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Audited Financial Statements and Comments on
Internal Controls and Procedures

State of Colorado
Pueblo Vocational
Community College
Federal Student Financial
Aid Programs

June 30, 1981

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Ernst & Whinney

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE

FEDERAL STUDENT FINANCIAL AID PROGRAMS

AUDITED FINANCIAL STATEMENTS
AND
COMMENTS ON INTERNAL CONTROLS AND PROCEDURES

TWO YEARS ENDED JUNE 30, 1981

DISTRIBUTION:

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Other Information Required by the Department of Education:

Address of College: 900 West Orman Avenue
Pueblo, Colorado 81004

Entity ID Number: 1-84-0517947A1

Auditor Data: Ernst & Whinney
2400 First of Denver Plaza
Denver, Colorado 80202
Phone: 303/623-5211

Audited Financial Statements and
Comments on Internal Controls and Procedures

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

June 30, 1981

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SECTION I--INTRODUCTION

INTRODUCTION

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

BACKGROUND

Pueblo Vocational Community College is an institution of higher education and was approved by the Office of Education for participation in the Student Financial Aid Programs. Our examination of the College Work-Study Program, Supplemental Educational Opportunity Grant Program, and Pell Grant Program of Pueblo Vocational Community College, for the one and two-year periods ended June 30, 1981, as applicable, was directed toward the objectives set forth in the audit guides dated June 1980 and 1981, prepared by the U. S. Department of Education. The College officials responsible for overall administration of the Programs are the Finance Officer and the Director of Student Financial Aid.

The Financial Aid Office is responsible for application processing, as well as the institution's compliance with the various regulations governing the institution's participation in Federal and State student financial aid programs.

The accounting department is responsible for the Programs' financial management and general ledger accounting.

During the year ended June 30, 1981, the College received other student financial aid funds of \$86,713 from the State for the grant and work-study programs.

College Work-Study (CWS) Program

The College Work-Study Program was authorized in 1965 (on campus in 1980) under Title IV, Part C, of the Higher Education Act (P.L. 89-329), as amended. The College Work-Study Program provides jobs for students who have financial need and who must earn a part of their education expenses in order to pursue courses of study at institutions of higher education.

For the year ended June 30, 1981, \$21,191 (\$17,659 Federal and \$3,532 State) was awarded to students. Thirty-four students were enrolled in the College Work-Study Program.

Supplemental Educational Opportunity Grant (SEOG) Program

The Program was authorized in 1965 (on campus in 1980) under Title IV, Part A, subpart 2, of the Higher Education Act (P.L. 89-239), as amended. The Program provides grant money to students having exceptional financial need who otherwise could not attend college.

For the year ended June 30, 1981, \$17,325 was awarded to 64 students.

INTRODUCTION--Continued

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

BACKGROUND--Continued

Pell Grant Program

Pueblo Vocational Community College entered into an agreement with the Office of Education in 1979 to participate in the Basic Educational Opportunity Grant (BEOG) Program. This Program, now known as the Pell Grant Program, provides eligible students with a foundation of financial aid to help defray the costs of postsecondary education. Program funds in the amount of \$631,274 were authorized for the two years ended June 30, 1981. During this period \$610,499 was expended for Basic Grant Awards to 883 full and part-time students (494 in 1981 and 389 in 1980).

SCOPE OF AUDIT

Our audit of the College Work-Study Program, Supplemental Educational Opportunity Grant Program, and Pell Grant Program was performed in accordance with generally accepted auditing standards and included the audit requirements outlined in the audit guides prescribed by the U. S. Department of Education dated June 1980 and 1981 and the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, 1981 revision. The purpose of the audit was to formulate an opinion on the basic financial statements taken as a whole and to determine if these Programs were administered in accordance with applicable laws, regulations and terms of agreements.

