



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

2007-08 Award Year

**Fashion Institute of Design & Merchandising
Los Angeles
Program Review ID#80901111200**

**919 South Grand Ave.
Los Angeles, CA 90015**

Program Review Dates:

5/18/2009 - 5/22/2009

Auditor:

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AUDITOR'S REPORT

SUMMARY We reviewed Fashion Institute of Design & Merchandising - Los Angeles's administration of California Student Aid Commission (Commission) programs for the 2007-08 award year.

The institution's records disclosed the following deficiency:

- Renewal Recipients' Cal Grant Unmet Need Could Not Be Reconstructed

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 A, B, and C

The following information, obtained from the institution and the Commission's database, is provided as background on the institution:

A. Institution

- Type of Organization: Private, Non-Profit, Institute of Higher Education
- President: Tonian Hohberg
- Accrediting Body: Western Association of Schools & Colleges (WASC)
National Association of Schools of Art and Design (NASAD)
- Size of Student Body: 5500

B. Institutional Persons Contacted

- Chris Jennings: Financial Aid Director
- Patricia Chandler: Assistant Financial Aid Director
- Rose Sgroi: Director of Financial Operations
- Oussy Artin: Fiscal Officer

C. Financial Aid

- Date of Prior Commission Program Review: April 2004
- Branches: San Francisco, Orange County and San Diego
- Financial Aid Programs: Federal: Family Education Loan Program; Direct Loan Program, Workstudy; Pell, SEOG and Perkins
State: Cal Grant A, 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 16 Cal Grant A, 16 Cal Grant B and 8 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 773 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 deficiency cited in the Finding and Required Action 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 May 21, 2009.

May 21, 2009

Charles Wood, Manager
Program Compliance Office

FINDING AND REQUIRED ACTION

D ROSTERS
AND
REPORT:

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

A review of 18 renewal Cal Grant student files disclosed that ten (10) students' 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 student's unmet need reported to the Commission was not adequately supported by documentation in the student's files:

ID	Need
3	\$32,518
5	\$28,566
12	\$23,909
18	\$19,655
19	\$25,411
21	\$16,530
27	\$29,426
31	\$25,244
35	\$27,139
37	\$43,281

REFERENCES:

Cal Grant Manual, Chapter 2, page 2-5
Cal Grant Manual, November 2003, Chapter 6, pages 3-4
Cal Grant Manual, November 2005, Chapter 8, pages 1-2

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.

FINDING AND REQUIRED ACTION (continued)

INSTITUTION RESPONSE:

The finding involves student files in which there was no documentation of the calculation of the Cal Grant need.

The Institution does not contest the finding. Cal Grant need is calculated for every Cal Grant recipient. However, the calculation was not documented in a consistent manner in the student files. The Institution has implemented new procedures to ensure the consistent documentation of the calculation of Cal Grant need. Here is the revised policy and procedure:

FAO's will use the following formula listed below:

Revised Formula**COA - EFC - PELL = Cal Grant Need formula****(Cost of Attendance minus Expected Family Contribution minus Pell Grant equals Cal Grant need)**

FAO's will enter the detail of the Cal Grant need calculation in the FAMS detail screen and complete all data fields in 5th Cal Grant Maintenance screen.

Example:**COA \$33,133 - 12MO EFC 1407 - Pell Grant \$3160 = Cal Grant Need \$28,566
[PC 06/11/09]****AUDITOR REPLY:**

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