

**COMMUNITY COLLEGE SYSTEM
MANAGEMENT LETTER
FISCAL YEAR 1991**

MAY 1992

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

92-27

Centennial Office Building, Saint Paul, MN 55155 • 612/296-4708

COMMUNITY COLLEGE SYSTEM

STATEWIDE AUDIT FOR THE YEAR ENDED JUNE 30, 1991

Public Release Date: May 8, 1992

No. 92-27

OBJECTIVE:

- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS RELATING TO FEDERAL STUDENT FINANCIAL AID PROGRAMS ADMINISTERED BY THE COMMUNITY COLLEGE SYSTEM.

CONCLUSIONS:

We found twelve areas where the Community College System or the individual colleges had not complied with federal regulations:

- The Community Colleges' satisfactory academic progress policies do not meet minimum federal guidelines.
- The Community College System office did not program the loan management system to accurately bill some borrowers.
- Fergus Falls Community College did not resolve conflicting information in one student's financial aid file.
- Willmar Community College incorrectly disbursed financial aid to two students.
- North Hennepin Community College did not resolve conflicting information in one student's financial aid file.
- North Hennepin Community College has conflicting satisfactory academic progress policies.
- Anoka Ramsey Community College is not following the Stafford Loan notification requirement.
- Worthington Community College did not resolve conflicting information in two students' financial aid files.
- Rochester Community College is not enforcing one important aspect of its satisfactory academic progress policy.
- Minneapolis Community College paid financial aid to an ineligible student.
- Hibbing Community College certified a Stafford Loan which exceeded a student's financial need.
- Lakewood Community College did not comply with federal financial aid transcript requirements for two students.

We also found five areas where internal controls need to be improved:

- The Community College System Office needs to improve access to the loan management system.
- Willmar Community College does not always verify the eligibility of borrowers before disbursing financial aid.
- North Hennepin Community College has conflicting satisfactory academic progress policies.
- Anoka Ramsey Community College is not following the Stafford Loan notification requirement.
- Rochester Community College is not enforcing one important aspect of its satisfactory academic progress policy.

Contact the Financial Audit Division for additional information.
(612) 296-1730



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Dr. Gerald Christenson, Chancellor
Community College System

Community College Presidents and Provosts

Audit Scope

We have conducted an audit of certain federal programs at the Community College System as a part of our statewide audit of the State of Minnesota's fiscal year 1991 financial statements and federal programs. The scope of our work has been limited to the federal programs cited in the Catalog of Federal Domestic Assistance (CFDA) which were included in the Single Audit scope. Specifically, for the Community College System those programs were:

<u>CFDA</u>	<u>Program</u>
<u>Number</u>	
84.032	Stafford Loans
84.038	Perkins Loans
84.063	Pell Grants

As a part of this audit, we tested samples of students who received federal financial aid through each of the federal programs listed above. For each student we tested, we determined compliance with material federal legal provisions for the programs. Students from all colleges within the Community College System were included, as follows:

Austin Community College	Anoka-Ramsey Community College
Brainerd Community College	Fergus Falls Community College
Hibbing Community College	Inver Hills Community College
Itasca Community College	Lakewood Community College
Mesabi Community College	Minneapolis Community College
Normandale Community College	North Hennepin Community College
Northland Community College	Rainy River Community College
Rochester Community College	Vermilion Community College
Willmar Community College	Worthington Community College

Representative Ann Rest, Chair
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Community College Presidents and Provosts
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We also reviewed certain system-wide procedures and controls at the Community College System Office. These included central controls over Perkins Loan repayments.

Finally, we reviewed internal controls over federal financial aid on certain individual community colleges, offices, and centers during fiscal year 1991. We issued a separate report on each of these audits, and their results are not repeated in this management letter. We evaluated internal controls at the following components of the Community College System during fiscal year 1991:

Community College System Office	Rpt. #91-35
Minneapolis Community College	Rpt. #91-37
Inver Hills Community College	Rpt. #91-40
Austin Community College	Rpt. #91-42
Cambridge Community College Center	Rpt. #91-48
Worthington Community College	Rpt. #91-49
Rochester Community College	Rpt. #91-64
Anoka-Ramsey Community College	Rpt. #91-71

Conclusions

The results of our tests indicated the following instances of noncompliance with legal requirements relating to federal financial aid. Findings 1, 5, 7, 10, 11, and 13 discuss noncompliance with general administrative and eligibility requirements. Finding 5 discusses noncompliance with Pell Grant program specific regulations. Finding 3 discusses noncompliance with Perkins Loan requirements. Findings 8 and 12 discuss noncompliance with Stafford Loan regulations. We have not organized these issues by federal program. Rather, we arranged them according to the entity responsible for resolution.

