



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

2007-08 Award Year

**College of The Desert
Program Review ID#80900118200**

**43-500 Monterey Avenue
Palm Desert, CA 92260**

Program Review Dates: June 2009

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AUDITOR'S REPORT

SUMMARY We reviewed College of The Desert's administration of California Student Aid Commission (Commission) programs for the 2007-08 award year.

The institution's records disclosed the following deficiencies:

- New Cal Grant recipients not eligible due to income ceilings.
- Renewal Unmet Need could not be reconstructed or calculated incorrectly.

BACKGROUND Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants	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: Public Institution of Higher Education
- President: Jerry R. Patton
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 15,567

B. Institutional Persons Contacted

- Heidi B. Granger: Director of Financial Aid
- Joanie Peters: Senior Financial Aid Specialist
- Janet Assof: Financial Analyst

C. Financial Aid

- Date of Prior Commission Program Review: November 1999
- Branches: None
- Financial Aid Programs: Federal: Work-Study, Family Education Loan Program, Pell and SEOG
State: Cal Grant B and C
- Financial Aid Consultant: none

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 40 students who received a total of 37 Cal Grant B awards and 3 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 547 recipients.

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.

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.

AUDITOR'S REPORT (continued)

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 Commission's grant programs.

VIEWS OF RESPONSIBLE OFFICIALS The review was discussed with agency representatives in an exit conference held on June 11, 2009.

June 11, 2009

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

B. APPLICANT
ELIGIBILITY:

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

A review of 40 files disclosed 2 students who were not eligible because the total family income exceeded the Commission's income ceiling.

DISCUSSION:

To be eligible for and receive payment for a new Cal Grant award, a student must have family income and assets below the ceilings. Initial eligibility for a Cal Grant award is based on information from the student's Free Application for Federal Student Aid (FAFSA). Institutions are responsible for verifying that students who appear on the Grant Roster meet program requirements, as required by the school's Institutional Participation Agreement, Article IV. A and IV. B.

Income and asset ceilings are set by the Commission in accordance with the provisions of *C.E.C. 69432.7 (k)* and are adjusted annually. The following table shows the Income Ceilings for the 2007-08 award year:

	Cal Grant A and C	Cal Grant B
Dependent students and Independent students with dependents other than a spouse:		
Family Size:		
Six or more	\$84,600	\$46,500
Five	\$78,400	\$43,000
Four	\$73,200	\$38,500
Three	\$67,400	\$34,600
Two	\$65,800	\$30,700
Independent students		
Single, no dependents	\$26,800	\$26,800
Married, no dependents	\$30,700	\$30,700

Student No. 4 was verified as a new Cal Grant B recipient for the 2007-08 award year based on the initial income of \$1,169 as reported on the FAFSA with family size of 5. After verification, the student's family total income increased to \$52,476, which is above the income ceiling making the student ineligible for all funds. The student received **\$1,551** for the 2007-08 award year that must be returned to the Commission.

In the case of student No. 12, the student was verified as a new Cal Grant B recipient for the 2007-08 award year based on the initial income of \$980 as reported on the FAFSA with a family size of 2. After verification, the student's total income with a family size of 2 increased to \$57,453 which is above the income ceiling making the student ineligible for all funds. The student received **\$1,357** for the 2007-08 award year and must be returned to the Commission.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

California Education Code 69432.7(k)
Institutional Participation Agreement, Article IV A, IV B
Cal Grant Manual, Chapter 3, pages 1 & 3, September 2004
CSAC Operations Memo, GOM 2003-11, October 2003

REQUIRED ACTION:

The institution **must** repay a total **\$2,908** (\$1,551 + 1,357) for student Nos. 4 and 12. The students will be withdrawn from the program. College of The Desert **must** submit policies and procedures to ensure students meet all eligibility requirements prior to disbursement of funds.

