

Nevada System of Higher Education
Millennium Scholarship Program
Internal Audit Report
June 1, 2004 through May 31, 2005

GENERAL OVERVIEW

In 1999, the Governor Guinn Millennium Scholarship initiative was enacted into law by the Nevada Legislature creating the Millennium Scholarship trust fund, to be administered by the State of Nevada Treasurer's Office. In general, the Millennium Scholarship provides financial support to graduates of Nevada high schools who attend qualified higher education institutions in Nevada and who meet certain academic requirements. The fund was originally created by Nevada's portion of the Federal Tobacco settlement. The Nevada System of Higher Education (NSHE) Board of Regents have the responsibility for developing overall policy for administration of the Millennium Scholarship program, for certifying student eligibility and for establishing criteria for determining whether students are making satisfactory academic progress toward a recognized degree or certificate. The State Treasurer's Office is responsible for distributing Millennium Scholarship proceeds to eligible institutions. The NSHE institutions then disburse the funds to students.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the Millennium Scholarship Program of the Nevada System of Higher Education (NSHE) for the period of July 1, 2004 through May 31, 2005. The scope of our review included an examination of NSHE and institutional operating procedures, tests of student scholarship records, and other procedures as we considered necessary. The tests included, but were not necessarily limited to these areas.

1. Reviewing student fees and refund calculations.

2. Reviewing the continued eligibility of students who have been awarded the scholarship.
3. Determining the cost of attendance and the refund policies at each institution.
4. Reviewing the computerized programs that are used by each campus to administer the Millennium Scholarship, as well as the reports that are sent to and received from the State Treasurer's Office.

A number of audit findings were noted in our review. We believe implementation of the recommendations, as noted below, would significantly improve the operation of the Millennium Scholarship program.

NEVADA SYSTEM OF HIGHER EDUCATION SYSTEM ADMINISTRATION OFFICE

The Academic and Student Affairs division within the NSHE System Administration Office is responsible for the implementation and oversight of Millennium Scholarship requirements and policies at all NSHE institutions. These are addressed in the Nevada Revised Statutes (NRS) and the "Guide to the Nevada Millennium Scholarship Program". We reviewed these documents and noted the following areas of non-compliance or areas in which policy needs to be improved, as well as other issues that should be addressed by the System Administration Office. The remainder of the exceptions are listed by institution.

CREDIT LIMITATIONS

We noted instances during our review in which students enrolled in classes at multiple institutions could have received the Millennium Scholarship for more than the maximum of twelve credits allowed. Although this seems to be within the guidelines of NRS 396.934 1 (a),

(b) and (c), we were informed by NSHE representatives that, effective January 1, 2006, the limit is twelve credits total, system wide, not twelve credits at each institution.

We recommend the NSHE Academic and Student Affairs Office obtain a legal opinion regarding this issue. If it is determined that Millennium Scholarship recipients may only receive funding for a total of twelve credits system wide, we recommend that procedures and reporting be developed for identifying students who are enrolled at more than one institution so that any over-funding issues can be resolved.

STUDENT APPLICATIONS

The Guide to the Nevada Millennium Scholarship Program requires that students must be enrolled in a program leading to a recognized associate degree, baccalaureate degree or pre-baccalaureate certificate. Only one institution's application requires Millennium Scholarship students to select a program of study. When this information is not available on the application, it makes it necessary for personnel within the institutions' Financial Aid Offices to contact students to obtain the information.

We recommend applications at all institutions require that a program of study be selected. We recommend the application contain a statement that a program of study must be selected and if one is not selected the applications will not be processed.

REFUNDS

When students drop courses previously paid by the Millennium Scholarship, refunds are processed by the institutions and submitted to the State Treasurer's Office. We noted two different methods are utilized at NSHE institutions for processing refunds. Some institutions refund only what is available in a student's account as of the refund date and do not create an

accounts receivable for additional money students may owe to the Millennium Scholarship fund. Other institutions process refunds for the entire amount of funds owed based on the number of credits paid by the Millennium Scholarship fund and the corresponding refund percentage. While both of these methods are allowable within current guidelines; students are not treated consistently at all institutions.

We recommend a standard refund policy be developed by the NSHE Academic and Student Affairs Office and that the policy be included in the Guide to the Nevada Millennium Scholarship Program.

CERTIFICATE PROGRAMS

As previously noted; the Guide to the Nevada Millennium Scholarship Program states that students must be enrolled in a program of study leading to a recognized associate degree, baccalaureate degree or pre-baccalaureate degree. It does not mention certificates that students may earn at the community colleges. In the past, students in certificate programs have been awarded the Millennium Scholarship. Nevada Revised Statute 396.923 2(a) states that students must make satisfactory academic progress toward a recognized degree or certificate as determined by the Board of Regents. This indicates that students enrolled in classes leading to a recognized certificate qualify for the Millennium Scholarship.

We recommend that the eligibility requirements stated in the Guide to the Nevada Millennium Scholarship Program be updated to include certificates that are granted from NSHE community colleges.

LATE FEES

At one institution there were students who had dropped all of their classes during the 50% refund period for whom late fees were assessed and owed by the students. We noted the refunds that were processed and submitted to the State Treasurer's Office on behalf of the students included the balances remaining in the students' accounts after the late fees were paid from Millennium Scholarship proceeds. While the NRS states that students may use the Millennium Scholarship (a) for the payment of registration fees and laboratory fees and expenses; (b) to purchase required textbooks and course materials; and (c) for other costs related to the attendance of the student at the eligible institution, we are uncertain whether the intent of the program was to pay penalties for non-payment of fees.

We recommend that a determination be made as to whether the Millennium Scholarship funds may be used to pay late fees incurred by students and that the Guide to the Nevada Millennium Scholarship Program be updated accordingly.

GRADUATE COURSES

During the course of the audit we were notified of a new policy under which undergraduate students enrolling in graduate level courses could receive Millennium Scholarship funds. We noted the policy does not address whether the graduate level courses need to be included in the institutional course catalog as part of a program of study.

We recommend the NSHE Academic and Student Affairs Office clarify the policy to address issues with graduate level courses. The Guide to the Nevada Millennium Scholarship Program should be updated accordingly.

MILLENNIUM POLICY AND INSTITUTION INQUIRIES

We noted that when institutional personnel have questions regarding Millennium Scholarship policy, they have made inquiries to the NSHE Business and Finance Office. The Business and Finance Office is responsible for the funding and annual reconciliation of the Millennium Scholarship Program but should not set policy. The NSHE Academic and Student Affairs Office is responsible for setting policy and should be the initial point of contact.

We recommend that institutional personnel be notified that all Millennium Scholarship questions be directed to the NSHE Academic and Student Affairs Office.

ANNUAL RECONCILIATION

At the end of each semester and on an annual basis institutional personnel reconcile the amount of Millennium Scholarship funds received to the enrollment data of students who received the scholarship funds. This is performed by reconciling the funding data from the State Treasurer's Office to reports of enrollment data created from the Student Information System (SIS) by the institutions. The Internal Audit Department obtained the programs used to create the institutional reports from each campus. When the reports were generated, the totals did not agree at all campuses with the figures that were used in the Summer and Fall 2004 and Spring 2005 annual reconciliations. The discrepancies were due to students who were funded the Millennium Scholarship or for whom refunds were processed after the semester had ended. Because this information was not forwarded by the institutions to the State Treasurer's Office, the funding report that is to be used in the reconciliation, called the INSTEP Detail Report, was inaccurate. It is not a consistent practice at any institution to forward revisions to prior semester data that occur in a current semester to the State Treasurer's Office so that the INSTEP report may be properly updated.

