UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

JUL 24 2002

MEMORANDUM

TO : Greg Woods
Chief Operating Officer
Federal Student Aid

[redacted]

FROM : Thomas A. Carter
Assistant Inspector General
for Audit Services

SUBJECT: Final Audit Report
UNIVERSITY OF SAN FRANCISCO'S ADMINISTRATION OF THE WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM
Control Number ED-OIG/A06-B0007

Attached is our subject report presenting findings resulting from our audit of University of San Francisco.

In accordance with the Department's Audit Resolution Directive, you have been designated as the action official responsible for resolution of the findings in this report.

If you have any questions or wish to discuss the contents of this report, please contact Sherri Demmel, Regional Inspector General for Audit, Dallas, Texas, at 214-880-3031. Please refer to the audit control number in all correspondence relating to this report.

Attachment

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

JUL 24 2002

Control Number ED-OIG/A06-B0007

The Reverend Stephen A. Privett, S.J.
President
University of San Francisco
2130 Fulton Street
San Francisco, CA 94117

Dear Father Privett:

This **Final Audit Report** (Control Number ED-OIG/A06-B0007) presents the results of our limited-scope audit of the University of San Francisco (University). The objectives of our audit were to determine if the University reconciled and accounted for William D. Ford Federal Direct Loan Program (Direct Loan) funds monthly, and closed Direct Loan accounts in accordance with program requirements. Our review focused on Direct Loan Program Years 1997-1998 through 1999-2000.

A draft of this report was provided to the University. In its response, the University generally agreed with our findings and some of our recommendations. The University stated that it was aggressively addressing the closure of the open loan years. The University did not concur with our recommendation that it be placed on reimbursement for all Title IV funds until all Direct Loan funds are accounted for and it demonstrates that it can administer the Direct Loan Program in accordance with all applicable requirements. We have summarized the University's comments after the Recommendations. A copy of the complete response is enclosed with this report.

BACKGROUND

The Department determines a Direct Loan school's origination status under requirements in 34 C.F.R. § 685.402. Schools may participate under three origination options: school origination option 1, school origination option 2, and standard origination. The University operated under option 2, which means that the University originated Direct Loan records, handled promissory notes, and drew down funds. The three origination options are summarized below.

[redacted]			
Responsibility	**Standard Origination**	**Origination Option 1**	**Origination Option 2**
Create loan origination records	X	X	X
Transmit loan origination records to LOC	X	X	X
Prepare promissory note	LOC	X	X
Obtain completed/signed promissory note	LOC	X	X
Send promissory note to LOC	n/a	X	X
Calculate need for Direct Loan funds	LOC	LOC	X
Request Direct Loan funds from GAPS	LOC	LOC	X
Receive funds from GAPS	X	X	X
Disburse loan funds to borrowers	X	X	X
Create disbursement records	X	X	X
Transmit disbursement records to LOC	X	X	X
Perform reconciliation	X	X	X
[redacted]	[redacted]		
X = school's responsibility LOC = Loan Origination Center's responsibility n/a = not applicable			

The definitions of the three origination options, in 34 C.F.R. § 685.102, provide that a Direct Loan school must reconcile "on a monthly basis." The Direct Loan School Guide recommends steps for schools to follow to prepare for the monthly reconciliation process. Those monthly reconciliations must identify unbooked loans, missing promissory notes, and the need to return any excess cash.

