

2018-2019 AUDIT GUIDE

COLORADO FUNDED STUDENT AID

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AUDIT GUIDE GENERAL INSTRUCTIONS

Financial Aid Flexibility

During the 2010 legislative session, the passage of SB 10-003 created financial aid flexibility for public institutions and non-profit private institutions beginning in the 2012-2013 academic year. Institutions eligible for financial aid flexibility shall administer a financial assistance program according to policies and procedures established by the governing board of the institution that align with state statute (C.R.S. §23-3.3-102, (3)). Audits for such institutions should align with the approved policies and procedures of each governing board.

This audit guide is to be used for financial aid audits of institutions that are not eligible for the financial aid flexibility under state statute (C.R.S. §23-3.3-102, (3)). Institutions that are required to award state funded financial aid under DHE guidelines and policies are listed below:

- Art Institute of Colorado
- Everest College (Blair)
- Everest College North
- Colorado Technical University
- ConCorde Career Institute
- Devry University
- Intellitec College--CS
- Intellitec College--GJ
- Intellitec Medical Institute
- International Salon and Spa Academy
- Institute of Business and Medical Careers
- Kaplan College
- Rocky Mountain College of Art & Design
- Redstone (Westwood Aviation)
- Westwood College

COLORADO-FUNDED STUDENT FINANCIAL AID

This guide is to be used in conducting performance and financial audits at Colorado postsecondary education institutions that are participating in one or more state-funded student assistance programs. The audits will examine:

1. The institution's administrative performance
2. The institution's commitment to serving students
3. The institution's compliance with state policy and guidelines
4. The institution's ability to handle funds in accordance with standard accounting practices
5. The institution's fiscal stability

Audits are to be conducted every two years, unless a prior audit contains audit findings. Institutions with audit findings are subject to annual audit review to maintain financial aid eligibility. The Department of Higher Education (DHE) will provide a letter that releases an institution from annual review.

Institutional audits should include both federal and state financial assistance programs.

Reports are due by April 1, 2018 for 2016-2017 calendar year.

Reports are due by April 1, 2019 for 2017-2018 calendar year.

Step 1: Prior to the audit visit, the auditors should collect:

1. DHE's Financial Aid Policy and Guidelines in effect for the fiscal year being audited
2. DHE's Audit Guidelines for the year being audited
3. State budget parameters in effect for the fiscal year being audited
4. The prior audit report, including the findings, and recommendations
5. An institution's plan and implementation schedule to address recommendations from prior audits
6. A compliance sample drawn from the Student Unit Record Data System (SURDS) Financial Aid Report

Step 2: Complete the questionnaire

Step 3: Conduct the audit

Step 4: Sign the audit statements

Step 5: Send copies to the appropriate parties.

Audits should be sent to the following addresses:

Colorado Department of Higher Education
1600 Broadway
Suite 2200
Denver, CO 80202

Colorado Office of the State Auditor
1525 Sherman Street
7th Floor
Denver, CO 80203

Questions about definitions or policy interpretation for the Colorado student aid programs should be directed to:

Emily Burns, Colorado Department of Higher Education

DEFINITIONS

1. "State-funded student assistance" includes funds provided under the following programs:
 - A. Need-based Programs:
 - Colorado Student Grant (CSG) / Colorado Graduate Grant (CCG)
 - Colorado Need-Based Work-Study
 - Perkins Student Loan Match
 - CTE Grant Program (Currently no institutions required to follow this guide are eligible to participate in this program)
 - B. Non-need-based Programs:
 - Colorado Work-Study (up to 30 percent of allocation)
2. "Colorado resident student" means a student who is eligible for in-state tuition classification as defined in Title 23, Article 7, C.R.S., for public institutions. For non-public institutions the tuition classification statute has been interpreted for financial aid purposes only; private institutions should be collecting information required on the CCHE Residency Classification Form (# CCHE-C-1) to determine residency.
3. "Self-supporting" or "independent student" means a student who meets the requirements for self-supporting or independent student status as defined in regulations and policy governing the Federal campus-based financial aid programs (cit. Public Law 99-498 Section 480).
4. "Dependent student" means a student who does not qualify as a self-supporting or independent student under Section 2.03.
5. "Eligible institution" means an educational institution operating in Colorado that meets the requirements specified in C.R.S. 23-3.3-101, as verified through the "Application to Participate in State-Funded Student Assistance Programs" submitted to the Colorado Department of Higher Education. A change in ownership of an eligible proprietary institution terminates eligibility and a new application must be submitted.

6. "Eligible program" means a program of education or training which:
- Admits as regular students only persons having a certificate of graduation from a secondary school (high school graduates), the recognized equivalent of that certificate (GED), or persons beyond the age of compulsory school attendance in the State of Colorado who have been shown to have the ability to benefit from the education or training offered.
 - Leads to a bachelors, associate, professional, or higher degree, or
 - Is at least a two-year program which is acceptable for full credit toward a bachelor's degree, or
 - Is at least a one-year program leading to a certificate or degree that prepares a student for gainful employment in a recognized occupation, or
 - Is, for a proprietary institution or a postsecondary vocational institution, a program of at least six months (16 semester or trimester hours, or 24 quarter hours, or 600 clock hours) duration leading to a certificate or degree which prepares students for gainful employment in a recognized occupation.
7. "Undergraduate student" means a U.S. Citizen or permanent resident who is in attendance at an institution of postsecondary education and is enrolled in an eligible program leading to a postsecondary certificate, associate degree, or first baccalaureate degree.
- Students admitted as special students may be considered to be undergraduates for one term only if it is anticipated that the student will be enrolled in a regular undergraduate degree program in the following term.
 - This definition includes students enrolled in basic skills courses designed to correct spot deficiencies concurrent with enrollment in courses that can be counted toward the certificate or degree.
 - Students enrolled solely in Adult Basic Education, General Education Development Courses (A.B.E./G.E.D.), or equivalent pre-college programs are not considered to be undergraduates and are not eligible for any program of state-funded student assistance. Students enrolled concurrently in A.B.E./G.E.D. courses and regular college level courses are undergraduates, but their enrollment status (full-time, half-time, less than half-time) is based only on their courses that bear credit attributable toward a postsecondary degree or certificate.
 - Students concurrently enrolled in high school courses are not eligible for state financial aid assistance (e.g., post-secondary options, fast-track)
8. "Special Attendance Categories" means undergraduate students may be considered to be in attendance at a "home institution," when they are enrolled in study abroad, cash-