Our testing also revealed that, for a portion of fiscal year 1991, Austin Community College required students to sign promissory notes for loans in advance. In addition, Rochester Community College made inappropriate adjustments to students' expected family contributions. We discussed these issues as findings 7 and 13 in our fiscal year 1990 report (Rpt. #91-25). Both of these issues have since been corrected.

Except for the issues discussed in the preceding two paragraphs, with respect to the items tested, the Community College System complied, in all material respects, with the provisions referred to in the previous paragraphs. With respect to items not tested, except for the issues discussed in findings 4, 6, and 9, regarding conflicting information, nothing came to our attention that caused us to believe that the Community College System had not complied, in all material respects, with those provisions.

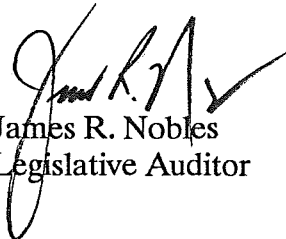
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Dr. Gerald Christenson, Chancellor
Community College Presidents and Provosts
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We also noted certain matters involving internal control structure and its operation that we reported in findings 2, 5, 7, 8, and 10.

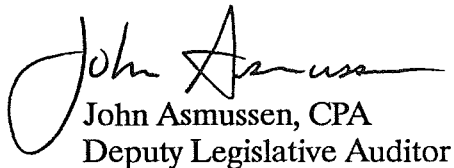
The work conducted is part of our annual Statewide Financial and Federal Compliance Audit (Single Audit). The Single Audit coverage satisfies the federal government's financial and compliance audit requirements for all federal programs administered by the Community College System and its colleges for fiscal year 1991. Since the federal government is ultimately responsible for determining resolution of Single Audit recommendations, they will notify the colleges of their final acceptance of corrective actions.

This report is intended for the information of the Legislative Audit Commission and the management of the Community College System. This restriction is not intended to limit the distribution of this report, which was released as a public document on May 8, 1992.

We would like to thank the staff of the Community College System for their cooperation during this audit.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: February 6, 1992

Report Signed On: April 29, 1992

Community College System

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Audit Participation

The following members of the Office of the Legislative Auditor participated in this report:

John Asmussen, CPA	Deputy Legislative Auditor
Jeanine Leifeld, CPA	Audit Manager
Chris Buse, CPA	Auditor-in-Charge
Beth Hammer, CPA	Senior Auditor
Carl Otto, CPA	Senior Auditor
Melissa Gamble	Auditor
Kevin Schimnich	Intern

Current Findings and Recommendations

Community College System Office

1. PRIOR FINDING NOT RESOLVED: College satisfactory academic progress policies do not meet minimum federal guidelines.

The satisfactory academic progress policies at community college campuses do not include all elements required by federal regulations. To be eligible for federal financial aid, a student must be making satisfactory academic progress according to the institution's policy. Federal regulations outline parameters for institutions to use in establishing standards of satisfactory academic progress. The community colleges' academic progress policies are missing the following major elements:

- Three policies do not state a maximum time frame in which students must complete their degree or certificate. Federal regulations require institutions to establish maximum time frames based on enrollment status;
- Thirteen policies do not have a cumulative quantitative measure of academic progress. Institutions must determine the minimum percentage of work students must complete each quarter to finish their degrees within the maximum time frame. This minimum percentage must be on a cumulative basis. A quantitative standard which is not cumulative is useful for identifying a student's progress for a specific quarter. However, it does not indicate whether students are progressing toward their degree as scheduled;
- Seventeen policies do not completely define the effects of incompletes, withdrawals, repeats, and remedial courses on student's academic progress;
- One policy does not specify procedures for appealing satisfactory academic progress assessments; and
- Eight policies specify grading periods when institutions do not measure student academic progress. For example, some policies allow students to earn a certain number of credits before their first academic progress measurement. Federal regulations require institutions to divide the maximum time frame to complete a degree into increments. Institutions must determine at the end of each increment whether students have successfully completed the appropriate percentage of work according to the established schedule. Federal regulations do not allow institutions to exclude certain grading periods from measurement.

Community College System

Institutions participating in federal financial aid programs must establish, publish, and apply reasonable standards for measuring academic progress. The U.S. Department of Education considers an institution's standards to be reasonable if they include the elements specified in the federal regulations. Appropriate system office staff need to become familiar with the federal regulations governing satisfactory academic progress. The system office also needs to help campuses modify their academic progress policies so that they comply with the minimum federal guidelines.

