



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

2003-04 Award Year

**Brooks College-Sunnyvale
Program Review ID#80502065501**

**1120 Kifer Road
Sunnyvale, CA 94086-5303**

Program Review Dates:	July 25, 2005 – July 27, 2005
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AUDITOR'S REPORT (continued)

BACKGROUND continued

C. Financial Aid

- Date of Prior Commission Program Review: None
- Main Campus: Long Beach, CA
- Federal Financial Aid: Pell, SEOG, Perkins, Work-Study, and Family Education Loan Programs

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional 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. Roster and Reports
- E. File Maintenance and Records Retention
- F. 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 the total Cal Grant recipient population of 35 students who received a total of 12 Cal Grant A, 13 Cal Grant B, and 10 Cal Grant C awards within the review period.

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 California 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. Attachment A is a listing of the students by name, social security number and grant type.

CONCLUSION

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on July 27, 2005.

July 27, 2005

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL
ELIGIBILITY:

FINDING 1: Lack of Internal Controls Between the Main Campus and the Additional Location

A review of the institution's administration of the Cal Grant program revealed a number of findings that are representative of Brooks College's lack of internal controls.

DISCUSSION:

The purpose of the Cal Grant compliance review is to analyze the administration of the grant programs at each participating institution. The performance of the school is measured by analyzing the adequacy and enforcement of established internal controls for safeguarding the operational and fiscal integrity of the grant programs. As indicated in the Institutional Agreement and the Cal Grant Manual, institutions are required to develop written internal controls governing the administration and processing of Cal Grant funds.

The 2003-04 award year was Brooks College - Sunnyvale's first year in the Cal Grant program. Brooks College - Sunnyvale is an additional location for the main campus which is located in Long Beach.

Brooks College - Long Beach's (main campus) internal controls lacked communication and training components on matters that affect the Cal Grant eligibility. These components would have assisted the additional location (Sunnyvale campus) in meeting Cal Grant program requirements that were found to not have in compliance.

A December 2002 Cal Grant program review of the main campus demonstrated areas of non-compliance as noted below:

- Satisfactory Academic Progress (SAP) Policy Not Applied
- Disbursement in Excess of Eligible Amount Due to Enrollment Status
- Renewal Recipients' Reported Cal Grant Unmet Need Could Not Be Reconstructed
- Reconciliation Discrepancies for the ~~2003-04~~ 2001-02 Award Year

These are similar to the areas noted in this review.

REFERENCES:

Institutional Participation Agreement, Article II.C and G
2003-04 Federal Student Aid Handbook, Volume 2, pages 2-55 to 2-57
Cal Grant Manual, Chapter 2 pages 3 and 4, July 2004
Cal Grant Manual, Chapter 11 page 2, September 2003
Brooks College - Long Beach Cal Grant 2000-01 Review

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

Brooks College - Long Beach and Brooks College - Sunnyvale must provide a detailed administrative action plan to improve the internal control structure between the two campuses, the plan must ensure the operational and fiscal integrity of the Cal Grant programs. Further actions may be required after review of the administrative action plan.

INSTITUTION RESPONSE:

Brooks College has developed detailed action plans to address the auditor's concerns.

Full oversight of the Brooks College-Sunnyvale began in August 2005

- Centralized Processing of the Financial Aid Operation - In April 2006, Brooks College will begin transitioning the financial aid processing functions of both campuses to a centralized processing center (CPC) at Career Education Corporation. Full implementation of this centralization is expected to be completed by July 2006. The college will be assigned a dedicated group of financial aid professionals to ensure a uniform and consistent approach to determining financial aid eligibility and processing financial aid transactions. The VP Finance and Director of Student Finance will continue to be responsible for the integrity of administering financial aid at both campuses. The Director of Student Finance at the Long Beach will be the point person at both campuses for the California Student Aid Commission.
- Cal Grant Program Administration - This function will not be centralized with the Federal grant and loan at the CPC but will be administered from the Long Beach Campus, exclusively. The Sunnyvale campus will no longer be responsible for determining eligibility, disbursements, refunds or reconciliations.
- Strengthening Operational Integration between the Campuses - Departmental leaders located at the main campus will oversee the operational integrity of their respective areas at the Sunnyvale campus. Departmental personnel at Sunnyvale will coordinate their activity with main campus to ensure compliance with the College's stated policies and procedures.
- Training and Communication
 - Joint training will be conducted annually with designated Financial Aid Office and Student Accounts Office staff of the Brooks College-Long Beach and Brooks College-Sunnyvale campuses to review key elements of the Cal Grant program. This training will focus on the following areas:

FINDINGS AND REQUIRED ACTIONS (continued)

- Student eligibility criteria
- Application and renewal processes and deadlines
- School counseling and award activation procedures and use of Web Grants
- Confirmation of Cal Grant eligibility (i.e., residency, loan default/grant repayment status, enrollment status, renewal recipient need, changes to need of new and renewal recipients, and satisfactory academic progress)
- Cal Grant Roster review and reporting
- Refund procedures
- Cash management
- Cal Grant reconciliation process

