



**Auston G. Johnson, CPA**  
UTAH STATE AUDITOR

**STATE OF UTAH**  
**Office of the State Auditor**

UTAH STATE CAPITOL COMPLEX  
EAST OFFICE BUILDING, SUITE E310  
P.O. BOX 142310  
SALT LAKE CITY, UTAH 84114-2310  
(801) 538-1025  
FAX (801) 538-1383

**DEPUTY STATE AUDITOR:**  
Joe Christensen, CPA

**FINANCIAL AUDIT DIRECTORS:**  
H. Dean Eborn, CPA  
Deborah A. Empey, CPA  
Stan Godfrey, CPA  
Jon T. Johnson, CPA

**REPORT NO. 05-35**

March 16, 2006

To the Board of Trustees, the Audit Committee,  
and  
Ryan L. Thomas, President  
College of Eastern Utah

We have completed our audit of the College of Eastern Utah's (the College's) portion of the statewide federal compliance audit for the year ended June 30, 2005. The federal program tested as a major program at the College was the Student Financial Aid Cluster. Our report on the statewide federal compliance audit for the year ended June 30, 2005 should be issued by April 2006.

In planning and performing our audit, we considered the College's internal control over financial reporting and the administration of major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on the State's compliance with the requirements of its major programs and not to provide assurance on internal control. We noted a certain matter involving the College's internal control over the administration of federal programs that we consider to be a reportable condition. This condition is identified in the accompanying table of contents and is described in the accompanying schedule of findings and recommendations. The condition is not believed to be a material weakness.

Reportable conditions are defined as matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the organization's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. We have also identified as reportable conditions those instances of noncompliance that are required to be reported in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and Federal OMB Circular A-133.

During our audit, we also noted other matters involving the internal control over financial reporting and compliance of the College and its operations. We are submitting for your consideration related recommendations designed to help the College make improvements and achieve operational efficiencies. These matters are described in the accompanying schedule of findings and recommendations.

This report by its nature focuses on exceptions, weaknesses, and problems. This should not be understood to mean there are not also various strengths and accomplishments. Our consideration of the internal control over financial reporting and administration of federal programs would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report is intended solely for the information and use of the College and is not intended to be and should not be used by anyone other than this specified party. However, the report is a matter of public record and its distribution is not limited.

We appreciate the courtesy and assistance extended to us by the personnel of the College during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please call Jon Johnson, Audit Director, at 538-1359.

Sincerely,

Auston G. Johnson, CPA  
Utah State Auditor

cc: Raelene Allred, Dean of Finance  
William Osborn, Financial Aid Director  
Robyn Sheriff, Business Office Manager

**COLLEGE OF EASTERN UTAH**  
**Student Financial Aid**  
FOR THE YEAR ENDED JUNE 30, 2005

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**COLLEGE OF EASTERN UTAH**  
**Student Financial Aid**

FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2005

1. **INACCURATE LINE ITEMS IN THE FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (FISAP) REPORT**

(Reportable Condition)

Federal Agency: **Department of Education**

CFDA Number and Title: **various, Student Financial Aid Cluster**

Federal Award Numbers: **various**

Questioned Cost Amount: n/a

Pass-through Entity: n/a

We tested the College of Eastern Utah's (the College's) FISAP Report for the federal award year 2004-2005 and noted the following:

- a. The Tuition and Fee Revenue in Part II, Section E of the FISAP Report for fiscal year 2005 was understated by a net amount of \$579,028. This understatement occurred because waivers, general student fees, and course fees were not included and miscellaneous fees were included in the reported total tuition and fees amount on the FISAP Report. These errors appear to have occurred because the College's Financial Aid Office assumed the tuition and fee amounts they obtained from the Business Office were accurate for FISAP reporting purposes without properly reviewing the contents of the amounts reported.
- b. The Information on Eligible Aid Applicants in Part II, Section F of the FISAP Report understated the total number of Dependent Undergraduate students by 30 students and overstated the total number of Independent Undergraduate students by 60 students. These errors occurred in five different lines within this section because the Financial Aid Office used the wrong column from the report that is generated by the College to summarize and report these students.

**Recommendation:**

**We recommend that the College's Financial Aid Office:**

- a. **Adequately review all information obtained from other individuals or College departments that is used in preparing the FISAP report.**
- b. **Exercise greater care when compiling the FISAP Report to ensure that the correct information is presented on the FISAP Report.**

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College's Response:

- a. *The College of Eastern Utah's Financial Aid Director corrected and submitted Part II, Section E, line 22 on the FISAP to \$3,958,129. In order to ensure future accurate reporting of information received by the Financial Aid Director from the Business Office, the director will request backup documentation to verify the reported data.*
- b. *The College of Eastern Utah's Financial Aid Director corrected and submitted Part II, Section F, lines 27, 34, 36, 37, and 38. The College created a FOCUS report in SIS PLUS to capture the data required to complete Section F. The data captured is accurate, but those compiling the data inadvertently used the wrong columns to calculate the figures for the lines in question. In the future, a Banner product will be used to calculate Section F data. The Financial Aid Director will be more diligent to ensure the accuracy of the reported data.*

Contact Person: Bill Osborn, Director, Financial Aid Office, (435) 613-5207  
Anticipated Correction Date: March 2006