We recommend that any changes made to the accounts in SIS after a semester has concluded be forwarded to the State Treasurer's Office so student accounts may be updated in INSTEP. This will help to ensure accounts in SIS and INSTEP remain in balance. All changes that were made to student accounts after the semester should be reviewed during the reconciliation process to make sure the INSTEP records reflect accurate data. We also recommend that the NSHE Academic and Student Affairs Office, in conjunction with the NSHE Finance Office, provide training for the annual reconciliation process and that written reconciliation procedures be developed and included in the Guide to the Nevada Millennium Scholarship Program.

We also noted that some institutions use the INSTEP Detail Report and other institutions use the Balance Irregularity Report in the reconciliation process.

We recommend that the semester and annual reconciliations be performed using a common report.

MILLENNIUM REFUSAL

We noted two occasions in which students who qualified for the Millennium Scholarship initially paid their fees with personal funds. The students were subsequently issued a reimbursement check from the campuses they attended for the amount of the scholarship they were eligible to receive. The checks were returned by the students upon receipt and were subsequently voided. A policy does not exist that addresses students who refuse the Millennium Scholarship once they have been funded.

We recommend a policy be developed that addresses this issue. The policy should be included in the Guide to the Nevada Millennium Scholarship Program.

SUMMER TERMS

On page 33 of the Guide to the Nevada Millennium Scholarship Program it states: “There will be students attending summer session prior to their last funding semester who will be paid for Fall by their institution, however, that institution will not know until October first that the student’s account has been reduced after the payment for summer.” We noted one institution funds the summer session during the summer months with the final funding occurring in August during the Fall funding cycle. All other institutions fund the summer session after the Fall semester has been funded in accordance with the Guide to the Millennium Scholarship Program.

We recommend that all institutions fund the summer session in accordance with established policy.

We were also made aware that students who are enrolled in their final semester in which they receive the Millennium Scholarship occasionally exceed the \$10,000 maximum scholarship threshold. This occurs most frequently when students enroll in Summer term classes at one institution just prior to their last semester in the Fall at another institution. Because the funding process and subsequent update of Millennium files for the Summer term does not occur until after this process is completed for the Fall semester; institutional personnel are unaware when students’ combined Summer and Fall enrollment exceeds the \$10,000 threshold. This requires financial aid offices to manually remove funds from student accounts.

We recommend that a method for more effectively dealing with this issue be developed.

TRANSFERS

We noted that when Millennium Scholarship students transfer from a community college to another NSHE institution after completing their program of study, they become technically ineligible for the scholarship if their program of study within SIS is changed to a non-degree

seeking program. This creates problems for students who are unaware of their change in status and subsequent ineligibility as well as for institutional financial aid offices who must eventually deal with these issues.

We recommend that the campuses be instructed not to change the status of students in these situations to non-degree seeking programs.

SIS SECURITY ACCESS

We reviewed the SIS security access that has been provided to the various institutional financial aid personnel and determined that none of these individuals have complete access to other institutions' SIS data. Such access would provide them with important information in regard to the enrollment histories of Millennium Scholarship students at other campuses. A standard security group could be established at each institution to enable such access to be provided.

We recommend that a security profile be created that provides the inquiry access needed. We also recommend that the financial aid personnel complete the required security forms to obtain the access.

EXTRACT REPORT STORAGE

A report has been created, called the Millennium Scholarship Update Report, that examines the electronic enrollment data received from the State Treasurer's Office and which shows any records that did not process properly. This report is not available within the on-line report storage package, called XNET, which makes reviewing and printing reports less difficult.

We recommend that the Millennium Scholarship Update Report be made available by System Computing Services (SCS) in XNET.

PROCEDURES FOR LATE ADJUSTMENTS

The Internal Audit Department evaluated the process for creating the Millennium Scholarship file that is sent to the State Treasurer's Office and is used to update the INSTEP database. According to personnel at SCS, we noted that once an institution starts sending current term data to the State Treasurer's Office adjustments from prior terms cannot be sent due to the requirements of the State Treasurer's Office software. The institutions must notify the State Treasurer's Office personnel in order for them to make manual adjustments to the INSTEP application.

We recommend that procedures be documented for the adjustment process and included in the Guide to the Nevada Millennium Scholarship Program.

MILLENNIUM SCHOLARSHIP (MSID) SCREEN

The Millennium Scholarship (MSID) screen in SIS provides Millennium student data such as eligibility status and remaining scholarship balances.

From review and discussions with institutional and SCS personnel we were informed that adding a field to the MSID screen that would show all of the institutions a student is currently attending would be very useful in resolving issues with over-funding, which is a common occurrence when students attend multiple institutions. It would also be useful in resolving other issues that may have occurred at another institution.

We recommend that consideration be given to adding a field to the MSID screen that lists the institutions students are attending.

STUDENTS WITHOUT SOCIAL SECURITY NUMBERS

The Internal Audit Department evaluated the procedures for processing Millennium Scholarship students who do not have a Social Security Number (SSN).

During our review of the institutions, it was noted that when students do not have a SSN, the institutional student identification number that is acquired from SIS is used in place of the SSN. If students attend more than one institution, they will have different numbers in the SSN field, none of which are unique. The SSN field is the link between the MSID data and SIS data, so only one number should be used for each student in this field regardless of how many institutions a student is attending.

We recommend a unique student identification numbering system be established.

SIS ADJUSTMENT PROCESS

We were made aware of a situation in which incorrect data can be entered into SIS. This occurs when an employee is working within the Disburse Adjustments (AJST) screen updating a student's data. If the employee gets interrupted and goes to another screen before completing the adjustment; the student's information will appear in the AJST screen when another employee accesses the screen. If the other employee's are not paying close attention, they will be editing the wrong student's information.

We recommend that the adjustment process be documented in the Guide to the Nevada Millennium Scholarship Program to inform employees as to how the function should be performed and the consequences of improperly exiting from the AJST screen.

MSID SCREEN HISTORY

We noted that once information is updated within the MSID screen in SIS, there is no way to determine the information that was contained on the screen prior to the update. This is due to the fact that historical information is not saved.

We recommend that SCS evaluate the possibility of creating and maintaining a history screen for any changes that are made on the MSID record.

STUDENTS WITHOUT MSID RECORD

During our meetings with institutional personnel it was mentioned that students have been awarded the Millennium Scholarship for whom there was no Millennium Scholarship information established, as reported on the MSID screen, or the information was changed and did not agree with the SIS data. We created a report that extracts information from the Student Disbursement screen (SDSB) and identify students who are listed on the SDSB file that are not included on the MSID file.

We recommend that the report be used to identify these students. Once the report has been generated the student information should be reviewed and corrected in SIS for these students.

