



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

2007-08 Award Year

**Loyola Marymount University
Program Review ID#80901164900**

**One LMU Drive, Xavier Hall
Los Angeles, CA 90045**

Program Review Dates: 5/18/2009 - 5/22/2009

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AUDITOR'S REPORT

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

The institution's records disclosed the following deficiencies:

- Noncompliance With WebGrants Information Security and Confidentiality Agreement
- Student Educational Level Reported Incorrectly
- Renewal Recipients' Cal Grant Unmet Need 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 A, B and T

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 Learning
- President: Father Robert B. Lawton, SJ
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 5,786

B. Institutional Persons Contacted

- Catherine Graham: Director, Financial Aid
- Kerri McCann: Financial Aid Counselor
- Maureen O'Brien: Director of Accounting

C. Financial Aid

- Date of Prior Commission Program Review: August 2002
- Branches: None
- Financial Aid Programs: Federal: Family Education Loan Program, Perkins, Work-Study, Pell Grant, SEOG
State: Cal Grant A, B, T and APLE
- 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 36 Cal Grant A awards and 4 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 903 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 administered 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

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY:

FINDING: Noncompliance with WebGrants Information Security and Confidentiality Agreement

A review of Institution and Commission records as well as a discussion with school personnel disclosed that the school did not comply with the Information Security and Confidentiality Agreement.

DISCUSSION:

As stated in the Information Security and Confidentiality Agreement, institutions must notify the Commission within five (5) working days to disable the password and ID of any employee whose change in employment status or duties no longer requires access to the Grant Delivery System (GDS) – WebGrants System.

A comparison between Commission and institutional records revealed that the institution failed to notify the Commission in writing within 5 working days that one employee had ceased employment. The institution disabled the employee's access on May 10, 2009 which was after the school was engaged for the audit.

REFERENCES:

Institutional Participation Agreement, Article II.E.
Institutional Participation Agreement, Article VI, J.
WebGrants Information Security and Confidentiality Agreement
Commission Special Alert, GSA 2000-01, 01/19/00

REQUIRED ACTION:

The Director of Financial Aid provided a revised "Exit List for Resignation/Termination" which lists steps to be taken when an employee leaves employment in the Financial Aid Office. The list also includes the staff member that is responsible for each item and the time frame for completion. Cancellation of WebGrants access has now been included in the list with the proper time frame. No further action will be required.

B. APPLICANT ELIGIBILITY:

FINDING: Student Educational Level Reported Incorrectly

A review of 22 student files for new Cal Grant recipients disclosed 1 instance where the institution verified and reported an incorrect education level.

DISCUSSION:

The Educational Level (EL) Report is used to verify a new recipient's educational level. A recipient's EL determines the number of years a student will be eligible to receive Cal Grant benefits. Institutions verify each recipient's

FINDINGS AND REQUIRED ACTIONS (continued)

EL based on the recipient's EL at the time the student receives the initial payment. The verification should not be based on the EL of the recipient at the time the report is received and/or completed.

The institution verified student No. 12 as an EL 3. A review of the student's academic file shows that the student entered Loyola Marymount in fall 2007 with 53 transfer units. According to the Cal Grant Review survey, the institution's policy on class level status considers 30-59 units as an EL 2.

The institution contacted CSAC during the audit to correct the student's EL.

REFERENCES:

Cal Grant Manual, November 2005, Chapter 8, page 5
Program Review Survey –Financial Aid

REQUIRED ACTION:

In response to the above finding, the institution **must** provide the written policies and procedures that will be put into place to ensure that a student's education level is correctly verified at the time of disbursement.

INSTITUTION RESPONSE:

Loyola Marymount University agrees with this one student finding as specified and has corrected the grade level with CSAC. In a full review of this issue, the financial aid has completed an evaluation of all grade levels reported for all Cal Grant recipients. No other discrepancies were found.

Financial Aid policies and procedures to prevent incorrect grade level reporting in the future, at the time of disbursement, has been put into place and is supported by the attached policy and procedure document.

AUDITOR REPLY:

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

D. ROSTERS AND REPORTS:

FINDING: Renewal Recipient's Cal Grant Unmet Need Calculated Incorrectly

The institution revealed during the entrance conference, that the renewal unmet need was reported incorrectly for the 2007-08 award year.

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

FINDINGS AND REQUIRED ACTIONS (continued)

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. The Cal Grant Manual defines Net unmet need as a student's budget minus the Expected Family Contribution (EFC) and Pell grant.

The institution performed a self-audit in January 2008 and discovered that their reported unmet need did not include Pell Grants in the calculation. Corrections were made to the calculations for the 2008-09 AY. A review of the renewal Cal Grant student files during the audit confirmed this issue. The auditor reviewed the new Cal Grant students in the 2007-08 audit sample that were renewal students in the 2008-09 AY and concluded that the institution is now calculating the unmet need correctly.

Loyola Marymount University was previously cited for calculating the renewal unmet need incorrectly for the 2000-01 award year as indicated in the August 2002 program review report. Thus, this Finding is deemed an area of continuing noncompliance and is considered a highly concentrated area for subsequent program reviews.

REFERENCES:

Higher Education Act, Part F – Need Analysis
Cal Grant Manual, February 2005, Chapter 5, pages 5-3
Cal Grant Manual, November 2003, Chapter 6, pages 3-4
Cal Grant Manual, November 2005, Chapter 8, pages 1-2

REQUIRED ACTION:

The institution has corrected their procedures for calculating the renewal unmet need and no liability resulted due to the high unmet need. Therefore, there are no required actions.