

CALIFORNIA STUDENT AID COMMISSION

LEGAL AND AUDIT SERVICES DIVISION



April 26, 2017

Myra Chason
President
West Coast Ultrasound Institute
291 S. La Cienega Blvd., Suite 500
Beverly Hills, CA 90211

RE: Program Compliance Review ID#81603639300 (Beverly Hills Campus)

Dear Ms. Chason:

The following is the final report of our program compliance review of your institution's participation in the California Student Aid Commission's (Commission) grant programs.

Thank you for the courtesy and cooperation extended to the Commission staff during the review. Your continued effort and consideration toward the Commission's programs will help produce an efficient and beneficial student financial assistance program.

If I, or any member of my staff, can be of further assistance to you, please feel free to call us.

Sincerely,


Keith Yamanaka, Chief Deputy Director

Enclosure

cc: Dora Ruiz, Regional Director of Financial Aid
Andrew High, Chief Operating Officer
Program Review File



***Program Compliance Office
Cal Grant Program Review Report***

2014-15 Award Year

**West Coast Ultrasound Institute - Beverly Hills
Program Review ID#81603639300**

**291 S. La Cienega Blvd. Suite 500
Beverly Hills, CA 90211**

Program Review Dates:

July 18 – 21, 2016

Auditor:

Nati Bugarin

Report Approved by:

Keith Yamanaka, Chief Deputy Director

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AUDITOR'S REPORT

SUMMARY

We reviewed West Coast Ultrasound Institute - Beverly Hills's administration of California Student Aid Commission (Commission) programs for the 2014-15 award year.

The Institution's records disclosed the following deficiencies:

- Eligible Cal Grant awardees not paid
- Education level (EL) verified incorrectly
- Incorrect Cal Grant disbursements due to enrollment status
- Cal Grant award exceeds actual tuition charges
- Cal Grant funds not reconciled
- Cal Grant funds not maintained in an interest-bearing account

BACKGROUND

The Commission performs institution compliance reviews to ensure program integrity and institution compliance with applicable laws, policies, contracts and institutional participation agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants	A, B and C
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The following information, obtained from the Institution and the Commission's database, is provided as background on the Institution:

A. Institution

- Type of Organization: For-Profit Institution of Higher Education
- President: Myra Chason
- Accrediting Body: Accrediting Commission of Career Schools/Colleges

B. Institutional Persons Contacted

- Myra Chason: Campus President/CEO
- Andrew High: Chief Operating Officer
- Dora Ruiz: Regional Director of Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: None
- Financial Aid Programs: Federal: Direct Loan Program, SEOG, Pell, and Work-Study
State: Cal Grant A, B and C
- Financial Aid Consultant: Educational Management Services, Inc.
1440 Rockside Plaza, Suite 316
Cleveland, OH 44134

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the Institution adequately administered Commission programs and complied with applicable laws, policies, contracts and institutional participation agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. File Maintenance and Records Retention
- E. Fiscal Responsibility for Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the Institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluating the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluating the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 40 students who received a total of 7 Cal Grant A awards, 17 Cal Grant B awards and 16 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 115 recipients.
- Reviewing the records of unpaid Cal Grant recipients from a sample of 16 students who appeared on the Institution's roster but were not paid for the award year. The program review sample was selected to include all unpaid students.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the Institution's management controls only to the extent necessary to plan the review.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the Institution's administration of the Commission grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers.

CONCLUSION

In conclusion, this report records the findings from our review and identifies the required actions necessary to improve controls and ensure the adequate administration of the Commission's grant programs. The matters raised in this report are only those which have come to our attention during the course of the compliance review and do not necessarily represent a comprehensive record of all the matters.

July 21, 2016

Keith Yamanaka, Chief Deputy Director

FINDINGS AND REQUIRED ACTIONS

APPLICANT
ELIGIBILITY:

FINDING 1: Eligible Cal Grant awardees not paid

A review of sixteen unpaid students disclosed three cases in which the students were eligible to have received a Cal Grant award but did not receive payment.

DISCUSSION:

The Commission provides reports such as the Unable to Determine Report, the Automatic Leave Report and the Unclaimed Awards Report to assist institutions in determining which students have potential Cal Grant Eligibility.