AUTOMATED PACKAGING PROCESS

The automatic packaging process within SIS identifies students who are eligible for funding, such as those who receive the Millennium Scholarship, and updates various SIS screens during the disbursement process. We noted Millennium Scholarship recipients who qualify for other types of financial aid, in addition to the Millennium Scholarship, cannot be automatically packaged as are Millennium scholars that do not receive any other financial aid. This is due to

the complexity of the process. Financial aid office personnel must package these students manually.

We recommend that SCS research the possibility of automating the packaging process for Millennium Scholarship students that are receiving other types of financial aid.

We noted the packaging process for summer term is also a manual process and that there is currently no method for performing automatic packaging.

We recommend that SCS research the possibility of automating the packaging process for the summer semester.

MILLENNIUM AUTOMATED DISBURSMENT PROGRAM

A program is available from SCS that reads through the student financial aid information in SIS to determine whether the Millennium Scholarship disbursement can be automatically performed. If the program identifies something that is incorrect with a student's record, the program creates an error message report that details the reason the record was not automatically disbursed. Currently, none of the institutions are receiving or reviewing this error report. The report is not very user friendly and contains errors that the institutions would not need to research. This causes the report to be very lengthy, so it would be more efficient to have the report available for review, instead of printing the report.

The Internal Audit Department recommends that the error report created from the automated disbursement program be stored in the XNET report depository for reference purposes.

DATE OF BIRTH ERROR REPORT

Date of Birth error messages occur when the State Treasurer's Office student birth date information differs from institutional data. The Date of Birth error message causes the

Millennium Update Program to zero out the social security number on the MSID screen at any institution that students have been admitted to, but are not actively enrolled.

The Internal Audit Department created a report to match the students from the SIS NAME screen to the State Treasurer's Office data contained in the MSID screen in SIS. The report identifies students with different birth dates that are listed within the two screens. When the report was generated for each campus, error messages were noted for all institutions. Some of the reports exceeded 45 pages of students with non-matching birthdays.

We recommend that the NSHE Academic and Student Affairs Office determine whether the institutional student applications, from which the institutions' acquire student birth dates, should be defined as the official record. Once this has been determined, we recommend a policy be developed and included in the Guide to the Nevada Millennium Scholarship Program; that addresses how these errors should be identified and resolved with the Treasurer's Office.

MILLENNIUM REFUND TESTING

We noted one instance at a campus in which a student was not funded for the Spring 2005 semester until June. The student was initially enrolled in at least 6 credits as required by Millennium Scholarship guidelines but dropped to three credits during the semester. Based on the timeframe in which the funding occurred, the student did not qualify for the scholarship and should not have been funded.

We recommend a policy be developed regarding this issue and that it be included in the Guide to the Nevada Millennium Scholarship Program.

COMMON INSTITUTIONAL FINDINGS

REVIEW OF EXTRACT REPORTS

Extract reports are created from the SIS and contain the enrollment data from Millennium Scholarship students. There are two extract reports that exist. One, called the Millennium Scholarship Extract report, is created when the Millennium file is created from SIS that is submitted to the State Treasurer's Office. The second is the Millennium Scholarship Update Extract report which is created from the file that is sent from the State Treasurer's Office and is used to update the SIS records. We noted the Millennium Scholarship Extract report is not being reviewed at the Community College of Southern Nevada (CCSN), Nevada State College (NSC), Truckee Meadows Community College (TMCC), and Western Nevada Community College (WNCC).

We recommend that the above institutions review these reports on a daily basis and work with the State Treasurer's Office to correct any errors in the data.

DATE OF BIRTH ERROR REPORT

As previously noted, the Date of Birth error message occurs when the State Treasurer's Office student birth date information differs from the institutional data.

The Internal Audit Department created a report to match the students from the SIS NAME screen to the State Treasurer's Office data contained in the MSID screen in SIS. The report identifies students with different birth dates that are listed within the two screens. We noted that each institution had a report of students that did not have matching birthdays.

We recommend that CCSN, GBC, NSC, TMCC, the University of Nevada, Las Vegas (UNLV), the University of Nevada, Reno (UNR) and WNCC utilize the report to identify these

errors and work with the State Treasurer's Office to correct the data in accordance with the policy established by the NSHE Academic and Student Affairs Office.

SOCIAL SECURITY NUMBER ERROR MESSAGE REPORT

The Millennium Scholarship Update Report has an error message that causes social security numbers to be changed to zero on Millennium screens in SIS when the same social security number is used for more than one student. When this error occurs, the social security number is maintained with one student while the other student's social security number is changed to zeros. This is an automatic action by the computer program resulting in one student without a social security number and another with a social security number that may or may not be correct. The Internal Audit Department has created a report to identify these students.

We recommend that CCSN, GBC, NSC, TMCC, UNLV, UNR and WNCC review the report to identify these errors and work with the State Treasurer's Office to correct the data.

COMMUNITY COLLEGE OF SOUTHERN NEVADA

MILLENNIUM REFUND TESTING

When students are funded with the Millennium Scholarship and subsequently withdraw from some or all of their courses, the funding must be returned to the State Treasurer's Office. The Internal Audit Department reviewed the process for submitting refunds at CCSN. During this review we noted one occasion in which a student was given a 100 % refund long after the refund period was over. On one other occasion a refund was given and was subsequently changed to a higher amount. In both cases, information was not entered into SIS to explain the circumstances for the refunds. We were informed there was written supporting documentation for the refunds, but it was in storage and could not be located.

We recommend explanations in these type of circumstances be provided in the NOTES screen in SIS.

EXTRACT REPORTS

The Internal Audit Department evaluated the extract reports and reviewed the process for the Millennium Scholarship Extract Report and the Millennium Scholarship Update Report. We evaluated error messages and identified and developed reports to use to correct the errors.

GRADE POINT AVERAGE ERROR MESSAGE REPORT

The Millennium Scholarship Extract Report has an error message that identifies students that do not have a semester or a cumulative GPA. This message appears when a student has been paid the Millennium Scholarship and has dropped out of all their classes during the 100% refund period but Millennium funds were not entirely returned.

We generated a program for the Summer 2004, Fall 2004 & Spring 2005 terms. Two students were listed on both the Fall and Spring reports. Of the four students, only one was an error in which a student received a refund check rather than the funds being returned to the State Treasurer's Office.

We recommend the student's account be reviewed to determine whether the student's eligibility should be restored. We recommend the Millennium Scholarship funding paid to the student be returned to the State Treasurer's Office. We also recommend the institution utilize the program that was created on a regular basis to help identify and correct these types of problems.

GREAT BASIN COLLEGE

ANNUAL RECONCILIATION

During the audit period we noted that the institution did not perform an annual reconciliation between the Millennium Scholarship payment information in SIS and the same data provided in the INSTEP Detailed Report. We were informed that staff turnover and lack of written procedures on this process has affected the college's ability to perform the reconciliation. When the INSTEP report was compared to the institutional report that is to be used for the reconciliation, we noted that the Fall 2004 and Spring 2005 semesters were out of balance by \$190 and \$480, respectively.

We recommend the reconciliation be performed in accordance with the System procedures that are to be developed for this process, as previously addressed in this report. If training is needed, a request should be made of the NSHE Academic and Student Affairs Office. We also recommend that GBC work with the State Treasurer's Office to identify and correct the discrepancies noted above.