- Training is to ensure that designated staff members responsible for specific areas of the Cal Grant process are aware of the responsibilities and timelines associated with administration of the Cal Grant program.
- The Director of Compliance and Directors of Financial Aid/Student Finance, and Vice President of Finance will conduct periodic internal reviews to ensure procedures are followed and identify if additional training is required.
- Administrative Action Plan
 - Enhanced training: As described above, annual training will be conducted to ensure staff members are aware of Cal Grant requirements and institutional procedures to ensure compliance.
 - Internal quality control: Periodic internal reviews of Cal Grant administration will be conducted throughout the year to ensure internal procedures are followed. Such reviews will focus on student eligibility (including SAP and change reporting), cash management and refunds, and reconciliation processes.
 - Internal controls:
 - Eligibility control: Before authorizing payment of a Cal Grant, the student file will be reviewed to ensure residency, financial need, income and asset ceilings, no baccalaureate degree, satisfactory academic progress, enrollment status, and no loan default/grant repayment criteria are met.
 - Reporting control: The Director of Financial Aid/Student Finance at each campus will designate a staff member who will be responsible for reporting need and other eligibility factors to CSAC. The designated staff member at each campus will also ensure the "Grant Record Changes" screen is completed for those students for whom need has changed and that renewal recipients have met the term completion requirements.
 - Disbursement control: The designated staff member at each campus to review the Cal Grant Roster on a weekly basis to correct reject transactions and report payment roster transactions. In addition, the roster will be reviewed to ensure school changes, renewal recipients financial need (including adjustments to financial need, maximum (and adjusted) term award payments to recipients are properly reflected), and other necessary coding is completed.

FINDINGS AND REQUIRED ACTIONS (continued)

- Cash management controls: The authorization of funds will be made by the Financial Aid Office. The Student Accounts Office will not post any Cal Grant funds that have not been authorized for disbursement by the Financial Aid Office. The Student Accounts Office will maintain a subsidiary ledger that reflects Cal Grant funds deposited and funds withdrawn from the bank account to meet the individual student disbursements.
- Reconciliation controls: The following reconciliations will occur
 - A student-by-student reconciliation of the Accept/Reject Report will occur on a weekly basis to ensure that payments processed and payments disbursed by CSAC are consistent with payments posted to student ledger accounts at the school
 - The Payment Activity Report will be reconciled on a monthly basis as a cross-check of total payment activity
 - A year-end will be complete by September 30 to ensure, on a student-by-student basis, to ensure CSAC payment information is consistent with institutional payment records.

By providing enhanced training and clearly defining responsibilities of particular office staff in administering the Cal Grant program, the necessary internal controls will be in place to ensure compliance with Cal Grant regulations.

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.

A. GENERAL ELIGIBILITY:

FINDING 2: Non-Compliance with the Web Grants Information Security/Confidentiality Agreement

A review of Institution and Commission records disclosed that the school did not comply with the Web Grants Information Security and Confidentiality Agreement (Agreement).

DISCUSSION:

As stated in the Agreement, institutions must notify the Commission within five (5) working days to disable the password and ID of any employee whose change in employment status or duties no longer requires access to the Grant Delivery System (GDS) – WebGrants System.

A comparison between Commission and institutional records revealed that the institution did not notify the Commission in writing within 5 working days of changes that would effect Agreement, the System Administrator's User Request Form (SA), or the User Access Request Form.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

Institutional Agreement, Article II.E
Information Security and Confidentiality Agreement
Commission Special Alert, GSA 2000-01, 1/19/00

REQUIRED ACTION:

No liability resulted from the above finding. However, the following items need to be submitted in response to this issue:

- 1) A revised Agreement that list the Sunnyvale campus as the additional institution;
- 2) Revised SA forms for Saunders and Ho and signed by the Authorized Official;
- 3) Revised User Access Request forms for Mandy and Sokolis and signed by a SA.

In response to the finding, the school is required to submit written administrative procedures and controls that will be implemented to fulfill the requirements of the Agreement.

INSTITUTION RESPONSE:

Brooks College concurs with this finding.

In response to this finding, required action as recommended by the auditor has been completed as follows:

- A revised Agreement that list the Sunnyvale campus as the additional institution has been completed and forwarded to the Security Help Desk.
- The previous authorizing official is no longer employed at Brooks College, therefore, Matt Saunders, Director of IT, has been assigned the responsibility as Authorizing Official for both the Long Beach and Sunnyvale campus. As Authorizing Official, Matt updated the Webgrants database to delete Keoni Ho as system administrator as he is no longer employed at Brooks College.
- User Access Request forms are included below assigning Security Administrators rights for Syrena Sokolis and Tom Harris for the Long Beach campus along with the User Access Request forms for Leigh Nelson and Lisa Mandy as Security Administrators for the Sunnyvale campus.

FINDINGS AND REQUIRED ACTIONS (continued)

The following procedures and controls will be implemented to fulfill the requirements of the Agreement:

1. Authorized staffs that have access to Web Grants are instructed that they are not to share passwords or IDs.
2. The Systems Administrator and Authorized Official will ensure that staffs that have access to Web Grants will be trained on the proper use of the site.
3. The Systems Administrator will ensure that user accounts will be disabled within one business day upon notification an employee leaves the institution or changes jobs and no longer needs access.
4. The Authorized Official will ensure that a new Agreement is filed within 5 days if the Systems Administrator leaves the institution and the Systems Administrator will ensure that a new Agreement is filed within 5 days if the Authorized Official leaves the institution.
5. The Director of IT is the Authorized Official at the main campus as well as the branch campus. The Director of Student Finance and the VP of Finance/Controller respectively at each campus are the Systems Administrator.
6. The Systems Administrator(s) will ensure that appropriate administrative, technical, and physical safeguards are in place to protect the security and confidentiality of records, data, and systems access. Further, the Systems Administrator will notify the Commission immediately of any security or confidentiality violations.

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.

B. APPLICANT ELIGIBILITY:

FINDING 1: New Cal Grant B Recipient Not Eligible Due to Income Level

A review of 9 new Cal Grant B recipients revealed 3 cases where the total income level exceeded the Cal Grant B income ceiling for the 2003-04 award year.