funded courses, or consortium courses. The enrollment must meet all four following tests:

- The student is admitted and enrolled in a degree or certificate program at the home institution;
 - The credits earned in a special attendance category are applicable toward the program as if the credits were earned in regular courses at the home institution;
 - The student's transcript at the home institution shows the individual classes taken; and
 - When another institution offers the courses, agreements exist between the institutions describing the acceptance of the courses toward the program to which the student is admitted prior to that enrollment.
9. "Graduate student" means a student who is in attendance at an institution of higher education and is enrolled in an academic program of instruction above the baccalaureate level. The term includes any portion of a program leading to either a degree beyond the baccalaureate, or a first professional degree when at least three years of study at the pre-baccalaureate degree level are required for entrance into a program leading to such a degree. Students admitted as special/provisional graduate students may be considered as eligible students for one term only if it is anticipated they will enroll in a regular graduate program in the following term.
10. "Professional student" means a student who is in attendance at an institution of higher education and is enrolled in veterinary medicine, law, dentistry, pharmacy (Pharm. D. only), and medicine (M.D. program only).
11. "Secondary student" means a student who is enrolled in high school or enrolled solely in Adult Basic Education (A.B.E.) or General Educational Development courses (G.E.D.).
12. "Full-time student" means an undergraduate student who is carrying 12 or more credits per semester or a graduate student who is enrolled in 9 or more credits per semester.
13. "Half-time student" means a student who is carrying any combination of courses, research, or special studies that are attributable toward a postsecondary certificate or degree, including remedial courses for students enrolled at community colleges or other institutions with a two-year role and mission.
- For undergraduate students:
 - 6 semester or quarter hours per regular academic term; or
 - 12 clock hours per week;
 - Or graduate students:
 - 4 semester or quarter hours per regular academic term.

14. "Less than half-time student" means a student who is not enrolled at least half-time as defined in Section 2.13.
15. "Documented financial need" means the difference between the student's budget and the family's resources as evaluated by the formula known as "Federal Needs Analysis Methodology" specified in federal law.
16. "Over-award" means the total resources awarded exceed financial need by \$1.00 (one dollar) or more at the end of the academic year.
17. "Tolerance" – the degree that a need based recipient's award package may exceed the actual need; under the Colorado guidelines, there are two situations in which a student's award may exceed the student's need.
 - A need-based recipient that receives an undergraduate merit scholarship may exceed the total need if the over-award is less than \$301. The scholarship recipient's award package must be adjusted if the over-award exceeds \$300.
 - Colorado Work-Study Program permits a \$300 tolerance.
18. "Over-payment" means any money disbursed to the student in excess of the award, or in excess of need.
19. "Refund" means funds for tuition, fees, room, board, and/or other institutional fees that are returned to the student by the institution, usually as a result of the student leaving school.
20. "Repayment" refers to the process of returning those unearned financial aid funds received by the institution or the student, for a specific academic period that are not attributable to educational costs incurred for that period. Consequently, these amounts must be returned to the appropriate financial aid fund as determined by the Return to Title IV calculation.
21. "Eligible Student" means an undergraduate, graduate, or professional student enrolled in an eligible postsecondary certificate or degree program who:
 - Maintains satisfactory academic progress toward the degree or certificate, as defined by an institution in accordance with state and federal guidelines.
 - Does not owe a repayment, and is not in default on an educational grant or loan.
22. "Award year" means the fiscal year, July 1 through June 30, for which funds are allocated. Awards may be for one or more academic terms occurring within that fiscal year period. Summer enrollment must begin before the close of the fiscal year or end within the fiscal year to be included.

COLORADO STUDENT AID

23. "Documentation" means the practice of collecting information to support applications for need-based financial aid.
24. "Verification" means the process of comparing information obtained from diverse sources and determining that the information is accurate and/or compatible.

PART 1 THE INSTITUTION’S ADMINISTRATIVE PERFORMANCE

INSTITUTION

	FYE June 30, 2017	FYE June 30, 2018
	NAME	NAME
General Administration		
List name of the individual who has the responsibility for:		
A. Coordination of all student assistance at the institution		
B. Development of institutional plans for the administration of student assistance programs		
C. Sub-allocations of funds among department or programs for the assistance program listed in (B) above, if the institution has decided to make such sub-allocation		
D. Selection of recipients and offering of awards for:		
1) Need-based, undergraduate student assistance program		
2) Each program listed in B		
E. Payment authorization for assistance awards:		
1) Need-based		
2) Merit program		
3) Work study programs		
F. Disbursement of awards		
G. Maintenance of records for State-Funded programs		
H. Maintenance of accounting records		
I. Establishment of levels of expenditure		

II. Financial Aid Committee

YES **NO** **OTHER**

A. Has the institution established a financial aid committee to advise the financial aid director regarding institution policies for state-funded student aid?