NEVADA STATE COLLEGE

ANNUAL RECONCILIATION

The Internal Audit Department reviewed the annual reconciliation process to determine whether the institutional report that is used for this purpose reconciled to the INSTEP Detail Report.

We noted the annual reconciliation for Fall 2004 was out of balance by \$240 which was attributed to the late funding of a student.

We recommend that NSC work with the State Treasurer's Office to correct the student's Millennium Scholarship account balance.

TRUCKEE MEADOWS COMMUNITY COLLEGE

MILLENNIUM REFUND TESTING

When students are funded with the Millennium Scholarship and subsequently withdraw from some or all of their courses, the funding must be returned to the State Treasurer's Office. The Internal Audit Department reviewed the process for submitting refunds at TMCC. During this review, we noted numerous entries of Millennium Scholarship funding and reversals of funding, into and out of TMCC student accounts. According to institutional financial aid personnel; the large numbers of entries are due to staff that must manually input this information and who make errors due to interruptions from their other job responsibilities.

We recommend that consideration be given for assigning an employee to perform the Millennium Scholarship data entry and that the employee's other job responsibilities be limited during the funding period. Consideration should also be given for increasing staff each semester during the Millennium Scholarship funding period in both the Financial Aid and Student Accounting offices.

ANNUAL RECONCILIATION

The Internal Audit Department reviewed the annual reconciliation process to determine that the institution's report created for this purpose reconciled to the INSTEP Detailed Report.

We noted the annual reconciliation was out of balance by \$295 due to a student refund that was processed late in the year. A reconciliation was completed after the semester ended, as

required by Millennium Scholarship guidelines, but was not completed again as part of the annual reconciliation.

We recommend that TMCC work with the State Treasurer's Office to correct the student's Millennium Scholarship account balance. We also recommend TMCC reconcile to the INSTEP Detailed Report both for the semester and once again in December or January for the annual reconciliation.

INITIAL FUNDING REQUEST

TMCC has created a report to determine the amount of the initial funding request. The program used to generate the report extracts information from the Term Units (TUNI) screen in SIS, which provides the number of credits students have completed each term. We noted the program reviews the first TUNI record for each student. If a student takes both community service classes and undergraduate classes; the community service units will be the only units that appear on the report because community service courses appear first alphabetically. The program does not check for the undergraduate (UG) unit type. In addition, the Summer term has multiple sessions. If students enroll in courses in more than one session, the program does not combine the units to arrive at the total number that were attended. The program should be modified so that Summer term units are correctly totaled.

We recommend the program be modified so that only the UG unit category codes are extracted. We also recommend that the billing units for the Summer term be combined for students who attend multiple sessions.

UNIVERSITY OF NEVADA, LAS VEGAS

GRADUATE LEVEL COURSES

The Internal Audit Department generated a report of students who received the Millennium Scholarship and who were enrolled in classes numbered 500 and above during the Summer and Fall 2004 and Spring 2005 enrollment periods. These classes are considered graduate level courses and are not eligible to be paid with the Millennium Scholarship funds.

We noted three students, however, for whom Millennium Scholarship funds were paid that were enrolled in graduate level courses. Each of the students had already graduated from UNLV. We noted nine other undergraduate students that received the Millennium Scholarship that were enrolled in at least one graduate level course. The Guide to the Nevada Millennium Scholarship Program (revised August 2004) states that the Scholarship can be used for undergraduate course work only.

We recommend that UNLV develop a process, such as through the use of reports, for identifying students who have graduated and/or who were enrolled in graduate level courses, that received the Millennium Scholarship funds. We recommend UNLV reimburse the State Treasurer's Office for the students mentioned above. Consideration should be given for billing the students for the fees.

INITIAL FUNDING

UNLV has created a report for determining the initial Millennium Scholarship funding request. The program used to create the report makes adjustments for students who have dropped courses during the various refund periods. We noted the program does not exclude students who have dropped courses under certain withdrawal codes. These codes are not currently being used by UNLV, however, if the codes are used at some point in the future, it could result in the reporting of students in the initial funding request who should not be funded.

We recommend that the initial funding program be corrected to address this issue.

When the report was generated for the Spring 2005 semester we noted a disbursement of \$1,958 for which student identification numbers were not provided to indicate the students that received the funding. Subsequent follow-up of this transaction revealed the disbursement was for four students that dropped all of their classes during the 100% refund period, except one student that was enrolled in graduate level classes. The issue involving the student enrolled in graduate courses is addressed in the “Graduate Level Courses” section of this report. Information on the three remaining students was provided to the UNLV Financial Aid Office.

Upon review by the Financial Aid Office, a satisfactory explanation was provided as to the reason for the disbursement. We recommend, however, that the initial funding report be carefully reviewed to determine whether any funding has occurred for which student identification numbers are not provided.

EXTRACT REPORTS

The Internal Audit Department evaluated the extract reports and reviewed the process for the Millennium Scholarship Extract Report and the Millennium Scholarship Update Report. We evaluated the error messages and identified and developed reports to use to correct the errors.

GRADE POINT AVERAGE ERROR MESSAGE REPORT

The Millennium Scholarship Extract Report has an error message that lists students that do not have a semester or cumulative GPA. This message appears when students have been paid Millennium Scholarship funds and have dropped all of their classes during the 100% refund period but for whom Millennium Scholarship funds were not entirely returned to the State Treasurer’s Office.

The Internal Audit Department created a report to assist the campus in correcting these errors. The report identifies students that do not have a GPA but received the Millennium Scholarship funds. The report was generated for the Summer 2004, Fall 2004 and Spring 2005 semesters. Three students were listed on the Fall 2004 report. Of the three students, only one was an error in which a student received a refund check rather than the funds being returned to the State Treasurer's Office.

We recommend the student's account be reviewed to determine whether the student's eligibility should be restored. We recommend the Millennium Scholarship funding paid to the student be returned to the State Treasurer's Office. We also recommend the institution utilize the program that was created on a regular basis to help identify and correct these types of problems.

UNIVERSITY OF NEVADA, RENO

GRADUATE LEVEL COURSES

The Internal Audit Department generated a report of students who received the Millennium Scholarship and who were enrolled in classes numbered 500 and above during the Summer and Fall 2004 and Spring 2005 enrollment periods. These classes are considered graduate level courses and are not eligible to be paid with the Millennium Scholarship.

We noted one undergraduate student that received the Millennium Scholarship that was enrolled in a graduate level course.

We recommend the University consider billing the student for any Millennium Scholarship funds the student received for graduate classes.

EXTRACT REPORTS

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The Internal Audit Department created a report to assist the campus in correcting these errors. The report identifies students that do not have a GPA but received the Millennium Scholarship. The report was generated for the Summer 2004, Fall 2004 and Spring 2005 semesters. Two students were listed on the Fall 2004 report and two students were on the Spring 2005 report. Of the four students, only one was an error in which a student received a refund check rather than the funds being returned to the State Treasurer's Office. Because of the refund, the student lost eligibility for the Millennium Scholarship.