DISCUSSION:

New Cal Grant B applicants with financial need whose income does not exceed the income ceiling and meet other selection criteria are eligible to receive funds. Although the Cal Grant program is a state-funded program, applicants must submit a Free Application for Federal Student Aid (FAFSA), which provides financial and family information used to determine eligibility for both federal and state aid. The income ceilings amounts are derived from the adjusted gross income plus FAFSA Worksheet A and B minus C which equals the total income.

The dependent and independent with dependents other than spouse and independent income ceiling amounts for the 2003-04 award year are as follows:

FINDINGS AND REQUIRED ACTIONS (continued)

Dependent and independent with dependents other than spouse Family Size	Cal Grant A and C	Cal Grant B
Six or more	77,100	42,400
Five	71,500	39,200
Four	66,700	35,100
Three	61,400	31,500
Two	60,000	28,000

Independent Family Size	Cal Grant A, B and C
Single, no dependents	24,500
Married	28,000

If a school has financial information that conflicts with that reported on the FAFSA, and if the student's award amount would be affected, the school must notify the Commission and not disburse funds, which would exceed the amount the student would be eligible to receive, based on the revised information.

For student Nos. 2, 5, and 24 who were dependent students for the 2003-04 award year, the institution failed to notify the Commission of income changes that affected the Cal Grant B eligibility.

The following table illustrates the data that deems the Cal Grant B Funds disbursed as ineligible.

No.	House Size	Reported Total Income	Cal Grant B Income Ceiling	Correct Total Income	Cal Grant B Funds Received
2	6	\$ 0	\$42,400	\$48,974	\$2,068
5	5	31,275	39,200	48,286	2,068
24	5	4,817	39,200	41,689	2,068
Total Ineligible 2003-04 Cal Grant B Funds Received					\$6,204

REFERENCES:

California Education Code 69535(a)
 California Education Code 69538
 Institutional Participation Agreement, Article IV. A and B
 Cal Grant Manual, Chapter 3, page 3-12, June 1997
 Cal Grant Manual, Chapter 3, page 3, September 2004
 CSAC Special Alert, GSA 2002-12, 12/2/02

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The institution must repay the **\$6,204** for student Nos. 2 (\$2,068), 5 (\$2,068), and 24 (\$2,068) for the 2003-04 award year. In addition, a portfolio review of all new Cal Grant recipients for the 2004-05 and 2005-06 award years **must** be performed by the school and the following information must be provided in a spreadsheet format in response to this issue. Each award year must have a separate spreadsheet.

- Student Name
- Social Security Number
- Cal Grant Program (A, B, or C)
- Dependency
- House Size
- Reported Total Income
- Cal Grant B Income Ceiling listed above
- Correct Total Income
- Cal Grant B Funds Received
- Ineligible Cal Grant Amount

The 'Ineligible Cal Grant Amount' for each recipient column must be returned to the Commission using the repayment instructions provided at the end of this report. Please include an attestation dated and signed by the responsible party indicating the validity and accuracy of the portfolio data.

For security of student information, please send the portfolio review 1) through a secured service (UPS, Federal Express, etc.) and 2) password protected. The password must be provided separately by phone or e-mail.

Furthermore, the school must also submit copies of the policies and procedures to ensure the Commission is notified of any changes that affects a student's eligibility for an award.

INSTITUTION RESPONSE:

The institution completed a review of all new Cal Grant recipients for the 2004-05 and 2005-06 award years. Following is a spreadsheet for each award year that identifies the amount that must be returned to the Commission. Based on the review, in addition to the \$6,204 identified as due for the 2003-04 award year, the institution has determined that \$6293 is due for the 2004-05 award year. Brooks College-Sunnyvale did not find any exception related to income/asset violation for the 2005-06 award year.

FINDINGS AND REQUIRED ACTIONS (continued)

2004-05 Income/Asset Ceiling Portfolio Review Exceptions

Name	Prog	Dep	HH Size	Reported Total Income	Cal Grant Income Ceiling	Correct Total Income	Rcvd	Income/Asset Ceiling Refunds due To Cal Grant
Alameda, Alissa	C	Dep	3	57931	55980	57931	1056	1056
Ayala, Margarita	B	*	*	*	*	*	2135	2135
Boot, Brian	B	*	*	*	*	*	1551	1551
Kloak, Larry	B	Dep	7	0	38610	52226	517	517
Osti, Carliessi	B	*	*	*	*	*	0	0
Santos, Jeremy	B	Dep	7	58380	38610	33716	1034	1034
Total							6293	6293

* 2003-04 Audit Exception

As a policy, the institution will

1. Maintain a record of all students whose income changes as a result of verification
2. Identify, from the students identified, each Cal Grant B recipient for whom income has changed as a result of verification
3. The institution will report any changes to income that impact Cal Grant B eligibility within 5 business days of determining the change.

AUDITOR REPLY:

The institution returned \$12,497 on check # 02063 dated March 8, 2006. This action is deemed acceptable and no further action is required.

B. APPLICANT ELIGIBILITY:

FINDING 2: Satisfactory Academic Progress (SAP) Policy Not Applied

A review of 35 student files revealed 4 students in which the institution's SAP policy was not properly applied.

DISCUSSION:

The Institutional Participate Agreement states, "Verification of Eligibility: Verify the recipient meets all eligibility and program requirements and resolve any conflicting information before disbursing Cal Grant funds."

Institutions are required to establish, published, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program.

SAP policy –F, W, and WF Grades

The institution's academic regulations state that students must repeat any required course in which a grade of F (failure), W (withdrawn), or WF (withdrawn/failure).

FINDINGS AND REQUIRED ACTIONS (continued)

A review of the file of student Nos. 10 and 34 revealed that at the following courses received F grades. However, there was no documentation within the student's file indicating that the students had repeated the failed, withdrawn, or withdrawn/failure courses listed on the next page.