The audit included:

1. Expressing an opinion on the balance sheets, statements of revenue, expenditures and changes in fund balances and other financial information.
2. Determination of compliance with applicable sections of the acts, related Federal regulations and Department of Education audit guides.
3. Evaluation of the College's system of internal control, accounting and reporting, and the controls maintained in the operation of and accounting for the funds provided for the Programs.
4. Reconciliation of the information reported on the appropriate financial statements with ED Form 646 for the years audited.

INTRODUCTION--Continued

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

SCOPE OF AUDIT--Continued

As part of our examination we obtained confirmation from selected students participating in the aforementioned Programs. We sent 29 requests for confirmations to students participating in the campus-based programs. We received 23 replies from the students, of which 21 noted no exceptions and two responses indicated they were not in agreement. The two responses that indicated disagreements were due to amendments and additions to the grant award. Both differences were reconciled to our satisfaction. Of the six remaining requests, three were returned by the post office indicating "insufficient address" and three were not returned. Alternative procedures were performed on these six requests, and all awards were examined to our satisfaction.

The audit covered the period July 1, 1979 through June 30, 1981 (Pell) and July 1, 1980 through June 30, 1981 (SEOG, CWS). Field work was performed during the period June 1981 through September 1981 at the institution's Business and Student Financial Aid Offices.

SECTION II--HIGHLIGHTS OF AUDIT RESULTS

HIGHLIGHTS OF AUDIT RESULTS

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

Our unqualified opinion on the basic financial statements of the Programs appears elsewhere in this report. Certain areas of the College's management of these Programs are in need of improvement, specifically:

FINANCIAL

Reconciliations between the cash disbursement records of the Business Office and the grant award records of the Financial Aid Office should be performed at the end of each academic semester.

Separate general ledger cash accounts should be established for each federal financial aid program.

COMPLIANCE AND INTERNAL CONTROL

Supplemental Educational Opportunity Grant

The date and amount of all SEOG disbursements should be recorded on the SEOG recipient listing.

Pell Grant

Student Eligibility Reports should be completed and checked prior to the disbursement of funds.

Student signatures on validation forms should be obtained from all students selected for validation testing.

These matters are discussed more fully in the following sections of this report.

SECTION III--FINANCIAL

Ernst & Whinney

2400 First of Denver Plaza
Denver, Colorado 80202

303/623-5211

Members of the Legislative Audit Committee

We have examined the balance sheets of the College Work-Study, Supplemental Educational Opportunity Grant and Pell Grant Programs of Pueblo Vocational Community College as of June 30, 1981, and the related statements of revenues, expenditures and changes in fund balance for the period from inception of the Programs (July 1979 for the Pell Grant Program and July 1980 for the College Work-Study and Supplemental Educational Opportunity Grant Programs) to June 30, 1981. Our examination was made in accordance with generally accepted auditing standards and with the audit requirements set forth in the audit guides, dated June 1981 (Pell) and June 1980 (CWS and SEOG), prescribed by the U. S. Department of Education and the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the Comptroller General of the United States, 1981 revision, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the College Work-Study, Supplemental Educational Opportunity Grant and Pell Grant Programs of Pueblo Vocational Community College at June 30, 1981, and the revenues, expenditures and changes in fund balance for the period from inception of the Programs (July 1979 for the Pell Grant Program and July 1980 for the College Work-Study and Supplemental Educational Opportunity Grant Programs) to June 30, 1981, in conformity with generally accepted accounting principles.