We recommend the student's account be reviewed to determine whether the student's eligibility should be restored. We recommend the Millennium Scholarship funding paid to the student be returned to the State Treasurer's Office. We also recommend the institution use the program that was created on a regular basis to help identify and correct these types of problems.

WESTERN NEVADA COMMUNITY COLLEGE

ANNUAL RECONCILIATION

The Internal Audit Department reviewed the annual reconciliation process to determine whether the institutional report created for this purpose reconciled to the INSTEP Detail Report.

We noted WNCC does not use the INSTEP Detailed Report for the annual reconciliation. We also noted that when the institutional report was compared to the INSTEP report; the Spring 2005 semester was out of balance by \$320 which was caused by a difference in funding for one student account.

We recommend the INSTEP Detailed Report be used to reconcile to the payment information in SIS during the annual reconciliation process. We also recommend that WNCC work with the State Treasurer's Office to correct the student's Millennium Scholarship account balance.

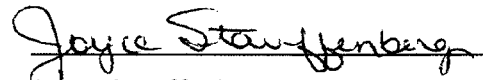
MILLENNIUM REFUND TESTING

During a review of the institution's procedures for processing the Millennium Scholarship refunds we noted one instance in which a student dropped all of their classes during the 90% refund period. One hundred percent of the student's Millennium Scholarship was returned to the State Treasurer's Office. The student was allowed to reimburse the college for the 10% refund penalty that WNCC was entitled to keep. If the penalty had been paid from the Millennium Scholarship, which is standard procedure, the student would have lost eligibility under the Millennium Scholarship rules. This is due to the fact that a 100% refund of the Millennium Scholarship is not counted against students for eligibility purposes, whereas refunds of less than 100% are.

We recommend that refunds be processed in accordance with established procedures. Students should not be allowed to make payments to the institution to avoid losing their eligibility.

The Internal Audit Department appreciates the cooperation received from NSHE and institutional personnel during this review.

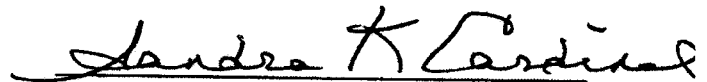
Reno, Nevada
May 31, 2006



Joyce Stauffenberg
Senior Internal Auditor



Kitty Dame
EDP Auditor



Sandra K. Cardinal
Assistant Vice Chancellor for
Internal Audit and Risk Management

**NSHE Academic and Student Affairs Response to Internal Audit Report
Millennium Scholarship Program
June 1, 2004 through May 31, 2005**

The NSHE Academic and Student Affairs department recently created the position of Director of Financial Aid, effective May 1, to coordinate and manage statewide financial aid programs, one of which is the Governor Guinn Millennium Scholarship program. This includes facilitating Millennium Scholarship operations and serving as a liaison between NSHE institutions and the State Treasurer's Office. The Director of Financial Aid also monitors Board of Regents policy and ensures adherence to NRS, as well as working with the Assistant Vice Chancellor to develop policy and procedural changes. This includes providing interpretation of Board policy for institutions. The Director of Financial Aid serves as chair of the Millennium Scholarship Advisory Board and monitors and revises the Millennium Scholarship Guide (here forward referred to as "Guide"). The project to revise the Guide took approximately five months and involved extensive review by NSHE institutions, System Administration staff, System Computing Services staff, and the Office of the State Treasurer staff. Substantive changes to procedures were reviewed by Legal Counsel and added where appropriate. A new Guide was published November 20, 2006.

Following are responses to the System-wide exceptions listed in the Internal Audit Report:

CREDIT LIMITATIONS

The 12 credit funding cap became effective January 2006 and thus falls outside the scope of the audit time period. However, System Legal Counsel determined that the intent of the NRS was to limit enrollment to 12 credits system-wide. In June 2006 Board of Regents' Policy was revised by the Board to reflect this change. System Computing Services developed a FOCUS report to identify co-enrolled students who had received Millennium disbursements at more than one institution. This report is automatically sent to each institution's print queue every Friday and must be processed immediately to reconcile student disbursements. The Vice Chancellor for Academic and Student Affairs issued a memorandum to NSHE institutions in May 2006 to clarify policies and procedures. The Guide was revised to include these policies and procedures which are noted in section 19.9 (Enrollment at Multiple Institutions), page 15.

12/21/2006

STUDENT APPLICATIONS

The Guide has been updated in section 19.5 (Enrollment Requirements for Receipt of a Scholarship), page 10, making it the responsibility of the institution to ensure that Millennium scholars declare an eligible program of study, leading to a certificate, associate's or bachelor's degree, upon admission to the institution. However, high school graduates who apply during the Spring prior to graduation do not know until mid-July if they will be a Millennium Scholar. Procedures in the revised Guide require institutions to run a weekly FOCUS report to catch any scholars who are not enrolled in an eligible program of study. System Computing Services will also work to add this report to the FOCUS reports sent to each institution's print queue every Friday.

REFUNDS

In May 2006, System Administration staff met with the Treasurer's Office staff to develop a standard refund procedure. Comprehensive procedures have been added to the Guide and may be found in section 19.18 (Refunds), page 27.

CERTIFICATE PROGRAMS

The Guide has been updated in section 19.5 (Enrollment Requirements for Receipt of a Scholarship), page 10 to add certificate programs to the list of eligible programs of study.

LATE FEES

System Administration has determined that the Millennium Scholarship may not be used to pay late fees incurred by students. A paragraph regarding late fees has been added to the Guide in section 19.18 (Refunds), page 27.

GRADUATE COURSES

System Administration has determined that undergraduate students enrolled in graduate level courses are approved for payment only if the course is required for the student's program of study as published in the institution's catalog. This language has been updated in the Guide in section 19.5 (Enrollment Requirements for Receipt of a Scholarship), page 10.

MILLENNIUM POLICY AND INSTITUTION INQUIRIES

Institutions have been informed that the NSHE Director of Financial Aid is to be consulted in the case of all policy and procedural questions regarding the Millennium Scholarship. The Introduction of the Guide, page 1, has been updated to reflect the distribution of duties between the State Treasurer, Director of Financial Aid and the Banking & Investment Officer/Senior Budget Analyst.

ANNUAL RECONCILIATION

At the May 2006 meeting between System Administration staff and the Treasurer's Office, reconciliation procedures were expanded and have been added to the Guide in section 19.19 (Office of the State Treasurer) under subsection "NSHE Reconciliation Procedures," page 30. System Administration has worked extensively with institutions to communicate these changes.

MILLENNIUM REFUSAL

It is the responsibility of the student to notify the institution if they choose not to use their Millennium scholarship for a given term. This must be done each term and prior to the end of the 100% refund period. Students may not refuse their Millennium scholarship after the end of the 100% refund period. Institutions must document that the student has refused their Millennium scholarship. This language has been added to section 19.10 (Amount of the Scholarship), page 17 of the Guide.

SUMMER TERMS

Standardized summer funding procedures have been developed and have been added to the Guide in section 19.8 (Summer School), page 14. Students are reimbursed after the end of the Fall add/drop period (approximately mid-September) and no later than October 10.

As part of the weekly series of FOCUS reports sent automatically to each institution's print queue, System Computing Services developed a report that identifies Millennium students whose disbursements for all terms and/or total balance exceeds \$10,000. Institutions are instructed to research disbursements and make corrections or withdraw the disbursement by the following week.