No.	Failed Courses	Comments
10	SU 2003: GD481 FL 2003: CS583, GD385, IN601	WN2004: Student failed all courses—this term was the student's last term.
34	SP 2004: NT204 FL 2004: GE109 WN 2005: GE133, NT401, NT402, NT403, and NT404 SP 2005: IN601 AND NT602	Currently enrolled (SU 2005)

SAP policy –Warning and Probation

At the end of each term after grades have been posted, each student's CGPA (cumulative grade point average) and ROP (rate of progress) is reviewed to determine whether the student is meeting the qualitative and quantitative SAP requirements.

- Students will be placed on Warning the first term in which the CGPA or ROP falls below the values specified. At the end of the next term, the student will be removed from Warning and returned to regular status if they meet or exceed the minimum standards, or will be placed on Probation if they continue to fall below the specified values.
- Students on Probation will be evaluated at the end of their second term of monitoring. A student who raises their CGPA and ROP at or above the minimums will be removed from Probation and returned to regular status. If a student does not meet the minimum CGPA or ROP requirements at the time of evaluation, the student will be dismissed from school.

A review of the file of student Nos. 10 and 33 revealed the following:

Student No. 10 should have received a SAP warning letter after summer 2003 as a result of his CGPA. His CGPA was 1.94 with 56.02 attempted units. His CGPA after fall 2003 was also below 2.0 and he completed less than the required 67% of attempted units for the term. He completed 8 units but should have completed 9.82 units ($14.67 * .67 = 9.82$). He should have received a SAP probation letter after fall 2003. The March 4, 2004 SAP warning letter should have been a probation letter.

FINDINGS AND REQUIRED ACTIONS (continued)

Student No. 33 should have received a SAP warning letter after fall 2003 as a result of his rate of progress. His ROP was less than 67% because only completed 7.34 of the attempted 14.01 units. His ROP after winter 2004 was also below the required 67% of attempted units for the term. He completed 9.34 units but should have completed 9.82 units ($14.67 * .67 = 9.82$). He should have received a SAP warning letter after fall 2003. There was no documentation within the student's file indicating that the student was notified.

Other SAP Issue

According to the student No. 27's academic transcript dated 1/18/05, the student received an "F" in Psychology (GE 133) for the Fall 2003 term. However, academic transcripts dated 7/25/05 indicate that the student received a "D" for the same course. Documentation in the file revealed that there was a change of grade; however, there was no explanation as to why this change occurred. The change in grade impacts the student's CGPA as it affects Cal Grant eligibility.

REFERENCES:

California Education Code 69432.7(m)
Institutional Participation Agreement, Article IV, A and B
Cal Grant Manual, Chapter 3, page 1, September 2004
Cal Grant Manual, Chapter 6, page 3, November 2003
Cal Grant Manual, Chapter 11, page 2, September 2003
Brooks College's Satisfactory Academic Progress Policy

REQUIRED ACTION:

For student Nos. 10, 27, and 33, the Dean of Education is required to respond to the above issues. For student No. 34, please provide a schedule of the upcoming courses that the student failed that will be offered to the student for future terms with the exception of GE 133. Further action may be required after receiving the institution's response.

Additionally, the institution is required to submit enhanced policies and procedures that will be implemented to ensure that the institution's SAP standards are conformed and documented for Cal Grant recipients.

INSTITUTION RESPONSE:

The institution has completed its review of students 10, 27, and 33. As a result, it was determined that:

- **#10 – Guillermo De La Rocha**

Brooks College-Sunnyvale concurs with the auditor's finding that SAP Policy was not fully implemented. Satisfactory Academic Progress calculation

FINDINGS AND REQUIRED ACTIONS (continued)

procedures are completed at the end of each quarter and the results are recorded in the institution's data base, CampusVue. In this instance, the archiving procedures for maintaining copies of communications with the student were not followed. This can be attributed to a change in staff during this period. Due to a lack of familiarity with established procedures correspondence sent to notify that student of the SAP status was not retained. In order to retain the recorded history of any correspondence issued to students, a sophisticated activity recording capability is now being utilized within the institution's CampusVue. We have trained staff to use activity recording of all Satisfactory Academic Progress notifications to students within CampusVue. In addition, activity reports shall be extracted during the quarter breaks by the Dean at each campus to monitor that required notifications of SAP status are issued to students who are determined to be in Warning, Probation and Pending Dismissal status.

Brooks College-Sunnyvale concurs with the auditor's finding that Guillermo De La Rocha had not repeated four failed courses.

The process for rescheduling F (failure), W (Withdrawn) and WF (withdrawn/failure) grades are as follows:

1. An "F, Wand WF" report will be run at the end of every term after all grades have been posted.
2. The report will be reviewed for failed prerequisite courses. Students with failed prerequisite courses will be reviewed by Academics to ensure that the next level requisite class is not scheduled.
3. The "F, Wand WF" report will be sent to all Department Chairs. The Department Chairs will review each student's record that has received an "F, Wand WF" and will add the available failed course(s) to the students schedule

- **#27 – Baseema Saahir**

The college has determined that an error in data entry caused the resulting grade change in GE133 (Psychology) from an F to a D. The instructional faculty involved confirmed that the assigned grade for the course is an F. As a result, the Dean has instructed the registrar to reinstate the original grade of an F. A copy of her corrected transcript is attached below. As of this date the student is not active with Brooks College-Sunnyvale. Accordingly, Baseema Saahir will be notified of this grade change and her record has been noted to the effect that upon re-entry, she must remediate the Psychology grade along with any other F grades she has on record.

