and procedures to ensure campuswide compliance with the maximum number of hours FWS students may work per week.

Anticipated completion date: June 30, 2012
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Karen S. Haynes</td>
<td>President</td>
</tr>
<tr>
<td>Shannon Beach</td>
<td>Information Technology Specialist, Enrollment Management Services (EMS) Operations/Registrar</td>
</tr>
<tr>
<td>Candace Bebee</td>
<td>Assistant to the Vice President, Finance and Administrative Services</td>
</tr>
<tr>
<td>Darren Bush</td>
<td>Associate Vice President, EMS</td>
</tr>
<tr>
<td>Jane Cross</td>
<td>Director, Payroll Services</td>
</tr>
<tr>
<td>Teresa De Perez</td>
<td>Senior Financial Aid Analyst, Financial Aid and Scholarship Office (FASO)</td>
</tr>
<tr>
<td>Floyd Dudley</td>
<td>Director, Facility Services</td>
</tr>
<tr>
<td>Vonda Garcia</td>
<td>Director, FASO</td>
</tr>
<tr>
<td>Judy Hahn</td>
<td>Information Technology Consultant, EMS</td>
</tr>
<tr>
<td>Candie Halstead</td>
<td>Coordinator, User Support Services, Instructional and Information Technology Services</td>
</tr>
<tr>
<td>Linda Hawk</td>
<td>Vice President, Finance and Administrative Services</td>
</tr>
<tr>
<td>Michelle Hinojosa</td>
<td>Human Resources Manager, University Auxiliary and Research Services Corporation</td>
</tr>
<tr>
<td>Alan Miles</td>
<td>Information Technology Specialist, EMS Operations/Registrar</td>
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<tr>
<td>Helen Montag</td>
<td>Assistant Director, FASO</td>
</tr>
<tr>
<td>Michelle Ojeda</td>
<td>Financial Aid Advisor, FASO</td>
</tr>
<tr>
<td>Douglas Pilien</td>
<td>Locksmith, Facility Services</td>
</tr>
<tr>
<td>Chris Quiroga</td>
<td>Recruitment Coordinator, Human Resources and Equal Opportunity</td>
</tr>
<tr>
<td>Katy Rees</td>
<td>Assistant Vice President, Administration</td>
</tr>
<tr>
<td>Eloise Stiglitz</td>
<td>Vice President, Student Affairs</td>
</tr>
<tr>
<td>Thomas Swanger</td>
<td>Registrar, EMS Operations/Registrar</td>
</tr>
<tr>
<td>Hoami Thamracksa</td>
<td>Human Resources Information Systems Analyst, Human Resources and Equal Opportunity</td>
</tr>
<tr>
<td>Heather Tibbetts</td>
<td>Lead Counselor, Educational Opportunity Program</td>
</tr>
<tr>
<td>Michael Treadway</td>
<td>Lead Locksmith, Facility Services</td>
</tr>
<tr>
<td>Diana Wilstermann</td>
<td>Human Resources Information Systems Project Manager, Human Resources and Equal Opportunity</td>
</tr>
</tbody>
</table>
February 10, 2012

Mr. Larry Mandel
University Auditor
The California State University
401 Golden Shore
Long Beach, CA 90802

Subject: Campus Response to Audit Report 11-68, Financial Aid
California State University San Marcos

Dear Mr. Mandel:

Enclosed is our campus response to the five recommendations in Audit Report 11-68, Financial Aid. We anticipate sending our supporting evidence no later than June 30, 2012.

Please let us know if you have any questions or need additional information.

Sincerely,

[Signature]

Linda Hawk
Vice President
Finance and Administrative Services

Attachment

c: President Karen S. Haynes
FINANCIAL AID
CALIFORNIA STATE UNIVERSITY,
SAN MARCOS
Audit Report 11-68

GENERAL ENVIRONMENT

STUDENT STATUS CHANGES

Recommendation 1

We recommend that the campus report student status changes to the NSLDS within the required federal time frame.

Campus Response

We concur. The campus shall develop and implement procedures to ensure we report student status changes to NSLDS within the required federal time frame.

Anticipated Completion Date: June 30, 2012

PHYSICAL SECURITY

Recommendation 2

We recommend that the campus adequately restrict physical access to confidential FSA records and develop and implement policies and procedures to address the periodic review and monitoring of individuals with security badge and key access to the FASO.

Campus Response

We concur. The campus shall adequately restrict physical access to confidential FSA records and shall develop and implement policies and procedures to include periodic review and monitoring of individuals with badge and key access to the Financial Aid and Scholarships Office in Cougar Central.

Anticipated Completion Date: June 30, 2012
ADMINISTRATION OF FINANCIAL AID SYSTEMS

Recommendation 3

We recommend that the campus:

a. Develop and implement policies and procedures to ensure the proper authorization of initial access to financial aid systems and the periodic review of continued access.

b. Ensure that access to the financial aid modules of the PeopleSoft and Singularity imaging systems is removed immediately upon an employee’s termination.

Campus Response

We concur. The campus shall develop and implement policies and procedures to ensure proper authorization of initial access and periodic review of access. The campus shall also ensure that both PeopleSoft and Singularity access will be removed immediately upon an employee’s termination.

Anticipated Completion Date: June 30, 2012

FISCAL AND PROGRAM OVERSIGHT AND COORDINATION

Recommendation 4

We recommend that the campus revise policies and procedures to include specific guidelines for documenting the timely preparation and review of financial aid fund reconciliations and ensure that financial aid fund reconciliation reviews are documented and performed in a timely manner.

Campus Response

We concur. The campus shall develop and implement specific guidelines to ensure the fund reconciliation processes are completed, documented and reviewed in a timely manner.

Anticipated Completion Date: June 30, 2012

AWARDING AND DISBURSING

Recommendation 5

We recommend that the campus comply with policies that limit the number of hours an FWS participant may work per week.

Campus Response

We concur. The campus shall develop and implement policies and procedures to ensure campus-wide compliance with the maximum number of hours Federal Work Study students may work per week.

Anticipated Completion Date: June 30, 2012
February 21, 2012

MEMORANDUM

TO: Mr. Larry Mandel
   University Auditor

FROM: Charles B. Reed
       Chancellor

SUBJECT: Draft Final Report 11-68 on Financial Aid,
         California State University, San Marcos

In response to your memorandum of February 21, 2012, I accept the response
as submitted with the draft final report on Financial Aid, California State
University, San Marcos.

CBR/amd