Direct Loan schools also are required to close their accounts at the end of each program year. The Direct Loan School Guide stipulates that schools must close out each program year with an ending cash balance of zero. Closeout occurs when all internal accounts balance to zero and the ending cash balance is zero with the Department. A successful closeout should be the result of careful monthly reconciliations, and DLB 00-24 states that the annual processing deadline for closing out a Direct Loan program year does not relieve schools from compliance with the regulatory 30-day reconciliation requirement. For Program Year 1997-1998, the Department published, in 64 FR 36748 (July 7, 1999), a notice indicating that institutions participating in the Direct Loan Program had to submit all electronic loan records and promissory notes for that award year to the Secretary by August 2, 1999. For subsequent award years, the directive to submit those records was contained in bulletins posted on the Federal Student Aid (FSA) web site and sent to each institution participating in the Direct Loan Program. DLB 00-24 required schools to close their Program Year 1998-1999 accounts by July 31, 2000. DLB 01-23 addressed closeout for Program Year 1999-2000, and required schools to either confirm or appeal the ending cash balances shown in the Department's records as of August 10, 2001. The schools were required to confirm or appeal those balances by September 28, 2001.

The University is a private, Jesuit university located in San Francisco, California. The Western Association of Schools and Colleges - Senior Colleges and Universities (WASCSR) accredits the school. The University received initial approval to participate in Title IV Student Financial Assistance programs on December 1, 1965, and began participating in the Direct Loan Program on April 1, 1995. The University received over $124.6 million in Direct Loan funds for the three program years ending June 30, 2000.

AUDIT RESULTS

The University did not reconcile and account for Direct Loan funds monthly and did not close Direct Loan accounts in accordance with program requirements. As of January 31, 2001, the University had annual ending unaccounted for cash balances totaling approximately $25.8 million for the last three Direct Loan program years. The potential interest cost to the Federal government associated with the unaccounted for cash balances totaled approximately $1.8 million as of August 31, 2001. By June 7, 2002, the unaccounted for cash balance had been reduced to $1,189,345. The unaccounted for cash balance occurred because the University did not make corrections to all rejected loan records, follow up on lost or rejected promissory notes, match Direct Loan records with Department records, and provide adequate oversight to ensure funds were reconciled.

In order for a loan to be reconciled, it must be booked. A loan is booked when the Direct Loan Origination Center (LOC) receives and accepts a loan origination record; the borrower signs a promissory note and the LOC accepts the promissory note; and a first disbursement record is transmitted to and accepted by the LOC. A promissory note can be rejected for various reasons, including:

- missing data (signature, Social Security Number, name, address, phone number, driver’s license, citizenship status, loan amount requested, references, employer information, loan period, or date of birth)
- promissory note alterations without appropriate borrower initials
- amount disbursed greater than promissory note amount

According to 34 C.F.R. § 685.301(d), schools are required to submit loan origination records, promissory notes, and disbursement records to the LOC within 30 days of the initial and subsequent disbursements.

Schools are also required under 34 C.F.R. § 685.300(b) to comply with all requirements established by the Department relating to the Direct Loan Program. As stated in 34 C.F.R. § 685.300(b)(6), a school must “provide assurances that the school will comply with requirements established by the Secretary relating to student loan information with respect to loans made under the Direct Loan Program.” As provided in 34 C.F.R. § 685.102, schools must reconcile Direct Loan funds “on a monthly basis.” The Department also establishes deadlines for the submission of all records and promissory notes related to each Direct Loan program year. For example, 64 FR 36748 (July 7, 1999) specifically stated that, for Direct Loan Program Year

1997-1998, any "records and promissory notes that have been rejected and remain incomplete or inaccurate by August 2, 1999 may result in institutional, rather than Federal, responsibility for the loan or portion of the loan." The Department requires schools to close out each program year with an ending cash balance of zero. A school can be required to change its loan origination status. As stated in 34 C.F.R. § 685.402(c)(2), "The Secretary may require a school to change origination status if the Secretary determines that such a change is necessary to ensure program integrity or if the school fails to meet the criteria and performance standards established by the Secretary."

On August 24, 2001, according to 1999-2000 data obtained from the LOC, the University still had 37 loans that were unbooked because the promissory notes for those loans were lost. The total value of those loans was $201,655. Data obtained from the LOC for 1998-1999 showed that the University still had 680 unbooked loans on August 24, 2001. The total value of those loans was $665,177. Of that amount, 96 percent ($638,651) pertained to problems with promissory notes. As a result of not reconciling on a monthly basis, the University did not close any of the three Direct Loan program years with a cash balance of zero as required.

