FINANCIAL AID

SYSTEMWIDE

Audit Report 11-70
April 20, 2012

Members, Committee on Audit

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ABBREVIATIONS

CFR Code of Federal Regulations
CMS Common Management System
CO Chancellor’s Office
COE College of Education
CSU California State University
EMS Enrollment Management Services
FSA Federal Student (Financial) Aid
HEA Higher Education Act
HEOA Higher Education Opportunity Act of 2008
ITS Information Technology Services
OFA Office of Financial Aid
OFAS Office of Financial Aid and Scholarships
OUA Office of the University Auditor
SAM State Administrative Manual
SFA Student Financial Aid
TEACH Teacher Education Assistance for College and Higher Education
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of the University Auditor during the last two quarters of 2009 and 2010, the Board of Trustees, at its January 2010 and January 2011 meetings, directed that Financial Aid be reviewed. Financial Aid was previously audited in 2002.

We visited 12 campuses from March 22, 2010, through November 10, 2011, and audited the procedures in effect at that time. Campus-specific findings and recommendations have been discussed and reported individually.

Our study and evaluation revealed certain conditions that, in our opinion, could result in significant errors or irregularities if not corrected. Specifically, systemwide financial aid policies were outdated and incomplete, internal controls over information security were not adequate, and campus financial fund reconciliations at the campuses needed improvement. 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 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.

SYSTEMWIDE POLICIES AND PROCEDURES [7]

Systemwide policies for financial aid were outdated and incomplete. Specifically, the California State University (CSU) Manual of Financial Aid Policies and Guidelines had not been updated since its release to the campuses in 1990, and the current process for issuing new systemwide policies via coded memoranda was not clearly communicated to the campuses. Further, the 1990 manual was not formally rescinded by the chancellor’s office. Additionally, campuses were not provided policy guidance on new regulations such as the Higher Education Opportunity Act of 2008, the Higher Education Technical Corrections of 2009, and the Student Aid and Fiscal Responsibility Act of 2009.

CONSUMER INFORMATION [8]

Notification of required consumer information disclosures did not occur in accordance with federal requirements at 7 of the 12 campuses visited. This is a repeat finding from the prior Financial Aid audit.
INFORMATION SECURITY [9]

Communication, training, and oversight related to information security were not adequate to ensure compliance with CSU and other policies. Specifically, campus financial aid offices did not adequately restrict access to confidential student financial aid records at 10 of the 12 campuses visited, and policies and procedures addressing the periodic review of physical access to the financial aid offices had not been developed at 6 of the 12 campuses visited. Further, administration of access to financial aid systems needed improvement at 6 of the 12 campuses visited; although systemwide policies existed for managing access to information assets and systems, campuses were not following these policies to monitor and manage access to financial aid systems.

FINANCIAL AID FUND RECONCILIATIONS [11]

Financial aid fund reconciliations needed improvement at 5 of the 12 campuses visited. Specifically, campus policies and procedures did not include specific guidelines for documenting the timely preparation and review of financial aid fund reconciliations. In addition, fund reconciliations were not always prepared and reviewed in a timely manner, or they did not include documentation of a timely preparation and review.
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>
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<tr>
<th>PROGRAM</th>
<th>AMOUNT</th>
</tr>
</thead>
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<tr>
<td>Federal Supplemental Educational Opportunity Grants</td>
<td>$11,960,306</td>
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<td>Federal Family Educational Loans</td>
<td>$369,172,369</td>
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<td>Federal Work Study</td>
<td>$18,128,106</td>
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<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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<td>Federal (William Ford) Direct Loans</td>
<td>$932,126,076</td>
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<td>Academic Competitiveness Grants</td>
<td>$18,139,206</td>
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<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.
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, and January 26 and 27, 2011, meetings 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 November 10, 2011. In instances wherein it was necessary to review annualized data, fiscal years 2008/09, 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.

During the course of the audit, we visited 12 campuses: Bakersfield, Chico, Fullerton, Humboldt, Monterey Bay, Northridge, Sacramento, San Bernardino, San Diego, San Francisco, San Marcos, and Sonoma.
Systemwide policies and procedures for financial aid were outdated and incomplete.

Specifically, we noted that:

- The California State University (CSU) Manual of Financial Aid Policies and Guidelines had not been updated since its release to the campuses in 1990. Rather than updating the manual and its appendices, chancellor’s office (CO) staff issued to the campuses coded memoranda that either superseded existing policy or established new policy. This process for maintaining systemwide policies was not clearly communicated to the campuses, and the manual was not formally rescinded by the CO.