2. **INACCURATE CALCULATION AND UNTIMELY RETURN OF TITLE IV FUNDS**

We selected 9 students that officially or unofficially withdrew from the College during the Fall 2004 and Spring 2005 semesters to determine whether the College properly determined and properly calculated return of Title IV funds in accordance with 34 CFR 668.22. We noted the following errors:

- a. The College improperly entered the end date of the enrollment period as May 6, 2005 (date grades are due) instead of April 29, 2005 (last day of classes/final exams) into the U.S. Department of Education's software that the College uses to calculate return of Title IV funds. These dates are entered into this software only once as defaults for the semester. In addition, the College did not exclude the five consecutive days off for Spring Break from the total number of calendar days in the enrollment period, in accordance with 34 CFR 668.22(f). Thus, the College should have used 112 days as the total calendar days during Spring Semester 2005 enrollment period instead of 123 days. This difference of 11 days caused the student percentage of unearned aid to be greater than required. As a result, for 2 of the 9 students selected (22.22%) for testwork, the College returned more Title IV funds (\$24 and \$19) to the U.S. Department of Education than necessary. This difference also extended the 60% completion date (date after which calculations of return are not required), resulting in Title IV funds being returned when not required.
- b. For 1 of the 9 students selected (11.11%) for testwork, a return of Title IV funds was appropriately calculated but not returned to the U.S. Department of Education within 30

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days after the date the College determined that the student withdrew, in accordance with 34 CFR 668.173(b). The College returned these funds 92 days after the student provided official notification to the College of his intent to withdraw. Therefore, the College returned \$705 of the subsidized Federal Stafford loans unearned amount 62 days after the required deadline.

**Recommendation:**

**We recommend that the College:**

- a. Exercise greater care when determining enrollment periods, in accordance with 34 CFR 668.22(f), and when setting up their software for calculations.**
- b. Return Title IV funds no later than 30 days after the date they determine a student withdraws, as required by 34 CFR 668.173(b).**

**College's Response:**

- a. The College of Eastern Utah acknowledges these errors in the calculation of spring semester 2005 Return to Title IV funds. The College concurs that these errors were detrimental to the institution as more funds were returned than required. The error was caused by the Financial Aid Office relying on an Academic Calendar that was a proposal and not the final adopted calendar.*

*In order to ensure the accuracy of Title IV calculations the Director has reviewed with his Assistant the current academic calendars to ensure accurate dates are being applied to the calculation. The Director will continue to monitor these calculations to ensure accurate returns are processed.*

- b. The College of Eastern Utah acknowledges this error in returning Title IV funds within the 30-day period required by 34 CRF 668.173(b). The Financial Aid Director completed the Return to Title IV Funds within the 30-day time period; the student in question withdrew February 2, 2005, the R2T4 was calculated February 28, 2005 and a requisition was completed on this same date to return the funds to the lender. Unfortunately, this particular requisition was not paid until March 22, 2005. The College does not concur with the 62 late days as indicated in the audit but acknowledges non compliance with the 30-day requirement.*

*In order to ensure the Return of Title IV funds is done in a timely manner the following corrective actions have been taken. The Financial Aid Director has spoken with the Registrar's Office about providing withdrawal forms to the Financial Aid Office in a prompt manner. The Financial Aid Director has spoken with his staff concerning the need to calculate Return of Title IV funds in a timely fashion to ensure the Business*

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*Office has adequate time to return the funds to the lender. The Financial Aid Director has spoken with the Assistant to the Vice President of Finance about the prompt processing of requisitions returning funds to lenders and has been assured that these requisitions will receive priority attention. An additional action to be taken is that the Financial Aid Office will physically walk the Return of Title IV requisitions through the signature process.*

*Contact Person: Bill Osborn, Director, Financial Aid Office, (435) 613-5207  
Anticipated Correction Date: March 2006*

3. **UNTIMELY SUBMISSION OF PELL PAYMENT DATA REPORTS RESULTING IN DELAYED CASH FLOWS TO THE COLLEGE**

During our review of the Origination and Disbursement Records of the Pell Payment Data Reports, we noted that the College does not submit these reports to the U.S. Department of Education in a timely manner. The College did not submit origination and disbursement records during the months of July 2004, November 2004, February 2005, or May 2005. In our reviews of other State colleges and universities we have found that most submit these reports more frequently than monthly. While the delay in submitting these reports does not result in federal noncompliance, it does result in a delay in the availability of federal funds to the College.

**Recommendation:**

**In order to improve cash management strategies, we recommend that the College submit the Pell Payment Data Reports in a more timely manner.**

**College's Response:**

*The College, including the Financial Aid Office, has been converting to the Banner system, which has caused considerable time constraints on Financial Aid Staff. The Financial Aid Office understands the necessity of the Business Office being able to draw Pell Grant funds in a timely manner. The Director has spoken with his Assistant to ensure that payment data reports are done no less than monthly and proposed that they be done every two weeks. The Assistant Director has committed to this procedure. As personnel become more familiar with Banner, this process will become less burdensome.*

*Contact Person: Bill Osborn, Director, Financial Aid Office, (435) 613-5207  
Anticipated Correction Date: March 2006*