

# WEBER STATE UNIVERSITY

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Single Audit Management Letter  
For the Year Ended June 30, 2013

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Report No. 13-04



OFFICE OF THE  
UTAH STATE AUDITOR

# WEBER STATE UNIVERSITY

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Single Audit Management Letter  
For the Year Ended June 30, 2013

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Report No. 13-04

AUDIT TEAM:

Hollie Andrus, CPA, Audit Director  
Jon T. Johnson, CPA, Audit Director  
Bertha Lui, CPA, Audit Supervisor  
Jolene Cooley, Audit Senior



OFFICE OF THE  
**UTAH STATE AUDITOR**

**SINGLE AUDIT MANAGEMENT LETTER NO. 13-04**

October 3, 2013

To the Board of Trustees, Audit Committee,  
and  
Charles A. Wight, President  
Weber State University

This management letter is issued as a result of Weber State University's (the University) portion of the statewide federal compliance audit for the year ended June 30, 2013. Our report on the statewide federal compliance audit for the year ended June 30, 2013 is issued under separate cover. The federal programs tested as major programs at the University were the Student Financial Assistance (SFA) Program and the Career & Technical Education (CTE) Program.

In planning and performing our audit of the federal programs listed above, we considered the University's compliance with the applicable types of compliance requirements as described in the OMB Circular A-133 Compliance Supplement for the year ended June 30, 2013. We also considered the University's internal control over compliance with the requirements previously described that could have a direct and material effect on the federal programs in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purposes described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. A material weakness over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in internal control that we consider to be a significant deficiency. This significant deficiency is described in the accompanying schedule of findings and recommendations.

In addition, we noted another instance of noncompliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations.

The University's written responses to the findings identified in our audit have not been subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on them.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with OMB Circular A-133 in considering the University's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the personnel of the University during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Hollie Andrus, CPA  
Audit Director  
801-808-0467  
handrus@utah.gov

cc: Dr. Norman C. Tarbox, Vice President for Administrative Services  
Steven E. Nabor, Senior Associate Vice President for Financial Services  
Wendell W. Rich, Director of Financial Accounting and Reporting  
Ronald L. Smith, Controller  
Bryce Barker, Director of Internal Audit  
Claude W. Payne, Loan Servicing Manager  
Jed W. Spencer, Director of Financial Aid and Scholarships  
Roxann King, Grant Accountant

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FOR THE YEAR ENDED JUNE 30, 2013

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Finding Type:

SD Significant Deficiency of Internal Control  
RN Reportable Noncompliance or Illegal Acts

Applicable To:

f Federal Program

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FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2013

**1. UNTIMELY ENROLLMENT REPORTING**

Federal Agency: **Department of Education**  
CFDA Number and Title: **84.268 Federal Direct Student Loans**  
Federal Award Number: **N/A**  
Questioned Costs: **\$-0-**  
Pass-through Entity: **N/A**

We selected a sample of 10 students, out of a statewide sample of 40, who either withdrew (officially or unofficially) or graduated from Weber State University (University) to determine whether enrollment changes were being properly reported to the National Student Loan Data System (NSLDS). In two instances, the students graduated from the University at the end of the Fall semester but their graduated status was not reported to NSLDS within the required time. Per the NSLDS Enrollment Reporting Guide, the University must report within 30 days whenever attendance changes for students, unless the next roster will be submitted within 60 days. Untimely reporting of a student's enrollment status to NSLDS could cause a student's loan to be inappropriately delayed in being converted to repayment status. These errors occurred because the University did not ensure that its third-party servicer submitted data to NSLDS by the required due date.

**Recommendation:**

**We recommend that the University ensure that its third-party servicer submits the proper data to NSLDS in a timely manner as required.**

**University's Response:**

*We do not concur with the finding. We reported the graduation status within the required time frame of the date we determined the student graduated. WSU is committed to timely reporting status changes and will continue to implement efficiencies to shorten the time it takes to determine student graduation status.*

*Contact Person: Jed Spencer, Director of Financial Aid and Scholarships, (801) 626-6586  
Anticipated Correction Date: Not Applicable*

**Auditor's Concluding Remark:** The University has indicated its commitment to implement efficiencies to shorten the time it takes to determine student graduation status. Implementing such efficiencies should help the University ensure timely submission of proper data to the third-party servicer which in turn can submit the data received to NSLDS in a timely manner as required.

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FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2013

**2. FAILURE TO SEND OUT LOAN DISBURSEMENT NOTIFICATIONS**

Federal Agency: **Department of Education**

CFDA Numbers and Titles: **84.268 Federal Direct Student Loans**  
**84.038 Perkins Loans**

Federal Award Numbers: N/A

Questioned Costs: **\$-0-**

Pass-through Entity: N/A

We selected a sample of 60 students statewide to review for eligibility for student financial assistance, including loans. As part of this testwork, we noted that the University did not send one of the required loan disbursement notifications to one of the University's seven students in our sample. This occurred because the financial aid system (Banner) was not set up to send more than one notification to students with two or more disbursements in the same enrollment period. Federal regulations (34 CFR 668.165) require that notification be sent to a student no earlier than 30 days before a loan is credited to the student's account and no later than 30 days after. This notification must include the date and amount of the disbursement, as well as the student's (or parent's) right to cancel all or a portion of the loan and have the loan proceeds returned to the holder of the loan. Not sending the appropriate disbursement notifications resulted in noncompliance with federal regulations. Because the student was eligible for the loans, no costs have been questioned.

**Recommendation:**

**We recommend that the University ensure that all loan disbursement notifications are sent in a timely manner as required by federal regulations.**

**University's Response:**

*We agree with the finding. All disbursements released after April 30, 2013 now have a loan disbursement notification.*

*Contact Person: Jed Spencer, Director of Financial Aid and Scholarships, (801) 626-6586  
Anticipated Correction Date: April 30, 2013*