B. List members of committee:

Has the institution

- 1) Identified a procedure by which students can appeal decisions of the financial aid office?
- 2) Disseminated that information to students

III. <u>Student Consumer Information Requirements</u>			
A. Are students fully informed of the availability of all State-funded student aid programs?			
B. How are the students informed? _____ _____			
C. Does information include, at the minimum:			
1) Names of the programs?	_____	_____	_____
2) The amount of assistance from each program?	_____	_____	_____
3) The eligibility requirements for each program?	_____	_____	_____
4) The criteria used to elect recipients from the group of eligible applicants?	_____	_____	_____
5) The application process for each program?	_____	_____	_____
6) The packaging policy of the institution?	_____	_____	_____
7) What the student must do to retain eligibility, including "Standards of Satisfactory Academic Progress for Financial Aid" (Section 3.02)?	_____	_____	_____
8) What penalties may be imposed for fraud or abuse?	_____	_____	_____
9) Procedures for appeal of disputed decisions?	_____	_____	_____

PART 2 THE INSTITUTION’S COMMITMENT TO SERVING STUDENTS

IV. <u>Notice of Status</u>	<u>YES</u>	<u>NO</u>	<u>OTHER</u>
A. Are students who submit applications for state-funded student assistance notified of the status of their application?	___	___	___
B. Is notification given on all need based award offers?	___	___	___
C. Are notifications of awards provided in:			
1) Written form?	___	___	___
2) Electronic form	___	___	___
3) Verbal?	___	___	___
4) Other?	___	___	___
5) For verbal notification, is conversation documented by note to file with date, time, and message?	___	___	___
D. Are all application forms and award status notices maintained in the financial aid office?	___	___	___
V. <u>Satisfactory Progress</u>			
A. Has the institution established "Standards of Satisfactory Academic Progress" which must be met if students are to continue to receive State-funded student assistance?	___	___	___
B. Do the standards address both:			
1) Good standing?	___	___	___
2) Academic progress?	___	___	___
C. Do the standards provide for:			
1) The grade point for need-based programs (or academic status if grade point is not calculated for the program) which must be achieved each term and/or the cumulative grade point for undergraduates (or academic status) which must be maintained to continue to be eligible for state-funded student assistance?	___	___	___
2) The cumulative grade point (3.5 or above) for merit programs that must be achieved to continue to be eligible for state merit grants except as allowed in the guidelines?	___	___	___

- | | <u>YES</u> | <u>NO</u> | <u>OTHER</u> |
|--|-------------------|------------------|---------------------|
| 3) The number or percentage of hours attributable toward a degree or certificate which must be <u>completed</u> each term or academic year to continue to be eligible for state-funded student assistance, and the maximum number of hours or terms that may be supported by state or federally funded student aid at each degree level? | — | — | — |
| 4) The penalties for failure to achieve the above standards, including whether or not a probationary period is allowed, the process for removal of the penalty and reinstatement to full eligibility, and the process to appeal any penalty or decision concerning continuation of aid? | — | — | |
| 5) The procedures and timetable used to monitor each recipient's academic standing and progress? | — | — | — |
| 6) The policies and procedures for monitoring repeated courses, remedial courses, and the treatment of the incremental measurement requirement? | — | — | — |

VI. Withdrawal Procedures

- | | | | |
|---|---|---|---|
| A. Has the institution established internal procedures to provide prompt notification to the financial aid office whenever a student withdraws? Do the procedures: | — | — | — |
| 1) Ensure that refunds of tuition or institutional room and board charges paid from student aid funds are returned to those funds, not to the student, according to institutional policies developed in response to Section 3.03? | — | — | — |
| 2) Provide an opportunity for required exit interviews? | — | — | — |
| 3) Provide an opportunity to discuss the implications of the satisfactory progress policy and procedures for reapplying for aid at a later date? | — | — | — |

PART 3 THE INSTITUTION’S COMPLIANCE WITH STATE POLICY AND GUIDELINES.

VII. <u>Policies for Need-Based Funds</u>	YES	NO	OTHER
A. Do the application policies require use of the U.S. Department of Education Free Application for Federal Student Aid (FAFSA)?	___	___	
B. To be considered for aid, do independent students submit documentation to their school's financial aid office in accordance with federal requirements?	___	___	___
C. Are all discrepancies between the FAFSA and the income tax return resolved?	___	___	___
D. Has the financial aid office obtained information regarding students certified for:			
1) a. veterans benefits if required? (Note: Effective with the 2011-12 award year, veteran educational benefits no longer treated as estimated financial assistance)	___	___	___
b. other public benefits?	___	___	___
2) Are benefits compared with the financial aid application and apparent discrepancies resolved?	___	___	___
E. Is it institutional policy that no State-funded, need-based student assistance is disbursed until a complete application is submitted containing:	___	___	___
1) All required application signatures?	___	___	___
2) Required certification by student that (he/she) does not owe a repayment to any institution and is not in default on any educational loan to any institution?	___	___	___
3) Application has sufficient information to determine eligibility?	___	___	___
4) Sufficient information and detail on application to evaluate need using a valid FAFSA?	___	___	___
5) Application contains statements of penalties for intentionally providing incorrect information?	___	___	___
6) Information is collected that parallels the information required by CCHE in its Residency Classification Form (CCHE-C-1)? For private schools, this information is used for state-funded financial aid purposes only.	___	___	___

