Stephen Hawald, Chief Information Officer
Student Financial Assistance
U.S. Department of Education
Regional Office Building, Room 4640
7th and D Streets, SW
Washington, D.C. 20202

Dear Mr. Hawald:

This ***Final Audit Report*** (Control Number ED-OIG/A07-A0003) presents the results of our audit of the Access America For Students program (AAFS), Student Account Manager (SAM) data. Our review also included analysis of data at the University of Missouri, Kansas City (UMKC), a Phase I pilot school.

AUDIT RESULTS

Generally, we found that data processed through the Student Account Manager was accurate and complete. The financial aid disbursement amounts and transaction dates contained in the SAM matched those contained in the Direct Loan, Pell Grant, and the UMKC systems. However, we found that improvements could be made in the clarity and timeliness of the financial aid information provided to students.

The Department concurred with our findings and recommendations. A copy of the Department's response is included as an attachment to this letter.

Finding No. 1 – Presentation Of Student Account Information on the Access America for Students Website Was Not Always Clear.

We found that the student disbursement information contained on the AAFS website was not always presented clearly. Our review of 20 judgmentally selected student website accounts showed that 10 of the accounts (50%) contained unnecessary transaction data. We found that the website information included numerous entries (offsetting debits and credits) to student accounts that may not be clear to the student without explanation.

The AAFS Strategic Plan dated July 30, 1999, provides that the purpose of the web access is "...to provide electronic access to individual student accounts that will have up-to-date

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

information on financial benefits at the award stage, disbursement stage, and if applicable repayment stage."

Some AAFS staff were not initially aware that these multiple entries were displayed on the student screens. The website disbursement activity screen shows all disbursement activity submitted by the schools, including disbursements that were rejected and resubmitted. In one case, we noted 28 offsetting entries. As a result, a student viewing his/her account would not be presented with a clear picture of the actual financial aid disbursements he/she had received.

Recommendation

We recommend that the Department filter any duplicative/offsetting entries to show only valid disbursements to students accessing their data via any future websites.

Finding No. 2 –Pell Grant Transactions Were Not Always Posted Timely.

We found that there were significant time lapses between the actual dates of Pell Grant transactions and the dates they were posted on the AAFS website. We compared the UMKC data for these transactions with Pell and AAFS data for 30 judgmentally selected students.

Specifically, we noted Pell transactions for 9 of the 30 students (30%) contained significant time lapses between the actual transaction date and the posting date on the AAFS website. We found that the posting dates for these student accounts ranged from 14 to 112 days after the transaction date.

One of the purposes of the web access for students is that they will have up-to-date information on their financial benefits at the disbursement stage. According to Access America for Students contractor personnel, they experienced problems receiving files from the Pell system in a timely manner. As a result, students did not have access to up-to-date information.

Recommendation

We recommend that the Department ensure that disbursement information is posted timely for students accessing their data via any future websites.

BACKGROUND

The Access America program is an initiative to improve citizen access to government services. Access America For Students is a component of this program. The mission of AAFS is to provide secure electronic access to a range of information and services targeted to students and to improve student financial assistance delivery. Access America For Students was a pilot program scheduled to be developed in two phases over two years. The Department began the first phase of the pilot with six schools in the 1999-2000 award year. One of the key elements of the pilot program was development of the SAM. The SAM is used to process student aid transactions and post them to a student account. The SAM is linked to the AAFS website (students.gov) to

provide electronic access to individual student accounts. During Phase I of the program, the SAM was limited to Pell Grant, Federal Family Education Loan Program (FFELP), and Direct Loan data.

During the course of our audit, the Department decided to discontinue the SAM portion of this pilot program at the end of Phase I. However, the Department's modernization plan calls for future use of web portals. As a result, the Department intends to take what it learned from this pilot and use this information in developing virtual student accounts.

AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

Our audit objective was to determine whether the data processed through the Student Account Manager was accurate and complete. In order to accomplish our audit objective we performed audit work at the Access America for Students office in Washington, DC, and at the University of Missouri in Kansas City, MO, a Phase I pilot school.

To accomplish our objective, we reviewed various AAFS reports, presentation materials, and program manuals. In addition, we interviewed several AAFS personnel. We obtained Pell Grant and Direct Loan transaction records from UMKC and compared those with records from the Pell Grant system, Direct Loan system, and SAM. We judgmentally selected a probe sample of UMKC student transactions for analysis. Based on our review of these accounts, we did not select additional transactions for further analysis. Our sample was selected as follows:

- We reviewed SAM disbursement error reports and selected 20 of 444 error transactions representing 20 student accounts for comparison with the AAFS website with UMKC records. We reviewed all 92 Pell and Direct Loan transactions for the 20 students.
- We reviewed disbursement batches from the Pell Grant system and selected 34 of 1,166 transactions representing 30 student accounts for comparison with UMKC, SAM, and AAFS website data.
- We reviewed disbursement batches from the Direct Loan system and selected 25 of 10,369 transactions representing 25 student accounts for comparison with UMKC data, SAM, and AAFS website information.

Our review covered the period July 1, 1999, through December 31, 1999. We performed fieldwork at the Department and at UMKC from January 18, 2000, through July 18, 2000. Our audit was performed in accordance with government auditing standards appropriate to the scope of the review described above.