- The campuses were not provided policy guidance on new regulations such as the Higher Education Opportunity Act of 2008 (HEOA), the Higher Education Technical Corrections of 2009, and the Student Aid and Fiscal Responsibility Act of 2009. The HEOA amended the Higher Education Act of 1965 (HEA) and included numerous disclosure and reporting requirements related to financial aid.

Government Code §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. It further states that administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The director of student financial aid services and programs stated that the manual was outdated because new guidance was handled either informally or through Academic Affairs coded memoranda. He also stated that the manual was a compilation of policies related to state and federal aid program regulations and that the more current regulations are readily available to campus personnel in electronic form from the appropriate agencies.

The absence of current and complete financial aid policies and procedures increases the risk of misunderstandings related to the performance of duties and functions, inconsistencies in complying with regulatory requirements, inconsistent treatment and handling of issues, and possible litigation.

**Recommendation 1**

We recommend that the CO:

a. Revise the existing process for updating and communicating systemwide financial aid policies to remove any confusion regarding the use and application of the 1990 manual and its appendices;
formally document the process for developing, maintaining, and communicating systemwide policy for financial aid; and share this information with the campuses.

b. Provide policy guidance to the campuses on new regulations such as the HEOA, the Higher Education Technical Corrections of 2009, and the Student Aid and Fiscal Responsibility Act of 2009.

**Management Response**

a. The CO concurs with the recommendations and will review and revise as necessary the process for documenting and communicating systemwide financial aid policy. These changes will be articulated to campus staff and clarify that the 1990 manual is now a historical and/or reference document. The current method of employing coded memorandums will continue, and a structure for coding and/or indexing other CO communications to campuses will be devised and communicated to the campuses.

b. The CO will continue providing policy guidance on new regulations to campuses via a variety of methods, including: individual campus consultation, coded memorandums, memo/emails to all campuses, monthly conference calls, trainings and meetings, task forces, etc. The steps that will be taken in response to Recommendation a. will make the guidance provided more visible and/or formal for interested parties.

Anticipated completion date: September 15, 2012

**CONSUMER INFORMATION**

Notification of required consumer information disclosures did not occur in accordance with federal requirements at 7 of the 12 campuses visited.

We found that certain campuses did not disclose consumer information in direct individual notices. In addition, campuses that did issue direct individual notices did not always list and briefly describe all required information or explain how students could obtain the information. The failure to disclose consumer information in direct individual notices is a repeat finding from the prior Financial Aid audit.

The HEA, HEOA, and other regulatory guidance provided in the Code of Federal Regulations (CFR) and in the 2010/11 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, but not be limited to, general school information, crime/security statistics, gender-specific information on athletic participation and financial support, and Family Educational Rights and Privacy Act information. 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 copy.

Management at the campuses stated several reasons for these issues, including reliance on other campus departments to provide the disclosures, reliance on general information available in the course catalog and on campus websites, and decentralized processes used to coordinate campus disclosures and obtain appropriate information.

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 2

We recommend that the CO define, document, and communicate to the campuses the responsibilities for the disclosure of consumer information by direct individual notice.

Management Response

The CO concurs with this recommendation. The CO will issue a memorandum to campuses, including links to appropriate reference materials regarding consumer information, with an emphasis on those items requiring direct individual notice.

Anticipated completion date: August 15, 2012

INFORMATION SECURITY

Communication, training, and oversight related to information security were not adequate to ensure compliance with CSU and other policies.

We found that:

• Campus financial aid offices did not adequately restrict access to confidential student financial aid records at 10 of the 12 campuses visited. In addition, policies and procedures addressing the periodic review of physical access to the financial aid offices had not been developed at 6 of the 12 campuses visited.

• Administration of access to financial aid systems needed improvement at 6 of the 12 campuses visited. Although systemwide policies existed for managing access to information assets and systems, campuses were not following these policies to monitor and manage access to financial aid systems.

34 CFR, 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 legitimate educational interest requirements.

Integrated California State University Administrative Manual §8060.0, Access Control, dated April 19, 2010, states that access to campus information assets containing protected data as defined in the CSU Data Classification Standard may be provided only to those having a need for specific access in order to accomplish an authorized task. Campuses must have a documented process for provisioning approved additions, changes, and terminations of access rights and reviewing access of existing account holders. Access to campus protected information assets must be denied until specifically authorized.

