



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

2007-08 Award Year

**Fremont College
Program Review ID#90903039900**

**1800 Studebaker Road, Suite #900A
Cerritos, CA 90703**

Program Review Dates: July 2009

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AUDITOR'S REPORT

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

The institution's records disclosed the following deficiencies:

- Incorrect Renewal Unmet Need Reported to the Commissions
- Cal Grant "B" Access Authorization Not Obtained

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
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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: Private Non-Profit Institution of Higher Education
- President: Sabrina Kay
- Accrediting Body: Accrediting Commission of Career Schools/Colleges of Technology
- Size of Student Body: 145

B. Institutional Persons Contacted

- Neeyah Francois Director of Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: None
- Financial Aid Programs: Federal: Family Education Loan Program, Pell, Work-Study and SEOG
State: Cal Grants A, B and C
- Financial Aid Consultant: Global Financial Aid Service
Gulfport, MS 39503

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 8 students who received a total of 1 Cal Grant A award and 7 Cal Grant B awards within the review period. The program review sample was selected to include 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.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY (continued)	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
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 on August 27, 2009.

August 27, 2009

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

D. ROSTERS
AND
REPORTS:

FINDING: Incorrect Renewal Unmet Need Amount Reported to the Commission

A review of 5 renewal student files revealed that the institution reported an incorrect need amount for all renewal students.

DISCUSSION:

For renewal recipients, institutions must calculate and report the renewal recipients' Cal Grant need to the Commission, and retain the supporting documentation within the student's file. Institutions may use the Commission's annually established student expense budgets to confirm the financial need of renewal applicants or may use their own student expense budgets to determine renewal eligibility.

The Commission's renewal unmet need formula is defined as follows:

$$\text{Cost of Attendance} - \text{Estimated Family Contribution} - \text{Pell} = \text{Cal Grant Need}$$

The amount reported must reflect the recipient's total unmet need for the entire year as a full-time student (even if the student is or will be attending less than full-time).

If an institution becomes aware of any change to the renewal recipient's financial need, and the change affects Cal Grant eligibility, the change must be reported to the Commission by completing a Grant Record Change Form for Schools (G-21) or through the "Grant Record Changes" screen on WebGrants.

A review of the files of Student Nos. 3, 5, 6, 7 and 8 revealed that the institution reported an incorrect need amounts to the Commission as illustrated in the table below:

Student No.	Renewal Amount Reported	Correct Renewal Amount
3	\$15,775	\$11,400
5	\$22,958	\$20,855
6	\$17,165	\$19,742
7	\$16,312	\$17,660
8	\$17,041	\$21,165

REFERENCES:

Higher Education Act, Part F – Need Analysis
Cal Grant Manual, Chapter 6, November 2003

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

Although no liability resulted due to the institution's high cost of attendance and need, the institution **must** submit enhanced policies and procedures **that will be implemented** to ensure that a students renewal unmet need amount is correctly calculated and documented in the students file when reporting the amount to the Commission.

INSTITUTION RESPONSE:

A. Comments on Findings and Recommendations:

The Institution agrees with the Auditor's finding.

B. Actions Taken or Planned:

The Institution has reviewed its procedures for determining Cal Grant renewal need. The Institution will ensure the confirmed budget and cost of attendance is used in reporting financial need to the Commission. The institution will always review the final budget prior to requesting payment for renewal students. This additional step in the process will ensure the correct unmet need is used when calculating financial need for the Cal Grant program.

The Institution has increased the internal audit procedures to audit Cal Grant recipient files twice every year. This will give the Institution an opportunity to address items that are not completed according to the applicable laws, policies, contracts and institutional agreements as they pertain to the Commission's grant programs. Increasing the amount of internal audits will allow the institution to accurately adjust policies and procedures to ensure all processes are followed without error.

AUDITOR REPLY:

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

E. FILE
MAINTENANCE
AND RECORD
RETENTION:

FINDING: Cal Grant "B" Access Authorization Form Not Obtained

A review of 7 Cal Grant B recipients file revealed 2 cases in which the institution failed to obtain authorization from the student to credit Access funds towards institutional charges.

DISCUSSION:

According to the Institutional Participation Agreement, institutions must 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.

FINDINGS AND REQUIRED ACTIONS (continued)

This policy should include the following items:

- Access or Books & Supplies payments are disbursed in accordance with school policy unless the student requests otherwise. For example, if the school normally applies Access funds directly to tuition, the student may request that the term amount be delivered directly to them.
- The student may make this request at any time; however, any cancellation only affects future payments.

A review of the file of student Nos. 1 and 3 revealed that the institution did not obtain authorization from the student to apply their "Access" funds towards institutional charges for the 2007-08 award year.

REFERENCES:

Institutional Participation Agreement, Article IV.C.7
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Manual, Chapter 11, September 2003

REQUIRED ACTION:

The institution **is required** to submit written policies and procedures **that will be implemented** to ensure that student's are aware of their options regarding the receipt of Cal Grant B "Access" funds.

INSTITUTION RESPONSE:

A. Comments on Findings and Recommendations:

The Institution agrees with the Auditor's finding.

B. Actions Taken or Planned:

The Institution has established internal policies and procedures to ensure students are advised of their options regarding the receipt of Cal Grant funds and their subsequent ability to rescind authorizations given at anytime.

The Institution will advise all students receiving Cal Grant B Access of their options at the time of enrollment. If the student grants authorization to apply Cal Grant B Access to tuition and fees, the Institution will obtain this form prior to funds being paid. If the student decides at the time of enrollment to have Access funds delivered directly to them, the institution will ensure funds are paid to the student every quarter.

The Institution has increased the internal audit procedures to audit Cal Grant B students receiving Access payments every quarter during the reconciliation

FINDINGS AND REQUIRED ACTIONS (continued)

process. By auditing student files and accounts every quarter during the reconciliation process, the Institution will have the ability to review and correct all accounts to adhere to the Commissions requirements for Access payments and authorizations.

AUDITOR REPLY:

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