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STATE OF COLORADO
COLORADO TECHNICAL UNIVERSITY
COLORADO SPRINGS, COLORADO

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS

STATE OF COLORADO INSTITUTION CODE: 0515

FOR THE AWARD YEAR ENDED JUNE 30, 2017

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RECEIVED

Office of the State Auditor

March 14, 2018

COLORADO TECHNICAL UNIVERSITY
COLORADO SPRINGS, COLORADO

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ALMICH & ASSOCIATES

AN ACCOUNTANCY CORPORATION

• Certified Public Accounting and Business Services •

INDEPENDENT AUDITORS' REPORT ON STATEMENT OF APPROPRIATIONS, EXPENDITURES AND REVERSIONS

To the Members of the Legislative Audit Committee:

We have audited the accompanying Statement of Appropriations, Expenditures, and Reversions (the Statement) of the State-Funded Student Assistance Programs of Colorado Technical University (the University) for the year ended June 30, 2017, and the related note to the Statement.

Management's Responsibility for the Statement

Management is responsible for the preparation and fair presentation of this Statement in accordance with the accounting practices prescribed by the Colorado Commission on Higher Education in the *Colorado Handbook for State-Funded Student Assistance Programs*. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, the appropriations, expenditures and reversions of the State-Funded Student Assistance Programs of the University for the year ended June 30, 2017, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the Statement, which describes the basis of accounting. As described in Note 1 to the Statement, the Statement is prepared by the University on the basis of financial reporting specified therein, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Other Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Restriction on Use

This communication is intended solely for the information and use of management, others within the organization, members of the Legislative Audit Committee and Colorado Commission on Higher Education and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report which, upon release by the Legislative Audit Committee, is a matter of public record.

Almich & Associates

Lake Forest, California
March 7, 2018

COLORADO TECHNICAL UNIVERSITY
STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE AWARD YEAR JUNE 30, 2017
STATEMENT OF ASSURANCES

INTRODUCTION

Colorado Technical University (the University) is a private institution of higher education located in Colorado Springs, Colorado.

Our financial and compliance examination of the various state-funded student assistance programs at the University for the year ended June 30, 2017, was directed toward the objectives and criteria set forth in the Colorado Department of Higher Education's (CDHE) Financial Aid Policy, adopted April 2004. The state student Financial Assistance Programs were examined in connection with the Federal Financial Aid Programs for the fiscal year ended December 31, 2017.

STATE FUNDED ASSISTANCE PROGRAMS

The state-funded student assistance program in which the University participates is the Colorado State Grant Program.

The state-funded student assistance awards made by the University were \$372,950 during the award year ended June 30, 2017.

The Director of Financial Aid is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the University in federal and state financial aid programs. The University's Controller is responsible for the programs' financial management, general ledger accounting, payments, and collections.

During the audit period, the University obtained authorizations to award federal student financial aid funds, of \$82,576,613 in the Federal Pell Grant Program, \$264,212,215 in the Federal Direct Loan Program, \$1,946,340 in the Federal Supplemental Educational Opportunity Grant Program and \$738,909 in the Federal Work-Study Program.

During the audit period, the University was authorized to award Colorado student financial aid funds of \$372,950 in the Colorado State Grant Program.

COLORADO TECHNICAL UNIVERSITY

STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS

FOR THE AWARD YEAR ENDED JUNE 30, 2017

REPORT SUMMARY

PURPOSE AND SCOPE OF AUDIT

Our audit of the state-funded student assistance programs was performed in accordance with the financial compliance elements of “Standards for Audits of Governmental Organizations, Programs, Activities, and Functions” issued by the Comptroller General of the United States, as revised through 2004. The purpose of the audit was to formulate an opinion on the statements of student aid program appropriations, expenditures, and reversions for the award year ended June 30, 2017, and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and Colorado Department of Higher Education (CDHE) directives which were set forth in the handbook.

Our examination included:

- Expressing an opinion on the statement of student aid program appropriations, expenditures, and reversions.
- Evaluation of the policies, procedures, and practices used to administer these programs.
- Determination of compliance with applicable sections of the CDHE guidelines, 2017 version.

SUMMARY OF CURRENT YEAR COMMENTS

The audit covered the period July 1, 2016 through June 30, 2017, and field work was performed remotely on February 9, 2018 at the auditors’ office in Lake Forest, California.

SUMMARY OF PROGRESS IN IMPLEMENTING PRIOR AUDIT RECOMMENDATIONS

The audit report for the award year ended June 30, 2016 contained one finding and recommendation.

