



AUDIT AND ADVISORY SERVICES
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July 18, 2019

Cruz Grimaldo
Assistant Vice Chancellor & Director
Financial Aid and Scholarships Office

Dear Assistant Vice Chancellor Grimaldo:

We have completed our audit of student financial aid and satellites as per our annual service plan in accordance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and the University of California Internal Audit Charter.

Attached please find the referenced audit report. Please destroy all copies of draft reports and related documents. Thank you to the staff of the Financial Aid and Scholarships Office for their cooperative efforts throughout the audit process. Please do not hesitate to call on Audit and Advisory Services if we can be of further assistance in this or other matters.

Respectfully reported,

Jaime Jue
Director

cc: Vice Chancellor Stephen Sutton
Chief of Staff Anne Jones
Associate Chancellor Khira Griscavage
Senior Vice President and Chief Compliance and Audit Officer Alexander Bustamante



AUDIT AND ADVISORY SERVICES

Student Financial Aid and Scholarships Office and Satellites Audit Project No. 19-731 July 18, 2019

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Director

University of California, Berkeley
Audit and Advisory Services
Student Financial Aid and Scholarships Office and Satellites

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OVERVIEW

Executive Summary

The objective of the audit was to evaluate the adequacy of controls in setting operating goals and effectively and efficiently achieving those goals with appropriate performance measures and feedback channels. While our purpose of the audit was not to assess all functions of the Financial Aid and Scholarships Office (FASO), we were focused on certain processes critical to its core functions and service to the student community.

The scope our audit focused on the financial aid award management and packaging processes. Specifically, we met with FASO staff to gain an understanding of the processes related to:

- Determining student eligibility
- Assigning packaging groups to students
- Auto-packaging of awards
- Packaging state aid
- Regular updating and testing of packaging algorithms

Additionally, we performed a general walkthrough of the auto-packaging process and state aid award process to determine the adequacy of controls for properly awarding and packaging student aid.

Based upon our interviews and walkthroughs of specific processes with FASO staff, we observed that award management and packaging processes as currently designed and implemented appear to meet management's objectives for those areas listed above.

As such we have no specific reportable audit observations based upon the audit fieldwork performed.

Source and Purpose of the Audit

The purpose of the audit was to evaluate the adequacy of controls in setting operating goals and effectively and efficiently achieving those goals with appropriate performance measures and feedback channels.

Scope of the Audit

The scope our audit focused on the financial aid award management and packaging processes. As assessment of ongoing compliance with federal financial aid program rules is incorporated in PricewaterhouseCoopers' annual audit in accordance with the Uniform Guidance on financial statements and expenditures of federal awards, we excluded it from consideration for the scope of this audit. In addition, we have recently conducted audits of scholarships and fellowships, which we have excluded from consideration for this audit.

Based upon our audit risk assessment process, we interviewed FASO staff to gain an understanding of the processes and related internal controls for:

- Determining student eligibility
- Assigning packaging groups to students
- Auto-packaging awards
- Packaging state aid
- Regular updating and testing of packaging algorithms

Additionally, our audit fieldwork included a general walkthrough of the auto-packaging process and state aid award process to determine the adequacy of controls for properly awarding and packaging student aid. Our fieldwork was completed in May 2019.

Background Information

The mission of the campus' Financial Aid and Scholarships Office is to provide students financial access to education at UC Berkeley. In keeping with this core mission, FASO is responsible for determining the eligibility of students for financial aid, awarding and processing financial aid with regards to federal, state, and university policy, and updating financial packaging guidelines for grants, scholarships, work-study, and loans based on changes to governmental regulations. Changes to federal guidelines that impact financial aid are programmed into Campus Solutions and campus policy configuration is updated by FASO business analysts annually.

The campus offers a wide range of financial aid programs designed to assist students in making their education affordable. Some of these programs are:

- Innovative Berkeley Aid Programs
- Grants
- Scholarships
- Prizes and Honors

- Loans
- Work-Study
- Disabled Students' Program
- Students with Dependents
- Study Abroad
- Summer Aid
- Veterans Benefits
- International Students
- Graduate Award Guide
- Newly Admitted Student Pathways

Procedures Performed

As part of our audit risk assessment, we examined the core processes of the student financial aid program and identified processes for auto-packaging of awards and awarding state aid for a focused review. This focused review involved interviews with FASO management and walkthroughs of selected procedures to understand the design and implementation of controls for ensuring the accurate execution of these processes. Due to the amount of budgeted staff hours and the complexity in design of the area in scope, we did not conduct detailed transaction testing of individual student awards to evaluate the operating effectiveness of individual key controls.

Our walkthroughs of the processes for auto-packaging of awards and awarding state aid included the following areas:

1. Auto-packaging of awards
 - Student eligibility and awarding
 - Testing the packaging process
 - Methodology for continuous improvement of processes

2. Awarding of state aid
 - Cal Grant award process
 - Cal Grant prediction process

Additionally we gained an understanding of the Haas School of Business and Boalt Law School processes for incorporating their award data into the Student Information System.

Summary Conclusion

Based upon our interviews and process walkthroughs that were in scope, we observed that award management and packaging processes as currently designed and implemented appear to meet management's objectives for the following areas:

- Determining student eligibility
- Assigning packaging groups to students
- Auto-packaging of awards

- Packaging of state aid
- Regular updating and testing of packaging algorithms

As such we have no specific reportable audit observations based upon the audit fieldwork performed.