

Agenda Item No. V. C. 1.
Washburn University Board of Regents

Subject: Scholarship Review

Description:

The Financial Aid Office makes financial aid awards and is charged with determining the proper “packaging” of the scholarships. The Financial Aid Office combines resources available from the General Fund and literally hundreds of small and large individual private scholarship accounts.

The Banner software system has a ‘funds management module’ that permits the Financial Aid Office to record a scholarship award to a student, and subsequently identify the source of the money from the many accounts. The amount available for scholarships is entered into Banner in great detail for the hundreds of private accounts, and for the General Fund.

In the effort to notify prospective students of their scholarship as early as possible, a different feature of Banner was utilized. To overcome the initial time consuming process of identifying the potentially multiple accounts to initially package the total scholarship; a “control account” was established. An award was determined and entered in the control account and the student notified. The intent was to subsequently match the award with identify the specific sources of funding (General Fund or multiple private find accounts). Because the control account was intended to only be used to track the gross award, it was established at a large amount.

Awards were erroneously made up to the limit of the control account in excess of the limit of the actual budget. Individual students were not aware that any scholarships were awarded in excess of our total budget. All scholarships were applied directly to the student’s account. Thus, the amounts applied as scholarships never left the university. All total a \$500,000 over expenditure has occurred in the General Fund.

It appears that no resources have been misappropriated, and no defalcation has occurred. Nonetheless, the General Fund budget has been overspent. If there is anything redeeming about this episode, it was the resources actually went to students.

We have stopped the use of the control account and established procedures to ensure over awards cannot be credited to student accounts in excess of our overall budget. This type of error cannot reoccur.

In order to verify that appropriate internal controls are in place, the university’s external auditors will conduct a through review of the entire scholarship process.

DATE

Jerry B. Farley, President