Because the University did not reconcile monthly for Program Years 1997-1998 through 1999-2000 (July 1, 1997, through June 30, 2000) and return the excess cash balances, we calculated the potential interest cost to the federal government and taxpayers to be approximately $1.8 million as of August 31, 2001. We calculated that cost by applying the Current Value of Funds Rate, which was five percent for the period July 1, 1997, through December 31, 2000 and six percent for the period January 1, 2001, through December 31, 2001, to the ending cash balances. The unaccounted for cash balances and the potential cost to the government are detailed in the following table:

			Potential Interest Cost to Government As of August 31, 2001
1997-1998	$ 41,767	$ 0	$ 37,129
1998-1999	$ 3,286,326	$ 2,435,599	$ 660,496
1999-2000	$22,445,487	$ 4,298,547	$ 1,141,489
			$ 1,839,114

By August 31, 2001, the University closed out Program Year 1997-1998 by returning a final balance of $41,767 to the Department. The Department sent the University a letter dated January 12, 2001 and asked the University to return the $41,767 cash balance no later than February 28, 2001. The University returned the cash balance on April 10, 2001. Therefore, we calculated the Program Year 1997-1998 interest cost only through April 9, 2001. As of June 7, 2002, the University had also reduced its total ending cash balances for Program Years 1998-1999 and 1999-2000 from about $25.8 million to about $1,189,345.

RECOMMENDATIONS

We recommend that the Chief Operating Officer for Federal Student Aid:

1. Require the University to immediately either account for the $1,189,345 in unaccounted for funds or return the funds to the Department of Education plus any interest.

2. Require the University to assume liability for all lost promissory notes identified by the LOC, including $201,655 for Program Year 1999-2000.

3. Change the University's loan origination status to standard origination.

4. After all Direct Loan funds are accounted for, retain the University on standard origination for the Direct Loan Program until such time that the University demonstrates it can administer the Direct Loan Program in accordance with all applicable requirements.

5. Require the University to develop management controls and procedures to ensure that it reconciles with the Department on a monthly basis.

THE UNIVERSITY'S COMMENTS ON THE DRAFT REPORT AND OIG'S RESPONSES

The University stated that, as of December 2001, it had accounted for all but $4.15 million of the Direct Loan funds in question and hoped to complete the reconciliation and closeout process by May 1, 2002. We agree that the University has made progress reconciling and accounting for the Direct Loan funds that it received for Program Years 1998-1999 and 1999-2000. As of June 7, 2002, the total unaccounted for amount was $1,189,345--$556,888 for Program Year 1998-1999 and $632,457 for Program Year 1999-2000.

After evaluating the University's comments and obtaining additional information at the Loan Origination Center, we modified Recommendations 1, 3 and 4. We modified the amount in Recommendation 1 from $6.7 million to $1.2 million. We also modified Recommendations 3 and 4 to recommend that the University's loan origination status be changed to the standard option, and that the University remain at the standard origination status until such time that the University demonstrates it can administer the Direct Loan Program in accordance with all applicable requirements. However, the University's comments and reconciliation efforts did not persuade us to change our findings. A summary of the University's comments and our responses follow.

<u>Recommendation 1.</u> Require the University to immediately either account for the $6,734,146 in unaccounted for funds or return the funds to the Department of Education plus any interest.

<u>University's Comments.</u>
The University stated that it presently can and has always been able to internally account for all cash drawn down for the years referenced in the draft report. The University also stated that it never has had or maintained an excess cash balance as defined in 34 C.F.R. § 668.166. In addition, the University stated that it continues to work with the LOC to provide data required by the LOC.