Recommendation

- *The system office should ensure that the colleges' satisfactory academic progress policies comply with minimum federal requirements.*

2. Access to the loan management system needs to be improved.

The Community College System is not properly controlling access to the systemwide loan management system. Community colleges use the loan management system to track and bill students for outstanding Perkins loans. The system office is responsible for allowing campus employees access to the system. Access is based on an employee's position and title. However, access for certain positions has been set up so that employees can enter incompatible transactions into the loan management system.

As a result, a proper separation of duties over loan transactions does not exist. For example, some business office employees add borrower records, enter awards, and post disbursements into the system. These same employees can also enter the exit interview transactions which start the repayment process. Allowing individual employees to enter all types of transactions increases the chance of errors or irregularities occurring and remaining undetected. This risk is higher with the limited staff size of most college business offices.

To improve controls, the system office must limit users' access to ensure a proper separation of duties. Financial aid employees should be responsible for creating borrower records on the system and entering their awards. Business office employees should post loan disbursements to these accounts. After completing exit interviews with students, the financial aid office should update the system to start the repayment process.

Recommendation

- *The system office should review the access given to various campus positions and limit users' access to ensure a proper separation of duties.*

Community College System

3. The loan management system was not programmed to accurately bill some borrowers.

The loan management system is not allowing post-deferment grace periods for some borrowers with Perkins and National Direct Student Loans. Federal regulations provide a six month post-deferment grace period for Perkins and National Direct Student Loans made after October 1, 1980. During these grace periods, borrowers do not have to make principal or interest payments. Some borrowers are not receiving post-deferment grace periods because the Community College system office did not program the loan system correctly.

Recommendation

- *The Community College system office should correct the loan system program errors so that borrowers with loans made after October 1, 1980 receive a post-deferment grace period, as required.*

Fergus Falls Community College

4. Fergus Falls Community College did not resolve conflicting information in one student's financial aid file.

Fergus Falls Community College paid one student a \$1,502 Pell Grant without first resolving conflicting information in his file. Federal regulations require institutions to resolve discrepancies in financial aid information before disbursing aid. This student reported on his financial aid application that his parents had no investments during 1989. However, their 1989 tax return listed \$8,876 of dividend income and \$11,312 of income from rental property. The college should have investigated this discrepancy because the value of investments partially determines a student's eligibility for a Pell Grant.

Recommendation

- *Fergus Falls Community College should resolve this conflicting information and repay the Pell Grant account \$1,502 for an ineligible payment.*

Willmar Community College

5. Willmar Community College incorrectly disbursed financial aid to two students.

Willmar Community College paid an inaccurate Pell Grant amount to a student. The college paid a three-quarter time Pell Grant to a half-time student. Federal regulations require institutions to adjust Pell Grants to reflect a student's current enrollment status. This

Community College System

student was only eligible to receive a \$214 Pell Grant because she registered for eight credits. However, the college mistakenly paid her a \$321 Pell Grant, resulting in a \$107 overpayment.

In another case, the college disbursed financial aid to an ineligible student. A student who was not making satisfactory academic progress received a \$610 Pell Grant and a \$736 Stafford Loan. Federal regulations require institutions to confirm the eligibility of borrowers before releasing their loan proceeds. The college did not comply with this federal requirement. As a result, it paid a student on the second day of the quarter and six days later, suspended the student after discovering that he was not making satisfactory academic progress. The student repaid his \$610 Pell Grant to the college. However, the college did not cancel the student's \$736 Stafford Loan.

Recommendations

- *Willmar Community College should repay its Pell Grant account \$107 to remedy the overpayment.*
- *Willmar Community College should work with the U.S. Department of Education to remedy the \$736 Stafford Loan overpayment.*
- *Willmar Community College should confirm the eligibility of borrowers before releasing their Stafford Loan proceeds.*

North Hennepin Community College

6. North Hennepin Community College did not resolve conflicting information in one student's financial aid file.

North Hennepin Community College paid one student a \$1,175 Pell Grant without first resolving conflicting information in his file. Federal regulations require institutions to resolve discrepancies in financial aid information before disbursing aid. This student reported on his financial aid application that his parents had no untaxed income. However, on his Institutional Verification Form he reported that his parents received untaxed income in the form of a housing allowance of \$9,000 per year. The college should have investigated this discrepancy because untaxed income partially determines a student's eligibility for a Pell Grant. With a \$9,000 housing allowance, this student would not have been eligible to receive a Pell Grant.