	<u>YES</u>	<u>NO</u>	<u>OTHER</u>
F. Is the institutional student budget constructed using parameters recommended by CCHE to include costs described in I, J, K below? If not, was justification sent to CCHE? Was approval granted?	_____	_____	_____
G. Does the budget include the current year's tuition and fees, recognizing difference in charges for:			
1) Full-time enrollment?	_____	_____	_____
2) Half-time enrollment?	_____	_____	_____
3) Less than half-time enrollment?	_____	_____	_____
H. Does the budget include books and supplies and recognize difference in costs for:			
1) Full-time enrollment?	_____	_____	_____
2) Half-time enrollment?	_____	_____	_____
<u>NOTE:</u> Less than half-time enrollment is no longer eligible for state aid.			
I. Does the budget provide the cost of living for student and include the following expenses:			
1) Housing?	_____	_____	_____
2) Food?	_____	_____	_____
3) Transportation?	_____	_____	_____
4) Clothing, personal maintenance, recreation and entertainment?	_____	_____	_____
5) Medical care?	_____	_____	_____
6) Dependent care?	_____	_____	_____
7) Loan fees for student borrower?	_____	_____	_____
8.) Disability expenses (if applicable)	_____	_____	_____
9. Study abroad expenses (if applicable)	_____	_____	_____
10. First professional license (if applicable)	_____	_____	_____
11. Coop education expenses (if applicable)	_____	_____	_____
J. Required packaging policy elements:			
1) Are offers of financial aid always equal to or less than documented need?	_____	_____	_____
2) Does the institution have procedures to give highest priority to the neediest Colorado residents as required by the Colorado College Responsibility Program?	_____	_____	_____
<u>NOTE:</u> The audit team must make a statement regarding this packaging element, explicitly stating how the institution implements its priority.			

K.	Does the institution's written packaging policy address the following elements:	<u>YES</u>	<u>NO</u>	<u>OTHER</u>
1)	Use a published financial aid application deadline or process applications on a rolling award basis?	_____	_____	_____
2)	The method by which aid is awarded to less than full-time students?	_____	_____	_____
3)	The methodology for making need-based awards:			
	▪ award some aid to all eligible applicants?	_____	_____	_____
	▪ award some aid to all the neediest students (e.g., EFC=0), but provides aid to other lower-need students if funds are available?	_____	_____	_____
	▪ attempts to meet full need of the neediest students?	_____	_____	_____
	<u>NOTE:</u> The audit team must include a statement in the compliance report, explicitly describing the institution's packaging priority for need-based applicants			

PART 4: THE INSTITUTION’S ABILITY TO HANDLE FUNDS IN ACCORDANCE WITH STANDARD ACCOUNTING PRACTICES

XIII. Fraud and Abuse

M.	Has the institution taken reasonable measures to prevent fraud and abuse in State-funded aid programs by at least requiring:	<u>YES</u>	<u>NO</u>	<u>OTHER</u>
1)	Collection of supporting documentation?	___	___	___
2)	Reconciliation of apparent discrepancies in information submitted in support of an application for State-funded student aid?	___	___	___
3)	Establishment of due process procedures for students suspected of fraud and penalties for proven fraud?	___	___	___
	a. procedures established to notify student of the process and penalties?	___	___	___
4)	Separation of award authorization and disbursement functions?	___	___	___
5)	Whether priority is given to students based on whether they are entering or continuing students or their year in school?	___	___	___
6)	Within the institution’s packaging policy, is the philosophy by which grant, work, and loan are combined in packages of assistance and the maximum total package any one student may receive, recognizing that different policies may exist for different categories of students (e.g., , lower-division vs. upper-division)?	___	___	___
N.	Do all award notices for state-funded student assistance contain:			
1)	The period for which aid is granted?	___	___	___
2)	The awards offered, including the full name of the award?	___	___	___
3)	Award conditions including:			
	• compliance with the Standards of Satisfactory Academic Progress policy?	___	___	___
	• conditions specific to a particular program, including agreement to repay any loan?	___	___	___
4)	A mechanism by which the student can reject each component of the aid package?	___	___	___

		<u>YES</u>	<u>NO</u>	<u>OTHER</u>
	5) A statement that the student has read, understands, and agrees to the award conditions?	___	___	___
P.	Does the institution revise awards in response to change in a student's:			
	1) Period of enrollment?	___	___	___
	2) Level of enrollment (e.g., full-time)?	___	___	___
	3) Costs?	___	___	___
	4) Resources (Whenever student is over-awarded)?	___	___	___
Q.	Does the institution fully document in the individual record any action taken to amend or suspend an award after initial offer and acceptance?	___	___	___
	1) Does the file clearly specify the reason for change?	___	___	___
R.	Does the institution have procedures to insure that students cannot receive more than:			
	1) \$5,000 per year from CSG?	___	___	___
	2) \$5,000 per year from Graduate Grant?	___	___	___

AUDIT PROGRAM

CHECK LIST

PART 1 STATE-FUNDED STUDENT ASSISTANCE PROGRAMS

INSTITUTION _____

	FYE June 30, 2017	FYE June 30, 2018
<p>This Audit Program includes:</p> <p>I. Audit Objectives</p> <p>The objectives of this audit are to determine whether:</p> <p>A. The institution has established procedures for coordinating assistance provided under all state student aid programs in which it participates.</p> <p>B. The institution has established systems of internal control, accounting, and reporting, and has exercised proper controls in the operation of and accounting for the funds provided for the programs.</p> <p>C. The institution has established and has followed policies and procedures to ensure that the funds provided are being used only for the purposes set forth in the CCHE's <u>Financial Aid Policy and Guidelines for State-Funded Student Assistance Programs</u>.</p> <p>D. The institution has established a control and self-evaluation system intended to monitor and evaluate the programs to determine if its objectives are met.</p> <p>II. Audit Steps</p> <p>A. Internal Controls</p> <p style="padding-left: 40px;">Review the system of internal controls applicable to the State Programs of Financial Aid to determine whether the policies and procedures established by the institution are written, and provide for appropriate segregation of responsibilities and controls that are reasonable in the circumstances over:</p>		