<u>OIG's Response.</u>
This audit focused on whether the funds drawn down were properly accounted for with the Department. Before and during our audit period, large cash balances were unaccounted for and unreconciled with the Department's records long after the 3-day excess cash periods, the 30-day reconciliation periods, and the year-end closeout periods had expired. The failure of an institution to reconcile and account for Direct Loan funds with the Department creates a presumption that the unaccounted for funds are excess and should have been returned to the Department. Furthermore, by delaying reconciliation, there is a danger that some accounts will not be reconciled as borrowers may no longer be available to provide missing documentation. Delays in reconciling a loan may also adversely affect timely collection efforts when a borrower enters repayment. Finally, there is potential harm to students when schools do not reconcile timely, because the loans cannot enter repayment until they are reconciled and for unsubsidized loans, the interest is capitalized until the loan is reconciled, resulting in greater indebtedness to the student. The same is true for subsidized loans that are not reconciled until after the student's grace period.

To assist in the reconciliation process, the University automatically received the 732 Detail Report data from the LOC. Additionally, based on additional work conducted at the Loan Origination Center after we received the University's comments, we determined that LOC personnel provided technical assistance on several occasions to the University, including site visits by the Reconciliation Manager and a Reconciliation Accountant, and telephonic contact. For example, during the period April 21, 1997, through April 30, 2002, LOC Customer Service Representatives recorded 277 instances of contact between the LOC and the school. Additional technical assistance was provided by one of the Department's Client Account Managers (CAM) located in San Francisco, who also made site visits to the school and communicated with University officials by telephone. However, despite the 732 detail information and the technical assistance provided by LOC and Department personnel, the University did not reconcile its Direct Loan records with the Department's records because the University did not provide adequate oversight to ensure the reconciliation was accomplished.

<u>Recommendation 2.</u> Require the University to assume liability for all lost promissory notes identified by the LOC, including $201,655 for Program Year 1999-2000.

<u>University's Comments.</u>
The University stated that it is confident that it will be able to replace notes not received or misplaced by the LOC, and said that it has identified 39 notes for 1999-2000 for which the LOC cannot locate a copy.

<u>OIG's Response.</u>
The Chief Operating Officer for Federal Student Aid should ensure that all notes are properly accounted for or require the University to pay the money back to the Department. In order for a Direct Loan to a student to be recognized as a valid loan, it must be "booked." A loan cannot be booked until the institution submits to the LOC, and the LOC accepts, three types of documents: a loan origination record, a promissory note, and a loan disbursement record.

<u>Recommendation 3</u>. Place the University on reimbursement for all Title IV programs until all Direct Loan funds are accounted for.

<u>University's Comments.</u>
The University stated that it can and has accounted for all Direct Loan funds disbursed to its students, and disagreed strongly that reimbursement is warranted because it would create a considerable hardship for the institution and its students and because of the University's "record of stewardship of Title IV funds."

<u>OIG's Response.</u>
We have changed recommendation three so that the University's origination status be changed to standard origination. Standard origination is the equivalent of reimbursement for the Direct Loan program.

<u>Recommendation 4</u>. After all Direct Loan funds are accounted for, retain the University on reimbursement for the Direct Loan Program until such time that the University demonstrates it can administer the Direct Loan Program in accordance with all applicable requirements.

<u>University's Comments.</u>
The University stated that it continually revises and reconsiders its internal processing for Direct Loans, and stated that the school is now in the process of implementing a system that will automatically require LOC acknowledgment and acceptance of promissory notes before individual disbursements are made by its internal system. The University expects that system change to be effective with Summer 2002 disbursements.

<u>OIG's Response.</u>
We recognize the University's efforts to improve its system of accounting for Direct Loan funds. However, changes that might be effective for Summer 2002 disbursements do not change the fact that the University had large unreconciled cash balances for the three years of

our audit period. We still maintain that Direct Loan funds were not properly accounted for. Direct Loan funds must be properly accounted for, not only with the drawdown and disbursement process, but also with the reconciliation and closeout process. We modified this recommendation to include a recommendation that the Department retain the University at the standard origination status for the Direct Loan Program until such time that the University demonstrates it can administer the Direct Loan Program in accordance with all applicable requirements. We also removed the reference to reimbursement in the recommendation. Although the University is making changes and improvements, being retained on standard origination will help to provide assurance to the Department that the changes and improvements will be effective.