Recommendation

- *North Hennepin Community College should resolve the conflicting information and repay the Pell Grant account \$1,175 for the ineligible payment, if necessary.*

Community College System

7. North Hennepin Community College has conflicting satisfactory academic progress policies.

North Hennepin Community College did not use the satisfactory academic progress policy it distributes to financial aid recipients to measure student progress. The financial aid office distributes a satisfactory academic progress policy to financial aid recipients. This policy cites the minimum standards that students must meet to receive financial aid. However, the college actually used the school's suspension/retention policy to measure student's academic progress during fiscal year 1991. This suspension/retention policy differs from the policy distributed to financial aid recipients and it does not meet the minimum federal guidelines. Students have continued to receive aid under the suspension/retention policy who would not have been eligible according to the the academic progress policy distributed to financial aid recipients.

Recommendation

- *North Hennepin Community College should distribute and enforce one uniform satisfactory academic progress policy which contains all required federal elements.*

Anoka Ramsey Community College

8. Anoka Ramsey Community College is not following the Stafford Loan notification requirement.

Anoka Ramsey Community College is not promptly notifying Stafford Loan lenders when student borrowers drop below half-time status. Institutions complete Student Confirmation Reports and return them to guarantee agencies twice annually. These reports list the enrollment status of each Stafford Loan borrower attending the school. However, college officials must inform lenders directly with student enrollment status changes if they do not expect to submit their next Student Confirmation Report within 60 days.

We tested one student who withdrew from college in June 1991. However, the college did not notify the guarantee agency until December 1991. We were told that the college does not contact lenders to inform them of changes in student enrollment status which occur after spring quarter. Instead, they wait for the Student Confirmation Report sent to them the following fall quarter. As a result, guarantee agencies do not obtain the names of students who fell below half-time for a six month period.

Recommendation

- *Anoka Ramsey Community College should communicate changes in student enrollment status to lenders if it will not submit a Student Confirmation Report within 60 days.*

Community College System

Worthington Community College

9. Worthington Community College did not resolve conflicting information in two students' financial aid files.

Worthington Community College did not resolve conflicting information in two students' financial aid files. In one case, a student reported on her financial aid application a family size of five persons. However, on her Institutional Verification Form she listed only four persons. The college should have investigated this discrepancy because the number of family members partially determines a student's eligibility for financial aid. With a family size of four, this student would only have been eligible for a \$1,611 Pell Grant, rather than the \$1,829 Pell Grant she received. In another case, a student claimed a family size of three persons, while other documentation indicated a family size of two. There was no monetary effect of this discrepancy. Federal regulations require institutions to resolve discrepancies in financial aid information before disbursing aid.

Recommendation

- *Worthington Community College should resolve this conflicting information and repay the Pell Grant account \$218 for the ineligible payment, if necessary.*

Rochester Community College

10. Rochester Community College is not enforcing one important aspect of its satisfactory academic progress policy.

Rochester Community College's satisfactory academic progress policy allows students 12 full-time quarters to complete an associate degree. However, the college does not measure the number of quarters attended to determine if students are exceeding this limit. Federal regulations require institutions to establish a maximum time frame in which students must complete a degree or certificate. Students who do not earn a degree within this maximum time frame are ineligible for additional financial aid. The college paid one student a \$800 Pell Grant, a \$250 Supplemental Educational Opportunity Grant (SEOG), a \$805 Stafford Loan, and \$673 in college work-study even though she had attended more than 12 full-time quarters.

Recommendations

- *Rochester Community College should reassess the students' eligibility and repay its Pell Grant, SEOG, and college work-study accounts \$800, \$250, and \$673, respectively, if necessary.*

Community College System

Recommendations (Continued)

- *Rochester Community College should work with the U.S. Department of Education to remedy the \$805 Stafford Loan paid to an ineligible student.*
- *Rochester Community College should enforce its satisfactory academic progress policy.*

Minneapolis Community College

11. Minneapolis Community College paid financial aid to an ineligible student.

Minneapolis Community College paid financial aid to a student who was not making satisfactory academic progress. Students must make satisfactory academic progress in accordance with the institution's policy to be eligible for financial aid. Minneapolis Community College's policy allows students to receive financial aid for nine full-time quarters. One student received a \$766 Pell Grant, a \$300 Supplemental Educational Opportunity Grant (SEOG), a \$920 Stafford Loan, and \$140 in college work-study after exceeding this nine quarter limit. The college made an error when documenting the number of quarters the student attended.

Recommendations

- *Minneapolis Community College should reassess the students' eligibility and repay its Pell Grant, SEOG, and college work-study accounts \$766, \$300, and \$140, respectively, if necessary.*
- *Minneapolis Community College should work with the U.S. Department of Education to remedy the \$920 Stafford Loan paid to an ineligible student.*

Hibbing Community College

12. Hibbing Community College certified a Stafford Loan which exceeded a student's financial need.

Hibbing Community College overpaid one student because the college did not accurately complete the student's loan application. The college incorrectly certified the student's expected family contribution and estimated financial aid. This error resulted in the student qualifying for a \$2,165 Stafford Loan. The student's actual loan eligibility should have been only \$165. The proceeds from the loan, when combined with all other financial aid

Community College System

received, exceeded the student's need by \$460. Federal regulations prohibit institutions from certifying Stafford Loans which exceed the financial need of students.

