

**FITCHBURG STATE UNIVERSITY**  
**FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS**  
**REPORT ON CONSULTING SERVICES**  
**YEAR ENDED JUNE 30, 2011**



October 18, 2011

To the Board of Trustees  
Fitchburg State University  
Fitchburg, Massachusetts

We were engaged by Fitchburg State University (the University) (formerly known as Fitchburg State College) to perform consulting services with respect to its administration of the Federal Student Financial Assistance Programs for the year ended June 30, 2011. Fitchburg State University is responsible for adhering to the United States Department of Education's compliance requirements governing the Federal Student Financial Assistance Programs.

## **OBJECTIVE**

The objective of our engagement was to review the University's policies and procedures regarding the administration of its Federal Student Financial Assistance Programs and determine whether they meet the Department of Education's compliance requirements. Our engagement included a review of the following programs:

- Federal Direct Loan Program (FDLP),
- Federal Pell Grant (PELL),
- Federal Perkins Loan (FPL),
- Federal Work-Study (FWS), and
- Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

In conducting our engagement, we referred to the suggested procedures as outlined in Section II of the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, January 2000 (the Guide)*. This Guide recommends a review of the following areas to determine compliance:

- Institutional Eligibility and Participation
- Reporting
- Student Eligibility
- Disbursements
- Return of Title IV Funds
- GAPS and Cash Management
- Perkins Loan
- Administrative Capability

## **PROCEDURES**

The following paragraphs outline the compliance areas reviewed, present a summary of certain procedures performed, and indicate any findings of noncompliance.

### **Institutional Eligibility and Participation:**

- We reviewed the University's ED Institution Approval Notice and accreditation letter from its accrediting agency.
- We inquired of management and performed procedures to determine that:
  - No person had received any payments based directly on success in securing enrollments, financial assistance to students, or student retention.
  - No person had been judicially determined to have committed fraud involving Title IV funds.
  - The University had not been notified of the loss of eligibility for any Title IV program due to high default rates.
- We determined that educational programs offered by the University were offered and conducted at stated lengths and durations.

### **Findings of Noncompliance:**

NONE

## **Reporting**

- We reviewed, evaluated, documented and tested the procedures by which the University performs the following: (1) Reports Pell Grant expenditures; (2) Completes and submits SSCR's within 30 days; (3) Completes and submits its annual FISAP; and (4) Completes monthly FDLP DLSAS reconciliations.
- We tested certain reports to determine completeness and timeliness of submission.

### **Findings of Noncompliance:**

NONE

**Student Eligibility**

- We reviewed, evaluated, and documented the University's procedures for determining student eligibility.
- We judgmentally selected a sample of student files to determine whether students were eligible for Student Financial Assistance (SFA). Our testing included procedures to determine, where applicable, that the student:
  - Is a regular student (as defined);
  - Is enrolled in an eligible program at least half-time (as defined);
  - Is a U.S. citizen or eligible non-citizen;
  - Has a valid Social Security number;
  - Has financial need (as defined) and that total financial assistance did not exceed determined financial need;
  - Has signed a Statement of Educational Purpose and a Statement of Overpayments and Defaults;
  - Has evidence of a signed FAFSA or other acceptable documentation;
  - Does not owe a refund on a Title IV grant and is not in default on a federally funded or insured student loan;
  - Has a high school diploma or permitted equivalency;
  - Has provided all necessary documentation to complete required verification procedures by the University;
  - Is maintaining satisfactory academic progress (as defined);
  - Has a valid financial assistance transcript from any previously attended institutions; and
  - That professional judgment was made by the Financial Assistance Administrator, appropriately documented, to conform with the intent of a needs analysis formula.

**Findings of Noncompliance:**

NONE

### **Disbursements**

- We reviewed, evaluated, and documented procedures for: (1) Completing loan applications; (2) Recording financial transactions; (3) Requesting and disbursing funds by payment periods and within required time frames and restrictions; and (4) Conducting entrance and exit counseling.
- We judgmentally selected a sample of student files to test the aforementioned criteria.

#### **Findings of Noncompliance:**

NONE

### **Return of Title IV Funds**

- We reviewed, evaluated, documented and tested the procedures by which the University identifies students who either were or should have been withdrawn, dropped, terminated or who are on a leave of absence.
- We reviewed and tested the University's procedures to determine the appropriate refund due the student and/or the financial assistance program, and tested that the refunds were paid within due dates.

#### **Findings of Noncompliance:**

NONE

### **GAPS and Cash Management**

- We reviewed, evaluated, and documented the University's procedures for forecasting cash needs, entering drawdown requests into GAPS, and disbursing SFA funds.
- We judgmentally selected a sample of drawdowns to test for regulatory compliance.

#### **Findings of Noncompliance:**

NONE

### **Perkins Loan**

- We reviewed, evaluated and documented the University's methodologies for determining compliance with Perkins collections and due diligence requirements, and entering Federal Perkins Loan data and grant overpayments into the National Student Loan Data System.

**Perkins Loan - continued**

- We selected a sample of Federal Perkins Loans which are representative of the loans in the University's portfolio and tested their compliance with applicable SFA requirements.

Findings of Noncompliance:

NONE

**Administrative Capability**

- We reviewed, evaluated, and documented the University's methodologies for determining compliance with the administrative capability requirements listed in Part II of the SFA Audit Guide.
- We determined that the University has established, published and is applying the required minimum standards for measuring student satisfactory academic progress.
- We reviewed, evaluated and determined that the University has adequate controls over electronic processing.
- We reviewed the University's annual security report; determined that it contained all information required; and that it was distributed as required.
- We ascertained that annual information regarding completion or graduation rates and transfer-out rates of certificate or degree-seeking full-time undergraduate students was disseminated to all enrolled students or, as requested, to prospective students.

Findings of Noncompliance:

NONE

**Prior Year Matters**

NONE

This report is intended solely for the information and use of the Board of Trustees, management and others within Fitchburg State University and is not intended to be and should not be used by anyone other than these specified parties.

*Ercoleini & Company LLP*

Boston, Massachusetts  
October 18, 2011