As a result of the reinstatement of the F grade in Psychology, the student's cumulative GPA for the end of Fall of 2003 was 1.26. The table below displays the prior status and the resulting changes in the Satisfactory Academic Progress status along with its impact on the Cal Grant Eligibility.

FINDINGS AND REQUIRED ACTIONS (continued)

Revised SAP for Baseema F. Saahir

Term Descrip	Revised Cum GPA after Reinstatement Of F Grade in GE 133	Prior SAP Status	Actual SAP after Reinstatement of F Grade in GE 133	Impact on Cal Grant Eligibility
U Summer 2003	1.50	SAP Met	SAP Met	Eligible
F Fall 2003	1.26	SAP Met	SAP Warning	Eligible
D Winter 2004	1.61	SAP Warning	SAP Not Met	Eligible
I Spring 2004	1.75	SAP Not Met	SAP Pending Dismissal	Eligible
A Summer 2004	1.59	SAP Pending Dismissal	Dismissal	Not Eligible for Cal Grant Due to SAP
U D Winter 2005	1.59	SAP Dismissal	Dismissal	Not Eligible for Cal Grant Due to SAP

- **#33 - Anthony Wolf:**

Brooks College does not concur with this finding. Page 30 of the school's catalog states:

"Satisfactory academic progress is determined by measuring the student's cumulative grade point average (CGPA) and student's rate of progress toward completion of the academic program."

The determination of Satisfactory Academic Progress is based on the student's cumulative Grade Point Average (GPA) and Rate of Progress (ROP). The student's transcript indicates that the student's cumulative GPA at the end of Fall 2003 was 3.42. As of the end of Fall 2003 Mr. Wolf earned 68.72 of the 75.39 units attempted. Therefore his cumulative rate of progress was 91.15%. At the end of Fall 2003 both of the qualitative and the quantitative elements of the college's Satisfactory Academic Progress minimum requirement of 2.0 CGPA and 67% rate of progress were met therefore, Brooks College was not required to issue a Warning letter to Anthony Wolf. A copy of the academic transcript for student #33 is attached below with notations indicating how the student met the SAP requirements.

- **# 34 - Alonzo Zaragoza**

While the institution does not have a specific schedule of courses to be offered at specific times for terms beyond 2006, we are providing a report listing the remaining courses Student 34 that are required for the student to complete the academic program.

FINDINGS AND REQUIRED ACTIONS (continued)

Course	Description	Required Credits
IN601	Career Planning	2.00
IN603	Internship Lab	3.00
NT204	Data Research & Technical Writing	4.00
NT401	HTML/Internet I	2.67
NT402	Windows Server II	2.67
NT403	Unix/LINUX System Administration	2.67
NT404	Infrastructure Management	4.00
GE108	English Composition	4.00
GE133	Psychology	4.00
GE143	Environmental Analysis	4.00

The institution has strengthened the policy for monitoring SAP. The institution's computer system, CampusVue, is programmed to provide a report of students who do not meet SAP requirements of the institutions. This report will be reviewed at the end of each academic term by the Director of Education and/or Program Chair to identify those students for whom action is required. Students who are candidates for dismissal, pending receipt of an appeal, will be placed on an administrative status that will remain for a two week period to allow for appeal. If the student does not successfully appeal within the two week timeframe will be dismissed (and no charges will be incurred or financial aid disbursed).

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.

C. FUND DISBURSEMENTS AND REFUNDS:

FINDING 1: No Policy Regarding Receipt of Cal Grant Funds

A review of Brooks College's policies and procedures and the Cal Grant B student files disclosed that there was not a written policy authorizing to apply Cal Grant B Access awards to the student's charges was not obtained prior to disbursement.

DISCUSSION:

Prior to July 1, 2003, institutions were permitted to disburse Cal Grant B Access and Cal Grant C Book and Supplies payments to a recipient's account only if the recipient provides a written authorization at least once during the academic year and prior to disbursement. The school must retain this written authorization in the recipient's file and should provide the recipient with the option to rescind the authorization before payment is made.

During the on-site visit, it was disclosed that the main campus in Long Beach was collecting a Cal Grant B authorization form. However, this procedure was not conveyed to the Sunnyvale campus.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

Institutional Participation Agreement IV.C.7
Cal Grant Manual, Chapter 9, Page 4, September 2003

REQUIRED ACTION:

The Institutional Participation Agreement Article IV(C)(7) was amended to state, "Establish and publish a policy that informs students of their options regarding receipt of Cal Grant funds and their subsequent ability to rescind their existing instructions at any time."

Additionally, the Cal Grant Manual, September 2003, Chapter 9, page 4 explains, "This policy should be explicit on at least the following points noted on the next page:

- Access or Books & Supplies payments are disbursed in accordance with school policy unless the student requests another action. For example, if the school normally applies Access funds directly to tuition, the student may request that the term amount be delivered direct to them.
- The student may make this request at any time; however, any cancellation only affects future payments.
- Access or Books & Supplies payments cannot be delivered to a third person.

The institution is required to submit policies and that ensure students are aware of the options regarding receipt of Cal Grant funds.

INSTITUTION RESPONSE:

The institution has conveyed to its Sunnyvale campus the requirement that a signed authorization form is required before Cal Grant B and C funds, intended for subsistence and/or books and supplies, may be used for tuition charges and the Sunnyvale campus has implemented this procedure.

The following information is provided to each Cal Grant recipient when their award letter is provided:

1. Cal Grant funds are applied to tuition charges. If a student does not want Cal Grant funds to be applied to tuition charges, the student must have paid such tuition charges prior to receipt of Cal Grant funds for the term. If tuition charges have been paid in full for the term, Cal Grant funds will be delivered to the student within 14 days of receipt of such funds.