Recommendation

- *Hibbing Community College should work with the U.S. Department of Education to remedy the \$460 Stafford Loan overpayment.*

Lakewood Community College

13. Lakewood Community College did not comply with federal financial aid transcript requirements for two students.

Lakewood Community College did not obtain financial aid transcripts for two transfer students. When an institution is aware that a student attended another school, federal regulations require the institution to request a financial aid transcript from the previous school. Colleges need information from financial aid transcripts to monitor two aspects of student eligibility. First, transcripts tell administrators how much aid transfer students received from other schools. This information is essential for preventing overawards. Secondly, financial aid transcripts identify students who are in default or owe repayments on grants or loans. Students who are in default or owe repayments are ineligible for additional financial aid.

Lakewood Community College is missing financial aid transcripts for two of seven students tested. These students received \$3,640 of Pell Grants and \$2,625 of Stafford Loans. The college cannot determine the eligibility of each of these students without the missing transcripts. If a college fails to request a financial aid transcript, the federal government may consider the aid payments to that student to be questioned costs.

Recommendations

- *Lakewood Community College must request financial aid transcripts for the two transfer students, as required.*
- *Lakewood Community College records office must notify the financial aid office of transfer credits accepted on behalf of financial aid recipients, so that the financial aid office can request the required financial aid transcripts.*



Office of the Chancellor
203 Capitol Square Building
550 Cedar Street
St. Paul, Minnesota 55101
612/296-3990

April 17, 1992

Jeanine Leifeld, CPA
Audit Manager
Office of the Legislative Auditor
Centennial Building
St. Paul, Minnesota 55155

Dear Jeanine:

Following is the System Office response to your office's findings and recommendations as a result of the systemwide federal financial aid audit for the year ended June 30, 1991, the following actions are being taken:

Finding 1

Prior Finding Not Resolved: College satisfactory academic progress policies do not meet minimum federal guidelines.

Recommendations

The System Office should ensure that the colleges' satisfactory academic progress policies comply with minimum federal requirements.

Response

The Community College Board recently passed the following two Board Policies:

1. Academic Suspension IV.07.01
2. Academic Standards III.02.06

- A. The Federal regulations which require institutions to establish maximum time frames for completion of the degree also note that the time-frame regulation is to be separated from the institution's satisfactory academic progress regulation. However, each financial aid office must have a regulation on the maximum time frame in which students must complete their degree or certificate. The System Office financial aid advisory committee will work with the three colleges and assist them in developing the necessary regulation.

Anoka-Ramsey • Arrowhead Region (Hibbing, Itasca, Mesabi, Rainy River, Vermilion) • Austin
Clearwater Region (Brainerd, Fergus Falls, Northland) • Inver Hills • Lakewood • Minneapolis • Normandale
North Hennepin • Rochester • Willmar • Worthington

Minnesota Community Colleges Are Equal Opportunity/Affirmative Action Institutions

- B. In March 1992, the Board approved an academic suspension policy which established required cumulative grade point measures. Each college will review the existing satisfactory academic progress regulation, and revise it to reflect the cumulative quantitative measures outlined in the academic suspension policy.
- C. In March 1992, the Board approved an academic standards policy which provides a uniform grading policy for all Community Colleges. This policy identified the effect of an Incomplete and Withdrawal. Board Policy III.01.03, Developmental Education, identified the effect of remedial education. The System Office will work with the colleges to include in their policies the effect of repeats.
- D. The academic standards policy also indicates that if a student wishes to appeal a decision involving suspension or expulsion for academic reasons, such a student is to use the system Board policy "Student Complaints and Grievances," IV.05.02.
- E. The academic suspension policy clearly indicates that one of the determining factors of unsatisfactory progress shall be the grade point average from initial enrollment. Courses taken in the summer will count toward the cumulative G.P.A. and toward the total credits.

Person responsible - Ronald Williams, Vice Chancellor
Projected date for completion - July 1, 1992

Finding 2

Access to the loan management system needs to be improved.

Recommendations

The System Office should review the access given to various campus positions and limit users' access to ensure a proper separation of duties.

Jeanine Leifeld

April 17, 1992

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Response

The LMS security has been reviewed. To ensure proper separation of duties, access codes have been changed to allow the following:

- A. The Financial Aid Office employees limited to authorizing loans,
- B. The Business Office employees limited to disbursing loans.