Management at the campuses stated several reasons for these issues, including not being informed of all of the individuals with access to the financial aid office, turnover of responsible staff, a lack of prioritization and administrative oversight, a lack of attention to system administrative and oversight responsibilities, lack of familiarity with CSU policies related to access controls and monitoring, and reliance on informal processes.

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

**Recommendation 3**

We recommend that the CO:

a. Communicate with campus security officers about the necessity of training financial aid personnel to ensure that access to financial aid records and systems is managed and monitored in accordance with systemwide policy and campus policies and procedures are developed to address the periodic review of physical access to the financial aid office.

b. Periodically remind the campuses of the importance of securing financial aid information.

**Management Response**

The CO concurs with this recommendation. The CO will work in conjunction with systemwide information security to issue a memo to campus security officers to ensure they coordinate with financial aid staff regarding access and security of financial aid records and systems. Reminders will be provided to campus staff via teleconferences or other means throughout the year.

Anticipated completion date: August 15, 2012
FINANCIAL AID FUND RECONCILIATIONS

Financial aid fund reconciliations needed improvement at 5 of the 12 campuses visited.

Specifically, we found that:

- Campus policies and procedures did not include specific guidelines for documenting the timely preparation and review of financial aid fund reconciliations.

- Fund reconciliations were not always prepared and reviewed in a timely manner, or they did not include documentation of a timely preparation and review.

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 federal student (financial) aid (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.

State Administrative Manual (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.

Management at the campuses stated several reasons for these issues, including staffing constraints and conflicting responsibilities, turnover of responsible staff, a lack of prioritization, and inadequate documentation standards.

Failure to maintain policies and procedures for the timely preparation and review of reconciliations and failure to document financial aid fund reconciliation reviews compromises accountability and increases the risk that errors and irregularities would not be detected in a timely manner.

**Recommendation 4**

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.

**Management Response**

The CO concurs with this recommendation. The CO will issue a memorandum to campus financial aid staff instructing them to review their reconciliation policies/procedures and include guidelines for documenting the timely preparation and review of fund reconciliations.

Anticipated completion date: August 15, 2012
## APPENDIX A:
### PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td><strong>Office of the Chancellor</strong></td>
<td></td>
</tr>
<tr>
<td>Benjamin F. Quillian</td>
<td>Executive Vice Chancellor/Chief Financial Officer</td>
</tr>
<tr>
<td>James Blackburn</td>
<td>Acting Assistant Vice Chancellor, Academic Affairs, Student Academic Support</td>
</tr>
<tr>
<td>Chau Dao</td>
<td>Associate Director, Student Financial Aid Services and Programs</td>
</tr>
<tr>
<td>Lori Erdman</td>
<td>Chief of Staff, Business and Finance</td>
</tr>
<tr>
<td>Eric Forbes</td>
<td>Assistant Vice Chancellor, Academic Affairs, Student Academic Support</td>
</tr>
<tr>
<td>Allison Jones</td>
<td>Assistant Vice Chancellor, Academic Affairs, Student Academic Support (at time of review)</td>
</tr>
<tr>
<td>Dean Kulju</td>
<td>Director, Student Financial Aid Services and Programs</td>
</tr>
<tr>
<td>William Perry</td>
<td>Interim Information Security Officer</td>
</tr>
<tr>
<td><strong>California State University, Bakersfield</strong></td>
<td></td>
</tr>
<tr>
<td>Horace Mitchell</td>
<td>President</td>
</tr>
<tr>
<td>Christina Alexander</td>
<td>Direct Loan Coordinator</td>
</tr>
<tr>
<td>Mary Barns</td>
<td>Administrative Support Assistant</td>
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<tr>
<td>Marge Becas</td>
<td>Student Finance Lead</td>
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<tr>
<td>Brian Chen</td>
<td>PeopleSoft Security</td>
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<tr>
<td>Rey Cuesta</td>
<td>Federal Work Study Coordinator</td>
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<tr>
<td>Rita Gustafson</td>
<td>Registrar</td>
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<tr>
<td>Tanae Hammond</td>
<td>Scholarship and Veteran Affairs Coordinator</td>
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<tr>
<td>Eva Hebebrand</td>
<td>Manager of Student Financial Services</td>
</tr>
<tr>
<td>Rocio Jones</td>
<td>Assistant Pell Grant Coordinator</td>
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<tr>
<td>Christine Lopez</td>
<td>Pell Grant Coordinator</td>
</tr>
<tr>
<td>Janis Lopez</td>
<td>Common Origination and Disbursement Data Coordinator</td>
</tr>
<tr>
<td>Kristie Luna</td>
<td>Athletic Grant In Aid Coordinator</td>
</tr>
<tr>
<td>Chad Morris</td>
<td>Associate Director Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Michael Neal</td>
<td>Vice President for Business and Administrative Services</td>
</tr>
<tr>
<td>Ben Perlado</td>
<td>Information Technology Consultant</td>
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<tr>
<td>Ron Radney</td>
<td>Director of Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Jodi Sharp</td>
<td>California Student Aid Commission Program Coordinator</td>
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<tr>
<td>Cliff Smith</td>
<td>Financial Aid Systems Analyst Programmer</td>
</tr>
<tr>
<td>Tom Velasquez</td>
<td>Manager of Facilities Operations</td>
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<tr>
<td>Doug Wade</td>
<td>Assistant Vice President, Fiscal Services</td>
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<tr>
<td>Tina Williams</td>
<td>Benefits Officer</td>
</tr>
<tr>
<td>Henry Yniguez</td>
<td>Facilities Manager</td>
</tr>
<tr>
<td><strong>California State University, Chico</strong></td>
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<tr>
<td>Paul J. Zingg</td>
<td>President</td>
</tr>
<tr>
<td>Danielle Anderson</td>
<td>Advisor, Office of Financial Aid and Scholarships (OFAS)</td>
</tr>
<tr>
<td>Anita Barker</td>
<td>Athletic Director, Intercollegiate Athletics</td>
</tr>
<tr>
<td>Jan Burnham</td>
<td>Director, Student Financial Services and Special Assistant to the Vice President for Business and Finance</td>
</tr>
</tbody>
</table>
APPENDIX A: PERSONNEL CONTACTED

