

**AUDIT GUIDE  
COLORADO FUNDED STUDENT AID**

**COLORADO STUDENT AID**

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# **COLORADO STUDENT AID AUDIT GUIDE**

## **PREFACE**

This guide is to be used in conducting compliance and financial audits at all Colorado postsecondary education institutions approved by the Colorado Commission on Higher Education (CCHE) to participate in the state-funded student assistance programs.

Audits are to be conducted at least biannually. It is strongly suggested that institutional audits be scheduled to include both federal and state financial assistance programs. Reports are due no later than March 31 of the calendar year following the close of the most recent fiscal year being reviewed.

Because the Student Unit Record Data System (SURDS) is a required report, it is expected that the compliance sample will be most effectively drawn from that report. Since schools must complete this report by September 1 (corrections acceptable until November 1), the report may not be available for auditor usage until these dates.

Questions about definitions or policy interpretation for the Colorado student aid programs should be directed to staff of the Colorado Commission on Higher Education, 303/866-2723.

Report preparation and financial questions can be answered by the Office of the State Auditor, 303/866-2051.

# COLORADO STUDENT AID

## Part 1

### DEFINITIONS

Source (Chapter Two - Colorado Handbook)\*

2.01 "State-funded student assistance" means funds provided under the following programs:

A. Need-based Programs

Colorado Part-Time Grant  
Colorado Student Incentive Grant  
Colorado Student Grant  
Colorado Work-Study  
Extended Studies Tuition Grant Program  
Colorado Graduate Grant

B. Non-need-based Programs

Colorado Part-time Scholarship  
Colorado Graduate Fellowship  
Undergraduate Merit Program (Includes Scholarship and Athletic Awards)  
Colorado No-Need Work-Study  
Tuition Assistance for Dependents of Deceased or Permanently Disabled National Guardsmen, Law Enforcement Personnel or Dependents of POW/MIA's  
Paul Douglas Teacher Scholarship Program (formerly Congressional Teacher Scholarship Program)  
Perkins Student Loan, Income Contingent Loan, and Health Professions/Nursing Student Loan Matching  
Colorado Nursing Scholarship Program  
Colorado Diversity Grant Program

\* All references, unless otherwise noted, are to the revised edition of the Colorado Handbook for State-Funded Student Assistance Programs.

2.02 "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. **(See Form CCHE-II-I in Appendix E.)**

2.03 "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).

- 2.04 "Dependent student" means a student who does not qualify as a self-supporting or independent student under Section 2.03.
- 2.05 "Eligible institution" means an educational institution operating in Colorado which meets 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 Commission on Higher Education. (see **Form CCHE-II-2 in Appendix E**)
- 2.06 "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 bachelors 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.
- 2.07 "Undergraduate student" means a U.S. Citizen, or permanent resident, who is in attendance at an institution of postsecondary education and who is enrolled full or part time in an eligible program leading to a postsecondary certificate, associate degree or baccalaureate degree. This definition does not exclude students who already hold an associate or baccalaureate degree and who have re-enrolled for another program not beyond the 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 who are enrolled in basic skills courses designed to correct spot deficiencies concurrent with enrollment in courses which can be counted toward the certificate or degree.
  - Enrollment in special programs designed to remove academic deficiencies in order that the student may matriculate and be competitive with regular entering students will qualify a student as an undergraduate only if:

- the portion of the program in which the student is enrolled in non-credit courses only is no more than one term in length; and
- that portion immediately precedes a period in which it is anticipated the student will be enrolled in regular credit granting courses;
- Students enrolled solely in Adult Basic Education, General Education Development Courses (A.B.E./G.E.D.), or equivalent programs are not considered to be undergraduates and are not eligible for any program of State-funded student assistance except the Colorado Student Grant Program. 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 which bear credit attributable toward a postsecondary degree or certificate.

2.08 "Special Attendance Categories" means students may be considered to be in attendance at an institution, to be known as the home institution, when they are enrolled in study abroad, continuing education, teletransmitted courses, or consortium courses if:

- the student is admitted to a degree or certificate program at the home institution;
- the credits are applicable toward the program as if the credits were earned in regular courses at the home institution and the student's transcript at the home institution shows the individual classes taken; and
- when the courses are offered by another institution, agreements exist between the institutions describing the acceptance of the courses toward the program to which the student is admitted prior to that enrollment. **CCHE-II-3** (in Appendix E) describes procedures to be used in coordinating financial aid awards and disbursements when a consortium agreement exists.

2.09 "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.**

2.10 "Professional student" means a student who is in attendance at an institution of higher education and is enrolled in an academic program of instruction beyond the baccalaureate level and leading to a professional degree. Professional students are those enrolled in the schools of professional veterinary medicine, law, dentistry and medicine (M.D. program only).

- 2.11 "Secondary student" means a student who is in attendance at an institution of higher education and is enrolled solely in Adult Basic Education, General Educational Development courses (A.B.E./G.E.D.) or equivalent programs.
- 2.12 "Full-time student" means a student who is carrying any combination of courses, research or special studies which are attributable toward a postsecondary certificate or degree, or are required remedial courses leading to a degree or certificate. These credits must be considered full-time study for financial aid purposes, at the institution.
- 2.13 "Half-time student" means a student who is carrying any combination of courses, research, or special studies which are attributable toward a postsecondary certificate or degree or are required remedial courses leading to a degree or certificate. These credits must be considered half-time study for financial aid purposes at the institution; provided, however, that such course work and activities amount to the equivalent of a minimum of:
- 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; or
    - for graduate students enrolled for thesis only, the maximum number of terms in which a student may be considered to be enrolled half time is established according to the standards and definitions of the institution as long as it does not exceed two years.
  - for terms which are less than  $\frac{3}{4}$  the length of a regular academic term, the minimum semester or quarter hours required may be prorated. Exceptions to these requirements may be made by CCHE staff on a case-by-case basis.
- 2.14 "Less than half-time student" means a student who is not enrolled at least half-time as defined in Section 2.13.
- 2.15 "Documented financial need" means the difference between the student's budget and the student's and family's resources as evaluated by the formula known as "Federal Needs Analysis Methodology" specified in federal law.
- 2.16 "Overaward" means the result of a change which occurred in the student's enrollment status, costs, or resources after the institution awarded aid, so that total resources exceed financial need by \$1.00 (one dollar) or more at the end of the academic year.
- 2.17 "Tolerance" - two levels of overaward tolerances are permitted:
- Colorado Campus-based Aid, including the Undergraduate Merit, must be adjusted if an overaward will exceed \$300, but not if less than \$300; and,
  - The Colorado Work-Study Program permits a \$300 tolerance.