COLORADO TECHNICAL UNIVERSITY

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND REVERSIONS

FOR THE AWARD YEAR ENDED JUNE 30, 2017

	<u>Colorado Student Grant Program</u>	<u>Total State Funded Student Assistance</u>
Fund Balance:		
June 30, 2017	\$ -	\$ -
Appropriations:		
State Authorization	\$ 372,950	\$ 372,950
Expenditures:		
Grants and Awards	\$ 372,950	\$ 372,950
Reversions:		
Amounts refunded to the State	\$ -	\$ -
Fund Balance:		
June 30, 2017	\$ -	\$ -

See accompanying note to statement

COLORADO TECHNICAL UNIVERSITY
STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE AWARD YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Colorado Technical University's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Officers in their revised publication *College and University Business Administration*, as supplemented by the American Institute of Certified Public Accountants industry audit guide *Audits of Colleges and Universities*. In addition, Colorado Technical University complies with the guidelines set forth by their accrediting body, North Central Association of Colleges and Schools, on such matters. All state-funded aid is expensed on a cash basis.

ALMICH & ASSOCIATES

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INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Legislative Audit Committee:

We have audited the Statement of Appropriations, Expenditures and Reversions (the Statement) of the State-Funded Student Assistance Programs of Colorado Technical University (the University) for the year ended June 30, 2017, and have issued our report thereon dated March 7, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's Statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of amounts in the Statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

This communication is intended solely for the information and use of management, others within the organization, members of the Legislative Audit Committee and Colorado Commission on Higher Education, and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report which, upon release by the Legislative Audit Committee, is a matter of public record.

Almich & Associates

Lake Forest, California

March 7, 2018

COLORADO TECHNICAL UNIVERSITY
STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
REQUIRED STATEMENTS, COMMENTS AND RECOMMENDATIONS
FOR THE AWARD YEAR ENDED JUNE 30, 2017

The Institution's packaging priority for need based applicants is required to give the highest priority to the neediest students. During fiscal year 2017, Colorado Technical University's packaging plan was structured to provide grants and certain types of loans first to the most needy or lowest income students. Awards are offered only to those students who meet eligibility requirements established by state or federal regulations and institutional policies. Certain federal and state funds are awarded to those students who demonstrate the most financial need and on a first-come, first-served basis. Any award including need-based funds may not exceed a student's documented financial need.

CDHE's Financial Aid Policy and Guidelines for State Financial Assistance programs issued by CDHE does not allow institutions receiving allocations for financial aid programs to transfer funds between those programs.

COLORADO TECHNICAL UNIVERSITY
STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
AUDITORS' COMMENTS AND RECOMMENDATIONS
FOR THE AWARD YEAR ENDED JUNE 30, 2017

FINDING NO. 2017-001

Statement of Condition

For one student, an award was made in excess of the student's need.

Criteria

The University is required to disburse Colorado State Grant Program awards only to students who meet the specific eligibility requirements.

Effect

In 1 of 59 Colorado State Grant Program files tested, the student was overawarded in the amount of \$625 in the 2016-17 award year. Total questioned costs are \$625.

Cause

In this isolated instance, the University did not follow its procedures in properly making awards to students based on Colorado State Grant Program eligibility requirements.

Recommendation

The University should follow its procedures to ensure that student recipients meet all eligibility requirements prior to disbursement of awards.

Additional Information

Upon learning of this finding, the University returned \$625 to the Colorado State Grant Program. We reviewed the repayment documentation and found it to be accurate. There are no remaining questioned costs associated with this finding.

COLORADO TECHNICAL UNIVERSITY
STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS
FOR THE AWARD YEAR ENDED JUNE 30, 2017

The audit of the University's Colorado State-Funded Student Assistance Programs for the award year ended June 30, 2016, dated March 24, 2017, was performed by Almich & Associates.

The independent auditors' report contained one finding for the award year ended June 30, 2016 with respect to an ineligible disbursement of Colorado State Grant Program funds. Total questioned costs were \$1,500. The auditors noted that the University returned all funds to the Colorado State Grant Program and the auditors reviewed the documentation. There are no remaining questioned costs associated with the independent auditors' report for the award year ended June 30, 2016.

COLORADO TECHNICAL UNIVERSITY
STATE OF COLORADO STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE AWARD YEAR ENDED JUNE 30, 2017

APPENDIX

Copies of this report have been distributed to:

- Colorado Technical University (2)
- Colorado Department of Higher Education (2)
- Colorado State Auditors' Office (1)