12/21/2006

TRANSFERS

System Administration determined that only one institution was changing the status of Millennium students to non-degree. Staff worked with the institution to resolve this issue and this practice is no longer in place.

SIS SECURITY ACCESS

System Administration researched this issue and determined that it is not possible to create a new Millennium security profile, due to the limitations of SIS security that restrict the number of times a screen/table may be included in a profile. The Millennium Scholarship screens are used to their maximum at some of the institutions. In response, System Computing Services developed a new Millennium disbursement screen in SIS (MSDS) that notes disbursements with enrollment at all institutions by term. This allows institutions to verify both enrollment and disbursement of Millennium scholars at other institutions. After testing by the SIS Financial Aid User Group, MSDS was placed into production in September 2006.

EXTRACT REPORT STORAGE

System Administration and System Computing Services worked with the SIS Financial Aid User Group to determine which reports need to be stored in XNET, as well as how long they need to be available. The Millennium Scholarship Update Report is now stored in XNET for two years. In addition, a number of other Millennium reports are now stored in XNET.

PROCEDURES FOR LATE ADJUSTMENTS

The Guide has been updated in section 19.19 (Office of the State Treasurer), page 31, as well as section 19.20 (Institutional Certification of Enrollment), page 35, regarding exceptions to automatically transmitted data. Institutions are to use the "Authorization to Correct Student Record." Additionally, Internal Audit and System Computing Services created a FOCUS report that identifies disbursements that are made after a term's data are no longer sent to the Treasurer's Office, which require the authorization form mentioned above. This report is now one of the series of FOCUS reports that are sent automatically to each institution's print queue.

MILLENNIUM SCHOLARSHIP (MSID) SCREEN

System Computing Services looked seriously at this recommendation and took it one step further, by creating the aforementioned MSDS (Millennium Disbursement Screen) that notes disbursements with enrollment at all institutions by term. This allows institutions to verify both enrollment and disbursement of Millennium scholars at other institutions. After testing by the SIS Financial Aid User Group, MSDS was placed into production in September 2006.

STUDENTS WITHOUT SOCIAL SECURITY NUMBERS

System Administration and System Computing Services have researched this recommendation and have determined that it is not possible to establish a unique student identification numbering system at this time, due to the limitations of SIS. This is, however, part of the iNtegrate project that NSHE is currently pursuing.

SIS ADJUSTMENT PROCESS

As part of the revisions to the Guide, AJST procedures have been developed and are noted in section 19.10 (Amount of the Scholarship) under subsection "NSHE/SIS Disbursements," page 18.

MSID SCREEN HISTORY

System Computing Services developed three new SIS screen/tables: MSLO, the SIS to Instep log which shows all institutions' records sent to the Treasurer's Office by date. MSLI is the Instep to SIS log summary, and MSI2 is the detail Millennium Scholarship records by date. These screens allow institutions to track historical changes to the MSID record. After testing by the SIS Financial Aid User Group, MSLO, MSLI and MSI2 were placed into production early November 2006.

STUDENTS WITHOUT MSID RECORD

The FOCUS report that Internal Audit developed as part of this recommendation has been converted by System Computing Services and is now one of the series of reports that are automatically sent to each institution's print queue on Fridays. The Guide has been updated in section 19.10 (Amount of the Scholarship), page 18, instructing institutions to process the report and correct errors no later than the following Thursday.

AUTOMATED PACKAGING PROCESS

In Summer 2005, System Computing Services automated the packaging process for Millennium scholars who have also applied for federal aid during the Fall and Spring terms. Due to the complexities of Summer funding, it is not included in the automated packaging process. The addition of the MSDS screen allows institutions to drill down into summer eligibility and more accurately identify students to be packaged in the summer.

MILLENNIUM AUTOMATED DISBURSEMENT PROGRAM

In July 2006, System Computing Services added the automatic disbursement error report, SFADISBB, to XNET, to be retained for two years.

DATE OF BIRTH ERROR REPORT

It is not feasible to correct errors for all Millennium Scholars since the inception of the program. Additionally, many students will appear on the report for multiple institutions. Given the SIS structure of seven separate databases, it is probable that institutions will be making duplicate corrections. To that end, System Administration will be working with a subcommittee of the Millennium Scholarship Advisory Committee to determine the best method for correcting errors. The FOCUS report that Internal Audit developed as part of this recommendation has been converted by System Computing Services and is now one of the series of reports that are automatically sent to each institution's print queue on Fridays. The Guide has been updated in section 19.10 (Amount of the Scholarship), page 18, instructing institutions to process the report and correct errors no later than the following Thursday (this process may change pending the outcome of the Millennium Advisory Committee subcommittee.)

MILLENNIUM REFUND TESTING

System Administration has determined that institutions are not required to disburse funds to students if they have not yet received their Millennium Scholarship, and they would be ineligible at the time of payment. This language has been added to the Guide in section 19.10 (Amount of the Scholarship), page 18.

COMMON INSTITUTIONAL FINDINGS

REVIEW OF EXTRACT RECORDS

12/21/2006

The Guide has been updated in section 19.20 (Institutional Certification of Enrollment), page 35, instructing institutions to review the Millennium Scholarship Update Extract Report on at least a weekly basis.

DATE OF BIRTH ERROR REPORT

See response listed above.

SOCIAL SECURITY NUMBER ERROR MESSAGE REPORT

It is not feasible to correct errors for all Millennium Scholars since the inception of the program. Additionally, many students will appear on the report for multiple institutions. Given the SIS structure of seven separate databases, it is probable that institutions will be making duplicate corrections. To that end, System Administration will be working with a subcommittee of the Millennium Scholarship Advisory Committee to determine the best method for correcting errors. The FOCUS report that Internal Audit developed as part of this recommendation has been converted by System Computing Services and is now one of the series of reports that are automatically sent to each institution's print queue on Fridays. The Guide has been updated in section 19.10 (Amount of the Scholarship), page 18, instructing institutions to process the report and correct errors no later than the following Thursday (this process may change pending the outcome of the Millennium Advisory Committee subcommittee.).

December 15, 2006

Memorandum

To: Tom Judy, Associate Vice President for Business and Finance
Business and Finance

From: Melisa Choroszy

Subject: Millennium Scholarship Program Audit Response

Following are the University of Nevada, Reno's responses to the NSHE Millennium Scholarship Program audit.

Recommendation:

We recommend the University consider billing the student for any Millennium Scholarship funds the student received for graduate classes.

Response:

The University of Nevada Reno has made changes to our FOCUS reports to ensure graduate level courses are not included in student enrollment status for Millennium funding. In addition, changes were made at the request of this university to have the SENR screen only calculate undergraduate credits into the enrolled credits field for a given term.

The university has since corrected this record and submitted the paperwork to the Office of the State Treasurer. To date they have not corrected the student's record. Because this is not the student's responsibility, we have determined that we will not bill the student for any Millennium Scholarship funds the student received for graduate level courses.