- 2.18 "Overpayment" means any money disbursed to the student in excess of the award, or in excess of need, which results in an overaward.
- 2.19 "Refund" means funds for tuition, fees, room, board, and/or other institutional charges that are released by the institution, usually as a result of the student leaving school.
- 2.20 "Repayment" means those cash funds disbursed to a student from student assistance accounts **for a specific academic period** that are not attributable to educational costs incurred for that period, and are owed by the student to the institution.
- 2.21 "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;
  - for need-based programs signs a statement that money received through the Colorado State-Funded Student Assistance Programs will be used solely for expenses related to attendance at an institution of higher education;
  - does not owe a repayment, and is not in default on an educational grant or loan.
- 2.22 "Award year" means the fiscal year, July 1 through June 30, from which funds are allocated. Awards may be for one or more academic terms occurring within that fiscal year period.
- 2.23 "Documentation" means the practice of collecting information to support applications for need-based financial need.
- 2.24 "Verification" means the process of comparing information obtained from diverse sources and deterring that the information is accurate and/or compatible.



# COLORADO FINANCIAL AID

## Part 2

### QUESTIONNAIRE

Institution \_\_\_\_\_ FYE June 30, \_\_\_\_\_

I. General Administration Name

Who has the responsibility for the following?

A. coordination of all student assistance  
at the institution: \_\_\_\_\_

B. development of institutional plans for:  
Colorado Part-Time Grant \_\_\_\_\_  
Colorado Part-Time Scholarship \_\_\_\_\_  
Colorado Graduate Grants \_\_\_\_\_  
Colorado Graduate Fellowships \_\_\_\_\_  
Undergraduate Merit Awards \_\_\_\_\_  
\*Colorado No-Need Work-Study \_\_\_\_\_  
Standards of Satisfactory Progress \_\_\_\_\_  
Refund and Repayment Policies \_\_\_\_\_  
Packaging Policies for Student Aid \_\_\_\_\_  
Diversity Grant \_\_\_\_\_  
Colorado Nursing Scholarship \_\_\_\_\_

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-allocations: \_\_\_\_\_

D. selection of recipients and offering of awards for:  
1) need-based, undergraduate student assistance  
programs \_\_\_\_\_

2) each program listed in B \_\_\_\_\_

E. payment authorization for assistance awards:  
1) need-based, undergraduate \_\_\_\_\_

2) each program listed in \_\_\_\_\_

F. disbursement of awards: \_\_\_\_\_

G. maintenance of records for State-Funded programs: \_\_\_\_\_

H. maintenance of accounting records: \_\_\_\_\_

I. establishment of levels of expenditure: \_\_\_\_\_

\*Institutions are required to develop a plan for administering No-Need Colorado Work-Study Funds. However, such a plan does not have to be submitted to CCHE for review.

II. Financial Aid Committee

- A. Has the institution established a financial aid committee? (Such a Committee is recommended by CCHE)
- B. Members are \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- C. Do they advise the financial aid director concerning institution policies for state-funded student aid?
- D. 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. Student Consumer Information Requirements

- A. Are students fully informed of the availability of all State-funded student aid programs? Are students made aware that (1) the Colorado General Assembly is the source of undergraduate merit funds; and (2) Colorado Student Incentive Grants consist of state and federal funds?
- B. How are students informed?
- C. Does information include, at the minimum:
  - 1) the names of the programs?
  - 2) the amount of assistance from each program?
  - 3) the eligibility requirements for each program?
  - 4) the criteria used to select 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 3.03.01)
  - 8) what penalties may be imposed for fraud or abuse?
  - 9) procedures for appeal of disputed decisions?

IV. Notice of Disposition

- A. Are students who submit written applications for any State-funded student assistance program notified of the

disposition made of their application?

B. Is notification given on all need based award offers?

C. Are other dispositions given in:

- 1) written form?
- 2) verbal?
- 3) other ?
- 4) if (2), is conversation documented by note to file?

D. Are all written application forms and disposition notices maintained in the financial aid office?

V. Acceptance of Award

A. Are students required to submit written acceptance of any award offered?

- 1) need-based (recommended)
- 2) non-need-based (recommended)

VI. Satisfactory Progress

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 addressed in (B1) and (B2) above provide for:

- 1) the grade point (or academic status if grade point is not calculated for the program) which must be achieved each term and/or the cumulative grade point (or academic status) which must be maintained to continue to be eligible for state-funded student assistance;
- 2) the number of hours attributable

toward a degree or certificate which must be completed 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;**

- 3) 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; **and**
- 4) **the procedures and timetable used to monitor each recipient's academic standing and progress;**
- 5) the policies and procedures for monitoring repeated courses, remedial courses, and the treatment of the incremental measurement requirement.