Person responsible - Sue Traaseth - Loan Officer
Recommendation Implemented

Finding 3

The loan management system was not programmed to accurately bill some borrowers.

Recommendations

The Community College System Office should correct the loan system program errors so that borrowers with loans made after October 1, 1980 receive a post-deferment grace period, as required.

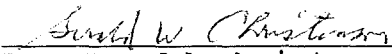
Response

It was brought to the attention of the Loan Collection Representatives that on some of the loan files the coding for a post deferment grace period was not marked correctly. Those loan files are being corrected.

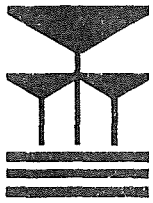
Person responsible - Sue Traaseth, Loan Officer
Projected date for completion - June 1, 1992

We hope the above responses will be satisfactory. If you have any questions, please contact Glenn Wood at 296-7426.

Sincerely,


Dr. Gerald Christenson
Chancellor

cc: Ronald Williams
Glenn Wood
Larry Maroney
Sue Traaseth



**Fergus Falls
Community
College**

1414 College Way
Fergus Falls, Minnesota 56537
(218) 739-7500

April 14, 1992

Jeanine Leifeld, CPA
Audit Manager
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Ms. Leifeld:

Please accept this letter as Fergus Falls Community College's response to the federal financial aid audit for the year ending June 30, 1991.

The college agrees with finding 4 that a Pell Grant was paid to a student without there first being a resolution of conflicting information in the student's file. The college has informed the student of the conflict, asked for the information to resolve the discrepancy, and advised the student of his obligation to repay any overaward.

The college assures that the Pell account will be repaid, either by the student or from college funds no later than June 30, 1992. The person responsible for implementing these actions is Robert Anderson, Financial Aid Director.

Sincerely,

Dan True
Provost

jtg



April 10, 1992

Ms. Jeanine Leifeld, CPA
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Ms. Leifeld

In response to the audit report for year ending June 30, 1991, for Willmar Community College, finding 5:

Willmar Community College should repay its Pell Grant account \$107 to remedy the overpayment.

Willmar Community College will repay the Pell Grant program \$107 as required by the audit.

Willmar Community College should work with the U.S. Department of Education to remedy the \$736 Stafford Loan overpayment.

Willmar Community College did notify the student's lender that the student was no longer eligible for the loan. Willmar will work with the U.S. Department of Education to remedy the \$736 Stafford Loan given to the student that was suspended for not making satisfactory academic progress.

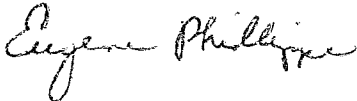
Willmar Community College should confirm the eligibility of borrowers before releasing their Stafford Loan proceeds.

Willmar Community College now has in place the following practice for disbursement of funds to students:

1. Any student that may be subject to suspension will not be issued any funds until the question of suspension is cleared by the academic committee for academic satisfactory progress.

Bert Phillips, Director of Financial Aid, Willmar Community College is the person responsible for the audit resolution. All audits will be completed on or before July 1, 1992.

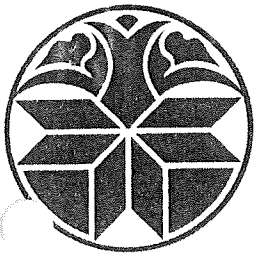
Sincerely,

A handwritten signature in cursive script that reads "Eugene J. Phillippe".

Eugene J. Phillippe
Acting President

/bjo

cc: Terry Swenson



North Hennepin Community College

7411 Eighty-Fifth Avenue North, Brooklyn Park, Minnesota 55445 612-424-0811

April 21, 1992

Ms. Jeanine Leifeld, CPA
Audit Manager
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Ms. Leifeld:

North Hennepin Community College appreciates the efforts of the office of the Legislative Auditor to work effectively with the College to improve College fiscal procedures.

College Response to Audit Findings

6. **North Hennepin Community College did not resolve conflicting information in one student's financial aid file.**

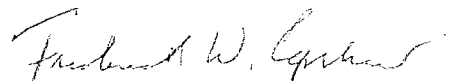
The College accepts the recommendation and is working with the student to repay the Pell Grant account.

7. **North Hennepin Community College has conflicting satisfactory academic progress policies.**

The College accepts the recommendation and has already acted upon it.

Members of the Legislative Audit staff spent several hours recently with College staff in a helpful discussion to improve our Financial Aid systems. The College considers that exchange to have been very valuable and wishes to recognize the efforts of the Legislative Audit staff in establishing a relationship for close communications with the College.

