The University of Alabama
Federal Award Findings and Questioned Costs
Year Ended September 30, 2012

Finding 2012-02: Student Financial Assistance Control Environment
Federal Agency: U.S. Department of Education
Program: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.063, 84.268
Award #: P007A110079, P007A120079, P033A110079, P033A120079, P063P110007, P063P120007, P268K021162
Award Year: October 1, 2011 – September 30, 2012

Criteria
Various

Condition
During compliance testing for the Student Financial Assistance cluster, we noted certain instances where the University’s recordkeeping in the department was not accurate. For instance, the following items were noted during compliance testing:

- During Student Financial Assistance testing, we noted 1 out of 60 students where the University manually assigned an on-campus student “Cost of Attendance” budget when the “Cost of Attendance” budget for an online student should have been assigned. This instance did not result in the student receiving more financial aid than the student was eligible to receive, however, it could be possible for an error to occur if the wrong “Cost of Attendance” budget is used to determine financial aid eligibility.
- During Student Verification testing, we noted 1 out of 25 students where the parents’ Adjusted Gross Income (“AGI”) per Banner did not agree to the AGI per the parents’ tax return. In this case, a number was transposed by the University when inputting the information into Banner. This instance did not result in the student receiving an inappropriate amount of financial aid. Though the AGI in this case was negative (equivalent to zero), it could be possible for an error to occur as a result of inputting an inaccurate AGI amount in Banner.
- During the review of the Fiscal Operations Report and Application to Participate (“FISAP”), it was noted that the amount of principal/interest paid for 2011-2012 in Section B, #9 submitted to the Department of Education was overstated by $69,857. The University evaluated the error and determined that the error was a typographical error which did not impact the funding provided. The University contacted the Department of Education and received permission to make a correction. This change was made by the University on June 11, 2013.

Questioned Costs
None.

Cause
A weakness existed in the University’s review controls that prevented identification of an error involving manual entry into the financial aid system.

Effect
There are various effects that could result from inaccurate recordkeeping, including the awarding of an inappropriate amount of federal financial aid to students.

Recommendation
We recommend that the University implement stronger review controls in its Student Financial Aid department that are designed to identify inaccurate student financial aid data.

Management’s View and Corrective Action Plan
Management’s view and corrective action plan is found on pages 30-32.
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Management’s View

Management agrees that the University is responsible for establishing and maintaining effective internal controls, including controls over manual data entry, that provide reasonable assurance that we are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs. Management further agrees that its controls related to manually entered data were inadequate and thus did not prevent the errors noted in this finding. Management also notes, however, that these errors did not result in the awarding of an inappropriate amount of financial aid or the receipt of an inappropriate amount of funding.

Corrective Action Plan

The personnel responsible for the manual entry of data and related processes have been reminded of the importance of accurate input, recordkeeping and reporting. A new software report will be developed to identify mismatched student status and COA budget categories. A sample of verification documents will be compared to verification data entered into the financial aid system to monitor for accuracy and identify training needs. Further, the University will implement additional review of all data submitted on the FISAP, Part III (Federal Perkins).

Creation of the new Cost of Attendance/Student Status matching report is currently in process and will be fully implemented within a month. Don Simmons will be responsible for updating any discrepancies identified through this report. An additional review on all verification data submitted into the Banner financial system for 2012-2013 is currently in
process. Going forward, an internal review will also be performed on a sample population to help monitor for accuracy. Janet Foster will be responsible for completing this review. We will implement additional review steps on the FISAP Perkins reported data in conjunction with the next FISAP reporting period. The contact person for this review is Tony Bordeaux.

Sincerely,

Cynthia Hope
Assistant Vice President for Research