



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services
Chicago/Kansas City Audit Region

October 30, 2007

Control Number
ED-OIG/A07H0009

Mr. John Muller
President
Bellevue University
1000 Galvin Road South
Bellevue, Nebraska 68005

Dear Mr. Muller:

This **Final Audit Report**, titled *Bellevue University's Compliance with Selected Regulations and U.S. Department of Education Guidance*, presents the results of our audit. The objective of our audit was to determine if, for the 2005-2006 award-year, Bellevue University (University) resolved comment codes returned during the student financial assistance application process in compliance with regulations and U.S. Department of Education (Department) guidance. Our audit covered the period July 1, 2005, through June 30, 2006.

BACKGROUND

The University is a private, postsecondary institution located in Bellevue, Nebraska. According to its web site, Bellevue College was founded in 1966. In 1994, Bellevue College became Bellevue University. The University offers 13 graduate degrees and nearly 50 undergraduate degrees to more than 11,000 students through online and on-site instruction. Its courses and programs are offered in several locations in Nebraska, Iowa, South Dakota, Missouri, and Kansas. The University is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools (NCACS). In addition, the University's College of Business is accredited by the International Assembly for Collegiate Business Education.

The purpose of the programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), is to provide financial assistance to students attending eligible postsecondary and higher education institutions. The University participates in four Title IV, HEA programs: Federal Pell Grant (Pell), Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study (FWS), and Federal Family Education

Loan (FFEL). During the 2005-2006 award year, the University disbursed the following amounts of Title IV, HEA program funds.

<u>Program</u>	<u>Funds</u>
Pell	\$ 2,395,774
FSEOG	\$ 233,750
FWS	\$ 70,562
FFEL	<u>\$31,781,592</u>
Total	\$34,481,678

The Department's Central Processing System (CPS) receives and processes students' Free Application for Federal Student Aid (FAFSA) and correction information. Upon receipt of a student's FAFSA, CPS completes a series of quality control checks on the application data to identify incomplete or inconsistent data. CPS also performs database matches with the Department's National Student Loan Data System (NSLDS) and other federal agency records to screen for applicant eligibility. CPS generates a Student Aid Report (SAR)/Institutional Student Information Record (ISIR) for each student, with comment codes, also referred to as C codes, that include warning edits, assumptions, highlights, and reject codes. The comment codes point out possible questions or inform applicants of missing or inconsistent FAFSA data.

In accordance with 34 C.F.R. § 668.16(f),¹ an institution must develop and apply an adequate system to identify and resolve discrepancies in the information the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. Institutions must retain documentation of the resolution of SAR/ISIR C codes to comply with the provisions of 34 C.F.R. § 668.24. Records an institution must maintain include the SAR/ISIR used to determine eligibility for Title IV, HEA program funds; application data submitted to the Secretary, lender, or guaranty agency by the institution on behalf of the student or parent; and documentation of each student's or parent borrower's eligibility for Title IV, HEA program funds. The Department provides information and guidance on how to resolve codes returned as a result of the FAFSA processing in *The ISIR Guide, SAR/ISIR Comment Codes and Text*, and *Application and Verification Guide*.

AUDIT RESULTS

During the 2005-2006 award year, the University resolved comment codes returned during the student financial assistance application process in compliance with regulations and Department guidance. We reviewed the records of 55 students randomly selected from a universe of 730 students who received Title IV, HEA program funds and whose 2005-2006 Free Application for Federal Student Aid (FAFSA) contained a comment

¹ C.F.R. citations in this report are from the July 1, 2005, edition.

code returned during the student financial assistance application process. All 55 students' files contained documentation sufficient to support the resolution of all comment codes returned during the student financial assistance application process.

During our audit period, the University complied with regulations and Department guidance because it established and implemented a system of internal control that included written policies and procedures specific to resolving comment codes, and because its financial aid staff were well trained in this area. The University's procedures included a step that exceeded regulatory requirements and Department guidance. It required its students to present documentation to resolve citizenship issues by either bringing in the original document for verification or providing a copy of the original document notarized by a Notary Public.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine if, for the 2005-2006 award-year, the University resolved comment codes returned during the student financial assistance application process in compliance with regulations and Department guidance. Our audit covered the period July 1, 2005, through June 30, 2006.

To accomplish our objective, we

1. Reviewed selected provisions of the HEA, regulations, and Federal Student Aid (FSA) guidance applicable to the audit objective;
2. Reviewed *Bellevue University's Financial Statements for the Years Ended June 30, 2004 and 2003 and Independent Auditors' Report and Supplementary Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2004 and Related Independent Auditors' Reports; Bellevue University's Financial Statements for the Years Ended June 30, 2005 and 2004 and Independent Auditors' Report and Supplementary Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2005 and Related Independent Auditors' Reports; and Bellevue University Accountants' Report and Consolidated Financial Statements, June 30, 2006 and 2005;*
3. Reviewed reports prepared by FSA, the Higher Learning Commission, and the Nebraska Coordinating Commission for Postsecondary Education;
4. Reviewed written policies and procedures and interviewed University officials to gain an understanding of the University's internal control structure, policies, procedures, and practices applicable to resolving comment codes returned during student financial assistance application processing;
5. Reviewed the University's web site, catalog, prior audit reports, and organizational charts to gain an understanding of the University's history and organization; and

6. Reviewed the records of 55 students randomly selected from a universe of 730 students who received Title IV, HEA program funds and whose 2005-2006 FAFSA contained a comment code returned during the student financial assistance application process.

We conducted our audit from April through September 2007 at the University's office in Bellevue, Nebraska, and at our office in Kansas City, Missouri. We discussed the results of our audit with University officials on April 27, 2007, and October 10, 2007. We performed our work in accordance with generally accepted government auditing standards appropriate to the scope of our audit.

ADMINISTRATIVE MATTERS

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation and assistance extended by your staff during the audit. Because our audit did not disclose any instances of non-compliance with the resolution of comments codes returned during the student financial assistance application process, and because our report does not contain any recommended corrective actions, no action on your part is necessary. If you have any questions, please contact either Lisa Robinson at 816-268-0519 or Gary Whitman at 312-730-1620.

Sincerely,

/s/

Janice D. Keeney
Acting Regional Inspector General for Audit