

Information Item

Audit Committee

Audit Director's Update

External

Annual Operating Fund and Federal Fund Financial Statement Audit

The State Controller's Office (SCO) requires audited financial statements, prepared according to Generally Accepted Accounting Procedures (GAAP), for the Student Loan Operating Fund and the Federal Student Loan Reserve Fund as of June 30th each year. Perry-Smith LLP is the audit firm auditing the financial statements of the Student Loan Operating Fund and Federal Student Loan Reserve Fund for the year ending June 30, 2008. Please see Tab 1 for a detailed update.

OMB A-133 (Single Audit)

The Bureau of State Audits (BSA) is responsible for the annual federal compliance audit of the State of California commonly referred to as the Single Audit. The audit includes a review of the California Student Aid Commission's administration of the Federal Family Education Loan (FFEL) program for fiscal year 2007-08.

BSA began their annual Single-Audit on September 30, 2008 and expects to end the fieldwork mid December. EdFund and CSAC staffs are working together to respond to BSA requests. The audit for the entire State is due to Federal Clearinghouse by March 31, 2009.

Program Compliance

The Commission is responsible for the efficient administration and effective oversight of authorized Federal and State financial aid programs. This includes ensuring program integrity through compliance audits and reviews of the institutions participating in the Commission's programs. The Commission's Program Compliance Office (PCO) currently has a Staff Management Auditor and five Associate Management Auditors. These auditors conduct reviews of post-secondary institutions participating in the Commission's financial aid programs. The areas reviewed include the following: program compliance, student records, and payment administration for participants in the Commission's Cal Grant, Specialized Programs and the California Student Opportunity and Access Program (Cal-SOAP).

During the last two fiscal years, the PCO has conducted reviews of 81 participating institutions in the Cal Grant program. The major areas of non-compliance involve applicant eligibility, fund disbursement, and fiscal responsibility. The common

findings are noted in Table 1. From these reviews there were 384 findings that were identified with collected liabilities of \$2,132,060.

Table 1

Common Review Findings
Cal Grant reconciliation is incomplete or inaccurate
Excess Cal Grant funds not returned to the Commission
Interest earned and not returned
Students are not eligible as new Cal Grant recipients
Students are not maintaining satisfactory academic progress-SAP
School tuition charges less than Cal Grant tuition award
Enrollment status does not warrant payment status
Unable to document Cal Grant renewal need as reported to the Commission
Written program policies and procedures do not exist
Authorization not obtained to apply Cal Grant B subsistence funds to school charges

Responsible Staff: Keri Tippins,
General Counsel

Charles Wood, Manager
Program Compliance