Recommendation:

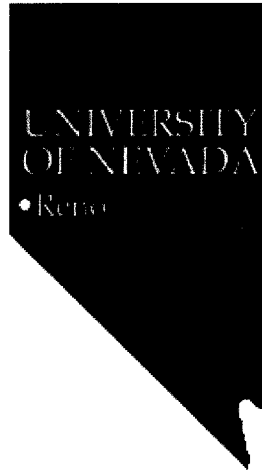
We recommend the student's account be reviewed to determine whether the student's eligibility should be restored. We recommend the Millennium Scholarship funding paid to the student be returned to the State Treasurer's Office. We also recommend the institution use the program that was created on a regular basis to help identify and correct these types of problems.

Response:

The university has reviewed the student's record and noted the university refunded the Millennium Scholarship in accordance with the school's policy since there was not a written refund policy in the 2004 Millennium Scholarship Guide. This student was scheduled to receive a payment from the Children's Cabinet and therefore given a credit of \$570.00. Tuition was \$1327 minus the expected payment from Children's Cabinet \$570. This left a remaining balance of \$757 paid by the Millennium Scholarship. The student's residual funds of \$203.00 were sent to the student via check on January 19, 2005. The student withdrew on January 27, 2005; the anticipated payment from Children's Cabinet was cancelled leaving the student with a \$757 refund applied to the student's Millennium Scholarship account. The student cashed the residual check January 27, 2005, the same day she withdrew. Therefore the university has determined that the student's eligibility should not be restored and no action with the State Treasurer's Office will be taken. The student received the refund in accordance with school policy **prior** to withdrawing from school.

The NSHE Director of Financial Aid has agreed to work with the Student Accounts and Financial Aid User Groups to develop a procedure common across campuses for students with sponsor payments. The NSHE System Administration is working with SCS to create the MLPDNOCL report which will be run against prior term and the current disbursing term. Once this report is available, we will utilize it to help us monitor the students' accounts.

Thomas L. Judy
Associate Vice President



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tomj@unr.edu

Memorandum

To: Sandi Cardinal, Assistant Vice Chancellor for Internal
Audit and Risk Management, NSHE

From: Tom Judy

Date: December 15, 2006

Subject: NSHE Millennium Scholarship Audit Response

The purpose of this memorandum is to transmit the university's response to the audit of the NSHE Millennium Scholarship.

I have reviewed and concur with all responses.

Attachment

c: Milton Glick, President
Ron Zurek, Vice President Administration and Finance

UNLV was cited on four different items with regards to the Millennium Scholarship Audit (June 1, 2004 – May 31, 2005).

Graduate Level Courses:

We partially agree:

The auditors noted a total of twelve students with paid Millennium Scholarship for Graduate Level Courses in which they were enrolled.

Three students had graduated in the previous semester,-but had pre-registered for the graduate-level classes while they were undergraduates. At the time SFS paid these three students, the SIS record reflected an undergraduate status. Later, after graduation was confirmed, the records were updated to graduate standing.

SFS will modify its procedures to review paid students and reverse Millennium payments to graduated students.

Nine students were paid Millennium Scholarship funds even though a portion of their course load included graduate level classes. A 12/16/2005 memorandum from Vice Chancellor for Academic and Student Affairs Jane Nichols indicated:

“Millennium Scholars can receive funding for graduate level courses if they are enrolled in a program leading to a baccalaureate degree and the graduate-level credits earned contribute toward academic progress within their program of study (as established in Board of Regent’s Handbook, Title 4, Chapter 18, Sections 18.5b and 18.13a).”

Since the UNLV registration system does not allow undergraduates to enroll in graduate-level course work without Dean’s approval, we believe these students were properly paid, and the Vice Chancellor’s comments support this conclusion.

INITIAL FUNDING

We agree:

Regarding the recommendation that the initial funding program be corrected to address the issue of the withdrawal codes not used by UNLV. Since these codes are not utilized at this point, nothing can be done. However, if these codes are utilized at some point in the future, the initial funding report will be modified to include these withdrawal codes.

Regarding the recommendation that the initial funding report be carefully reviewed to determine whether any funding has occurred for which student identification numbers are not provided. When these reports are prepared, we will compare it to reports generated by the RebelAid system. The review will make sure that all student identification numbers are included in the report.

Extract Reports:

We agree:

UNLV will begin using the Millennium extract reports provided and will continue to use RebelAid queries to ensure proper program administration.

Grade Point Average Error Message Report:

We agree:

This is an exceptional case. The student in question suffered from a severe eating disorder and left UNLV to receive specialized treatment.

The student submitted a petition to request a refund after the close of the refund period; the petition was approved by the UNLV Faculty Senate. The petition occurred a year after the fall 2004 refund period (10/3/2005). SFS was unaware of the decision and, by the time the decision was made, was no longer reviewing for 2004 refunds.

In the future, the Fee Appeals Committee will notify SFS when this type of case arises.



STEPHEN SALABER, CPA
Controller
775-674-7979
FAX 775-673-7085
ssalaber@tmcc.edu

December 14, 2006

TO: Sandi Cardinal, Assistant Vice Chancellor for Internal Audit and Risk Management, Nevada System of Higher Education (NSHE)

FROM: Stephen Salaber, Controller

SUBJECT: Internal Audit Response – Millennium Scholarship Program

Truckee Meadows Community College (TMCC) is providing the following response to the Internal Audit recommendations for the Millennium Scholarship Program audit covering the period June 1, 2004 through May 31, 2005.

MILLENNIUM REFUND TESTING

Recommendation

We recommend that consideration be given for assigning an employee to perform all of the Millennium Scholarship data entry and that the employee's other job responsibilities be limited during the funding period.

Response

In FY 2006 a mid-year augmentation was made to fund an assistant to process Millennium transactions. Also, staffing is being reviewed for future years.

ANNUAL RECONCILIATION

Recommendation

We recommend TMCC reconcile to the INSTEP Detailed Spreadsheet both for the semester and once again in December or January for the annual reconciliation.

Response

TMCC has developed and implemented a procedure requiring reconciliation to the INSTEP Detailed Spreadsheet for both the semester and annual reconciliation in January. The student account with the \$295 error has been resolved in the clean-up process conducted by the Millennium Scholarship Office and NSHE and participated in by TMCC during June 2006.

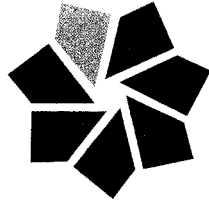
INITIAL FUNDING REQUEST

Recommendation

We recommend the program be modified so that only the UG unit category codes are extracted. We also recommend that the billing units for summer be combined for students who attend multiple sessions.

Response

TMCC has revised the FOCUS report to combine all credits from both summer terms and to exclude all community service classes from the funding calculation.



CCSN
COMMUNITY COLLEGE
of SOUTHERN NEVADA

Memorandum
Vice President, Finance & Budget

TO: Sandi Cardinal, Assistant Vice Chancellor
NSHE

FROM: Patricia Charlton
Vice President, Finance & Budget

SUBJECT: CCSN Response to Millennium Scholarship Audit
June 1, 2004 through May 31, 2005

DATE: December 14, 2006

In May 2006, the NSHE Internal Audit Department completed a system-wide audit of the Millennium Scholarship Program for the referenced period. Provided below, please find CCSN's responses to the recommendations.