FINDINGS AND REQUIRED ACTIONS (continued)

2. Cal Grant funds may be used for books and supplies charges with the written approval of the student. Such approval will be retained by Brooks College as evidence the student wishes to use Cal Grant funds to pay books and supplies charges. The student may rescind the authorization at any time and pay for books and supplies charges by cash or use of other (non-Cal Grant) financial aid.
3. If a student received federal Title IV financial aid, the Title IV funds will be applied to tuition and books and supplies charges before Cal Grant funds are applied to such charges.

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.

**C. FUND
DISBURSEMENT
AND REFUNDS:**

FINDING 2: Disbursement in Excess of Eligible Amount Due to Enrollment Status

A review of 35 student files disclosed 7 Cal Grant recipients received disbursements in excess of eligible amounts due to enrollment status.

DISCUSSION:

Institutions are required to verify student eligibility at the time funds are processed to the recipient or the recipient’s account. The institution must verify the enrollment status for each recipient listed on the grant roster in accordance with the established institutional policies.

The institution’s enrollment status (ES) policy is as follows:

- Full-time (FT): 12 units or more
- Three-quarter-time (TT): 9-11.9 units
- Half-time (HT): 6-8.9 units

Listed below are the students who received for Cal Grant funds that they were entitled to due to their enrollment statuses.

No.	Term	Cal Grant Award Type	CSAC Paid	ES	Correct Payment	Ineligible Amount
2	FL	B Access	\$517	HT	\$ 259	Student Nos. 2 and 5 are listed in Finding B.1
	WN		517	TT	388	
	SP		517	TT	388	
	SU		517	HT	259	
5	FL	B Access	517	TT	388	
	WN		517	HT	259	
	SP		517	TT	388	
	SU		517	HT	259	

FINDINGS AND REQUIRED ACTIONS (continued)

No.	Term	Cal Grant Award Type	CSAC Paid	ES	Correct Payment	Ineligible Amount	
17	FL	A	Tuition	3,236	TT	2,427	809
18	FL	B	Tuition	3,236	HT	1,618	1,618
	FL		Access	517	HT	259	258
21	FL	A	Tuition	3,236	TT	2,427	809
29	FL	C	Tuition	864	TT	648	216
	FL		Books	192	TT	144	48
	WN		Tuition	864	TT	648	216
	WN		Books	192	TT	144	48
35	SP		B	Access	517	TT	388
Total Ineligible Cal Grant Funds						\$4,151	

REFERENCES:

Institutional Participation Agreement, Article IV.C.3 & Article IV.C.4
 Cal Grant Manual, Chapter 5, pages 5-14 to 5-15 and 5-20, June 1997
 Cal Grant Manual, Chapter 9, page 3, September 2003

REQUIRED ACTION:

The institution must repay the **\$4,151** ineligible amount for student Nos. 17, 18, 21, 29 and 35. Student Nos. 2 and 5's required action is listed in finding B.1, New Cal Grant B Recipient Not Eligible Due to Income Level. Due to the liability associated with this finding, a portfolio review of all Cal Grant recipients for the 2004-05 and 2005-06 award years must be performed by the school and the following information must be provided in a spreadsheet format in response to this issue. Each award year must have a separate spreadsheet.

- Student Name
- Social Security Number
- Cal Grant Program (A, B, or C)
- Cal Grant Funds Paid (per term)
- Units enrolled at time of disbursement (per term)
- Ineligible Cal Grant Amount (per term)

The Ineligible Cal Grant Amount for each recipient column must be returned to the Commission using the repayment instructions provided at the end of this report. Please include an attestation dated and signed by the responsible party indicating the validity and accuracy of the portfolio data.

For security of student information, please send the portfolio review 1) through a secured service (UPS, Federal Express, etc.) and 2) password protected. The password must be provided separately by phone or e-mail.

Additionally, the institution must submit copies of the policies and procedures to ensure enrollment status verification prior to fund disbursement.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

The institution has completed its review of Cal Grant recipients for the 2004-05 and 2005-06 award years. The spreadsheet is included below. Based on this review, an additional \$5784 has been identified as overpayments. As instructed by Charles Wood, amounts paid to the State Invoice #2006010941886 as a result of year end reconciliation requirements are noted in the table along with notations referencing if the student was also an exception for the income ceiling review included in Finding B-1. The affected students are noted below for a total adjustment of \$2256. In addition to the \$4,151 identified in the report for 2003-04, the institution will make the additional payment of \$3528 according to the instructions provided.

Student Name	Cal Grant Program	Cal Grant Funds Paid	Term	Units @ Time of Disb	Ineligible Cal Grant Amount	Paid to State Invoice or Income Ceiling Finding	Net Amount Due for Enrollment Proration
Alameda, Alissa	Cal C Tuition	864	Fall	11	864	Reported as income ceiling violation	0
Alameda, Alissa	Cal C Books	192	Fall	11	192	Reported as income ceiling violation	0
Flores, Gonzalo	Cal C Tuition	864	Winter	10	216	0	216
Flores, Gonzalo	Cal C Books	192	Winter	10	48	0	48
Kloak, Larry	Cal B Access	517	Fall	8	517	Reported as income ceiling violation	0
Kooken, Austin R.	Cal B Access	517	Summer	0	517	0	517
Kubath-Miranda, Petra	Cal B Access	517	Fall	8	259	0	259
Rico, Janet	Cal C Tuition	864	Winter	8	432	432	0
Rico, Janet	Cal C Books	192	Winter	8	96	96	0
Ruiz, Aracell	Cal C Tuition	864	Winter	0	864	864	0
Ruiz, Aracell	Cal C Books	192	Winter	0	192	192	0
Wallace, Andrew	Cal B Access	517	Fall	11	129	0	129
Wallace, Andrew	Cal B Access	517	Winter	11	129	0	129
				Total	5127	2256	2871