After reviewing the unpaid sample list, the Institution determined that students U4, U5 and U16 were eligible to have received a Cal Grant award for the 2014-15 award year, however, the students were overlooked during the Financial Aid Packaging process and were not awarded and paid. According to academic transcripts, the students were enrolled and therefore eligible to have received Cal Grant funds for the 2014-15 award year as indicated below:

Student	Cal Grant type	Term	Status	Eligible amount
U4	C	Fall	Full-time	\$1,003
		Winter	Full-time	1,003
Total eligible amount				\$2,006
U5	B	Fall	Full-time	\$ 549
		Winter	Full-time	549
		Spring	Full-time	549
		Summer	Full-time	550
Total eligible amount				\$2,197
U16	C	Fall	Full-time	\$1,003
		Winter	Full-time	1,003
		Spring	Full-time	1,003
		Summer	Full-time	1,003
Total eligible amount				\$4,012

Because the 2014-15 academic year has closed, the Institution cannot process Cal Grant payments for the unpaid students. According to the students' respective Statement of Accounts, the students obtained student loans to help pay for the cost of attendance which may have increased the students' loan indebtedness.

Although the Commission cannot currently require the Institution to reimburse the students for the Cal Grant awards that were not paid due to the Institution's failure to process the awards, it may choose to reimburse the students' loans from its own funds in the amount that could have been awarded were it not for the error.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

California Education Code 69436
Cal Grant Manual, Chapter 7, October 2005
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 15, page 147, 2/11/2016 – Version 2.1

REQUIRED ACTION:

The Institution is required to submit policies and procedures to ensure all potential Cal Grant recipients are awarded if eligible.

INSTITUTION RESPONSE:

“Upon investigation into the probable cause of this finding, the school determined that Findings One, Two and Three were caused by the improper processing of Cal Grant Payment Roosters [sic]. The financial aid department created a master payment rooster [sic] at the beginning of the Cal Grant Award Year and used this master to process payments for each subsequence payment period. Because of this, any awardee that was not included on the initial rooster [sic] did not receive payment as occurred in this finding.

The financial aid staff no longer processes payments from a single master payment rooster [sic] for the entire award year. Payment roosters [sic] are created for each payment period and cross-checked against the CSAC rooster [sic] for the same period to eliminate the possibility of missing an eligible Cal Grant awardee.”

COMMISSION REPLY:

The Institution’s procedures are deemed accepted; therefore, no further action is required.

APPLICANT
ELIGIBILITY:

FINDING 2: Education level (EL) verified incorrectly

A review of 13 students selected for EL verification revealed two cases in which the EL was verified incorrectly.

DISCUSSION:

A new Cal Grant recipient who continues to meet all program eligibility requirements and who demonstrates financial need may have his or her Cal Grant award renewed up to the maximum of the equivalent of four years of full-time attendance. Students in an institutionally-prescribed five year undergraduate program may be eligible to receive an additional year of Cal Grant program eligibility. The total number of years of Cal Grant Program eligibility is based upon the student’s EL in his or her course of study at the time of the initial Cal Grant award.

FINDINGS AND REQUIRED ACTIONS (continued)

To ensure that new Cal Grant A and B recipients receive the correct amount of initial program eligibility, institutions must verify that Commission records reflect the recipient's correct EL for the term in which the first Cal Grant payment is made. To ensure that the student's program eligibility is correct, the Commission recommends that schools verify the EL for new recipients prior to making the Fall term payment.

The grade level policy at West Coast Ultrasound Institute is as follows:

Grade Level	Number of Units
1	0 – 45
2	46 - 90

A review of the academic transcripts for students 8 and 33 revealed that the Institution incorrectly reported a lower education level which increased the students' initial amount of Cal Grant eligibility by 100% as illustrated:

Student No.	Education Level Reported	Units Completed	Correct Education Level
8	1	96	2
33	1	92	2

An institution's maintenance of accurate records and reporting of correct information is a fundamental aspect of Cal Grant Program administration. Failing to confirm and report a student's correct EL results in the student's Cal Grant Program eligibility being calculated in a manner that is inconsistent with statutory requirements. An institution that fails to comply with applicable laws, policies, contracts and its Institutional Participation Agreement may lose its eligibility to participate in the Cal Grant Program for failing to meet standards of administrative capability.