Ernst & Whinney

Denver, Colorado
September 10, 1981

BALANCE SHEET

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
COLLEGE WORK-STUDY PROGRAM

June 30, 1981

ASSETS

Due from U. S. Department of Education \$1,851

TOTAL ASSETS \$1,851

LIABILITIES

Due to State of Colorado \$1,851

Contingency--Note C _____

TOTAL LIABILITIES \$1,851

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

STATE OF COLORADO
 PUEBLO VOCATIONAL COMMUNITY COLLEGE
 COLLEGE WORK-STUDY PROGRAM

Year Ended June 30, 1981

Revenues--Notes A and B:		
Grant award		\$25,000
Transfer to SEOG		(2,500)
Rollforward to fiscal year 1982		(2,500)
Amount of grant award not requested or deposited		(1,281)
	TOTAL FEDERAL REVENUES	<u>18,719</u>
Institutional share		<u>3,532</u>
	TOTAL REVENUES	<u>22,251</u>
Expenditures--Notes A and B:		
Wages:		
On campus:		
Federal share	\$17,659	
Institutional share	<u>3,532</u>	21,191
Administrative expenses		<u>1,060</u>
	TOTAL EXPENDITURES	<u>22,251</u>
Net change for the year		-0-
Fund balance, beginning of year		<u>-0-</u>
Fund balance, end of year		<u>\$ -0-</u>

See notes to financial statements.

BALANCE SHEET

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

June 30, 1981

ASSETS

Due from U. S. Department of Education	\$ 498
Due from Pueblo Vocational Community College--General Fund	<u>518</u>

TOTAL ASSETS	<u>\$1,016</u>
--------------	----------------

LIABILITIES

Due to State of Colorado	\$1,016
Contingency--Note C	<u> </u>

TOTAL LIABILITIES	<u>\$1,016</u>
-------------------	----------------

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Year Ended June 30, 1981

Revenues--Notes A and B:	
Grant award	\$15,000
Transfer from CWS	2,500
Institutional contribution	692
	<u>18,192</u>
	TOTAL REVENUES
Expenditures--Notes A and B:	
Initial awards	17,325
Administrative expenses	867
	<u>18,192</u>
	TOTAL EXPENDITURES
Net change for the year	-0-
Fund balance, beginning of year	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>

See notes to financial statements.

BALANCE SHEET

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
PELL GRANT PROGRAM

June 30, 1981

ASSETS

Due from U. S. Department of Education \$81,098

TOTAL ASSETS \$81,098

LIABILITIES

Due to State of Colorado \$81,098

TOTAL LIABILITIES \$81,098

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
PELL GRANT PROGRAM

Two Years Ended June 30, 1981

Revenues--Notes A and B:	
Grant award	\$610,499
Administrative cost allowance	4,940
TOTAL REVENUES	<u>615,439</u>
Expenditures--Notes A and B:	
Awards to students	610,499
Administrative expenses	4,940
TOTAL EXPENDITURES	<u>615,439</u>
Net change for the period	-0-
Fund balance, beginning of period	<u>-0-</u>
Fund balance, end of period	<u>\$ -0-</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

June 30, 1981

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the various Programs are presented in accordance with the fund accounting guidelines as prescribed in the American Institute of Certified Public Accountants' guide on Audits of Colleges and Universities, as modified in 1975 by the National Association of College and University Business Officers' publication on College and University Business Administration.

Revenues are recognized to the extent of cash received. Expenditures not funded by the sponsoring agency in the period they occur are funded by the State of Colorado and repaid when funds are received from the sponsoring agency. Amounts received in excess of expenditures are included as additions to fund balance during the year and may be subject to repayment if additional expenditures are not made.

The statements of revenues, expenditures and fund balance conform in all material respects to the statement of changes in fund balance as set forth in the audit guides issued by the U. S. Department of Education dated June 1980 and 1981, and contain all information required.

NOTE B--FISCAL OPERATIONS REPORT

The Fiscal Operations Report is filed by the College with the U. S. Department of Education at the end of each program year. The Report includes a detailed listing of expenditures and funds advanced by the Department for the program year.

The amounts reported on the statements of revenues, expenditures and fund balance for the year ended June 30, 1981 (CWS and SEOG) and the two years ended June 30, 1981 (Pell) agree with the amounts reported on the applicable U. S. Department of Education Fiscal Operations Reports for the years ended June 30, 1981 and 1980, as applicable.