	FYE June 30, 2017	FYE June 30, 2018
<ol style="list-style-type: none"> 1) The determination of awards 2) The receipt and disbursement of funds 3) The recording of transactions 4) The reporting process to DHE <p>Results of the review of the system of internal controls should be considered by the auditor in determining the extent of testing needed to provide the adequate data for evaluating the effectiveness of the established procedures.</p> <p>B. Examination of Accounts</p> <p>Obtain a trial balance as of June 30 of the accounts maintained by the institution for its programs. This should include a disbursement run for all financial aid programs as reported on the Fiscal Report of Expenditures submitted to DHE.</p> <ol style="list-style-type: none"> 1) Agree totals of disbursement run to institutions general ledger. Check arithmetical accuracy. 2) Agree total of disbursements run to amounts transferred from DHE or satisfactorily reconcile same. 3) Select, either from the Student Unit Record Data System (SURDS) financial aid report or the listing of aid recipients, a representative number of students receiving awards from each program per disbursement run. Review documentation contained in student's financial aid record. Verify eligibility by determining compliance with existing guidelines and/or statutory provision for each program that follows. 4) Agree grant expenditures as stated on student award letters are recorded in the student accounts 5) Agree totals of state financial aid programs reported on Fiscal Report of Expenditure with fund totals contained on the SURDS report. 		

	FYE June 30, 2017	FYE June 30, 2018
<p>III. Financial Compliance Programs</p> <p>A. Colorado Student Grant Program</p> <p>1) Colorado Need-based Program</p> <p>The purpose of the Colorado Need-Based program is to assist students who cannot otherwise afford to attend college. The Colorado Student Grant and Colorado Graduate Grant programs are designed for students with demonstrated financial need.</p> <p>The Colorado Student Grant program is the name given to the undergraduate need-based program funded by annual state appropriations.</p> <p>The Colorado Graduate Grant Program refers to the need-based graduate grant program.</p> <p>2) Student Eligibility</p> <p>In order to receive a Need-Based Grant, students must submit a FAFSA application and meet the following eligibility criteria</p> <p>3) Colorado resident, as determined by the institution's tuition classification officer in accordance with applicable State law</p> <p>4) Undergraduate student or graduate student</p> <p>5) In good standing and demonstrate academic progress according to the institution's policy regarding Standards of Academic Progress for financial aid purposes</p> <p>6) Show financial need according to the Federal Needs Analysis Methodology</p> <p>3) Limitations on Awards</p> <p>Students Enrolled on Full-time or Half-time Basis</p> <p>Degree seeking undergraduate students who are enrolled either full-time or at least half-time may be awarded Colorado need-based grants up to but not in excess of \$5,000 in any fiscal year or the level of need remaining after all resources, including</p>		

<p>other sources of financial aid, have been taken into account, whichever amount is less. Need-based grants shall not exceed the documented financial need of the student.</p> <p>Graduate students must be enrolled in an approved STEM or health Care degree program (http://higherred.colorado.gov/Finance/FinancialAid/forms/gradgrantlist.pdf), be a Colorado resident and be enrolled at least halftime (i.e., four credit hours per term). Additionally, graduate students must also show documented financial need.</p> <p>To ensure that state need-based dollars are directed to eligible Colorado resident students who have the least ability to pay for their education; CCHE policy defines three funding levels. Using Expected Family Contribution, the institution will award need-based dollars to Level 1 applicants. Level 2 applicants will be considered after meeting the need of Level 1 applicants. Reasonable administrative practices, such as application deadlines, are recognized as realistic and appropriate.</p>		
<ul style="list-style-type: none"> • Level 1: Students with the least ability to pay <p>Students with an Expected Family Contribution (EFC) between zero and 100% of that required for a PELL grant. The minimum undergraduate award for this group of students is \$1,000 or the maximum amount of unmet need, whichever is less. The minimum grant award is \$1,000. The maximum award is \$5,000. Awards may be prorated for part-time, making the minimum award \$500.</p> <ul style="list-style-type: none"> • Level 2: Students with documented need and moderate ability to pay <p>Students with an EFC that is between 101% and 200% of that required for the minimum Pell grant award. Maximum award for this category of students is \$2,500, or the maximum amount of unmet need, whichever is less. Minimum award is \$600.</p> <ul style="list-style-type: none"> • Level 3: Students with documented need and average ability to pay <p>All other students who demonstrate financial need as calculated by the federal methodology. The maximum award for this category of students is \$500. Minimum award is \$300.</p>		

<p>An institution may not require award recipients to perform services as a condition of receipt of a grant. However, receipt of a grant does not necessarily preclude a student from also being employed by the institution or from receiving other forms of financial assistance, so long as the total assistance received from all sources does not exceed the student's documented financial need.</p> <p>4) Statutory Authority</p> <p>Statutory authority for this program is contained in C.R.S. 23-3.3-501.</p> <p>C. Colorado Work-Study Program</p> <p>In 1969, the 47th General Assembly of the State of Colorado authorized the establishment of a work-study program for resident undergraduate students attending state institutions of higher education. In 1971, the program was expanded through legislative action to include the local district junior colleges, and further amendment in 1973 authorized payment for jobs provided by non-profit organizations and governmental agencies through student employment contracts.</p> <p>1) Student Eligibility</p> <p>In order to participate in the Colorado Work-Study Program, students must submit an application and meet the following eligibility requirements:</p> <ul style="list-style-type: none"> • Colorado resident, as determined by the institution's tuition classification office in accordance with applicable state law; • Undergraduate student. • Enrolled at least half-time. • In good standing and demonstrate academic progress according to the institution's published Standards of Satisfactory Academic Progress for financial aid purposes. • Satisfy the verification requirements in C.R.S. 24-76.5-103. <p>2) Financial Need Requirement</p> <p>At least 70 percent of work study funds (see amount in final allocation notice) must be used to find job opportunities for students with</p>		