Yours truly,


Frederick W. Capshaw, Ph.D.
President

FWC/mmt

xc:

Rick Ellefson

Dennis Stukenborg

An Equal Opportunity/Affirmative Action Employer



Office of the President
Coon Rapids Campus

April 14, 1992

Mr. John Asmussen
Deputy Legislative Auditor
Financial Audit Division
First Floor, Centennial Building
658 Cedar St.
St. Paul, MN 55155

Dear Mr. Asmussen:

In connection with your examination of certain federal programs administered by our institution for the period from July 1, 1990 through June 30, 1992, you expressed concern regarding Anoka-Ramsey Community College not following the Stafford Loan notification requirement.

After the Spring Quarter 1992, Anoka-Ramsey will begin notifying lenders to inform them of students who graduate from the college in June. Other changes in enrollment status will not be known until Fall Quarter 1992 begins. In "normal" guarantee agency years, the Student Confirmation Report should be received and completed within 60 days of the start of the fall quarter.

Don Johnson, Financial Aid Director, will be responsible for implementation of this procedure.

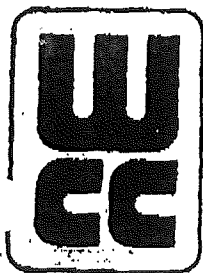
Sincerely,

President of Anoka-Ramsey Community College

Accounting Director

Financial Aid Director

lb



worthington community college

1450 COLLEGEWAY • WORTHINGTON, MN 56187 • 507-372-2107
TOLL FREE 1-800-852-9747 • FAX 507-372-5801

April 27, 1992

Ms. Jeanine Leifeld, CPA
Audit Manager
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Ms. Leifeld:

This is in response to number nine of the audit findings.

The discrepancy of the student's family size is because of the birth of her child after she had submitted the IVF to the college. Because of the impending birth, I had recommended to her to complete the FFS as a family size of five. This, although not correct at the time of the application, saved her the time in mailing the corrections at a later date.

Because the correct family size was five, the student was not over awarded through the Pell Grant. The family size matter on the IVF has been discussed and verified by me.

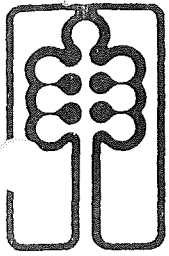
Further efforts will be made to correct and verify both IVF reports and SAR in the future.

Sorry for the delay in this response.

Sincerely,

C.W. "Connie" Burchill
President

CWB/cp



ROCHESTER COMMUNITY COLLEGE

April 13, 1992

Mr. John Asmussen, CPA
Deputy Legislative Auditor
and

Mr. James R. Nobles
Legislative Auditor
Financial Audit Division
Veterans Service Building
St. Paul, Minnesota 55155

Dear Mr. Asmussen & Mr. Nobles:

This is our response to finding 10 of your draft audit report summarizing the results of our portion of your systemwide federal financial aid audit for the year ended June 30, 1991.

10. *Rochester Community College is not enforcing one important aspect of its satisfactory academic progress policy.*

Rochester Community College's satisfactory academic progress policy allows students 12 full-time quarters to complete an associate degree. However, the college does not measure the number of quarters attended to determine if students are exceeding this limit. Federal regulations require institutions to establish a maximum time frame in which students must complete a degree or certificate. Students who do not earn a degree within this maximum time frame are ineligible for additional financial aid. The college paid one student a \$800 Pell Grant, a \$250 Supplemental Educational Opportunity Grant (SEOG), a \$805 Stafford Loan, and \$673 in college work-study even though she had attended more than 12 full-time quarters.

RECOMMENDATION

- * Rochester Community College should reassess the students' eligibility and repay its Pell Grant, SEOG, and college work-study accounts \$800, \$250, and \$673, respectively, if necessary.
- * Rochester Community College should work with the U. S. Department of Education to remedy the \$805 Stafford Loan paid to an ineligible student.

RESPONSE

The student in question, a minority, unwed mother, has taken several remedial courses to bring her skills up to where she could handle college-level work. She was forced to drop out one quarter due to the birth of her child. We interpreted this an "extenuating circumstance" and did not count that term as part of her total. After taking basic and remedial courses, this student was accepted into the college's Nursing Program in the Spring of 1991.

We felt that the above extenuating circumstances warranted an exception to our policy and that this student should not be denied the chance for an education.

Please note the attached letter from the Dean of Student/Community Services, showing that the student has appealed and has been granted the time to complete her program at Rochester Community College, provided she continues to make satisfactory academic progress.

Rochester Community College would appeal the recommendations that the college repay this student's Pell Grant, SEOG, college work-study, and Stafford Loan. We would further request that this student be allowed to complete her education at Rochester Community College.