REFERENCES:

California Education Code 69433.6
Institutional Participation Agreement, Article IV.B.
Cal Grant Manual, Chapter 7, October 2005
Cal Grant Manual, Chapter 8, November 2005
Cal Grant Handbook, Chapter 10, page 81-82, 2/11/2016 – Version 2.1
Cal Grant Handbook, Chapter 15, page 142, 2/11/2016 – Version 2.1

REQUIRED ACTION:

The Institution is required to submit policies and procedures that will be implemented to ensure that education levels are correctly determined and reported to the Commission prior to the initial Cal Grant payment.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

“As with the previous finding, the cause of incorrect educational level verification was determined to be the improper use of a master payment rooster [sic] prepared at the beginning of the Cal Grant Award Year. The master rooster [sic] did not include items such as grade level or enrollment status and therefore these items were not verified as part of the payment process.

As the school is now creating payment roosters [sic] for each payment period in the Cal Grant Award year and as part of the process requiring the verification of enrollment status, grade level, and disbursement amount, grade level verification is being done correctly. Corroboration of grade level verification is aided by the use of the Cal Grant [sic] Awarding Worksheet now being used by financial aid staff. Each Cal Grant Award is documented with a Cal Grant Worksheet. The worksheet helps in calculating Cal Grant Award edibility [sic] and requires the verification of Cal Grant Program, grade level, enrollment status, and remaining Cal Grant need to complete the worksheet. A sample copy of the Cal Grant Award Worksheet is included in this response as **EXHIBIT A**.

COMMISSION REPLY:

The policies and procedures are deemed acceptable. No further action is required.

FUND
DISBURSEMENT
AND REFUNDS:

FINDING 3: Incorrect Cal Grant disbursements due to enrollment status

A review of 40 student files disclosed one case in which the student received a disbursement in excess of their eligible amount due to enrollment status.

DISCUSSION:

Institutions are required to verify eligibility at the time that Cal Grant funds are disbursed to the student or credited to the student’s account. The enrollment status must be determined according to the student’s attendance at the time Cal Grant funds are paid to the student. Enrollment status directly correlates to the amount of the Cal Grant award and the percentage of eligibility used.

The Institution’s enrollment status policy is as follows:

Full-time	12 units or more
Three-quarter-time	7 -11 units
Half-time	6 units

A review of the file of student 20 revealed that the student enrolled and completed 8.0 units for the Fall 2014 term; however, the student received a full-time Cal Grant payment in the amount of \$1,003 (\$821 tuition + \$182 books & supplies). Based upon the student’s number of units, the student was only eligible to have received a three-quarter time payment in the amount of \$752 (\$615 tuition + \$137 books &

FINDINGS AND REQUIRED ACTIONS (continued)

supplies). Thus, \$251 (\$1,003 – \$752) is ineligible and must be returned to the Commission.

REFERENCES:

California Education Code 69432.7(f)
Institutional Participation Agreement, Article IV.B
Institutional Participation Agreement, Article IV.C.1.b
Cal Grant Manual, Charter 8, November 2005
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 13, 2/11/2016 – Version 2.1

REQUIRED ACTIONS:

In response to the above finding, the Institution must return the ineligible funds of **\$251** for student 20. Furthermore, the Institution must provide written procedures and internal controls that will be put into place to ensure that enrollment status is verified prior to Cal Grant fund disbursement.

INSTITUTION RESPONSE:

This issues found during the Cal Grant Program Review regarding the verification of grade level and enrollment status have been addressed by the school through the revision of the procedures for the preparation and execution of Cal Grant Payment Roosters. [sic] As a new payment rooster [sic] is prepared for each payment period instead of relying on a master rooster [sic] prepared at the beginning of the Cal Grant Award Year, all eligibility items including enrollment status are verified during the preparation of the rooster. [sic]

Enrollment status verification is also required to complete the WCU Cal Grant Worksheet prepared for each Cal Grant eligible student. A sample copy of the Cal Grant Award Worksheet is included in this this response as **EXHIBIT A**.