VII. 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 3.05?
  - 2) provide an opportunity to discuss with the student whether other funds received from student aid have been fully utilized to meet educational

costs or whether a repayment is due according to institutional policies developed in response to Section 3.05?

- 3) provide an opportunity for required exit interviews?
- 4) provide an opportunity to discuss the implications of the satisfactory progress policy and procedures for reapplying for aid at a later date?

VIII. Fraud and Abuse

A. Has the institution taken reasonable measures to prevent fraud and abuse in State-funded aid programs by at least requiring:

- 1) student signature on acceptance form?
- 2) collection of supporting documentation?
- 3) reconciliation of apparent discrepancies in information submitted in support of an application for State-funded student aid?
- 4) 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?
- 5) separation of award authorization and disbursement functions?

IX. Policies for Need-Based Funds/Other

A. Application policies require use of the U.S. Department of Education Free Application for Federal Student Aid (FAFSA).

B. Do the need-based programs consider the amount of PELL funds a student is entitled to receive as a resource regardless of whether the student has applied for the PELL grant?

C. To be considered for aid independent students may have to submit documentation to their school's financial aid office in accordance with federal requirements.

D. Are students required to submit a financial aid transcript from other postsecondary institutions whether or not they received aid?

- 1) need based aid (required)
  - 2) non-need based aid (recommended)
- E. Are all discrepancies between the FAFSA and the income tax return resolved?
- F. Has the financial aid office obtained information regarding students certified for:
- 1) a) veterans benefits?  
b) other public benefits?
  - 2) Are benefits compared with the financial aid application and apparent discrepancies resolved?
- G. 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 The FAFSA?
  - 5) application contains statements of penalties for intentionally providing incorrect information?
- H. 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?
- I. Does the budget include tuition and fees anticipated to be charged, recognizing difference in charges for:
- 1) full-time enrollment?
  - 2) half-time enrollment?
  - 3) less than half-time enrollment?
- J. Does the budget include books and supplies and recognize

difference in costs for:

- 1) full-time enrollment?
- 2) half-time enrollment?
- 3) less than half-time enrollment?

K. Does the budget provide the cost of living for student and dependents (if required) and include the following expenses:

- 1) the cost of housing?
- 2) the cost of food?
- 3) the cost of transportation?
- 4) the cost of clothing, personal maintenance, recreation and entertainment?
- 5) the cost of medical care?
- 6) cost of child care?

L. 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?
- 3) Is the PELL which the student is entitled to receive counted as a resource, whether or not the student has applied for it?
- 4) Only students with a need greater than \$900 per academic year (\$100/mo.) are eligible for CSIG.

M. Does the institution's written packaging policy address the following elements:

- 1)
  - a) whether the institution makes awards based on a priority application date?
  - b) a first come, first served basis?
  - c) rolling award basis?
- 2) the method by which aid is awarded to less than full-time students?
- 3)
  - a) whether the institution provides some aid to all eligible students?
  - b) whether the institution provides some aid to the neediest students but leaves lower-need students with no funding if funds are not available?
  - c) whether the institution attempts to meet full need of the neediest students leaving lower need students with no funding if funds are not available?
- 4) whether priority is given to students based on whether they are entering or continuing students or their year in school?
- 5) 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 for pro-portions and maximums may exist for different categories of students? (For example, lower-division vs. upper-division.)

- N. Do all state-funded award notices for 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:
    - a) compliance with the Standards of Satisfactory Academic Progress policy?
    - b) conditions specific to a particular program, including agreement to repay any loan?
- O. Does the acceptance form for need-based State-funded student assistance provide for:
- 1) a mechanism by which the student can accept or reject each component of the aid package?
  - 2) a statement that the student has read, understands, and agrees to the award conditions?
  - 3) a statement that the funds will be used for educational purposes?
- P. Does the institution revise awards in response to changes in students':
- 1) period of enrollment?
  - 2) level of enrollment?
  - 3) costs?
  - 4) resources?  
(Whenever student is overawarded)
- Q. Does the institution fully document in the individual file 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) \$5000 per year from CSIG?
- 2) \$5000 per year from CSG?
- 3) \$5000 per year from Graduate Grant?
- 4) tuition plus \$5000 per year from Graduate fellowship?
- 5) tuition and mandatory fees each year from the Undergraduate Merit Award Program?
- 6) \$5000 per year from Colorado Diversity Grant?

# AUDIT PROGRAM

## Part 3

### STATE-FUNDED STUDENT ASSISTANCE PROGRAMS

Institution \_\_\_\_\_ FYE June 30, \_\_\_\_\_

This Audit Program includes: Done            W/P  
By    Date    Ref.

- I.     Audit Objectives
- II.    Audit Steps
- III.   FINANCIAL COMPLIANCE PROGRAMS
  - A.     Colorado Student Incentive Grant Program
  - B.     Colorado Student Grant Program
  - C.     Colorado Work-Study Program
  - D.     Colorado Graduate Grant Program
  - E.     Colorado Graduate Fellowship Program
  - F.     Undergraduate Merit Award Program
  - G.     Paul Douglas Teacher Scholarship Program
  - H.     Colorado Teacher Encouragement Program
  - I.     Colorado Nursing Scholarship
  - J.     Colorado Diversity Grant
  - K.     Colorado Part-Time Grant
  - L.     Colorado Part-Time Scholarship
- IV.    Work-Study Payroll Procedures
- V.     Award Payments
- VI.    Accounting, Recordkeeping, and Reporting
- VII.   Program Policy Records
- VIII.  Reporting Requirements
- IX.    Program Reviews
- X.     Adjustments to Level of Expenditures (Transfer between Funds)
- XI.    Packaging Policy Review

Note: The basis for this Audit Program is The Colorado Commission on Higher Education's - Colorado Handbook for State-Funded Student Assistance Programs, and applicable statutory provisions. (Copy of handbook should be obtained from college or university.)