We relied extensively on computer-processed data contained in the SAM, UMKC, and Department systems. We assessed the reliability of this data, including the relevant general and application controls. Based on our assessments and tests, we concluded that the data used was sufficiently reliable to meet our audit objective. Our conclusion was based on testing the accuracy, authenticity, and completeness of data by comparing computer data from the SAM with data from UMKC and the other Department systems.

STATEMENT ON MANAGEMENT CONTROLS

We assessed the system of management controls, policies, procedures, and practices applicable to the AAFS Student Account Manager. The purpose of our assessment was to determine the level of control risk, that is, the risk that material errors, irregularities, or illegal acts may occur. We performed the control risk assessment to assist us in determining the nature, extent, and timing of the substantive tests needed to accomplish our audit objective. Significant controls were identified and classified into the following categories:

- Accuracy of AAFS disbursement amounts and dates.
- Timeliness of AAFS posting of Student Financial Assistance (SFA) data.
- Presentation of clear and concise SFA information on the AAFS website.

Due to inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the control structure. However, we identified weaknesses in the clarity of information presented on the AAFS website and the timeliness of posting Pell Grant data. These weaknesses are discussed in the findings above.
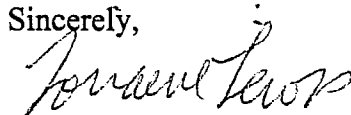
ADMINISTRATIVE MATTERS

Please provide the Supervisor, Post Audit Group, Office of Chief Financial Officer and the Office of Inspector General, with quarterly status reports on promised corrective actions until all such actions have been completed or continued follow-up is unnecessary.

In accordance with the Freedom of Information Act (Public Law 90-23), reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemption in the Act.

If you have any questions or if you wish to discuss the contents of this report, please contact Bill Allen at (816) 880-4020. Please refer to the control number in all correspondence related to the report.

Sincerely,

Lorraine Lewis

Attachment

8/28/2000

SEP 1 9

Mr. Bill Allen, Regional Inspector General for Audit
U. S. Department of Education
Office of the Inspector General
10220 North Executive Hills Boulevard, Suite 200
Kansas City, MO 64153

Re: ED-OIG/A07-A0003

Dear Mr. Allen:

We have reviewed the above-referenced draft audit report which was sent to us on 8/23/00. Our comments or this report follow:

GENERAL COMMENT
The header on the draft report references Stephen Hawald but the salutation references Mr. Woods. This is inconsistent. It is suggested that the salutation address Mr. Hawald also.

FINDING #1
Response: SFA concurs with the finding. The SFA management team, through operational IPTs (a.k.a. Integrated Product Teams) is taking this kind of information from this pilot which will be used in influencing the future design of aid delivery consistent with the SFA Modernization Plan.

(Suggested revision: The first paragraph last sentence of the finding reads "...included numerous, *unexplained* entries... to student accounts." There were no *unexplained* entries on the student account. All documentation and reasons for the posted entries were explained to OIG auditors during their review. It is suggested that the word *"unexplained"* be substituted for the word *"unnecessary"* which would be more accurate and still consistent with the theme of the finding.)

(Suggested revision: The third paragraph first sentence reads "AAFS staff were not initially aware that these multiple entries were displayed on the student screens." This is not accurate. AAFS staff determined early in the product design that no data scrubbing for repetitive or offsetting data was to be performed. It is suggested that this sentence be removed from the final report.)

FINDING #2
Response: SFA concurs with the finding. The SFA management team is addressing these types of systems interface timing issues through the use of an Enterprise Application Interface middleware solution which will be consistent with the SFA Modernization Plan.
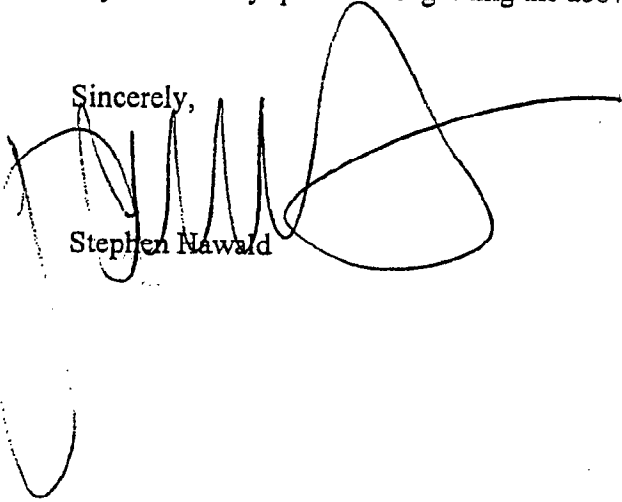
BACKROUND

(Suggested revision: First paragraph, last sentence reads "...SAM was limited to Pell Grants and Direct Loan data." This is not totally accurate. SAM also contained FFELP data. It is suggested that you add this fact to the statement.

Thank you for the opportunity to comment on the draft report.
If you have any questions regarding the above, please contact Neil Sattler at 202-205-4348.

Sincerely,

Stephen Nawald

Action Official	**Copies**

Mr. Stephen Hawald
Chief Information Officer
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7th and D Streets, SW
Washington, D.C. 20202

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