



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

2002-03 Award Year

**Central Coast College
Program Review ID#90402602300**

**480 S Main Street
Salinas, CA 93901**

Program Review Dates: August 2004

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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 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 a students who received a total of 1 Cal Grant B award within the review period. The program review include the one students awarded.

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 December 27, 2004.

December 27, 2004

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL
ELIGIBILITY:

FINDING: No Cal Grant Policies and Procedures Developed

The institution does not have specific Cal Grant policies and procedures in place to administer the program.

DISCUSSION:

The purpose of the 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 policies and procedures governing the administration and processing of Cal Grant funds.

Moreover, if current staff were to leave their positions, no written procedures would be available to direct staff to continue the proper administration of the Cal Grant program. These procedures should include the administration by which Cal Grant funds are received, processed, disbursed, reconciled and returned to the Commission. Additionally, the policy and procedures should also include check disbursements; satisfactory progress policy; award packaging and notification; refund and repayment; overaward resolution; citizenship (INS), and verification process.

REFERENCES:

34 CFR 668.16
Institutional Participation Agreement, Article II.D and Article II.G
Cal Grant Manual, Chapter 9, Page 1

REQUIRED ACTION:

The institution is required to provide policies and procedures that will be implemented to ensure the operational and fiscal integrity of the Cal Grant programs.

INSTITUTION RESPONSE:

We previously forwarded a .pdf copy of our catalog showing the CSAC Disbursement procedure on page 13. I have enclosed another copy for your reference (see Attachment 2) with the page tabbed. We believed at first that this was the only item to which Ms. Marquez was referring. On reviewing her more detailed draft finding, however, we understand she wanted to see our Financial Aid procedures.

FINDINGS AND REQUIRED ACTIONS (continued)

We have been administering Financial Aid at Central Coast College for over 15 years. We do have well-developed policies and procedures for our Financial Aid Department and have attached a complete copy of that manual for your reference as Attachment 3.

AUDITOR REPLY:

The institution's Cal Grant policies and procedures are deemed acceptable and no further action is required.

B. APPLICANT ELIGIBILITY:

FINDING: Satisfactory Academic Progress Not Monitored

A review of the student's records revealed that the institution did not monitor satisfactory academic progress (SAP).

DISCUSSION:

An institution must establish and follow a satisfactory academic progress policy. As indicated in Central Coast College Catalog, a student must satisfactorily complete 67% of credits attempted toward hi/her educational goal as measured at the end of each term and complete his/her course in 1 ½ times normal time frame for completion.

Student No. 1 attempted 17 units during the fall 2002 and completed 11 units which is a 65% (11/17) completion rate. The student should have been placed on academic probation. During the review, the institution indicated that the student was not placed on academic probation due to an error.

REFERENCES:

California Education Code, Section 69535(c)
Institutional Agreement, Article A.1
Cal Grant Manual, Chapter 2, page 5
Cal Grant Manual, Chapter 9, page 2
Institutional Satisfactory Academic Progress Policy

REQUIRED ACTION:

Since the student met the probation requirement the next term (winter) and was meeting SAP requirements, there is no further requirement concerning this student.

However, the institution must provide a copy of the procedures and the internal controls that have been implemented to ensure that all Cal Grant recipients are making satisfactory academic progress as indicated in the institution's SAP policy and placed on probation when student is not making SAP.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

This finding involved one student who had a Cal Grant. She was not on academic probation due to an oversight, however upon closer analysis, we calculated that the student had completed more than 67% of her course after completing Fall Term, which meant she was making Satisfactory Academic Progress.

The school management software used at Central Coast College includes a module that calculates SAP at the end of each term. SAP is reviewed by the Financial Aid Director prior to disbursing funds.

AUDITOR REPLY:

The institution's response was deemed acceptable and no further action is required.

C. FUND DISBURSEMENT AND REFUNDS:

FINDING : School Disbursed Less than Eligible Amount

A review of 1 student's records revealed where the school disbursed less Cal Grant funds than the student was eligible to receive.

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. A student's enrollment status directly correlates with the amount of Cal Grant funds a student receives.

According to enrollment records, student No. 1 completed 10 units during fall 2002 and was eligible to receive a three-quarter time payment of \$388. The school reported the student eligible for a half time payment of \$258. The student was eligible to received an additional \$130. However, since the fiscal award year 2002-2003 is closed the student can no longer receive the additional funds.

REFERENCES:

Institutional Agreement, Article III.A.2
Cal Grant Manual, Chapter 5, pages 5-14 through 5-15 and page 5-20
Cal Grant Manual, Chapter 9, pages 9-4 and 9-6

REQUIRED ACTION:

The institution is to implement new procedures and quality control measures designed to ensure that students receive the correct amount of Cal Grant funds. Please provide a copy of the procedures in your response to this report.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

This finding relates to the same student discussed above. A copy of her verified payment transaction report is at Attachment 4. She was a full-time student in fall of 2002. Although she completed only 11 credits, she actually took 17. As shown on the report, she received a full-time disbursement of \$517.00, and continued to do so in the winter term. Spring Term, she received a half-time disbursement because she only took 10 credits.

AUDITOR REPLY:

The finding noted fall 02 instead of spring 03. According to the above statement by the institution, "Spring Term, she received a half-time disbursement because she only took 10 credits." The institution's enrollment status policy, as shown below, states that a student enrolled in 10 units is considered three-quarter-time status.

Full-time	12 units or more
Three-quarter-time	9-11.5 units
Half-time	6-8.5

Therefore, the student was eligible for Cal Grant payment in the amount of \$388 and the school paid the student \$258; therefore, the student was underpaid in the amount of \$130 (\$388-\$258).

This policy will be tested in the next review to ensure that students are paid accordingly to the institution's enrollment status policy.