NOTE C--CONTINGENCY

Amounts expended under terms of the various Programs are subject to audit and possible adjustment by the U. S. Department of Education. In the opinion of the College administrators, any adjustment which may be required will not be material.

NOTES TO FINANCIAL STATEMENTS--Continued

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

NOTE D--OVEREXPENDITURES

Financial aid expenditures are limited by the grant award determined by the U. S. Department of Education. Any expenditures in excess of the grant award are funded by the College.

In fiscal year 1981 Pueblo Vocational Community College overexpended the Supplemental Educational Opportunity Grant award by \$692. This overexpenditure was funded by the College general fund.

Ernst & Whinney

2400 First of Denver Plaza
Denver, Colorado 80202

303/623-5211

Members of the Legislative Audit Committee

The audited financial statements of the College's Federal Student Financial Aid Programs and our report thereon are presented in the preceding section of this report. The information on pages 15 and 16, presented hereinafter, is for purposes of additional analysis and is not required for a fair presentation of the financial position, revenues, expenditures, or changes in fund balance of the College's Federal Student Financial Aid Programs. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Whinney

Denver, Colorado
September 10, 1981

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

STATE OF COLORADO
 PUEBLO VOCATIONAL COMMUNITY COLLEGE
 PELL GRANT PROGRAM

	Year Ended June 30	
	1981	1980
Revenues:		
Grant award	\$348,358	\$262,141
Administrative cost allowance	4,940	
TOTAL REVENUES	<u>353,298</u>	<u>262,141</u>
Expenditures:		
Awards to students	348,358	262,141
Administrative expenses	4,940	
TOTAL EXPENDITURES	<u>353,298</u>	<u>262,141</u>
Net change for the year	-0-	-0-
Fund balance, beginning of year	<u>-0-</u>	<u>-0-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>

SCHEDULE OF ADMINISTRATIVE COST ALLOWANCE

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

Year Ended June 30, 1981

Total administrative cost allowance (CWS, SEOG and Pell)	\$6,867
Deduct expenditures related to Student Consumer Information Services: Salaries, wages and printing costs for preparation of information	<u>6,867</u>
Balance of allowance	<u><u>\$ -0-</u></u>



Award Period 1979-80

(1-6) 1. BEOG NO.: **014329**
(7-8) 2. EIN NO.: **1810544737**
(9-20)

(27) 3. Report for: (Check One Box Only)
1 Oct. 31 2 Feb. 28 3 June 30
4 AD HOC Request for Change in current OE Approved Auth.
(Use between reporting periods 7/1/79 thru 6/30/80)
5 June Revised (Use only if June 30 report previously filed)

4. Institution NAME and ADDRESS
PUEBLO VOCATIONAL COMMUNITY COLLEGE
900 WEST JIMMAN AVE
PUEBLO CO 81004
(28) Check here when NAME and/or ADDRESS has changed and indicate changes below:

(29-34) 8. Date of Submission: 9 / 16 / 80
mo. day year

(35-42) 9A. Amount for 1979-80 Part-time BEOG recipients **\$ 6,712**

(43-48) 9B. No. of 1979-80 Part-time BEOG recipients **18**

(49) 10. SIGNATURE *[Signature]*

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include, among others 18 U.S.C. 1001.

Official responsible for this PROGRESS REPORT (Sign item 10)
5. Name:
6. Title:
7. Phone:

(50) 11. Type of institution: 2 YEAR
1 University
2 Other 4-year
3 At least 2-yr, but less than 4-year
4 At least 1-yr, but less than 2-year
5 At least 6 mos., but less than 1-yr.