California State University, Chico (cont.)
Rebecca Cagle Manager of Payroll and Human Resources Information Systems,
Human Resources Service Center
Jamie Damon Business Process Analyst, OFAS
Casey Disnmore Advisor, OFAS
Lorraine Hoffman Vice President, Business and Finance
David Houchin Associate Director, University Housing and Food Services
Steven Irving Coordinator, Student Employment Office
Jean Irving University Registrar, Office of the Registrar
David Ketiner Associate Director, OFAS
Jeni Kitchell Manager of Internal Audits, Vice President for Business and Finance
Anna Magana Assistant Director, Student Financial Services
Christopher Malone Associate Director, Educational Opportunity Program
Steven McKenzie Supervisor of Building and Mechanical Trades, Facilities
Management and Services
Terryl Murphy Advisor, OFAS
Linda Nelson Process Manager, OFAS
Rez O’Sullivan Assistant Director, OFAS
Tawnie Peterson Administrative Assistant, Research and University Foundation
Dan Reed Director, OFAS
Kelly Sena Administrative Analyst/Specialist, Enrollment Management
Michele Vanderjack Assistant Director, OFAS
Crystal Williams Office Manager, OFAS
Fred Woodmansee Financial Director, Research Foundation
Jessica Young Administrative Support Assistant, University Police Department

California State University, Fullerton
Willie Hagan Interim President
Milton A. Gordon President (At time of Review)
Victoria Agnew Office Manager, Office of Financial Aid (OFA)
Bill Barrett Interim Vice President, Administration and Finance/Chief Financial Officer
John Beisner Director of University Risk Management
Debra Blackley Assistant Director, OFA
Julie Bowser Assistant Director of Athletics, Compliance
Kerry Boyer Information Security Officer
Pat Carroll Executive Assistant to the President
Andrea Cowser Scholarships Financial Aid Counselor
Kelly England Associate Director, OFA
Naomi Goodwin Assistant Vice President for Administration and Finance
Wayne Goodwin Analyst Programmer, OFA
Bahram Hatefi Director of Internal Audit (At time of review)
Rommel Hidalgo Director, Information Technology Services (ITS), Common Management System (CMS), Network Infrastructure
Brian Jenkins Associate Vice President of Finance
Denise Johnson Human Resources Director
Joe Luzzi Enterprise Resource Planning Director
Robert Palmer Vice President for Student Affairs
APPENDIX A: PERSONNEL CONTACTED