SOCIAL SECURITY NUMBER ERROR MESSAGE REPORT

The Millennium Scholarship Update Report has an error message that causes social security numbers to be changed to zero on Millennium screens in SIS when the same social security number is used for more than one student. The Internal Audit Department has created a report to identify these students.

We recommend that CCSN, GBC...review the report to identify these errors and work with the State Treasurer's office to correct the data.

Response: The FOCUS Report that NSHE Internal Audit developed as part of this recommendation has been converted by System Computing Services. It is now one of the series of reports that are automatically sent to each institution's print queue each Friday. The Guide has been updated in Section 19.10 (Amount of the Scholarship), page 18, and instructs institutions to process the report and correct errors no later than the Thursday following the report issue. CCSN complies with this established procedure.

MILLENNIUM REFUND TESTING

The Internal Audit Department reviewed the process for submitting refunds at CCSN. During this review they noted that on one occasion, a student was given a 100% refund long after the refund period was over. On one other occasion, a refund was given and was subsequently changed to a higher amount. In both cases information was not entered into SIS to explain the circumstances for the refunds. Internal Audit was informed that there was written support documentation for the refunds, but it was in storage and could not be located.

We recommend explanations in these types of circumstances be provided in the NOTES screen in SIS.

Response: We agree with this recommendation. The CCSN Office of the Registrar has implemented a procedure that directs the circumstances for exceptions to the refund policy to be documented in the NOTE screen of the student's record. In addition, the documentation in the NOTE screen will agree with

the refund records that are generated by the CCSN Student Appeal Committee. The finding that resulted in the refund processed after the appropriate date has been rectified through the strengthening of the Student Appeal Committee process and increased communication facilitated through the participation on that Committee. The Committee is comprised of representation from Admissions & Records, Financial Aid, Counseling, Faculty, and Student Accounts staff.

GRADE POINT AVERAGE ERROR MESSAGE REPORT

The Millennium Scholarship Extract Report has an error message that identifies students who do not have a semester or a cumulative GPA. Internal Audit staff generated a program for Summer '04, Fall '04 and Spring '05 terms. Two students were listed on both the Fall and Spring reports. Of the four students, only one was an error in which a student received a refund check rather than the funds being returned to the State Treasurer's Office.

We recommend that the student's account be reviewed to determine whether the student's eligibility should be restored. We recommend the Millennium Scholarship funding paid to the student be returned to the State Treasurer's Office. We also recommend that the institution utilize the program that was created on a regular basis to help identify and correct these types of problems.

Response: The student's account was reviewed and it was found that the student originally received a refund check in error, but later returned the funds to CCSN. The student did not lose eligibility.

The CCSN Student Financial Services office is working with the NSHE Director of Financial Aid to ensure that these funds are the returned to the State Treasurer's Office. The CCSN Student Financial Services Office reviews the extract report daily for errors and has also implemented a procedure to review weekly the program that NSHE Internal Audit created. This ensures that errors can be identified and corrected in a timely manner.

Please let me know if you require any further information related to this response.

PAC:mte

c: Mary Kaye Bailey, Assistant Vice President, Financial Services/Controller
Bernadette Lopez-Garrett, Interim Director of Financial Aid

Finding: Annual reconciliation for fall 2004 was out of balance by \$240.00 which was attributed to the late funding of a student.

Response: After further review, the \$240.00 discrepancy was the result of a student being overpaid (double paid for the residual 4 credit funding after the add/drop period) for the fall 2004 semester. NSC paid out \$1200.00 to Millennium student #55793 when the student should have been paid \$960.00, as reflected within InStep. An adjustment with the State Treasurer's Office is not necessary as the proper amount of funds was received by Nevada State College. The adjustment necessary is internal to Nevada State College. Due to the oversight of NSC staff/process an attempt to find NSC funds to pay the \$240 overpayment is underway, to reduce the burden on the student. Otherwise, student will be billed for the outstanding balance.

NSC Student Financial Services Office is more familiar with the Millennium process and now has reports in place to reconcile the Millennium account more accurately. This will assist with this issue not occurring in the future for the current semesters under review/reconciliation or future semesters.

**Great Basin College's Response to Internal Audit Report
Millennium Scholarship Program
June 1, 2004 through May 31, 2005**

ANNUAL RECONCILIATION

Great Basin College's Financial Aid staff has subsequently performed the annual reconciliation between the Millennium Scholarship payment information in SIS and the same data provided in the INSTEP Detailed Report for the above audit period. The differences have been identified and corrected with the State Treasurer's Office back in June of 2006 during the one-time clean up of the Millennium Scholarship reports. Great Basin College has also adopted the Guide to the Governor Guinn Millennium Scholarship Program (the Guide book) created by the NSHE Academic and Student Affairs department as its policy and is currently establishing procedures to ensure the reconciliations required and set forth in the Guide book be performed in a timely manner.



**Western Nevada
Community College**

CONTROLLER'S OFFICE

DATE: December 21, 2006
TO: Sandi Cardinal, Assistant Vice Chancellor of Finance, NSHE
FROM: Paul Richey, Controller, WNCC
SUBJECT: Response to Millennium Scholarship Audit

The WNCC Office of Financial Assistance has reviewed the audit recommendations and prepared the following responses.

ANNUAL RECONCILIATION

Recommendation: The Internal Audit Department reviewed the annual reconciliation process to determine whether the institutional report created for this purpose reconciled to the INSTEP Detail Report. We noted WNCC does not use the INSTEP Detailed Report for the annual reconciliation. We also noted that when the institutional report was compared to the INSTEP report; the Spring 2005 semester was out of balance by \$320 which was caused by a difference in funding for one student account. We recommend the INSTEP Detailed Report be used to reconcile to the payment information in SIS during the annual reconciliation process. We also recommend that WNCC work with the State Treasurer's Office to correct the student's Millennium Scholarship account balance.

Response: The WNCC Office of Financial Assistance has been reconciling Millennium funds in SIS to INSTEP each term. The INSTEP Detailed Report is now used to reconcile the payment information in SIS during the annual reconciliation process. This additional step has been added to the reconciliation procedures. The account that was out of balance has been corrected with the Treasurer's Office.

MILLENNIUM REFUND TESTING

Recommendation: During a review of the institution's procedures for processing the Millennium Scholarship refunds we noted one instance in which a student dropped all of their classes during the 90% refund period. One hundred percent of the student's Millennium Scholarship was returned to the State Treasurer's Office. The student was allowed to reimburse the college for the 10% refund penalty that WNCC was entitled to keep. If the penalty had been paid from the Millennium Scholarship, which is standard procedure, the student would have lost eligibility under the Millennium Scholarship rules. This is due to the fact that a 100% refund of the Millennium Scholarship is not counted against students for eligibility purposes, whereas refunds of less than 100% are. We recommend that refunds be processed in accordance with established procedures. Students should not be allowed to make payments to the institution to avoid losing their eligibility.

Response: Staff in the WNCC Financial Assistance Office have reviewed the procedures for the Millennium Scholarship Program. Additional internal procedures for the refund process have been added to ensure that refunds are processed in accordance with the Millennium Scholarship rules. Students will not be allowed to make payments to the institution to avoid losing their eligibility.