1979-80 Undergraduate Enrollment
(55-60) 14. A. Full-time: **512**
(64-69) 15. A. Part-time: **221**

Percent Living On-Campus
(61-63) B. Full-time: %
(70-72) B. Part-time: %

(74-75) 17. Length of Award Period (from 7/1/79 to 6/30/80 or equivalent on which charges below are based):
months

(61) 12. Control: PUBLIC
1 Public
2 Private, non-profit
3 Private, profit making

(73) 16. Accreditation Status:
1 Fully Accredited
2 Candidate
3 Correspondent
4 "3 Letters"
Specify the level:

18. Average Institutional Charges per Full-time Undergraduate Student: For 1979-80
(9-16) Tuition and Fees (In-State) A. \$ **4**
(17-24) Room (On-Campus) B. \$ **0**
(25-32) Board (On-Campus) C. \$ **0**
For 1980-81 (Estimated)
(33-40) Tuition and Fees (In-State) D. \$ **541**
(41-45) Room (On-Campus) E. \$ **0**
(49-56) Board (On-Campus) F. \$ **0**

(2-4) 13. U.S. Congressional District: 003

	Amount (A)	No. of BEOG Recipients (B)
19. Gross Expenditures (actual payments to students to date for current award period) (3(7)(9-16) 19.	\$ 261,678	(17-24) 389
20. Less Recoveries (to date for current award period only) (25-32) 20.	\$ 0	
21. Net Expenditures (31-48) 19 - 20 = 21.	\$ 261,678	
22. Amount for Additional Recipients (17-64) 22.	\$ 261,678	
23. Amount for Additional Recipients Expected to Qualify (45-72) 23.	\$ 0	(73-80)
24. Total Estimated Expenditures and Recipients (4(7)(9-16) 21 + 22 + 23 = 24A. For ENTIRE award period: 7/1/79-6/30/80) 19B + 23B = 24B.	\$ 261,678	(17-24) 389
25. Current OE Approved Authorization per USOE records as of: <u>2/24/80</u> (25-32) 25.	\$ 277,142	
26. Institution's Estimated Authorization Adjustment (33-40) 24 - 25 = 26.	\$ + 15,464	

(41-48) 27. Number of Student Eligibility Reports Previously Submitted **245**
(43-56) 28. Number of Student Eligibility Reports Submitted with this Report **144**
(57-64) 27 + 28 = 29. Total Number of Student Eligibility Reports Submitted **389**



Award Period 1980-81

1-6) 1. BEOG ID NO.: **014R2J**
 8) 2. EN NO.: **1940634 739B8**
 20)

(27) 3. Report for: (Check One Box Only)
 1 Oct. 31 2 Feb. 28 3 June 30
 4 AD HOC Request for Change in current DE Approved Authorization
 (Use between reporting periods 7/1/80 thru 6/30/81)
 5 June Revised (Use only if June 30 report previously filed)

SECTION I. GENERAL INFORMATION (Complete only if information below is incomplete or incorrect)

4. Institution NAME and ADDRESS
PUEBLO VOCATIONAL COMMUNITY COL
900 WEST ORIAN AVE
PUEBLO CO 81004
 28) Check here when NAME and/or ADDRESS has been changed and indicate changes below:

(29-34) 8. Date of Submission: **8 / 18 / 1981**
 mo. day year
 (35-42) 9A. Amount for 1980-81 Part-time BEOG recipients **\$ 6,589**
 (43-48) 9B. No. of 1980-81 Part-time BEOG recipients **17**
 (49) 10. SIGNATURE *[Signature]*

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include, among others 18 U.S.C. 1001.

Official responsible for this PROGRESS REPORT (Sign item 10)
 5. Name: **Victor Tenorio**
 6. Title: **Director, Student Financial Aid**
 7. Phone: **(303) 549-3211**

SECTION II: (Complete only if information below is incomplete or incorrect)

50) 11. Type of institution: **2-YEAR**
 1 Less than one year
 2 One year but less than two years
 3 Two years but less than three years
 4 Three years but less than four years
 5 Four years (baccalaureate degree granting only)
 6 Five years or more
 (51) 12. Control: **PUBLIC**
 1 Public
 2 Private, nonprofit
 3 Proprietary