#### I.     AUDIT OBJECTIVES

The objectives of this audit are to determine whether:

- a. The institution has established procedures for coordinating assistance provided under all state student aid programs in which it participates.
- 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.
- 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 Colorado Handbook for State-Funded Student Assistance Programs.
- 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, as recommended by CCHE.

II. **AUDIT STEPS**  
**Internal Controls**

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:

- a. The determination of awards,
- b. The receipt and disbursement of funds,
- c. The recording of transactions,
- d. The reporting process to CCHE

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.

## **EXAMINATION OF ACCOUNTS**

Obtain a trial balance as of June 30 (normally, end of program year) 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 CCHE.

- a. Agree totals of disbursement run to institutions general ledger. Check arithmetical accuracy.
- b. Agree total of disbursements run to amounts transferred from CCHE or satisfactorily reconcile same.
- c. Select, from the Student Unit Record Data System (SURDS) financial aid report, a representative number of students receiving awards from each program per disbursement run. Review documentation contained in student's financial aid file. Verify eligibility by determining compliance with existing guidelines and/or statutory provision for each program that follows.
- d. Agree totals of state financial aid programs reported on Fiscal Report of Expenditure with fund totals contained on the SURDS report.

### **III. FINANCIAL COMPLIANCE PROGRAMS**

#### **A. COLORADO STUDENT INCENTIVE GRANT (CSIG)**

The Colorado Student Incentive Grant (CSIG) program is the name given to the Federal education grant program known as the State Student Incentive Grant (SSIG) program. The Federal SSIG program makes incentive grants to states to stimulate expansion of grant assistance to undergraduate students with substantial need. Student grants made under this program are comprised of portions of Federal and non-Federal funds.

#### **Student Eligibility**

To be eligible to receive a Colorado Student Incentive Grant, students must submit a written application and meet the following eligibility criteria:

- 1) be a U.S. Citizen, be a national of the United States, be in the United States for other than a temporary purpose and intend to become a permanent resident thereof, according to federal requirements or be a permanent resident of the Trust Territory of the Pacific (Palau);
- 2) be a resident of the State of Colorado as determined by the institution's tuition classification officer in accordance with applicable State law;
- 3) be an undergraduate student as defined in chapter two of the Colorado Handbook for State-Funded Student Assistance Programs.
- 4) be enrolled at least half-time;
- 5) be in good standing and demonstrate academic progress according to the institution's published policy regarding Standards of Satisfactory Academic Progress for financial aid purposes;
- 6) show substantial financial need; for purposes of this program, a student will be deemed to have substantial financial need when the difference between the student's costs of education and the total resources reasonably available to the student (based on the nationally recognized methodology of determining expected available resources) is at least \$900 per academic year or \$100 per month. For non-public institutions refer to CCHE-111-9 for special procedures.
- 7) if required, be registered with the Selective Service System.

#### Limitation on Awards

Colorado Student Incentive Grants according to Federal policy, shall not exceed \$5,000 during any twelve month period.

#### Statutory Authority

Federal statutory authority for the SSIG program is found under Section 415 A-D, Higher Education Act of 1965 as amended. State authorizing legislation is through C.R.S. 23-3.5-102. Appropriations are enacted through the annual processes at the Federal and State levels.

B. **COLORADO STUDENT GRANT PROGRAM**

Colorado Student Grant program is the name given to the undergraduate need-based program funded by annual state appropriations.

Student Eligibility

In order to receive a Colorado Student Grant, students must submit a written application and meet the following eligibility criteria:

- 1) be a Colorado resident, as determined by the institution's tuition classification officer in accordance with applicable State law;
- 2) be an undergraduate student as defined in Chapter Two of The Colorado Handbook for State-Funded Student Assistance Programs;
- 3) be in good standing and demonstrate academic progress according to the institution's policy regarding Standards of Academic Progress for financial aid purposes;
- 4) show financial need according to the Federal Needs Analysis Methodology.

Limitations on Awards

- a) Students Enrolled on Full-time or Half-time Basis

Students who are enrolled either full-time or half-time, as defined in Chapter Two, may be awarded Colorado Student Grants up to but not in excess of \$5,000 in any fiscal year or the level of need remaining after all resources, including other sources of financial aid, have been taken into account, whichever amount is less.

- b) Students Enrolled Less Than Half-time or in A.B.E./G.E.D. or Basic Skills Only

Colorado Student Grants may, at the discretion of the institution, be awarded to less than half-time students. Grants made to less than half-time students may not exceed the cost of tuition, fees, books, supplies, and not more than \$10 per month for transportation costs, or documented financial need, whichever is less.

#### Statutory Authority

Statutory authority for this program is contained in C.R.S. 23-3.3-501.

### C. **COLORADO WORK-STUDY PROGRAM**

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.

#### Student Eligibility

In order to participate in the Colorado Work-Study Program, students must submit a written application and meet the following eligibility requirements:

1. be a Colorado resident, as determined by the institution's tuition classification office in accordance with applicable State law;
2. be an undergraduate student as defined in Chapter Two;
3. be enrolled at least half-time;
4. be in good standing and demonstrate academic progress according to the institution's published Standards of Satisfactory Academic Progress for financial aid purposes.



### Financial Need Requirement

Seventy percent of funds allocated to each institution must be used to find job opportunities for students with demonstrated financial need, and the remaining thirty percent of the funds may be used (but not required to be used) for the purpose of finding job opportunities for students without regard for need. 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.

Institutions may request special permission to deviate from the above percentages of need/no-need awards. Such requests should be submitted in writing to CCHE, prior to **July 1** of the award year.

