



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

2003-04 Award Year

**Pepperdine University
Graziado School of Business and Management
Program Review ID#80501014908**

**6100 Center Drive
Los Angeles, CA 90045-1590**

Program Review Date:	May 16, 2005
Auditor:	Melanie Wong (916) 526-8207
Report Approved by:	Charles Wood, Manager Program Compliance Office (916) 526-8912

TABLE OF CONTENTS

	<u>Page Number</u>
AUDITOR'S REPORT	
SUMMARY.....	3
BACKGROUND	3
OBJECTIVES, SCOPE AND METHODOLOGY	4
CONCLUSION.....	5
VIEWS OF RESPONSIBLE OFFICIALS.....	5
FINDINGS AND REQUIRED ACTIONS	6
ATTACHMENT A - STUDENT SAMPLE	8
ATTACHMENT B - INSTITUTION'S RESPONSE	9

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 sample of 12 students who received a total of 5 Cal Grant A awards and 7 Cal Grant B awards within the review period. The program review sample included all 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 May 16, 2005.

May 16, 2005

Charles Wood, Manager
Program Compliance Office

FINDING AND REQUIRED ACTION

C. FUND
DISBURSEMENT
AND REFUNDS:

FINDING: Cal Grant Tuition Award Exceeds Actual Tuition Charged

A review of 12 student files disclosed 1 case where the institution overpaid a student Cal Grant funds.

DISCUSSION:

The California Education Code indicates that Cal Grant tuition/fee awards shall be used only for tuition and student fees. Based on a recipient's financial need, the Commission makes tuition/fee payments up to a maximum annual award **not to exceed the school's actual tuition/fee charges**.

Student No. 3 received a half-time Cal Grant B tuition award of \$2,355 for Summer 2004. The student was charged \$5,036 in tuition and fees for the term, however, a tuition reimbursement of \$4,986 was applied. The student was only eligible for \$50 (\$5,036-\$4,986).

The student also received a half-time Cal Grant B tuition award of \$2,355 for Spring 2005. The actual tuition and fees charged to the student was \$6,698. The student received an outside tuition reimbursement of \$6,000. The student was only eligible for a \$698 Cal Grant tuition award.

REFERENCES:

California Education Code 69532 (b)
Institutional Agreement, Article IV.C.4
Cal Grant Manual, June 1997, Chapter 5, pages 5-11, 5-20 and 5-21
Cal Grant Manual, September 2003, Chapter 9, page 4

REQUIRED ACTION:

The institution has returned the ineligible amount of \$2,305 for student No. 3 (Check No. 138502, dated 6/2/2005). The institution has also adjusted student No. 3's spring 2005 tuition award to \$698. The institution must provide the written policies and procedures that will be put into place to ensure that Cal Grant funds for tuition will not exceed the actual tuition and fees charged.

INSTITUTION RESPONSE:

The following actions have been taken to address finding # C, the Cal Grant tuition award exceeding tuition charges and to improve the overall Cal Grant administration procedure:

- a) The Cal Grant reconciliation deadline has been moved from August to December 20th to ensure that all late company tuition reimbursements

FINDING AND REQUIRED ACTION (continued)

for the Cal Grant recipients are captured and that Cal Grant awards have been modified in a timely manner.

- b) A new communication process has been established with the Student Account Office to ensure that any changes associated with outside tuition compensation for the Cal Grant recipients will be reported to the Financial Aid Office on a timely basis.

The Cal Grant administration procedures have been revised to reflect these changes. Please see the enclosed Graziadio School Cal Grant Policy and Procedures.

AUDITOR REPLY:

The institution submitted procedures to ensure that Cal Grant funds for tuition will not exceed the actual tuition and fees charged. This action is deemed acceptable and no further action is required.

ATTACHMENT A - STUDENT SAMPLE

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