FINDINGS AND REQUIRED ACTIONS (continued)

2004-05 Portfolio Review
Proration

Student name	Cal Grant Program	Cal Grant Funds Paid	Term	Units @ Time of Disbursement	Ineligible Cal Grant Amount
Barker, Rodney	Cal C Tuition	864	Fall	8	432
Barker, Rodney	Cal C Books	192	Fall	8	96
Young, Paul I	Cal B Sub	517	Fall	11	129
				Total	657

To ensure that Cal Grants are disbursed based on the appropriate enrollment status, the institution will validate the student enrollment status of each Cal Grant recipient prior to authorizing payment of Cal Grant funds. This procedure will be completed within the Financial Aid Office by confirming each student's enrollment status within the institution's computer system, CampusVue, against the Cal Grant roster. Appropriate adjustments to the Cal Grant amount will be made within the Financial Aid Office prior to authorizing payment by the Student Account Office.

AUDITOR REPLY:

The institution returned \$7,679 on check # 02063 dated March 8, 2006. This action is deemed acceptable and no further action is required.

C. FUND
DISBURSEMENTS
AND REFUNDS:

FINDING 3: Cal Grant Tuition Refund Not Returned

A review of 35 student files revealed 2 withdrawn students whose tuition refunds should have been returned to the Commission.

DISCUSSION:

Schools are required to have refund and repayment policies which include the Commission's grant programs. Refunds and repayments owed to the Commission are determined by these policies.

Student No. 8's last day of attendance during winter 2004 was February 13, 2004. The institution determined that a tuition refund in the amount of **\$1,224.88**.

Student No. 18's last day of attendance during summer 2004 was August 12, 2004. The institution determined that a tuition refund in the amount of **\$791.00**.

Since a Cal Grant award paid for the students tuition, these tuition refund payments for student Nos. 8 and 18 are now due to the Commission.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

Institutional Agreement Articles IV.C.4
Cal Grant Manual, Chapter 2, page 4, September 2003
Cal Grant Manual, Chapter 9, page 3 and 4, September 2003

REQUIRED ACTION:

The institution must return the Cal Grant funds for student Nos. 8 **(\$1,224.88)** and 18 **(\$791.00)** as directed in the general payment instructions and include documentation to support the amount returned.

In further response, the institution is instructed to provide the written procedures and internal controls that will be put into place to ensure that Cal Grant tuition refunds are returned as required.

INSTITUTION RESPONSE:

The institution has returned the Cal Grant funds identified for students #8, Alicia Cuadra-Cutler in the amount of \$1,224.88 and #18, Anh Tuyet Hoang in the amount of \$791 per the instructions provided and included in the general payment list provided at the end of this response.

The institution follows the Return of Title IV (R2T4) requirements to determine the amount of Title IV funds that must be returned to the appropriate federal financial aid programs. In addition, the institution uses its institutional refund policy to determine the amount tuition will be refunded (i.e., reduction in tuition posted to student's ledger account). If a credit balance exists after the R2T4 and institutional refund policies have been applied, Cal Grant funds will be returned to the extent Cal Grant funds were used to pay tuition charges. The Financial Aid Office and Student Accounts Offices have joint responsibility for ensuring the proper refund calculations are made, and the appropriate refunds are issued, on a timely basis.

AUDITOR REPLY:

The institution returned \$2,015.88 on check #02063 dated March 8, 2006. This action is deemed acceptable and no further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

D. ROSTERS AND REPORTS:

FINDING 1: Renewal Recipients' Reported Cal Grant Unmet Need Could Not Be Reconstructed

A review of 4 renewal Cal Grant B student files disclosed 3 students that their reported unmet need could not be reconstructed.

DISCUSSION:

For renewal students, schools must calculate a student's annual unmet need as a full-time student and report that figure to the Commission, retaining the supporting documentation within the student's record. Schools may use the Commission's annually established student expense budget or the school may adopt its own student budget for determining renewal financial eligibility provided the budgets do not exceed those used for campus-administered aid. The school must report the resulting net unmet need amount on the Grant Roster or the Commission G-21 letter. Net unmet need is defined as a student's budget minus the Expected Family Contribution (EFC) and Pell grant.

The following unmet need reported to the Commission was not adequately supported by documentation in the students' files:

ID	Need
1	\$22,358
18	24,895
26	28,817

REFERENCES:

Institutional Agreement, Article IV.B
Cal Grant Manual, Chapter 6, pages 3 and 4, November 2003
Cal Grant Manual, Chapter 4, June 1997

REQUIRED ACTION:

Although no liability resulted due to the institution's high cost of attendance and need, the institution must submit in response to this report, the procedures implemented to ensure that the reported unmet need reflects the recipient's annual need as a full-time student for the award year.

INSTITUTION RESPONSE:

The institution has implemented the following procedure to ensure that records are maintained to support student unmet need:

- 1 A budget worksheet for each student is maintained that includes the student's cost of attendance (student budget), EFC, and Pell Grant eligibility as a full-time student
- 2 The unmet need (Cost of Attendance minus EFC minus Pell Grant eligibility) is calculated and reported to the Commission

FINDINGS AND REQUIRED ACTIONS (continued)

3 The records are maintained to ensure they can be provided upon request

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.

D. ROSTERS AND REPORTS:**FINDING 2: Incorrect Education Level (EL) Information**

A review of 4 new competitive Cal Grant recipients disclosed 1 student in which the correct EL was not reported to the Commission.