### Statutory Authority

The applicable legislation has been codified under C.R.S. 23-3.3-401.

## D. **COLORADO GRADUATE GRANT PROGRAM**

The Colorado Graduate Grant Program is one of two student aid programs funded by the State of Colorado to support graduate level study. (The other is the Colorado Graduate Fellowship Program) The purpose of the program is to make graduate education at the masters, doctorate, and professional levels more readily available to well qualified Colorado resident students who need financial assistance in order to pursue their studies.

### Student Eligibility

In order to receive a Colorado Graduate Grant, students must submit a written application and meet the following eligibility requirements:

1. be a Colorado resident, as determined by the institution's tuition classification office in accordance with applicable State Law;
2. be a graduate student as defined in Chapter Two;
3. be enrolled at least half-time;
4. show financial need according to the Federal Needs Analysis Methodology;
5. be in good standing and demonstrate academic progress according to the institution's published policy regarding Standards of Satisfactory Academic Progress for graduate students;
6. meet such other eligibility criteria as established by the institution of attendance in its Institutional Plan for the Colorado Graduate Grant Program.

#### Limitations on Awards

Colorado Graduate Grants shall not exceed one-half of the student's budget up to a maximum grant of \$5,000, in any fiscal year. Furthermore, financial aid packages which include Colorado Graduate Grant funds shall not exceed the documented financial need of the student.

An institution may not require award recipients to perform services as a condition of receipt of a Colorado Graduate Grant. However, receipt of a Colorado Graduate 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.

#### Statutory Authority

Authority for the Colorado Graduate Grant Program is contained in C.R.S. 23-3.3-501.

### E. **COLORADO GRADUATE FELLOWSHIP PROGRAM**

The Colorado Graduate Fellowship Program is one of two student aid programs funded by the State of Colorado (other program - Colorado Graduate Grant Program) for the purpose of providing institutions with funds which assist them in recruiting highly qualified graduate students into their programs

#### Student Eligibility

In order to be eligible to receive a Colorado fellowship, students must meet the following eligibility criteria:

1. be a graduate student;
2. be enrolled full-time according to the standards and practices of the institution;
3. be in good standing according to the Standards of Progress for graduate students;
4. meet such other eligibility criteria as established by the institution of attendance in its Institutional Plan for the Colorado Graduate Fellowship Program.

#### Limitations on Awards

Awards made under the Colorado Graduate Fellowship Program may not exceed the actual cost of tuition plus \$5,000 in any fiscal year. Institutions may award partial fellowships.

#### Statutory Authority

Authority for the Colorado Graduate Fellowship Program is contained in C.R.S. 23-3.3-501

#### F. **UNDERGRADUATE MERIT AWARD PROGRAM**

The Undergraduate Merit Award Program is a State-wide effort to recognize undergraduate Colorado resident students attending State-supported institutions of higher education for outstanding achievement in academic, athletic, and talent areas. Prior to 1984-85, the program was described as two separate programs: The Colorado Scholars Program and the Athletic Award Program.

### Student Eligibility

To be eligible to receive a Undergraduate Merit Award, students must meet the following eligibility requirements:

1. be an undergraduate student;
2. be in good standing and demonstrate academic progress according to the institution's published Standards of Satisfactory Progress for financial aid purposes;
3. be in compliance with such other eligibility criteria as established by the institution of attendance in its Institutional Plan for the Undergraduate Merit Award.

### Limitations on Awards

#### Maximum Amount of Award

Awards to full-time students may not exceed the amount of the tuition and mandatory student fees charged to the recipient, and may be less than that amount at the institution's discretion. Awards for less than a full academic year must be prorated on an equal per term distribution basis.

Institutions may use no more than 12 percent of undergraduate merit funds for awards to out-of-state students without written exception granted by CCHE offices.

Institution policy as to amount of awards must be clearly stated in both the Institutional Plan and in information which is made available to students regarding eligibility and application process for the program.

Students receiving Need-Based Assistance through State and/or Federal need-based financial aid programs shall not be precluded from receiving Undergraduate Merit awards.

#### Renewal Awards

Should institutional policy allow for renewal of awards, any statement that such an award will continue beyond one year must include the provision that such awards are contingent

upon the continuation of the state program and availability of funds.

Statutory Authority

Authority for the Undergraduate Merit Award Program is contained in C.R.S. 23-3.3-501.

G. **PAUL DOUGLAS TEACHER SCHOLARSHIP PROGRAM**

The Paul Douglas Teacher Scholarship Program (PDTs) is a federally-funded program available to outstanding Colorado residents who agree to teach. Recipients are selected by CCHE from nominations submitted by participating institutions.

Student Eligibility

To be eligible to receive a Paul Douglas Teacher Scholarship students must meet the following eligibility requirements.

1. be a U.S. citizen or be a permanent resident
2. be a Colorado resident
3. be an undergraduate student
4. be in good standing and demonstrate academic progress according to the institution's published Standards of Satisfactory Progress for financial aid purposes
5. agree to teach on a full-time basis for 2 years in return for each scholarship award or to otherwise repay award principal
6. have graduated from high school or be within 3 months of graduation or received a GED
7. rank in top 10 percent of high school graduating class or equivalent

Limitation on Awards

The award amount shall be \$5,000 or the cost of attendance, whichever is less.

H. **COLORADO NURSING SCHOLARSHIP**

The Colorado Nursing Scholarship is a program developed in 1988-89 in recognition of legislative intent to reduce the nursing shortage in the State by attracting and retaining individuals in the nursing profession in Colorado. Awards are to be reported as "Specialty Grant" on SURDS.

Student Eligibility

Students must be enrolled, or accepted for enrollment, in an associate, baccalaureate, or masters degree nursing program and must have a financial need for the scholarship.