California State University, Fullerton (cont.)
Michelle Proctor  Senior Financial Aid Counselor, OFA
Jessica Schutte  Acting Financial Aid Director, OFA
Shu-Yuan Shie  ITS Consultant
Jerome Shiohama  Analyst Programmer, OFA
Sarah Song  Director of Budget Operations
Naga Vadlakunta  ITS Consultant
Howard Wang  Associate Vice President for Student Affairs
Melissa Whatley  University Registrar
Leslie Wolbers  Associate Student Financial Services Director
Sally Yassine  Associate Director, Contracts and Procurement
Steven Yim  Controller

Humboldt State University
Rollin C. Richmond  President
Brendan Brisker  Systems Lead, Financial Aid
Patricia Carlson  Assistant Director of Operations, Financial Aid
Kim Coughlin-Lamphear  Director, Financial Aid
Emily Kupec  Financial Analyst, Financial Services
Peggy Metzger  Associate Director of Operations, Financial Aid
Gregory Moloney  Satisfactory Academic Progress/Systems, Financial Aid
Burt Nordstrom  Vice President, Administrative Affairs
Heather Parker  Federal Work Study Assistant, Financial Aid
Ann Plantin  Financial Aid Services Supervisor, Financial Aid
Glenda Rotherham  Disbursement Coordinator, Student Financial Services
Lynne Sandstrom  Director, Financial Services
Jay Schock  Financial Aid Counselor, Financial Aid
Carol Terry  Associate Vice President, Business Services
Sandra Wieckowski  Financial Aid Accounting Supervisor, Student Financial Services

California State University, Monterey Bay
Dianne F. Harrison  President
Erin Burns  CMS Systems Analyst, Financial Aid
John Fitzgibbon  Associate Vice President of Finance
Christine Frederick  Cashiering and Student Accounting Services Manager
Angeles Fuentes  Director of Financial Aid
Ronnie Higgs  Vice President of Student Affairs and Associate Vice President of Enrollment Services
Linda Lopez  Associate Director of Financial Aid
William Musselman  Director of Accounting
Kevin Saunders  Vice President, Administration and Finance

California State University, Northridge
Harold Hellenbrand  Interim President
Jolene M. Koester  President (At time of review)
Suzy Babikan  Interim Director, Admissions and Records
Charleen Bell  Student Financial Services Accountant, Financial and Tax Services
APPENDIX A: PERSONNEL CONTACTED

California State University, Northridge (cont.)

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linda Brignoni</td>
<td>Senior Associate Director, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Josefin Carabajal</td>
<td>Federal Work Study Manager, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Mary Ann Cummins-Prager</td>
<td>Associate Vice President for Student Access and Support Services</td>
</tr>
<tr>
<td>John Darakjy</td>
<td>Assistant Director, Financial Services and Tax</td>
</tr>
<tr>
<td>Yvonne David</td>
<td>Assistant to the Director, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Sherry Drainer</td>
<td>Supervising Locksmith, Engineering Services</td>
</tr>
<tr>
<td>Chet Galland</td>
<td>Associate Director/Fleet Manager, Engineering Services</td>
</tr>
<tr>
<td>Denise Hansford</td>
<td>Compliance Officer, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Armenka Khashmanyan</td>
<td>Assistant Director of Counseling/Customer Service, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Mitchell Lieu</td>
<td>Information Technology Consultant, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>May Ligh</td>
<td>Manager, Cash Management</td>
</tr>
<tr>
<td>Howard Lutwak</td>
<td>Director of Internal Audit, Office of the Internal Auditor</td>
</tr>
<tr>
<td>Thomas McCarron</td>
<td>Vice President, Administration and Finance and Chief Financial Officer</td>
</tr>
<tr>
<td>Wendy Ortega</td>
<td>Assistant Director of Operations/Loan Manager, Financial Aid and Scholarships</td>
</tr>
<tr>
<td>Lili Vidal</td>
<td>Director, Financial Aid and Scholarships</td>
</tr>
</tbody>
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California State University, Sacramento