Person responsible - Gordon Trisko, Director of Financial Aid
Date of implementation - April 13, 1992

RECOMMENDATION

- * Rochester Community College should enforce its satisfactory academic progress policy.

RESPONSE

Rochester Community College will enforce its satisfactory academic progress policy through its Admissions and Records office.

Person responsible - Nancy Shumaker, Registrar
Date of implementation - April 13, 1992

Sincerely,



Geraldine A. Evans
President

c: Jeanine Leifeld, CPA
Audit Manager

Attachment



1501 Hennepin Avenue
Minneapolis, MN 55403-1779
612/341-7000 FAX 612/341-7075

April 17, 1992

Mr. James R. Nobles
Legislative Auditor
State of Minnesota
Office of the Legislative Auditor
Veterans Service Building
First Floor West Wing
St. Paul, MN 55155

Dear Mr. Nobles:

Enclosed please find the College responses to the recommendations set forth in the Audit Report prepared by your office. If any additional information is needed, please let us know.

Thank you for your attention to this matter.

For the President,

A handwritten signature in cursive script, appearing to read "Richard Burke".

Richard Burke
Accounting Supervisor Sr.

Enclosure

MINNEAPOLIS COMMUNITY COLLEGE

Response to Audit Report

Page 10

1. Minneapolis Community College will reassess the students' eligibility and will repay the Pell, SEOG, and college work study accounts based on that reassessment.
2. The College will contact the Department of Education and will take action to remedy the Stafford Loan given to an ineligible student.



Hibbing Community College

Arrowhead Region

1515 East 25th Street • Hibbing, MN 55746 • 218-262-6700

April 10, 1993

Mr. John Asmussen
Deputy Legislative Auditor
Financial Audit Division
First Floor, Centennial Building
658 Cedar Street
St. Paul, MN 55155

Re: Audit finding on Stafford Loan
over-payment for a student
in the amount of \$460

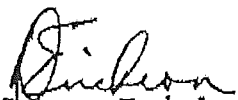
Dear Mr. Asmussen:

We would agree that there was an over-payment in this case, but would also propose that the amount is not \$460, but \$250.

Eight percent of a Stafford Loan is deducted for guarantee fee and pre-paid insurance so the student actually received ninety-two percent of the approved loan. In this particular case, the student received \$2,415, even though the loan approved was for \$2,625.

We are in the process of billing the student for the over-payment. In the event we are unable to collect from the student, the college will submit payment to the lending institution.

Sincerely,


Duane Erickson
Financial Aid Director

DE:jes

Encl

An Equal Opportunity Employer

Lakewood

COMMUNITY COLLEGE

April 14, 1992

Jeanine Leifeld, Audit Manager
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

Dear Ms. Leifeld:

Listed below is Lakewood Community College's response to finding 13 of the draft audit report of the systemwide federal financial aid audit for the year ended June 30, 1991.

Recommendation

Lakewood Community College must request financial aid transcripts for the two transfer students, as required.

Lakewood's Response

Marvin Cohan (Financial Aid Director) will call the Auditor's Office to get the names of the two transfer students. Mr. Cohan will then request the proper financial aid transcripts from the respective schools.

A copy of the transcripts will be sent to the Auditor's Office along with a determination of any need to adjust the award that was given.

Our goal is to complete this by May 15, 1992.

Recommendation

Lakewood Community College records office must notify the financial aid office of transfer credits accepted on behalf of financial aid recipients, so that the financial aid office can request financial aid transcripts.

Lakewood's Response

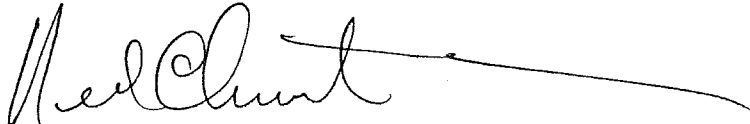
Lakewood's Admissions Office will send to the Financial Aid Office, the names of all students requesting transfer of credits from another institution. A list of returning students will be sent weekly and a list of new students will be sent quarterly, the week before advising/registration.

Jeanine Leifeld
April 14, 1992
Page 2

The Financial Aid Office will then check the list against names of students that will be receiving financial aid. If there is not a financial aid transcript in the financial aid file then a hold will be placed on aid until the student produces the proper financial aid transcript and at that time the aid will be reevaluated.

The above procedure will be effective April 17, 1992.

Sincerely,

A handwritten signature in cursive script, appearing to read "Neil Christenson", followed by a long horizontal line extending to the right.

Dr. Neil Christenson
President

cc: Willie Nesbit
Karen Nagle
Joan Hanson
Marvin Cohan
Larry Miller