Limitations on Awards

The Nursing Scholarship shall not exceed the cost of tuition, required fees, books and supplies, and, if necessary, direct transportation costs for an annual year. Awards will be no less than \$100 per student.

J. **COLORADO DIVERSITY GRANT**

Colorado Diversity Grant was established in 1988-89 as a state-wide effort to increase diversity of the student population in the Colorado higher education system.

Student Eligibility

In order to be eligible to receive a Colorado Diversity Grant award, students must meet the following criteria:

1. Be a member of an underrepresented group which will promote diversity within institutional enrollments.
2. Be a Colorado resident student for tuition classification purposes.
3. Be accepted for enrollment, or be an undergraduate student according to Section 2.07, and enrolled in an eligible program according to Section 2.06.

4. Be in good standing and demonstrate academic progress according to the institution's published Standards of Satisfactory Progress for financial aid purposes.
5. Be in compliance with such other eligibility criteria as established by the institution of attendance in its Institutional Plan for the Colorado Diversity Grant Program.

Limitation on Awards

The award may not exceed \$5,000 per award year, and awards for less than a full academic year must be prorated on an equal pre-term distribution basis.

#### **IV. WORK-STUDY PAYROLL PROCEDURES**

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.)

Select a representative sample of payroll disbursements and perform the following audit steps:

- A. Determine whether the following records are being maintained by the institution for the payroll account:
  - 1. a time record form;
  - 2. a payroll voucher form;
  - 3. an individual earnings record or master card for each student;
  - 4. a non-cash contribution record, if applicable.
- 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 himself as to student participation and salary earned.
- 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 himself as to student participation and salary earned at the off-campus agencies.
- D. Determine whether individual earnings records agree with the amounts shown on W-2's.
- 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.
- F. Determine whether the payments were properly supported



by time sheets that:

1. were signed by the student and certified by the responsible official;
2. reflect the actual hours worked by the students.

Note: 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.

G. Determine the manner in which CWS checks 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:

1. determine how the department makes such distribution;
2. examine canceled checks to determine whether the department (athletic, art etc.) is shown as a second endorsement. If so, determine the reason. (Note: The auditor should be alert for any unusual second endorsements which come to his attention and satisfy himself that they are not improper.)

H. Determine whether the individual earnings record for each student selected reflect:

1. the proper hourly rate to be paid (Reference Section 6.09 of the Colorado Handbook).
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. the deductions were properly and correctly computed (such as withholding taxes, state and local taxes, FICA, etc.)

Note: 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.

- I. Determine whether the checks evidencing payment of wages were:

1. identified to the CWS Program (if no separate checking account is maintained);
2. made out to the individual student employee;
3. signed by the properly designated official of the institution;
4. endorsed by the indicated payee;
5. for the same amount reflected on the payroll voucher.

Note: If canceled checks are not available, other acceptable proof of payment should be on file.

- J. When considered necessary (e.g. weak internal controls) attend a payroll payoff and observe the controls in payroll disbursement procedures.

Compare the payroll voucher totals with the general ledger control account. Any differences should be reconciled and explained.

## V. AWARD PAYMENTS

From those student files selected in Audit Step II-C, determine for all students receiving aid under the Colorado:

- Colorado Part-Time Grant
- Colorado Part-Time Scholarship
- Student Grant Program
- Student Incentive Grant Program
- Graduate Grant Program
- Graduate Fellowship Program
- Undergraduate Merit Award Program
- Paul Douglas Teacher Scholarship Program  
(amount of award is \$5,000 unless determined by CCHE to be less based on institution report of total cost of attendance)
- Colorado Nursing Scholarship
- Colorado Diversity Grant

- 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.

## **VI. ACCOUNTING, RECORDKEEPING, AND REPORTING**

Accounting and recordkeeping 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.

The following accounting records should be maintained in the business office:

- A. copies of all notices of allocation of state funds;
- B. separate account records for each State-funded student assistance program;
- C. income and expenditure records for each program separated by fiscal year;
- D. institutional accounting records reflecting all

transactions with respect to the program including allowable transfers among program and account balances on a monthly basis;

- E. student acknowledgment of receipt of funds. (May be endorsement on check or opportunity to acknowledge credit to tuition account).

#### Audit Steps

- A. 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.
- B. 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.
- C. 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.
- D. 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.
- E. Determine that student acknowledgment of receipt of funds are on file. Compare a representative number of receipt acknowledgments to institutional accounting records and to student aid package.

### **VII. PROGRAM POLICY RECORDS**

Program records should document the basis for decisions and the policies in use. Such records should be maintained in the financial aid office.

Determine that the following program records are maintained:

- A. documentation of the basis for the amount established for the various components of the student budget;

- B. a copy of the packaging policy used;
- C. a copy of the standards of satisfactory academic progress for financial aid purposes;
- D. institutional plans for selection of Colorado no-need work-study, Colorado Nursing Grant, Colorado Part-Time Grant, Colorado Part-Time Scholarship, Colorado Graduate Grant, Colorado Graduate Fellowship, and Undergraduate Merit Award recipients, and Colorado Diversity Grant Program.

#### Individual Student Records

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.

### Audit Steps

Select a representative number of individual student records and by examination of contents determine that:

- A. for those programs requiring it, the file contains a written application form;
- B. for those programs not requiring written applications, the institution documented that all eligible students were given consideration;
- C. each file contains a record of disposition, including an award letter (or copy) if funds were offered;
- D. each file for students who receive need-based funds contain in addition to A, B, C, above:
  - 1. documentation of student resources;
  - 2. a record of the calculation of need;
  - 3. a financial aid transcript for any student who has attended another post secondary institution (Transcript is required for need-based aid awards and is recommended for merit-based awards.);
- E. information in the file is consistent with that reported to CCHE on the Student Unit Record Data System (SURDS).