Recommendation 5. Require the University to develop management controls and procedures to ensure that all internal Direct Loan records are current and accurate and that those records match the Department's Direct Loan records on a monthly basis.

University's Comments.
The University stated that it is "in the process of transferring managerial oversight of monthly reconciliations from the Office of Financial Aid to the Accounting Office. . . . Effective immediately the University will dedicate additional staff from the Accounting Office to ensure closure of the open years."

OIG's Response.
The University is responsible for reconciling its accounts, whether the records are processed electronically or manually. If the University had complied with the requirements and reconciled on time, the manual process would not have been necessary. The University must ensure that its internal Direct Loan records are current and accurate and that those records match the Department's Direct Loan records on a monthly basis. Placing and retaining the University on reimbursement and at the standard origination status will also help to strengthen management controls.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine if the University reconciled and accounted for Direct Loan funds monthly and closed Direct Loan accounts in accordance with program requirements. To accomplish our objectives, we:

- Interviewed Department, LOC and University personnel to determine the reconciliation process.

- We compared the Department's ending cash balances against the University's ending cash balances, for Direct Loan Program Years 1997-1998 through 1999-2000, to determine the magnitude of Direct Loan funds that were unreconciled at the end of the program years.

- We reviewed the LOC's records from April 1997 through April 2002 to determine whether technical assistance was provided to the University to assist them in the reconciliation process.

- We interviewed LOC and University personnel to determine whether on-site technical assistance was provided to the University.

We relied on computerized cash balance data applicable to the University from the Department's Loan Origination System. We visited the LOC during the week of March 19, 2001, and began our fieldwork at the University of San Francisco on March 26, 2001. We held an exit meeting with University officials on March 29, 2001. We also performed additional work at the LOC from April 30, 2002, through May 7, 2002. The audit was conducted in accordance with generally accepted government auditing standards appropriate to the audit scope described above.

STATEMENT ON MANAGEMENT CONTROLS

As part of our audit, we assessed the system of management controls, policies, procedures, and practices applicable to the University's administration of the Direct Loan Program. Our assessment was performed to determine the level of control risk for determining the nature, extent, and timing of our substantive tests to accomplish our audit objectives. For the purpose of this report, we assessed and classified the Direct Loan reconciliation process as a significant control.

Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the management controls. However, our assessment disclosed management control weaknesses that adversely affected the University's ability to reconcile its Direct Loan records. Those weaknesses are discussed in the Audit Results section of this report.

ADMINISTRATIVE MATTERS

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following U.S. Department of Education official, who will consider them before taking final Departmental action on the audit:

Mr. Greg Woods, Chief Operating Officer
Federal Student Aid
U.S. Department of Education
Union Center Plaza
830 1st Street, NE
Room 112G1
Washington, DC 20202

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, we request receipt of your comments within 30 days.

Statements that management practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determination of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

If you have any questions or if you wish to discuss the contents of this report, please contact Sherri Demmel, Regional Inspector General for Audit, Dallas, Texas, at 214-880-3031. Please refer to the control number in all correspondence related to this report.

Sincerely,

[redacted]

Thomas A. Carter
Assistant Inspector General
for Audit Services

Enclosure

USF
UNIVERSITY *of*
SAN FRANCISCO

Office of Business and Finance
2130 Fulton Street
San Francisco, CA 94117-1080
TEL 415 422-6521
FAX 415 380-1074

Enclosure

January 18, 2002 Sent via Federal Express Overnight

Sherri L. Demmel, Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
1999 Bryan Street, Suite 2630
Dallas, TX 75201-6817

Dear Ms. Demmel:

Thank you for this opportunity to comment on the Draft Audit Report (Control Number ED-OIG/A06-B0007). Our comments focus on the recommendations that appear on Page 4 of the report.

