

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
Denver, Colorado**

**REPORTS ON COMPLIANCE AND INTERNAL
CONTROL OVER COMPLIANCE WITH
REQUIREMENTS FOR LOANS BILLED FOR
SPECIAL ALLOWANCE PAYMENTS AT THE 9.5%
MINIMUM RETURN RATE**

For the year ended June 30, 2010

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Clifton Gunderson LLP
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Members of the Legislative Audit Committee:

This report contains the results of the examination of CollegenInvest's compliance and internal controls over compliance with requirements for loans billed for special allowance payments at the 9.5% minimum return rate for the year ended June 30, 2010. The examination was conducted pursuant to Section 2-3-103 and 23-3.1-201, C.R.S., which authorizes the State Auditor to conduct audits of the departments, institutions and agencies of State government.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 16, 2010

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS**

EXAMINATION OF COLLEGEINVEST'S COMPLIANCE AND INTERNAL CONTROLS OVER COMPLIANCE WITH REQUIREMENTS FOR LOANS BILLED FOR SPECIAL ALLOWANCE PAYMENTS AT THE 9.5% MINIMUM RETURN RATE
Year ended June 30, 2010

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REPORT SUMMARY

**COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS**

EXAMINATION OF COLLEGEINVEST'S COMPLIANCE AND INTERNAL CONTROL OVER
COMPLIANCE WITH REQUIREMENTS FOR LOANS BILLED FOR SPECIAL ALLOWANCE
PAYMENTS AT THE 9.5% MINIMUM RETURN RATE

For the year ended June 30, 2010

Purpose and Scope

The Office of the State Auditor, State of Colorado engaged Clifton Gunderson LLP to examine CollegenInvest Student Loan Program Funds (Student Loan Program Funds) compliance and internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate for the year ended June 30, 2010. Clifton Gunderson LLP performed this examination in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The purpose and scope of our examination was to express an opinion on the Student Loan Program Funds compliance and internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate for the year ended June 30, 2010.

Overview

The Colorado General Assembly, pursuant to Colorado Revised Statutes 23-3.1-2 01, et seq., and 23-3.1-3 01, et seq., established a student obligation bond program. The program assists students in meeting the expenses incurred in availing themselves of higher education opportunities. Primary operations of the student obligation bond program commenced in 1981. In meeting its legislative mandate, CollegenInvest issues tax-exempt and taxable financings to finance the purchase and origination of student loans. As a part of administering its student loans, CollegenInvest participates in the Federal Family Education Loan (FFEL) Program, and maintains loans eligible for special allowance payments (SAP) at a 9.5 percent minimum return rate to be received from the U.S. Department of Education. The U.S. Department of Education has required this examination-level attestation report for entities that administer loans eligible for 9.5 percent SAP to determine that these loans are billed properly in accordance with guidance described in its Dear Colleague Letter FP-07-01.

Examination Opinions and Reports

We expressed an unqualified opinion on the Student Loan Program Funds' compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate for the year ended June 30, 2010.

We expressed an unqualified opinion on the Student Loan Program Funds' internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate for the year ended June 30, 2010.

Summary of Key Findings and Recommendations

There were no findings noted or recommendations noted.

DISPOSITION OF PRIOR RECOMMENDATIONS

<u>Rec. No.</u>	<u>Recommendation</u>	<u>Disposition</u>
1	CollegInvest should implement the internal controls necessary to insure that LaRS/799 reports are accurate prior to filing with the Department of Education.	Implemented

TO: Clifton Gunderson LLP

We make the following assertions in relation to the *Special Allowance Billing and Payments Attestation Report Required For Lenders Participating in the Federal Family Education Loan Program and Requesting Special Allowance Payments at the 9.5 Percent Minimum Return Rate* submitted to the U.S. Department of Education as required for our organization being paid SAP at the 9.5 percent minimum return rate for FFEL program funds derived from eligible tax-exempt financing sources.