### **VIII. REPORTING REQUIREMENTS**

Several reporting requirements exist for State-funded student assistance. The requirements must be met to create adequate documentation of the use of State funds for purposes of auditing and for reporting to the legislature.

Determine that the institution is complying with the reporting requirements in each of the following:

- A. Request for next year's Funds (to be submitted to CCHE on March 1 of each year unless CCHE has established a different deadline);
- B. Report of Utilization; (to be submitted to CCHE by May 1 of each year);

C. Colorado Student Incentive Grant Approved Recipient Report.

The final recommendations for awards must reach the Commission on or before July 1 of each year. Recommendations and disbursements must also be reconciled prior to that date.

D. Student Unit Record Data System (SURDS) Report.

A SURDS Report is required for all institutions except those participating only in Colorado Student Incentive Grants. The report must reach the Commission on or before September 15 of each year; and

E. Fiscal Report of Expenditures Report (to be submitted to CCHE in July of each year unless CCHE has established a different deadline. The report must be signed by the Chief Fiscal Officer or a designated representative of the business office).

**NOTE:** The SURDS and Fiscal Report of Expenditures replace the State Fiscal Operations Report which is no longer required.

**IX. PROGRAM REVIEWS**

The Colorado Commission on Higher Education conducts periodic program reviews at institutions which participate in any of the State-supported student financial aid programs.

The purpose of such program reviews is to formulate an opinion on the general operation of the financial aid office and to review institutional practices regarding the use of the State-funded aid and the subsequent reporting to CCHE of such activity. Such program reviews can be beneficial to institutions in strengthening the administration of their financial aid programs and in preparing for program and fiscal audits.

Audit Steps

1. Ascertain the number of program reviews conducted by CCHE at the institution during the past three years and obtain copies of reports.
2. Review contents of reports and evaluate findings, recommendations, and implementation.

**X. ADJUSTMENTS TO LEVEL OF EXPENDITURES (TRANSFER BETWEEN FUNDS)**

## 1989-90 Award Year

The 1989-90 state-funded student assistance programs were combined as one allocation called "Combined State Aid." Thirty percent of the Combined State Aid Allocation was to be expended as follows: 30% used for Work-Study, 30% for need-based grants, thirty for merit-based grants, and the remaining 10% could be transferred at institutional discretion among the three categories. An institution could request permission from CCHE to deviate from the 30/30/30/10 allocation policy. However, permission to do so must be received by CCHE within the program year (July 1 through June 30) for which the funds were appropriated.

## 1990-91 and Subsequent Award Years

Beginning with 1990-91, institutions do not have authority to transfer funds among the Colorado student assistance programs without CCHE permission. Permission to transfer funds must be obtained from CCHE, but only if exceptional circumstances warrant such consideration.

### Audit Steps

- A. Ascertain if such transfers were made during the year under review and determine if percentage limitations were met.
- B. Agree transfer amounts to program's financial records.

## **XI. PACKAGING POLICY REVIEW**

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. The review of the institution's policy should determine that required elements are addressed as set forth in items (L) and (M) of the Colorado Financial Aid Questionnaire.



**STATE OF COLORADO  
X X X X X COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
FOR THE YEARS ENDED JUNE 30, 19XX AND 19XX**

Copies of this report\* have been distributed to:

Legislative Audit Committee (12)

Joint Budget Committee (3)

Honorable Roy R. Romer, Governor

Dr. Dwayne C. Nuzum, Executive Director  
Colorado Commission on Higher Education (3)

XX (X)

Dr. XXXXXX XXXXX, President  
XXXXXXXXXXX College (10)

Office of State Planning and Budgeting (2)

Department of Administration

State Controller (2)  
Management Services  
Division of ADP

Depository Center, Colorado State Library (4)

Joint Legislative Library (6)

State Archivist (permanent copy)

Report Control Number XXXXXXXX

**\* Private and proprietary institutions must send one copy to the State Auditor's Office and one copy to CCHE. No other copies are required to be sent.**

**STATE OF COLORADO  
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**\*Appendix contains: Audit Program (pages 1-34) and Sample Audit Report (Pages 35-45). Auditor's actual Audit report will begin with page 1.**

**STATE OF COLORADO  
X X X X X COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
FOR THE YEARS ENDED JUNE 30, 19XX AND 19XX**

**INTRODUCTION**

XXXXXXXXXX College is a state-supported 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 years ended June 30, 1989 and 1990, was directed toward the objectives and criteria set forth in the "Colorado Handbook for State-Funded Student Assistance Programs" issued by the Colorado Commission on Higher Education (CCHE). The state student financial assistance programs were examined simultaneously with the federal financial aid programs for the two years ended June 30, 1989 and 1990.

**STATE FUNDED ASSISTANCE PROGRAMS**

The various state-funded student assistance programs at the College include the Colorado Student Incentive Grant Program, Colorado Student Grant Program, Colorado Work-Study Program, Colorado Graduate Grant Program, Undergraduate Merit Program, Colorado Graduate Fellowship, Perkins Student Loan Matching Program, Colorado Diversity Grant Program, Colorado Nursing Scholarship Program, Colorado Part-Time Grant, and the Colorado Part-Time Scholarship.

The state-funded student assistance awards made by the College were \$XXXXXX during the fiscal year ended June 30, 1990 and \$XXXXXX during fiscal year ended June 30, 1989. In addition, total state-funded matching funds of \$XXXXX during fiscal year 1989 and \$XXXXXX during fiscal year 198X were transferred to the Perkins Student Loan Fund. (Or if appropriate; no state-funded matching was made in fiscal year 1989 because the College did not receive a federal Perkins Student Loan allocation).