COMMISSISON REPLY:

The policies and procedures are deemed acceptable. The Institution also remitted the ineligible funds in the amount of \$251 via check number 42725, dated March 31, 2017. No further action is necessary.

FUND
DISBURSEMENT
AND REFUNDS:

FINDING 4: Tuition award exceeds actual tuition charges

A review of 40 student files disclosed one case in which the Institution disbursed Cal Grant funds to a student who did not incur tuition/fee charges for the 2014-15 award year.

FINDINGS AND REQUIRED ACTIONS (continued)

DISCUSSION:

The California Education Code indicates that Cal Grant C awards shall be utilized only for occupational or technical training in a course of not less than four months. Cal Grant C awards (Tuition/Fees and Books/Supplies) shall be used for institutional fees, charges, and other costs, including tuition, plus training-related costs, such as special clothing, local transportation, required tools, equipment, supplies and books.

If the student is receiving benefits from another financial aid source that is also restricted to tuition and fees, the Cal Grant tuition/fee payment amount must be adjusted or the other tuition-paying award can be returned so as not to exceed, in total, the amount of tuition/fees charged. In the event of other tuition awards, attempts should be made to preserve Cal Grant eligibility.

A review of the file of student 38 revealed that the Cal Grant C recipient incurred tuition charges of \$3,852 and \$5,136 for the Fall 2014 and Winter 2015 terms, respectively. According to the student's Statement of Account, the student's tuition was fully paid by Veteran's Affairs (VA) benefits.

Commission and Institutional records indicate that the student received \$821 in tuition and \$182 in books & supplies each for the Fall and Winter terms. However, since the tuition was fully paid by VA benefits, the student was not eligible to have received the tuition portion of the grant in the amount of \$821 each term. Thus, \$1,642 (\$821 + \$821) is ineligible.

REFERENCES:

Cal Grant Manual, Chapter 3, September 2004
Cal Grant Handbook, Chapter 13, page 112 - 113, 2/11/2016 – Version 2.1
CSAC's Operations Memo, GOM 2014-24, 8/12/2014

REQUIRED ACTIONS:

The Institution is required to return the ineligible amount of **\$1,642** on behalf of student 38. Additionally, it must provide written procedures and internal controls that will be put into place to ensure that the Cal Grant tuition/fee awards does not exceed students' actual tuition/fee charges.

INSTITUTION RESPONSE:

Beginning with the 2016-17 Cal Grant Award Year, the school has introduced a Cal Grant Award Worksheet. A worksheet is completed annually for each Cal Grant Award recipient. The worksheet is used to calculate Cal Grant Award disbursement by requiring the verification of eligibility items such as grade level, enrollment status, disbursement amounts, and unmet tuition need. The worksheet requires that all forms of aid including Title IV, Veterans Benefits, and outside scholarships be listed and accounted for when determining remaining Cal Grant need. Instructions

FINDINGS AND REQUIRED ACTIONS (continued)

regarding the handling of Cal Grant C awards being used in conjunction with Veterans Benefits are included on the worksheet. By properly completing the worksheet and including all outside forms of aid when determining Cal Grant need, cases of Cal Grant over awards as occurred in this finding will be eliminated. A sample copy of the Cal Grant Award Worksheet is included in this response as **EXHIBIT A.**"

COMMISSION REPLY:

The policies and procedures are deemed acceptable. In addition, the Institution returned the ineligible funds in the amount of \$1,642 via check number 42726, dated March 31, 2017. Thus, no further action is required.

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 5: Cal Grant funds not reconciled

A review of the Institution's accounting records revealed that Cal Grant funds were not reconciled for the 2012-13 and 2013-14 award years.

DISCUSSION:

All participating institutions agree to use the funds advanced to it solely for payment to eligible recipients in the Cal Grant program. Once the Commission advances Cal Grant funds, schools must determine and verify student eligibility before disbursing funds.