	FYE June 30, 2017	FYE June 30, 2018
<p>demonstrated financial need. The remaining 30 percent may be awarded without regard to need for the purpose of finding job opportunities for students <u>without regard for need</u>. Accordingly, financial need must be an eligibility factor for a substantial number of student recipients, such that the total gross compensation paid to such students will equal at least seventy percent of the institution's allocation for the program. Colorado Work-Study funds used as match for the Federal CWS program may be included in calculating the percentage of funds used for need-based awards. The Federal Needs Analysis shall be the system used to determine the financial need of students for the need-based portion of the program. No standard application procedure has been established for the non-need portion.</p> <p>In rare instances, DHE may have approved an institution's request to deviate from the above percentages of need/no-need awards. Institutions should have supporting documentation from DHE for deviation from the above percentages.</p>		
<p>3) Statutory Authority</p> <p>The applicable legislation has been codified under C.R.S. 23-3.3-401.</p>		

	FYE June 30, 2017	FYE June 30, 2018
<ul style="list-style-type: none"> • Degree-seeking undergraduate student. • Enrolled full time. • The student’s financial aid package will include a work-study award and exclude loans from the total financial aid award/package. A GOS recipient may decline work-study. If a student declines work-study, the GOS award may not be increased to replace the work-study award (the recipient will have an unmet need equal to the work-study award). • The student will agree not to take a student loan while receiving the Governor’s Opportunity Scholarship. Recognizing that an institution is obligated to inform a student receiving a federal Pell grant about the availability of loans, the grant is designed to limit the loan burden of these students. A student may choose whether to accept a GOS financial aid package with full knowledge that loans are not an option. • The only exception to the prohibition of loans is if the GOS student attends summer session; loan may be used for unmet need during summer. <p>The recipient will be required to participate in the institution’s student support services and/or peer mentoring program(s) during his or her freshman year. Institutions may require continuing and transfer students to participate in these programs after their freshman year. Institutions are highly encouraged to require student participation in these programs during their sophomore through senior years.</p> <ul style="list-style-type: none"> • Be in good standing and demonstrate academic progress according to the institution’s published Standards of Satisfactory Progress for financial aid purposes. • The award may not exceed \$10,700 per award year excluding summer. 		

	FYE June 30, 2017	FYE June 30, 2018
IV. Work-Study Payroll Procedures		
<p>From those student files selected in Audit Step II-C, determine for all students receiving aid under the Colorado Work-Study Program the following: (NOTE: The following procedures should be coordinated with the Federal audit of Student Compensation Earned.)</p> <p>Select a representative sample of payroll disbursements and perform the following audit steps:</p> <p>A. Determine whether the following records are being maintained by the institution for the payroll amount:</p> <ol style="list-style-type: none"> 1) Time record form. 2) Payroll voucher form. 3) Individual earnings record or master card for each student. 4) Non-cash contribution record, if applicable. <p>B. Obtain confirmation of student participation and salary earned in the CWS Program by direct communication with the students. Where this is not practicable the auditor should perform additional audit work to obtain adequate evidence to satisfy him/herself as to student participation and salary earned.</p> <p>C. Obtain confirmation of student participation and salary earned in the CWS Program by direct communication with the off-campus agencies and on-campus supervisors. Where this is not practicable the auditor should perform additional work to obtain adequate evidence to satisfy student participation and salary earned at the off-campus agencies.</p> <p>D. Determine whether individual earnings records agree with the amounts shown on W-2's.</p> <p>E. Determine that the total amount paid from Colorado Work-Study funds did not exceed the amount authorized in the student's award by more than \$300.</p>		

	FYE June 30, 2017	FYE June 30, 2018
<p>F. Determine whether the payments were properly supported by time sheets that:</p> <ol style="list-style-type: none"> 1) Signed by the student and certified by the responsible official; 2) Reflect the actual hours worked by the students. <u>NOTE:</u> The student cannot be compensated for such items as paid sick leave, vacation pay, holiday pay, or travel for athletic purposes. If the time sheets consistently show the maximum hours authorized, the auditor should inquire about the institution's policy relating to the payment for sick leave, vacation pay, etc. <p>G. Determine the manner in which CWS payments are distributed to recipients. In any instances in which the checks are not distributed or mailed direct but are given to a department (athletic, art, etc.) for further distribution to the recipient:</p> <ol style="list-style-type: none"> 1) Determine how the department makes such distribution; 2) Examine records to determine whether the department (athletic, art, etc.) is shown as a second endorsement. If so, determine the reason. <u>(NOTE:</u> The auditor should be alert for any unusual second endorsements which come to his/her attention and satisfy him/herself that they are not improper.) <p>H. Determine whether the individual earnings record for each student selected reflect:</p> <ol style="list-style-type: none"> 1) The proper hourly rate to be paid. 2) The hours worked and paid under the Work Study Program were within the limitations, i.e., no more than 40 hours per week; 3) Deductions were properly and correctly computed (such as withholding taxes, state and local taxes, FICA, etc.). <u>NOTE:</u> Neither the Federal nor the required matching funds can be used to pay the employer's contribution to retirement, workmen's compensation, social security or any other welfare or insurance program. 		