13. U.S. Congressional District: **103**
 (52-54) 1980-81 Undergraduate Enrollment
 14. Full-time (55-60) **750**
 15. Part-time (64-69) **240**
 (73) 16. Term Type: **SEMESTER**
 1 Credit Hour
 2 Quarter
 3 Semester
 4 Trimester
 5 Clock Hour

(74-75) 17. Length of Academic Year (from 7/1/80 to 6/30/81 or equivalent on which charges below are based): **09 months**
 18. Average Institutional Charges per Full-time Undergraduate Student For 1980-81
 (9-16) Tuition and Fees (In-State) A \$ **541**
 (17-24) Room (On-Campus) B \$ **100**
 (25-32) Board (On-Campus) C \$ **0**
 For 1981-82 (Estimated)
 (33-40) Tuition and Fees (In-State) D \$ **541**
 (41-48) Room (On-Campus) E \$ **100**
 (49-56) Board (On-Campus) F \$ **0**

SECTION III: STATUS OF AUTHORIZATION (See instructions. Show dollars only. Do NOT show cents.)

	Amount (A)	No. of BEOG Recipients (B)
19. Gross Expenditures (actual payments to students to date for current award period) 3(7)(9-16) 19.	\$ 348,358	(17-24) 494
20. Less Recoveries (to date for current award period only) (25-32) 20.	\$ 0	(33-40) 0
21. Net Expenditures (41-48) 19 - 20 = 21.	\$ 348,358	
ESTIMATED DEMAND FOR ADDITIONAL FUNDS (for remainder of current award period):		
22. Amount for Present Recipients (57-64) 22.	\$ 0	
23. Amount for Additional Recipients Expected to Qualify (65-72) 23.	\$ 0	(73-80) 0
24. Total Estimated Expenditures and Recipients 4(7)(9-16) 21 + 22 + 23 = 24A. (for ENTIRE award period: 7/1/80 - 6/30/81) 19B + 23B = 24B.	\$ 348,358	(17-24) 494
25. Current DE Approved Authorization per USDE records as of: (for award period 7/1/80 - 6/30/81) 6/30/81 (25-32) 3575	\$ 354132	
26. Institution's Estimated Authorization Adjustment (33-40) 24 - 25 = 26.	\$ 5,774	
27. Number of Student Eligibility Reports Previously Submitted (41-48) 27.		494
28. Number of Student Eligibility Reports Submitted with this Report (49-56) 28.		0
29. Total Number of Student Eligibility Reports Submitted (57-64) 27 + 28 = 29.		494
30. Enter Number of SEI's On-Hand But Not Yet Paid (also, Amount and SER Count should be included in item 23A and B) (73-80) 30.		0

FINDINGS AND RECOMMENDATIONS--FINANCIAL

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

June 30, 1981

FINDING

The College is required to perform a reconciliation between grant award amounts (Financial Aid Office) and grant disbursements to students (Business Office) for each federal financial aid program. The College does not perform these reconciliations on a regular basis, thereby increasing the possibility of overexpending or underutilizing grant awards. For example, during fiscal year 1981, the College overexpended its SEOG grant by \$692.

RECOMMENDATION

1. The College should perform the required reconciliation for each program at the conclusion of each semester. The Business Office should perform the reconciliation and any differences should be communicated to the Financial Aid Office. This should eliminate the possibility of overexpending or underutilizing grant awards.

COLLEGE'S RESPONSE

Implemented.

FINDING

The College is required to maintain separate general ledger cash accounts to record the activity of the federal financial aid programs. The purpose of this requirement is to segregate federal funds received and disbursed to properly account for each federal financial aid program.

RECOMMENDATION

2. The College should establish separate general ledger cash accounts for federal financial aid activity.

COLLEGE'S RESPONSE

Concur--The College will implement a manually maintained subsidiary ledger for all separate financial aid cash accounts. Implementation is planned for January 1982.