Institutions are required to reconcile payments no later than sixty (60) days after the end of the payment period. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed. The institution must also report adjusted payment transactions for transactions previously reported in error. The institution must reconcile all award year Cal Grant funds received and disbursed by the institution no later than December 31 following the award year (e.g. December 31, 2013, for the 2012-13 award year). The institution will bear the liability for payments not reported prior to the December month-end processing cycle. Should the institution's records of individual payments to eligible students be less than what the Commission paid, the institution must return the difference to the Commission.

Furthermore, the Commission considers an institution to have sufficient administrative capability in the area of fiscal responsibility if the institution:

- Maintains written policies and procedures to administer Cal Grant funds
- Maintains an accounting system which conforms to generally accepted accounting principles/practices and shall include, but not limited to, cash receipts and disbursement journals, bank reconciliations, evidence of receipt or credit of funds to recipients and all other accounting records necessary to account for all transactions

FINDINGS AND REQUIRED ACTIONS (continued)

- Reconciles Cal Grant program expenditures for each award year on a student-by-student basis. This includes having the necessary ledgers to account for prior and current award year funds
- Establishes a clear audit trail which demonstrates that fiscal records provide status of Cal Grant funds from the time they are received by the school from the State Controller's Office (SCO) through the time they are used to pay students' eligible charges, delivered to the student in the case of Access or Books and Supplies payments or refunded back to the Commission
- Reconciles Cal Grant funds with specific year advances and identifies prior year award funds to ensure that funds are reported on the appropriate year's roster

West Coast Ultrasound Institution – Beverly Hills began its participation in the Cal Grant programs on 4/12/2012 and began receiving Cal Grant funds for the 2012-13 award year. To ensure that the Institution had been reconciling its Cal Grant funds, the auditor conducted a student-by-student reconciliation for the 2012-13, 2013-14 and 2014-15 award years. As a result, Cal Grant funds for the 2012-13 and 2013-14 awards year were not reconciled as illustrated below.

For the 2012-13 award year, the Institution was advanced and reported a reconciled amount of \$83,071 in payments. However, Institution accounting records revealed that the Institution failed to disburse \$491 in Cal Grant funds as shown below:

2012-13 Undisbursed Funds			
No.	CSAC Paid	Institution Paid	Difference
X11	\$491	\$0	\$491
Total 2012-13 Undisbursed Funds			\$491

For the 2013-14, the Institution was advanced \$295,487, reported a reconciled amount of \$295,445 in payments and returned \$42 as required by the year end invoice. However, Institutional documents indicated that the Institution failed to disburse \$491 in Cal Grant payment as shown below:

2013-14 Undisbursed Funds			
No.	CSAC Paid	Institution Paid	Difference
Y1	\$10,696	\$10,695	\$ 1
Y2	\$491	\$0	\$491
Total 2013-14 Undisbursed Funds			\$492

REFERENCES:

California Education Code, 69432.8
Institutional Participation Agreement, Article II, III and IV
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Manual, Chapter 10, October 2003
Cal Grant Handbook, Chapter 14, 2/11/2016 – Version 2.1
Cal Grant Handbook, Chapter 16, 2/11/2016 – Version 2.1

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTIONS:

The Institution **must** return the ineligible total amount of **\$983** on behalf of the students indicated above.

In addition, the Institution must provide written procedures and quality control measures that will be implemented to ensure that Cal Grant funds are reconciled between accounting ledgers, financial aid generated reports and the Institution's bank account on an award year basis. Furthermore, the Institution must ensure that there is a zero Cal Grant balance at the end and beginning of award years. These written procedures should include staff titles and specific areas of responsibilities as they relate to the Cal Grant accounting process.

INSTITUTION RESPONSE:

"Upon completion of the Cal Grant Program Review, the school revised the method and frequency of reconciliation of Cal Grant funds. Reconciliation is now done twice each payment period (quarter), eight (8) times per Cal Grant Award Year and a final end of award year close out. The school is maintaining an up to date Cal Grant Ledger, a reconciled CSAC payment rooster [sic] to school student payment rooster, [sic] and a payments to date ledger. Sample copies of these documents are included as **EXHIBIT B** to this response. Additionally for Commission review, the school is enclosing under separate cover a complete electronics copy of Cal Grant reconciliation to date.