The most recent 732 Cash Summary Reports for the years 1998/1999 and 1999/2000 indicate the progress that has been made in reconciling with the Loan Origination Center since the effective date of your draft report. Please see the table inserted in our comments on Recommendation #5. In addition, for 1998/99, all information relative to the cash balance has been forwarded to the Loan Origination Center for their manual processing. For 1999/2000, the issues that prevented the booking of loans by the LOC have all been identified and data to complete their records is being transmitted in an orderly fashion and on a weekly basis. The problems related to this open year are largely the result of the fee rate change and the inability of the LOC system to record loan advances and changes in a correct and orderly manner for those schools for which summer is the lead rather than the trailing term.

In regard to your recommendations:

1. Require the University to immediately either account for the $6,734,146 in unaccounted for funds or return the funds to the Department of Education plus any interest.

    - The University presently can and has always been able to internally account for all cash drawn down for the years referenced in the draft report. In accordance with our practice and procedures, Direct Loan funds are drawn down from the Department of Education only after disbursements of University funds have been made to eligible student borrowers. For 1998/1999 and 1999/2000, all eligible borrowers were paid with USF funds prior to Direct Loan funds being drawn down.

- We disagree with the finding that the University has ever had or maintained an excess cash balance as defined in Section 668.166.

- We continue to work with the Loan Origination Center to provide them with the data they require in the format they can use to bring their records into line with ours. If the LOC is able to take and process the data as we provide it, we anticipate that all outstanding balances will be accounted for by May 1, 2002.

2. Require the University to assume liability for all lost promissory notes identified by the LOC, including $201,655 for Program Year 1999/2000.

    - Though not required to do so, the University presently prints and collects a school copy of the Direct Loan Promissory note. We are confident that we will be able to replace notes not received or misplaced by the Loan Origination Center.

    - In the matter of the notes for 1999/2000 referenced in recommendation #2, the University presently has identified thirty-nine (39) notes for which the LOC cannot locate a copy.
        - Four (4) notes have been sent and acknowledged, and the loans have been booked.
        - Eleven (11) notes had been transmitted and acknowledged but are now missing; the LOC has requested that we provide our copies.
        - Copies of the remaining twenty-four (24) notes will be retrieved from our archives and sent at the same time.

3. Place the University on reimbursement for all Title IV programs until all Direct Loan funds are accounted for.

    - The University can and has accounted for all the Direct Loan funds disbursed to its students. We are presently waiting for the Loan Origination Center to complete the processing of data and promissory notes sent to them.

    - Our student participation in the Direct Loan program is substantial and our loan volume considerable. The Campus-Based Title IV programs are vital to the aid applicants who benefit from them. Being placed on reimbursement would create a considerable hardship for the institution and its students and, because of our record of stewardship of Title IV Funds, we feel strongly that reimbursement is not warranted.

4. After all Direct Loan funds are accounted for, retain the University on reimbursement for the Direct Loan Program until such time that the University

demonstrates it can administer the Direct Loan Program in accordance with all applicable requirements.

- The University continually revises and reconsiders its internal processing for the Federal Direct Student Loan Programs.
  - We have developed a new report that allows us to compare internal and external reports in an accessible format and on a regular basis.
  - We have converted existing internal reports to identify possible data problems.
  - We have retrained staff to make them more aware of the critical need to audit daily processing.
  - We are in the process of implementing a system that will automatically require LOC acknowledgment and acceptance of promissory notes before individual disbursements are made by our internal system. We expect this change in our system to be effective with summer 2002 disbursements.
  - Effective immediately, monthly reconciliations of Direct Loan funds will be reviewed by senior employees in the Accounting Office.
- The University has always drawn down Direct Loan funds subsequent to disbursement rather than prior to disbursement. The University can and has accounted for all the Direct Loan funds disbursed to its students.