	FYE June 30, 2017	FYE June 30, 2018
<p>I. Determine whether the records evidencing payment of wages were:</p> <ol style="list-style-type: none"> 1) Identified to the CWS Program (if no separate checking account is maintained); 2) Made out to the individual student employee; 3) Authorized by the properly designated official of the institution; 4) Endorsed, if necessary, by the indicated payee; 5) For the same amount reflected on the payroll voucher. <p><u>NOTE:</u> If canceled checks are not available, other acceptable proof of payment should be on file.</p> <p>J. When considered necessary (e.g. weak internal controls) attend a payroll payoff and observe the controls in payroll disbursement procedures.</p> <p>Compare the payroll voucher totals with the general ledger control account. Any differences should be reconciled and explained.</p> <p>V. Award Payments</p> <p>From those student files selected in Audit Step II-C, determine for all students receiving aid under the Colorado:</p> <ul style="list-style-type: none"> • Student Grant Program • Merit Award Program • Governor’s Opportunity Scholarship • CLEAP & SLEAP <ol style="list-style-type: none"> A. that annual award limitations have not been exceeded; B. that amounts paid do not exceed awards; C. that Federal and State match are proper, where applicable. <p>VI. Accounting, Recordkeeping, and Reporting</p> <p>Accounting and record keeping activities are required to create accurate records of the use made of funds and of the basis for decisions. Such records are needed for documentation, for audit purposes, for planning, and for guidance to new or replacement personnel. Records must be retained by the institutions until they have been audited or for five years, whichever occurs first.</p>		

	FYE June 30, 2017	FYE June 30, 2018
<p>A. The following accounting records should be maintained in the business office:</p> <ol style="list-style-type: none"> 1) Copies of all notices of allocation of state funds; 2) Separate account records for each state-funded student assistance program; each student account should have the proper grant amount(s) recorded for that award year. 3) Income and expenditure records for each program separated by fiscal year; 4) Institutional accounting records reflecting all transactions with respect to the program account balances on a monthly basis; 5) If applicable, student acknowledgment of receipt of funds. (May be endorsement on check if applicable or opportunity to acknowledge credit to tuition account). <p>B. Audit Steps</p> <ol style="list-style-type: none"> 1) Determine that notices of allocation of State funds are on file and that file is complete. For the year under review, agree total of notices to amount allocated per CCHE. 2) Determine that separate account records for each State-funded student assistance program are maintained. For the year under review agree the records to existing control accounts at June 30. 3) Determine that income and expenditure records are maintained for each State-funded student assistance program, and can be properly tracked to each student recipient. For the year under review, agree totals to general ledger controls at June 30. For the year under review, agree amounts posted to the individual student accounts to the student award letter. 4) Determine that the institution's accounting records reflect all transactions with respect to the program including allowable transfers among programs and are balanced on a monthly basis. Test a representative number of transfers for propriety. <p>C. Determine that student acknowledgment of receipt of funds is on file. Compare a representative number of receipt acknowledgments to institutional accounting records and to student aid package.</p> <p>VII. Program Policy Records</p> <p>Program records should document the basis for decisions and the policies in use. Such records should be maintained and readily available to the financial aid office.</p>		

	FYE June 30, 2017	FYE June 30, 2018
<p>A. Audit Steps</p> <ol style="list-style-type: none"> 1) Ascertain if such transfers were made during the year under review. 2) Write up audit finding for any transfer. <p>VIII. Packaging Policy Review</p> <p>The financial aid director establishes the packaging policy for the institution. The policy is in writing and is used in the determination of assistance rendered to students.</p> <p>NOTE: Copy of the Colorado Commission on Higher Education's <i>Financial Aid Policy and Guidelines for State-Funded Student Assistance Programs</i> and applicable statutory provisions are published at CCHE's website: http://higherred.colorado.gov/Finance/FinancialAid/Educators.html</p> <p>A. Determine that the following program records are maintained:</p> <ol style="list-style-type: none"> 1) Documentation of the basis for the amount established for the various components of the student budget; 2) A copy of the packaging policy used; that packaging policy should address how the state-funded allocations are awarded. 3) A copy of the standards of satisfactory academic progress for financial aid purposes; <p>B. Individual Student Records</p> <p>Individual student records (electronic or paper) must be maintained by the financial aid office for each student, whether or not enrolled, who either filed an application for student aid or received any award from State-funded student aid. This includes records for students who apply and are refused awards, or who fail to accept award offers, or who did not enroll.</p> <p>C. Audit Steps</p> <p>Select a representative number of individual student records and by examination of contents determine that:</p> <ol style="list-style-type: none"> 1) For those programs requiring it, the file contains a written application form. 2) For those programs not requiring written applications, the institution documented that all eligible students were given consideration; 3) Each file contains a record of disposition, including an award letter or electronic notification (or copy) if funds were offered; 		

	FYE June 30, 2017	FYE June 30, 2018
<p>IX. Adjustments to Level of Expenditures (Transfer between Funds)</p> <p>2018-19 Award Year</p> <p>Beginning with 2002-03, institutions have not had the authority to transfer funds among the Colorado student assistance programs.</p> <p>A. Audit Steps</p> <ol style="list-style-type: none"> 1) Ascertain if such transfers were made during the year under review. 2) Write up audit finding for any transfer. <p>NOTE: Copy of the Colorado Commission on Higher Education's <i>Financial Aid Policy and Guidelines for State-Funded Student Assistance Programs</i> and applicable statutory provisions are published at CCHE's website, www.state.co/cche</p>		

[name of college]

**STATE OF COLORADO STATE –FUNDED STUDENT
ASSISTANCE PROGRAMS FOR THE YEARS ENDED
JUNE 30, 2017 AND 2018**

I certify that full copies of this report have been distributed to:

Colorado Department of Higher Education (2) If possible, file one copy as an electronic file to

Emily Burns at Emily.burns@dhe.state.co.us

State Auditor's Office (1) College President (1) Joint Legislative Library (1) State Archivist


(1) [private and proprietary institutions are exempt from filing this copy]


Signed: _____


ATTACHMENTS


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AUDIT STATEMENTS


-  Auditor’s Report, on Statement of Appropriations, Expenditures and Reversions of State Funded Student Financial Assistance Programs.