FINDING

The College is required to maintain records detailing expenditures of the SEOG and CWS administrative cost allowances. The detail of expenditures should include the expenditures related to student consumer information services (preparation of information topics, dissemination of information, salaries and wages of employees) and total or allocated portion of expenditures related to administering all federal financial aid programs.

RECOMMENDATION

3. Records which detail the administrative cost allowance expenditures as required should be adopted by the College in order to comply with federal regulations.

COLLEGE'S RESPONSE

Implemented.

SECTION IV--COMMENTS ON INTERNAL CONTROLS AND PROCEDURES

Ernst & Whinney

2400 First of Denver Plaza
Denver, Colorado 80202

303/623-5211

Members of the Legislative Audit Committee

We have examined the financial statements of the Federal Student Financial Aid Programs of Pueblo Vocational Community College for the period from inception of the Programs (July 1979 for the Pell Grant Program and July 1980 for the College Work-Study and Supplemental Educational Opportunity Grant Programs) to June 30, 1981 and have issued our report thereon dated September 10, 1981. As part of our examination, we made a study and evaluation of the College's system of internal accounting control to the extent we considered necessary to evaluate the system as required by the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General of the United States, 1981 revision, and generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the College's financial statements for the Federal Student Financial Aid Programs. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Our study included tests of compliance that we considered necessary relevant to the criteria established by the U. S. Department of Education as set forth in sections 3.2 and 3.3 of its Audit Guide issued June 1981 (Pell) and sections 3.2, 3.3, and 3.4 of its Audit Guide issued June 1980 (CWS, SEOG).

The management of Pueblo Vocational Community College is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Pueblo Vocational Community College taken as a whole. Our study and evaluation disclosed no condition that we believed to be a material weakness. We understand that procedures in conformity with the criteria referred to in the first paragraph of this report are considered by the U. S. Department of Education to be adequate for its purpose in accordance with the provisions of the Higher Education Act of 1965 and related regulations, and that procedures not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and on our study, we believe the College's procedures were adequate for the Department's purposes, except for the conditions described on page 21 of this report which we believe are not in conformity with the criteria referred to above.

This report is intended solely for the use of management, the State Board for Community Colleges and Occupational Education, the Legislative Audit Committee, and the U. S. Department of Education.

Ernst & Whinney

Denver, Colorado
September 10, 1981

FINDINGS AND RECOMMENDATIONS--COMPLIANCE AND INTERNAL CONTROL

STATE OF COLORADO
PUEBLO VOCATIONAL COMMUNITY COLLEGE
FEDERAL STUDENT FINANCIAL AID PROGRAMS

FINDING

The Business Office does not record the disbursement amount and date for each student on the SEOG student recipient listing.

RECOMMENDATION

1. The Business Office should record the amount and date of each disbursement when the disbursement is made. The listing should be available to the Financial Aid Office to prevent overdisbursement to individual students.

COLLEGE'S RESPONSE

Implemented--Pueblo Vocational Community College maintains individual disbursement schedules for each financial aid student. Each student schedule depicts the type of award(s) given, award amount(s), and disbursement(s) made. The student financial aid schedules are made available to the Financial Aid Office upon request.

FINDING

Our review of the Student Eligibility Reports (S.E.R.) revealed that one S.E.R. from the fiscal year 1979-80 had not been completed for "cost of education", "scheduled basic grant" and "expected disbursement".

RECOMMENDATION

2. The College should check each S.E.R. before it is placed in the student's file to insure that all students receive appropriate amounts of financial aid.

COLLEGE'S RESPONSE

Implemented.

FINDING

Signatures for persons selected by the U. S. Department of Education for validation testing during 1979-80 were missing from the validation letter.

RECOMMENDATION

3. The College should, in the future, make a reasonable attempt to obtain signatures for persons selected for validation testing.

COLLEGE'S RESPONSE

Implemented.