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Alexander Gonzalez</td>
<td>President</td>
</tr>
<tr>
<td>LaVerne Barnett</td>
<td>Director, Accounting Services</td>
</tr>
<tr>
<td>Kendal Chaney-Buttleman</td>
<td>University Controller, Accounting Services</td>
</tr>
<tr>
<td>Yavette Hayward</td>
<td>Senior Management Auditor, Auditing Services</td>
</tr>
<tr>
<td>Ming-Tung “Mike” Lee</td>
<td>Interim Vice President and Chief Financial Officer, Administration and Business Affairs</td>
</tr>
<tr>
<td>Tomoko Matsuda</td>
<td>Associate Director, OFA</td>
</tr>
<tr>
<td>Lynn Maynard</td>
<td>Assistant Director of Systems Operations, OFA</td>
</tr>
<tr>
<td>Nancy McCarty</td>
<td>Student Aid Accountant, Accounting Services</td>
</tr>
<tr>
<td>Kathi McCoy</td>
<td>Director, Auditing Services</td>
</tr>
<tr>
<td>Edward Mills</td>
<td>Associate Vice President of Student Affairs, Enrollment and Student Support</td>
</tr>
<tr>
<td>Jasmine Murphy</td>
<td>Scholarship and Customer Service Coordinator, OFA</td>
</tr>
<tr>
<td>Andrea Roush</td>
<td>Interim Business Analyst, OFA</td>
</tr>
<tr>
<td>Kristine Trigales</td>
<td>Associate Registrar, Office of the University Registrar</td>
</tr>
<tr>
<td>Craig Yamamoto</td>
<td>Director of Financial Aid, OFA</td>
</tr>
</tbody>
</table>

California State University, San Bernardino

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Albert K. Karnig</td>
<td>President</td>
</tr>
<tr>
<td>Patricia Aguilera</td>
<td>Advisor of Student Employment, Financial Aid</td>
</tr>
<tr>
<td>Deletta Anderson</td>
<td>Director, Accounting</td>
</tr>
<tr>
<td>John Anderson</td>
<td>Consultant, Financial Aid</td>
</tr>
<tr>
<td>Laura Carrizales</td>
<td>Analyst, Information Security Office</td>
</tr>
<tr>
<td>Jenny Casillas</td>
<td>Analyst, Human Resources</td>
</tr>
<tr>
<td>Andy Chander</td>
<td>Administrative Analyst, Financial Aid</td>
</tr>
<tr>
<td>Adela Cortez</td>
<td>Confidential Technology Support, Human Resources</td>
</tr>
<tr>
<td>Hong Cullen</td>
<td>Programmer Analyst, Enrollment Services</td>
</tr>
</tbody>
</table>
California State University, San Bernardino (cont.)

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

San Diego State University

Stephen L. Weber  President
Chris Bronsdon  Director, Financial Reporting
Scott Burns  Associate Vice President, Financial Operations
Kevin Carter  Associate Director, Information Systems Management, Student Affairs
Valerie Carter  Director, Audit and Tax
Rosie Castaneda  Student Services Professional, OFAS
Tony Chung  Director, Information Systems Management, Student Affairs
Chris Collins  Associate Director, OFAS
Colleen Conniff  Administrative Analyst Specialist, OFAS
Chrys Dutton  Director, OFAS
Melanie Falkenberg  Multiple Subjects Admissions Coordinator, College of Education (COE)
Pat Francisco  Director, Housing Administration
Sue Goulet  Student Services Professional, OFAS
Jessica Hasson  Student Services Professional, OFAS
Laura Heimbach  Manager, OFAS
Edgar Hodge  Director, University Computer Operations
Sandi Jordan  Configuration Control/Security Analyst, OFAS
Sandy Kahn  Data Systems and Reporting Manager, COE
Luisa Larios-Ruiz  Federal Work-Study Coordinator, OFAS
Lorretta Leavitt  University Controller
San Diego State University (cont.)
Janifer Leung-Lau  Financial Aid Accountant, Student Account Services
Lisa McCully  Director, COE
Julie Messer  Administrative Analyst Specialist, Student Account Services
Rose Pasenelli  Assistant Director of Administrative Oversight, OFAS
Rich Pickett  Senior Director and Chief Information Officer, Enterprise Technology Services
Chip Pierce  Assistant Director, OFAS
Kimberlee Reilly  Manager, Student Account Services
Sally Roush  Vice President, Business and Financial Affairs
Marti Ruel  Associate Vice President, Student Affairs
Peter Strachwitz  State Grants Coordinator, OFAS
Leah Singer  Director of Communications, Enrollment Services
Felecia Vlahos  Information Security Officer
Rayanne Williams  Registrar
Cyndie Winrow  Director, Business Information Systems