-  Statement of Appropriations, Expenditures and Reversions of State Funded Student Financial Assistance Programs

-  Summary of Significant Account Policies and Notes to Financial Statements

-  Auditor's Report on Internal Accounting Control

-  Audit Required Statements, Comments, and Recommendations

-  Disposition of Prior Audit Recommendations

-  Mandatory Requirements to Satisfy Annual Audit Compliance.

[name of college]

**STATE OF COLORADO STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS FOR THE YEARS ENDED
JUNE 30, 2017 AND 2018**

STATEMENT OF ASSURANCES

INTRODUCTION

XXXXXXXXXX College is a state-supported [private] institution of higher education located in XXXXXX, Colorado.

Our financial and compliance examination of the various state-funded student assistance programs at the College for the year ended June 30, 2017, was directed toward the objectives and criteria set forth in CDHE's Financial Aid Policy, adopted April 2004. The state student financial assistance programs were examined simultaneously with the federal financial aid programs for the two years ended June 30, 2016 and 2017.

STATE FUNDED ASSISTANCE PROGRAMS

The various state-funded student assistance programs at the College include the Colorado Grant Program, Colorado Work-Study Program, Perkins Student Loan Matching Program.

The state-funded student assistance awards made by the College were \$XXXXXX during the fiscal year ended June 30, 2016 and \$XXXXXX during fiscal year ended June 30, 2017.

The Director of Financial Aid is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the College in federal and state financial aid programs. The College Controller is responsible for the programs' financial management, general ledger accounting, payments, and collections.

During the audit period, XXXXXX College obtained authorizations to award federal student financial aid funds of \$XXXXXX in the Pell Grant Program, \$XXXXXXXXX in the College Work-Study Program, and \$XXXXXX in the Perkins Student Loan Program.

During the audit period, XXXXXX College was authorized to award Colorado student financial aid funds of \$XXXXXX in the Colorado Need-based Grant Program, \$XXXXXX in Loan Match, and \$XXXXXX in Colorado Work Study.

**STATE OF COLORADO STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS FOR THE YEARS ENDED**

JUNE 30, 2017 AND 2018 REPORT SUMMARY

PURPOSE AND SCOPE OF AUDIT

Our audit of the state-funded student assistance programs was performed in accordance with the financial compliance elements of "Standards for Audits of Governmental Organizations, Programs, Activities, and Functions" issued by the Comptroller General of the United States, as revised through 2004. The purpose of the audit was to formulate an opinion on the statement of student aid program appropriations, expenditures, and reversions for the fiscal years ended June 30, 2016 and 2017 and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and CDHE directives which were set forth in the handbook.

Our examination included:

- Expressing an opinion on the statements of student aid program appropriations, expenditures and reversions.
- Evaluation of the policies, procedures, and practices used to administer these programs.
- Determination of compliance with applicable sections of the CDHE guidelines, 2017 version.

SUMMARY OF CURRENT YEAR COMMENTS

[name of college]

**STATE OF COLORADO STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS FOR THE YEARS ENDED
JUNE 30, 2017 AND 2018**

STATEMENT OF ASSURANCES

**SUMMARY OF PROGRESS IN IMPLEMENTING PRIOR AUDIT
RECOMMENDATIONS**

The audit report for the year ended June 30, 20XX, included recommendations. The disposition of these audit recommendations at _____, was as follows:

Implemented Partially Implemented Not Implemented

Total

[name of college]

STATE OF COLORADO
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2018

BASIS OF ACCOUNTING

XXXXXXX College's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Offices in their revised publication College and University Business Administration, as supplemented by the American Institute of Certified Public Accountants industry audit guide Audits of Colleges and Universities.

The Perkins Student Loan Direct Student Loan matching requirement from general funds, as approved by the Colorado Department of Higher Education, is recorded as a transfer from general funds to loan funds, and not as a general fund expense and loan fund revenue.

All student aid is expensed on a cash basis, except for Perkins Student Loan and the College Work-Study Program (CWS). Perkins Student Loans are recorded as loans receivable when the funds are disbursed. The CWS is on the accrual basis in that the expense is recognized when the services are performed.

[name of college]

**STATE OF COLORADO STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS FOR THE YEARS ENDED
JUNE 30, 2017 AND 2018**

STATEMENT OF ASSURANCES

AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL

[name of college]

**STATE OF COLORADO STATE-FUNDED STUDENT
ASSISTANCE PROGRAMS FOR THE YEARS ENDED
JUNE 30, 2017 AND 2017**

I certify that full copies of this report have been distributed to:

Colorado Department of Higher Education (2)

REQUIRED STATEMENTS, COMMENTS, & RECOMMENDATIONS

If possible, file one copy as an electronic file to Emily Burns at Emily.burns@dhe.state.co.us

The institution's packaging priority for need-based applicants is required to give the highest priority to the neediest students. During fiscal year 2017-18, [name of institution]'s packaging plan is structured to:
[describe]

CDHE's Financial Aid Policy and Guidelines for State Financial Assistance Programs issued by the Colorado Department of Higher Education (CDHE) does not allow institutions receiving allocations for financial aid programs to transfer funds between those programs.

State Auditor's Office (1)

FINDING

College President (1)

Joint Legislative Library (1)

RECOMMENDATION NO. 1

State Archivist (1) [private and proprietary institutions are exempt from filing this copy]

COLLEGE'S RESPONSE:

Signed:

Report Control Number XXXXXXXX