1. Accuracy of Billings

Loans included in Part III of CollegenInvest's Interest and Special Allowance Request and Reports (LaRS/799) submitted by CollegenInvest during the year ended June 30, 2010 for billings for special allowance payments for the 4 quarters for the period beginning July 1, 2009 and ending June 30, 2010 at the 9.5 percent minimum return rate were only for loans that are first generation or second generation loans obtained from an eligible source, as described in the Department's DCL FP-07-01, identified in the special purpose audit and no others. Such billings were (1) eligible for the special allowance payments, (2) accurately reported by the proper year, quarter, interest rate, and special allowance category, and (3) accurately reported the average daily balance.

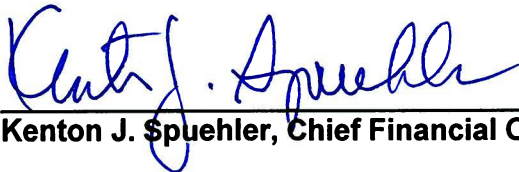
2. Effectiveness of Internal Control Over Billings

For the period beginning July 1, 2009 and ending June 30, 2010, CollegenInvest had effective internal control to provide reasonable assurance that, loans billed for special allowance payments at the 9.5 percent minimum return rate were (1) eligible for special allowance at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category.



Debra L. DeMuth, Executive Director

Date Signed 10/20/10



Kenton J. Spuehler, Chief Financial Officer

Date Signed 10/19/10

**Independent Accountant's Report on the Examination of
CollegelInvest's Compliance with Requirements for Loans Billed for
Special Allowance Payments at the 9.5 Percent Minimum Return Rate**

Members of the Legislative Audit Committee:

We have examined CollegelInvest's compliance with requirements that loans billed for special allowance payments at the 9.5 percent minimum rate were (1) eligible for special allowance payments at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category on LaRS/799 Reports during the year ended June 30, 2010 for billings for special allowance payments for the four quarters for the year ended June 30, 2010. Management is responsible for CollegelInvest's compliance with those requirements. Our responsibility is to express an opinion on CollegelInvest's compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; ED Dear Colleague Letter FP-01, dated January 23, 2007; and ED Dear CPA Letter 08-02, dated September 26, 2008 and, accordingly, included examining, on a test basis, evidence about CollegelInvest's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of CollegelInvest's compliance with the specified requirements.

In our opinion, CollegelInvest complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010.

This report is intended solely for the information and use of the U.S. Department of Education, the Legislative Audit Committee and management of CollegelInvest and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 16, 2010

**Independent Accountant's Report on the Examination of
CollegInvest's Effectiveness of Internal Control Over Compliance with
Requirements for Loans Billed for Special Allowance Payments at the
9.5 Percent Minimum Return Rate**

Members of the Legislative Audit Committee:

We have examined the effectiveness of CollegInvest's internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate that the loans were (1) eligible for special allowance at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category for the year ended June 30, 2010. CollegInvest's management is responsible for maintaining effective internal control over compliance with the requirements for loans billed at the 9.5 percent minimum return rate. Our responsibility is to express an opinion on the effectiveness of internal control based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, attestation standards established by the American Institute of Certified Public Accountants, U.S. Department of Education (ED) Dear Colleague Letter FP-01, dated January 23, 2007; and ED Dear CPA Letter 08-02, dated September 26, 2008 and, accordingly, included obtaining an understanding of internal control over compliance with requirements for loans billed for special allowance at the 9.5 percent minimum return rate, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over compliance with requirements for loans billed for special allowance payments at the 9.5 percent minimum return rate to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CollegInvest maintained, in all material respects, effective internal control over compliance with requirements that loans billed for special allowance payments at the 9.5 percent minimum return rate were (1) eligible for special allowance at such rate and (2) accurately reported by the proper year, quarter, interest rate, and special allowance category.

This report is intended solely for the information and use of the U.S. Department of Education, the Legislative Audit Committee and management of CollegeInvest and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Greenwood Village, Colorado
December 16, 2010