San Francisco State University
Robert A. Corrigan  President
Debra Chaw  Chief of Operations, University Advancement
Richard Chen  Associate Controller, Trust and Project Accounting
Taver Chong  Associate Internal Auditor
Diana Chow  Supervisor, Loans and Fiscal Services
Suzanne Dmytrenko  University Registrar
Anna Fung  Financial Aid Specialist, Bursar’s Office/Cashier
Nancy Hayes  Interim Vice President and Chief Financial Officer, Administration and Finance
Evelyn Hooker  Executive Assistant to the Vice President of Student Affairs/Special Assistant to the Dean of Students
Barbara Hubler  Director, Student Financial Aid (SFA)
Donald Martin  Counselor, SFA
Marc Martin  Counselor and Satisfactory Academic Progress Coordinator, SFA
Loan Nguyen  Counselor, SFA
Vicky Nguyen  Senior Accountant, Financial Aid Accounting
Heather Boshears Robbins  Internal Auditor
Mike Simpson  Director, Athletics
Jo Volkert  Senior Associate Vice President, Enrollment Management
Jimmie Wilder  Associate Director, SFA
Corazon Wong  Director, Student Financial Operation and Business Systems/Bursar
Agnes Wong-Nickerson  Associate Vice President, Fiscal Affairs

California State University, San Marcos
Karen S. Haynes  President
Shannon Beach  Information Technology Specialist, Enrollment Management Services (EMS) Operations/Registrar
Candace Bebee  Assistant to the Vice President, Finance and Administrative Services
Darren Bush  Associate Vice President, EMS
APPENDIX A: PERSONNEL CONTACTED

California State University, San Marcos (cont.)

Jane Cross       Director, Payroll Services
Teresa De Perez  Senior Financial Aid Analyst, OFAS
Floyd Dudley      Director, Facility Services
Vonda Garcia     Director, OFAS
Judy Hahn        Information Technology Consultant, EMS
Candie Halstead  Coordinator, User Support Services, Instructional and Information Technology Services
Linda Hawk       Vice President, Finance and Administrative Services
Michelle Hinojosa Human Resources Manager, University Auxiliary and Research Services Corporation
Alan Miles       Information Technology Specialist, EMS Operations/Registrar
Helen Montag     Assistant Director, OFAS
Michelle Ojeda   Financial Aid Advisor, OFAS
Douglas Pilien    Locksmith, Facility Services
Chris Quiroga    Recruitment Coordinator, Human Resources and Equal Opportunity
Katy Rees        Assistant Vice President, Administration
Eloise Stiglitz  Vice President, Student Affairs
Thomas Swanger   Registrar, EMS Operations/Registrar
Hoami Thamracksa Human Resources Information Systems Analyst, Human Resources and Equal Opportunity
Heather Tibbetts Lead Counselor, Educational Opportunity Program
Michael Treadway Lead Locksmith, Facility Services
Diana Wilstermann Human Resources Information Systems Project Manager, Human Resources and Equal Opportunity

Sonoma State University

Rubin Armiñana    President
Barry Blackburn   Information Security Officer
Lisa Brooks       Administrative Program Specialist, Educational Opportunity Program
Yvonne Burbank    Assistant Athletics Director/Senior Women’s Administrator
Joyce Chong       Managing Director, Advising, Career, Educational Opportunity Program, and Testing Services
Barbara Danelia   Assistant to the Vice President, Administration and Finance
Renee Deorsey     CMS Functional Lead/System Coordinator, Financial Aid (at time of review)
Laurence Furukawa-Schlereth    Vice President, Administration and Finance and Chief Financial Officer
Gina Geck         Associate Director, Admissions and Student Recruitment
Sara Golightly    Scholarship Coordinator
Susan Gutierrez   Director, Financial Aid
Nicole Hendry     Associate Director, Housing
Julia Ibanez      Loan Coordinator, Financial Aid
Teresa James      Systems Compliance Coordinator, Financial Aid
Natalie Kalogiannis Academic Records Specialist
Kurt Koehle       Director, Internal Operations Analysis and Review
Mathew Lopez-Phillips Vice President, Student Affairs and Enrollment Management
Lisa Lozano       Lead Accountant, Financial Aid
APPENDIX A: PERSONNEL CONTACTED

Sonoma State University (cont.)
Robin Marshal    Director, Workstation Security and Services
Susan Michels    Financial Administrator, Office of the Dean – Extended Education
Steven Nank      Receiving Coordinator
Lisa Noto        University Registrar
Gloria Ogg       Senior Director, University Business Services
Lane Olson       Senior Credential Analyst
Brian Orr        Senior Accountant, Financial Services
Bruce Peterson   Senior Program Specialist, Academic Advising
Nicholas Saschin  Cashier/Accounts Receivable Administrator
Carrie Schmidt   Representative, Financial Aid
Jean Snyder      Accountant II, Financial Services
Jason Wenrick    Senior Director, CMS
MEMORANDUM

DATE: May 22, 2012

TO: Larry Mandel
University Auditor

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

Benjamin F. Quillian
Executive Vice Chancellor and
Chief Financial Officer

SUBJECT: Management Response to Recommendations of Audit Report #11-70,
Financial Aid, Systemwide

In response to the “Incomplete Draft” report dated April 25, 2012, we are providing the
enclosed management responses.