DISCUSSION:

A recipient's EL determines the number of years a student will be eligible to receive Cal Grant benefits. Institutions verify each recipient's EL based on the recipient's EL at the time the student receives the initial payment.

The undergraduate grade levels at Brooks College-Sunnyvale are as follows:

Grade Level	Semester Units
Freshman	0 – 35.9
Sophomore	36 or more

An examination student No. 21 disclosed that the institution did not report the correct 2003-04 grade level. The grade level should have been determined using all completed units earned before the beginning of the fall 2003 term when the students received their initial Cal Grant payment.

Commission records indicate that the school reported the student as a grade level 1. However, academic transcripts indicate that at the start of the fall 2003 term, the student had completed 38.62 units, thus making them a grade level 2.

REFERENCES:

Institutional Agreement IV.A
Cal Grant Manual, Chapter 7, Section 7.4, June 1997

REQUIRED ACTION:

In response to this finding, the institution must notify the Commission's Grant Services Division of the correct educational level determination noted above so that the student records for No. 21 will be adjusted to the correct grade level for fall 2003.

FINDINGS AND REQUIRED ACTIONS (continued)

In addition, the institution must provide the written policies and procedures that will be put into place to ensure that the correct grade level is reported to the Commission.

INSTITUTION RESPONSE:

The institution has notified the Commission's Grant Services Division of the correct educational level for student 21.

The institution has implemented the procedure that grade level for each new Cal Grant recipient will be verified using each student's academic record in the institution's computer system as of the start of the Fall term of the respective award year based on earned credits. This grade level will be communicated to the Commission by the Financial Aid Office via WebGrants.

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.

**F. FISCAL
RESPONSIBILITY:****FINDING: Reconciliation Discrepancies for the 2003-04 Award Year**

A review of documentation revealed that Cal Grant Funds were not reconciled for the 2003-04 award year.

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.

The Commission strongly recommends that schools reconcile Cal Grant payments on a monthly basis. At a minimum, Cal Grant participating institutions must reconcile their accounts with the funds received from the Commission for each academic year. 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.

Schools must make all disbursements by September 30 following the end of the award year (for example, September 30, 2005, for award year 2004-05). At the latest, all payment transactions must be reported prior to the start of the month-end processing the following November. The school will bear the liability for payments not reported prior to the November month-end processing cycle.

FINDINGS AND REQUIRED ACTIONS (continued)

For the 2003-04 award year, the Commission advanced \$222,243. Upon the examination of institution accounting records, it was revealed that the school disbursed a total amount of \$219,007. The institution disbursed **\$3,236** (\$222,243– \$219,007) less than the amount advanced by the Commission.

REFERENCES:

California Education Code, 69535.5
Institutional Participation Agreement, Article IV.D. 2 and 5
Cal Grant Manual, Chapter 9, September 2003

REQUIRED ACTION:

The institution must repay the undisbursed funds of **\$3,236** to the Commission as directed in the general payment instructions at the conclusion of the report.

The institution must provide procedures and internal control measures that will be implemented to ensure that the institution reconciles its records, by student, and returned undisbursed funds to the Commission as required by the Institutional Agreement and the Cal Grant Manual. These procedures should include time frames, staff titles, and specific areas of responsibility as it relates to the Cal Grant reconciliation process.

INSTITUTION RESPONSE:

The institution has repaid the \$3,236 on behalf of Michelle Fernandez to the Commission as directed in the general payment instructions.

The following reconciliation procedures have been implemented:

1. a separate accounting ledger is established by the Vice President of Finance and Cal Grant funds are recorded by the Student Accounts Office
2. The designated Representative in the Financial Aid Office will reconcile the following rosters to the Cal Grant accounting ledger ("the ledger")
 - a. Accept/Reject Report is reconciled weekly to ensure accepted and rejected transactions are properly reflected on the ledger on a student-by-student basis
 - b. Payment Activity Report/WebGrants CSAC Standard Reconciliation Report is reconciled monthly to the ledger to ensure Commission records and institutional records are consistent
 - c. At year-end a detailed Reconciliation report will be compared to institutional ledger records on a student by student basis to ensure consistency of information

FINDINGS AND REQUIRED ACTIONS (continued)

3. If discrepancies between CSAC report records and institutional/edger records are discovered the Director of Financial Aid and the Vice President of Finance will determine the reason for the discrepancy. The Director of Financial Aid will notify the Commission if the discrepancy is due to changes in enrollment status, income, etc. The Vice President of Finance will issue appropriate refunds if incorrect funds were posted.

AUDITOR REPLY:

The institution returned \$3,236 on check # 02063 dated March 8, 2006. This action is deemed acceptable and no further action is required.

OBSERVATION AND RECOMMENDATION

OBSERVATION & RECOMMENDATION

OBSERVATION: Student Pell Grant was not Maximized

An examination of 35 student files revealed 1 case where the student's Pell Grant was not maximized.

DISCUSSION:

The institution indicated that the student No. 35 was not awarded Pell Grant for the 2003-04 award year. A review of the ISIR revealed an expected family contribution (EFC) of \$460; therefore, the student may have been eligible for the Pell which would have reduced her student loan debt.

RECOMMENDATION:

It is recommended that the institution carefully review the EFC listed in a student's ISIR for the Pell Grant need when they are packaging student financial aid.

INSTITUTION RESPONSE:

The institution will carefully review EFCs and enrollments statuses for all students to ensure the correct Pell Grant is awarded and disbursed.

ATTACHMENT A - STUDENT SAMPLE

<i>ID</i>	<i>Student Name</i>	<i>Program & E/C</i>	<i>New/Renewal</i>
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