

UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY

Examination-Level Attestation Reports for Lenders Participating in
the Federal Family Education Loan (FFEL) Program
that Request Special Allowance Payments
at the 9.5 Percent Minimum Return Rate
for FFEL Program Loans Acquired with Funds Derived from
Eligible Tax-Exempt Financing Sources
For the Year Ended June 30, 2013

Report No. 13-16



OFFICE OF THE
UTAH STATE AUDITOR

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Eligible Tax-Exempt Financing Sources
For the Year Ended June 30, 2013

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AUDIT TEAM:

Van Christensen, CPA, Audit Director
Scott Parke, CPA, Audit In-Charge

UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY

For the Year Ended June 30, 2013

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OFFICE OF THE
UTAH STATE AUDITOR

REPORT ON THE EXAMINATION OF UHEAA MANAGEMENT'S
COMPLIANCE WITH REQUIREMENTS FOR LOANS BILLED FOR SPECIAL ALLOWANCE PAYMENTS
AT THE 9.5 PERCENT MINIMUM RETURN RATE

Independent State Auditor's Report

Utah State Board of Regents,
UHEAA Audit Committee,
and
David L. Buhler, Commissioner of Higher Education

We have examined the Utah Higher Education Assistance Authority's (UHEAA's) compliance with requirements that loans billed for special allowance payments at the 9.5 percent minimum rate were (1) eligible for special allowance payments at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category on LaRS/799 Reports during the year ended June 30, 2013 for billings for special allowance payments for the four quarters for the period beginning April 1, 2012 and ending March 31, 2013. Management is responsible for UHEAA's compliance with those requirements. Our responsibility is to express an opinion on UHEAA's compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; U.S. Department of Education (ED) Dear Colleague Letter FP-01, dated January 23, 2007; and ED Dear CPA Letter 08-02, dated September 26, 2008 and, accordingly, included examining, on a test basis, evidence about UHEAA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of UHEAA's compliance with the specified requirements.

In our opinion, UHEAA complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2013.

This report is intended solely for the information and use of the U.S. Department of Education, Utah State Board of Regents, UHEAA audit committee and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Office of the Utah State Auditor

Office of the Utah State Auditor
September 26, 2013



OFFICE OF THE
UTAH STATE AUDITOR

REPORT ON THE EXAMINATION OF UHEAA MANAGEMENT'S EFFECTIVENESS OF INTERNAL CONTROL OVER COMPLIANCE WITH REQUIREMENTS FOR LOANS BILLED FOR SPECIAL ALLOWANCE PAYMENTS AT THE 9.5 PERCENT MINIMUM RETURN RATE

Independent State Auditor's Report

Utah State Board of Regents,
UHEAA Audit Committee,
and
David L. Buhler, Commissioner of Higher Education

We have examined the effectiveness of the Utah Higher Education Assistance Authority's (UHEAA's) internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate that the loans were (1) eligible for special allowance at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category for the year ended June 30, 2013. UHEAA's management is responsible for maintaining effective internal control over compliance with the requirements for loans billed at the 9.5 percent minimum return rate. Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; U.S. Department of Education (ED) Dear Colleague Letter FP-01, dated January 23, 2007; and ED Dear CPA Letter 08-02, dated September 26, 2008 and, accordingly, included obtaining an understanding of internal control over compliance with requirements for loans billed for special allowance at the 9.5 percent minimum return rate, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, for the year ended June 30, 2013, UHEAA maintained, in all material respects, effective internal control over compliance with requirements that loans billed for special allowance payments at the 9.5 percent minimum return rate were (1) eligible for special

allowance at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category.

This report is intended solely for the information and use of the U.S. Department of Education, Utah State Board of Regents, UHEAA audit committee and management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Office of the Utah State Auditor

Office of the Utah State Auditor
September 26, 2012



UTAH HIGHER EDUCATION
ASSISTANCE AUTHORITY

www.uheaa.org

Statement of Compliance

We make the following assertions in relation to the *Special Allowance Billing and Payments Attestation Report Required For Lenders Participating in the Federal Family Education Loan Program and Requesting Special Allowance Payments at the 9.5 Percent Minimum Return Rate* submitted to the U.S. Department of Education as required for our organization being paid SAP at the 9.5 percent minimum return rate for FFEL program funds derived from eligible tax-exempt financing sources.

1. Accuracy of Billings

Loans included in Part III of the Lender's Interest and Special Allowance Request and Reports (LaRS/799) submitted by UHEAA during the year ended June 30, 2013 for billings for special allowance payments for the four quarters for the period beginning April 1, 2012 and ending March 31, 2013 at the 9.5 percent minimum return rate were only for loans that are first-generation or second-generation loans obtained from an eligible source, as described in the U.S. Department of Education's DCL FP-07-01, identified in the special purpose audit and no others. Such billings (1) were eligible for the special allowance payments, (2) were accurately reported by the proper year, quarter, interest rate, and special allowance category, and (3) accurately reported the average daily balance.

2. Effectiveness of Internal Control Over Billings

For the year ending June 30, 2013, UHEAA had effective internal control to provide reasonable assurance that loans billed for special allowance payments at the 9.5 percent minimum return rate were (1) eligible for special allowance at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category.

David A. Feitz
Executive Director

David S. Schwanke, CPA
Associate Executive Director
for Accounting and Finance

UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

No Findings

UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY

Schedule of Prior Year's Findings and Questioned Costs
For the Year Ended June 30, 2013

No prior year findings