Should you have any questions, please feel free to contact any of us.

EPS:BFQ:lj e

Attachment

c: Bruce Briggs, Assistant Vice Chancellor, Information Technology
   Eric Forbes, Assistant Vice Chancellor, Student Academic Support
   Dean Kulju, Director, Student Financial Aid Services and Programs
   William Perry, Chief Information Management and Security Officer

CSU Campuses
   Bakersfield
   Channel Islands
   Chico
   Dominguez Hills
   East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles

Monterey Bay
Northridge
Pomona
Sacramento
San Bernarci
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus
FINANCIAL AID
SYSTEMWIDE
Audit Report 11-70

SYSTEMWIDE POLICIES AND PROCEDURES

Recommendation 1

We recommend that the CO:

a. Revise the existing process for updating and communicating systemwide financial aid policies to remove any confusion regarding the use and application of the 1990 manual and its appendices; formally document the process for developing, maintaining, and communicating systemwide policy for financial aid; and share this information with the campuses.

b. Provide policy guidance to the campuses on new regulations such as the HEOA, the Higher Education Technical Corrections of 2009, and the Student Aid and Fiscal Responsibility Act of 2009.

Management Response

a. The Chancellor’s Office concurs with the recommendations and will review and revise as necessary the process for documenting and communicating systemwide financial aid policy. These changes will be articulated to campus staff and clarify that the 1990 manual is now a historical and/or reference document. The current method of employing coded memorandums will continue and a structure for coding and/or indexing other CO communications to campuses will be devised and communicated to the campuses.

b. The Chancellor’s Office will continue providing policy guidance on new regulations to campuses via a variety of methods including: individual campus consultation, coded memorandums, memo/emails to all campuses, monthly conference calls, trainings and meetings, task forces, etc. The steps that will be taken in response to recommendation a. will make the guidance provided more visible and/or formal for interested parties.

Anticipated completion date: September 15, 2012

CONSUMER INFORMATION

Recommendation 2

We recommend that the CO define, document, and communicate to the campuses the responsibilities for the disclosure of consumer information by direct individual notice.
Management Response

The Chancellor’s Office concurs with this recommendation. The Chancellor’s Office will issue a memorandum to campuses, including links to appropriate reference materials regarding consumer information, with an emphasis on those items requiring direct individual notice.

Anticipated completion date: August 15, 2012.

INFORMATION SECURITY

Recommendation 3

We recommend that the CO:

a. Communicate with campus security officers about the necessity of training financial aid personnel to ensure that access to financial aid records and systems is managed and monitored in accordance with systemwide policy and campus policies and procedures are developed to address the periodic review of physical access to the financial aid office.

b. Periodically remind the campuses of the importance of securing financial aid information.

Management Response

The Chancellor’s Office concurs with this recommendation. The Chancellor’s Office will work in conjunction with systemwide information security to issue a memo to campus security officers to ensure they coordinate with financial aid staff regarding access and security of financial aid records and systems. Reminders will be provided to campus staff via teleconferences or other means throughout the year.

Anticipated completion date: August 15, 2012

FINANCIAL AID FUND RECONCILIATIONS

Recommendation 4

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.

Management Response

The Chancellor’s Office concurs with this recommendation. The Chancellor’s Office will issue a memorandum to campus financial aid staff instructing them to review their reconciliation policies/procedures and include guidelines for documenting the timely preparation and review of fund reconciliations.

Anticipated completion date: August 15, 2012
June 6, 2012

MEMORANDUM

TO: Mr. Larry Mandel
    University Auditor

FROM: Charles B. Reed
      Chancellor

SUBJECT: Draft Final Report 11-70 on Financial Aid, Systemwide

In response to your memorandum of June 6, 2012, I accept the response as submitted with the draft final report on Financial Aid, Systemwide.

CBR/amd