The school returned under separate cover the following amount to the California Student Aid Commission as required by this finding."

2012-13 Cal Grant Award Year	
Amount	Check Number
\$491.00	42727

2013-14 Cal Grant Award Year	
Amount	Check Number
\$492.00	42727

COMMISSION REPLY:

No further action is required as the policies and procedures and the returned of ineligible funds are deemed acceptable.

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 6: Cal Grant funds not maintained in an interest-bearing account

A review of the Institution's bank statements and discussions with Institutional staff revealed that Cal Grant funds have not been maintained in an interest-bearing account.

FINDINGS AND REQUIRED ACTIONS (continued)

DISCUSSION:

As indicated in the 2012-2016 Institutional Participation Agreement signed by the Institution's President, institutions must maintain Cal Grant funds in an interest-bearing account or an investment account at a financial institution with a presence in California whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or secured by collateral of value reasonably equivalent to the amount of Cal Grant Program funds in the account. Furthermore, these funds must be identified as "State" funds.

Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Student Aid Commission on behalf of the State no later than March 1 following the calendar year for which the interest accrued (e.g. March 1, 2015, for calendar year 2014). Each year, the Commission issues a Special Alert to all institutions to remind them that the interest is due by March 1st of the year.

When returning interest, neither bank related fees associated with maintaining the account nor negative interest associated with an institution's use of non-state funds for Cal Grant students should be deducted from the accrued interest. Both these amounts reflect expenses that cannot be offset against the interest earned by the advance of State funds for the Cal Grant program.

In calculating the interest on the Cal Grant funds, an institution should utilize the same methodology as was used by its financial institution or investment pool to calculate interest on the account in which the Cal Grant funds were deposited.

West Coast Ultrasound Institute began its participation in the Cal Grant Program during the 2011-12 award year. Initially, Cal Grant funds for all campuses were deposited and maintained at Chase (Account ending in 3387). At a later date, the Institution opened a new account with Bank of America (Account ending in 5735). Neither of these accounts were interest-bearing.

However, while conducting the fieldwork for this audit, the Institution opened an interest bearing account at Chase (Account ending in 3658) solely for the processing of Cal Grant funds.

REFERENCES:

Institutional Participation Agreement, Article III.D
Cal Grant Manual, Chapter 2, July 2004
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 16, pages 154-155, 2/11/2016 – Version 2.1

REQUIRED ACTION:

In response to this finding, the Institution must provide policies and procedures to ensure that interest earned on Cal Grant funds is returned as required.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

“Immediately following the Cal-Grant [sic] Compliance Review, West Coast Ultrasound Institute established and [sic] interest bearing account with Chase Bank to deposit all Cal-Grant [sic] funds received from the California Student Aid Commission (CSAC). A copy of the December 2016, bank statement from the interest bearing account is attached as an **EXHIBIT C** to this response. This statement shows the rate and amount of interest accruing on Cal Grant funds.

For the 2016 academic year West Coast Ultrasound Institute remitted \$2.18 in earned interest from Cal-Grant [sic] funds deposited into the Cal-Grant [sic] Chase Bank account. The remittance was in the form of check number 42505, dated February 8th, 2017. A copy of the transaction journal maintained for CSAC showing the remittance is attached as **EXHIBIT D** to this response.

The school is committed to complying with all Cal grant regulations regarding calculating and timely remittance of interest from Cal Grant Funds. To ensure continued compliance, the school is reconciling Cal Grant payments twice each payment period (quarter). Payment are reconciled at the beginning the of payment period and in the third (3rd) month of the payment period to make certain that no eligible students are missed. The timely reconciliation of Cal Grant payments will guarantee that the correct amount of funds are received into the Cal grant interest bearing account and therefore ensure that he calculation of interest due to the Commission is correct.

Samples of the school’s Cal Grant General Ledger and student payment records are attached as **EXHIBIT B** to this response to allow the Commission to review the reconciliation efforts of the school. Complete electronic Cal Grant reconciliation documents for Commission evaluation are included under separate cover with this submission.”

COMMISSION REPLY:

The policies and procedures and the return of earned interest are deemed acceptable. No further action is necessary.