5. Require the University to develop management controls and procedures to ensure that all internal Direct Loan records are current and accurate and that those records match the Department's Direct Loan records on a monthly basis.

   - As noted above the University continually revises and reconsiders its internal processing for the Federal Direct Student Loan Programs. This is done in response to changes in Department policy and procedure, and in response to our identified need for internal change. We are presently in the process of transferring managerial oversight of monthly reconciliations from the Office of Financial Aid to the Accounting Office.

   - The University has been actively and aggressively addressing the closure of the open loan years for the past two years. We have devoted the work efforts of one full-time staff member to the resolution of these problems. The "unaccounted for" cash balances referenced in the draft report and illustrated below have been reduced on a regular and on-going basis over the past two years. Effective immediately the University will dedicate additional staff from the Accounting Office to ensure closure of the open years.

Enclosure

PROGRAM YEAR	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002
LOAN VOLUME AS OF 1/16/2002	41,729,184.00	42,246,243.00	40,811,269.00	40,976,168.00	22,980,256.00
"UNACCOUNTED FOR" CASH BALANCE 12/15/1999	196,068.00	8,207,321.00	27,757,100.00		
"UNACCOUNTED FOR" CASH BALANCE 6/15/2000	295,495.00	7,983,142.00	27,757,100.00		
"UNACCOUNTED FOR" CASH BALANCE 12/15/2000	41,767.00	3,494,350.00	22,907,211.00		
"UNACCOUNTED FOR" CASH BALANCE 3/15/2001	0.00	2,924,369.00	22,398,719.00		
"UNACCOUNTED FOR" CASH BALANCE 6/15/2001	0.00	2,435,599.00	20,322,344.00		
"UNACCOUNTED FOR" CASH BALANCE 10/15/2001	0.00	2,127,339.00	4,292,625.00		
"UNACCOUNTED FOR" CASH BALANCE 12/15/2001	0.00	1,853,991.00	2,296,128.00	755,378.00	437,482.00

The University has benefited from the cooperation and assistance of both the Loan Origination Center staff and our Regional DOE staff but the process of resolution has been extended by the LOC's inability to process electronic transmissions for years prior to 1999/2000. The manual process is labor-intensive and time-consuming for the University's financial aid staff and for the LOC. We are looking forward to closing all prior years as quickly as possible so that we can devote our staff time to the daily monitoring of current year rejects and discrepancies.

If you have questions concerning our comments or if there is further information we can provide, please contact Susan Murphy, Associate Dean of Academic Services, at (415) 422-2620 or Murphy@usfca.edu or Michael Lochhead, Associate Vice-President for Business & Finance, at (415) 422-6472 or lochhead@usfca.edu

Sincerely,

[redacted]

Charles E. Cross, Vice President
Business & Finance

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CONTROL NO. ED-OIG/A06-B0007

Auditee

The Reverend Stephen A. Privett, S.J., President
University of San Francisco
2130 Fulton Street
San Francisco CA 94117

ED Action Official

Mr. Greg Woods
Chief Operating Officer
Federal Student Aid

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Audit Liaison Officer
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Assistant Secretary
Office of Legislation and
Congressional Affairs

Assistant Secretary
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and Interagency Affairs

Director
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Post Audit Operations
Office of the Chief Financial Officer

Post Audit Group Supervisor
Financial Improvement and
Post Audit Operations
Office of the Chief Financial Officer

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Press Secretary
Office of Public Affairs

Assistant General Counsel
Office of the General Counsel

Deputy Secretary
Office of the Deputy Secretary

Chief of Staff
Office of the Secretary

Under Secretary
Office of the Under Secretary

Director
Office of Public Affairs

Others (electronic copy)

The Western Association of Schools and Colleges – Senior Colleges and Universities