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, \$XXXXXX in the Supplemental Educational Opportunity Grant Program, \$XXXXXXXXXX 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 Student Incentive Grant Program, \$XXXXXX in the Colorado Student Grant Program, \$XXXXXX in the Colorado Graduate Grant, \$XXXXXX in Colorado Graduate Fellowship, \$XXXXXX in Undergraduate Merit Awards, \$XXXXXX in Loan Match, \$XXXXXX in Extended Studies Grants, \$XXXXXX in Colorado Diversity Grant, \$XXXXXX in Colorado Work Study, and \$XXXXXX in Colorado Nursing Scholarship, Colorado Part-Time Grant, and Colorado Part-Time Scholarship.

**STATE OF COLORADO  
XXXXX COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
FOR THE YEARS ENDED JUNE 30, 19XX AND 19XX**

**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, 19X revision. 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, 19XX and 19XX, and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and CCHE 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 CCHE guidelines contained in the "Colorado Handbook for State-Funded Student Assistance Programs", 1995 revision.

**SUMMARY OF CURRENT YEAR COMMENTS**

The audit covered the period July 1, 19XX through June 30, 19XX and field work was performed during the period February 20, 19XX through April 20, 19XX at the campus Business and Student Financial Aid Offices.

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

The audit report for the year ended June 30, 19XX, included \_\_\_ recommendations. The disposition of these audit recommendations at \_\_\_\_\_, was as follows:

Implemented	—
Partially Implemented	—
Not Implemented	—
Total	—

# SAMPLE

## XXXXX COLLEGE STATEMENT OF APPROPRIATIONS, EXPENDITURES AND REVERSIONS YEAR ENDED JUNE 30, 1990

	<u>Colorado Graduate Grants</u>	<u>Colorado Student Incentive Grants</u>	<u>Under- Graduate Merit Award</u>	<u>Total</u>
FUND BALANCE - June 30, 1989	\$ -	\$ -	\$ -	\$ -
APPROPRIATIONS:				
State authorization	20,559	2,232	15,846	51,637
EXPENDITURES:				
Grants and awards	<u>20,559</u>	<u>2,232</u>	<u>15,846</u>	<u>51,637</u>
REVISIONS:				
Amounts refunded to the State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - June 30, 1990	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SAMPLE**

**XXXXX COLLEGE  
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND REVERSIONS  
YEAR ENDED JUNE 30, 1990**

	Colorado Graduate <u>Grants</u>	Colorado Student Incentive <u>Grants</u>	Under- Graduate Merit <u>Award</u>	<u>Total</u>
FUND BALANCE - June 30, 1990	\$ -	\$ -	\$ -	\$ -
APPROPRIATIONS:				
State authorization	30,559	1,232	16,846	48,637
EXPENDITURES:				
Grants and awards	<u>30,559</u>	<u>1,232</u>	<u>16,846</u>	<u>48,637</u>
REVISIONS:	-	-	-	-
Amounts refunded to the State	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
FUND BALANCE - June 30, 1991	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>

**STATE OF COLORADO  
X X X X X COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
FOR THE YEARS ENDED JUNE 30, 19XX AND 19XX**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES TO FINANCIAL STATEMENTS**

**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 Commission on 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.

**NOTE A**

Colorado Student Incentive Grants consist of 50% non-federal state funds and 50% federal funds. The amount shown is the combined total.



## Auditor's Report on Internal Accounting Control

Members of the Legislative Audit Committee:

We have examined the financial statements of the State-Funded Student Assistance Programs of XXXXXXXX College for the years ended June 30, 198X and 198X. As part of our examination, we made a study and evaluation of the system of internal accounting control of XXXXXXXX College to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards of financial and compliance audits contained in the U. S. General Accounting Office:

- Receipt and Disbursement of Funds
- Eligibility of Recipients and Award Amounts
- Reports to the Colorado Commission

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of XXXXXXXXXXXX College is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system.

Accordingly, we do not express an opinion on the system of internal accounting control of XXXXXXXXXXXX College taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness in relation to the University's (College's) financial information.

This report is intended solely for the use of XXXXXXXXXXXX College, members of the Legislative Audit Committee and Colorado Commission on Higher Education, and should not be used for any other purpose. This restriction is not intended to limit distribution of this report which, upon release by the Legislative Audit Committee, is a matter of public record.

**STATE OF COLORADO  
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STATE OF COLORADO  
X X X X X COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
FOR THE YEARS ENDED JUNE 30, 19XX AND 19XX**

**AUDIT COMMENTS AND RECOMMENDATIONS**

**PERMISSION FROM CCHE IS NEEDED TO TRANSFER MORE THAN 10 PERCENT OF ORIGINAL ALLOCATIONS BETWEEN PROGRAMS**

The "Colorado Handbook for State-Funded Student Assistance Programs" issued by the Colorado Commission on Higher Education (CCHE) does not allow institutions receiving allocations for financial aid programs to transfer funds between those programs without prior CCHE approval. During fiscal year 19XX, the Colorado Student Grant program was increased 14.8% by transfers from other programs without CCHE approval. The amount transferred without approval was \$X.

**RECOMMENDATION NO. 1**

Obtain permission from the Colorado Commission on Higher Education before transferring funds between state-funded student assistance programs.

**COLLEGE'S RESPONSE:**

College concurs and has implemented.

**STATE OF COLORADO  
X X X X X COLLEGE  
STATE-FUNDED STUDENT ASSISTANCE PROGRAMS  
FOR THE YEARS ENDED JUNE 30, 19XX AND 19XX**

**DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS**

There were no recommendations included in the audit report for the fiscal year ended June 30, 19XX.