INSTITUTION RESPONSE:

In accordance with College of the Desert's Cal Grant policies and procedures as previously submitted for this program review, the institution ensures that student applicants meet all Cal Grant eligibility requirements prior to awarding and disbursement of funds. In order to prevent such an error from occurring in the future, College of the Desert's policy has been reviewed and now reads as follows:

POLICY:

To be eligible and receive payment for a new Cal Grant award, a student must have family income and assets below the income and asset ceilings provided annually by the California Student Aid Commission. Initial eligibility for a Cal Grant award is based on the information submitted on each student's Free Application for Federal Student Aid (FAFSA). Institutions are responsible for verifying that students who appear on the Cal Grant Roster meet all program requirements as required by the school's Institutional Participation Agreement. If a student is listed on the Cal Grant Roster as "N" (New Award), and there are subsequent ISIR's (a correction may have been made) for that student, College of the Desert must check the appropriate Cal Grant Program Income and Asset Ceilings to make sure the student still qualifies for a Cal Grant. Therefore, for all subsequent FAFSA transactions, the institution must make sure that the student remains within the eligible income and asset ceilings as required by CSAC.

The application must be checked to ensure that the applicant does not exceed the income ceilings. For **dependent students**, the parent's total income, as calculated by the federal processor, is checked against the maximum amount for Cal Grant Band Cal Grant C based on family size as indicated in the chart below. For **independent students**, the student's total income, plus any income from the student's spouse (if applicable), as calculated by the federal processor, is checked against the maximum amount for Cal Grant Band Cal Grant C based on family size as indicated in the chart below. Cal Grant A is

FINDINGS AND REQUIRED ACTIONS (continued)

not awarded at the community college level, but may be placed "on reserve" for the student.

In addition, the application must also be checked to ensure that the applicant does not exceed the asset ceilings. For **dependent students**, the application data is checked to ensure that the applicant does not exceed the asset ceilings as indicated in the chart below. The parent's net worth, as calculated by the federal processor, is checked against the maximum amount for any dependent student. For **independent students**, the student's net worth, plus that of their spouse (if applicable), is reviewed and checked against the table below.

The following tables show the Income and Asset Ceilings for the 2009-10 award year:

2009-10 CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A and C	Cal Grant B
Dependent students and Independent students with dependents other than a spouse:		
Family Size:		
Six or more	\$92,100	\$50,600
Five	\$85,400	\$46,900
Four	\$79,700	\$41,900
Three	\$73,300	\$37,700
Two	\$71,600	\$33,400
Independent students		
Single, no dependents	\$29,200	\$29,200
Married, no dependents	\$33,400	\$33,400

2009-10 CAL GRANT PROGRAM ASSET CEILINGS

	ALL Programs
Dependent students	\$61,700
Independent students	\$29,300

** These ceilings also apply to independent students with dependents other than a spouse.

Note: Per Chapter 403, Statutes of 2000, the Cal Grant program income and asset ceilings are to be adjusted annually using the change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution:

SEC. 8. (e) (1) "Change in the cost of living" for the State, a school district, or a community college district means the percentage change in California per capita personal income from the preceding year.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITOR REPLY:

The institution returned \$2,908 on check #5065 dated October 9, 2009 and revised policies and procedures. This action is deemed acceptable and no further action is required.

B. APPLICANT ELIGIBILITY:

FINDING 2: Renewal Unmet Need Could Not Be Reconstructed or Calculated Incorrectly

A review of 19 renewals Cal Grant student files disclosed that 3 students unmet need could not be reconstructed or was calculated incorrectly.

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. Net unmet need is defined as a student's budget minus the Expected Family Contribution (EFC) and Pell Grant.

For student No. 6, the institution did not include the PELL award in the calculation.

In the cases of student Nos. 7 and 27 the institution reported a renewal unmet need that could not be reconstructed from documentation within the students' file.

REFERENCES:

Cal Grant Manual, Chapter 6, pages 3-4, November 2003
Cal Grant Manual, Chapter 8, pages 1-2, November 2005

REQUIRED ACTION:

The institution **is required** to submit policies and procedures that will be implemented to ensure that the renewal unmet need amount is correctly calculated and reported to the Commission and documented within the student's file.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

College of the Desert's policy has been reviewed and reads as follows:

POLICY:

For renewal students, the institution must calculate a student's annual unmet need as a full-time student and report that figure to CSAC through WebGrants, retaining the supporting documentation used to make the determination within the student's financial aid file and records. College of the Desert uses the Commission's annually established student expense budget for determining renewal financial eligibility. Net unmet need is defined and calculated as a student's Cost of Attendance [budget] (COA) less the Expected Family Contribution (EFC), minus any Pell Grant amount.

AUDITOR REPLY:

The institution returned revised policies and procedures. This action is deemed acceptable and no further action is required.