



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

2005-06 Award Year

**Santa Clara University
Program Review ID#80700132600**

**Financial Aid Office
500 El Camino Real
Santa Clara, CA 95053-4956**

Program Review Dates:

April 2008

Auditor:

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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 20 students who received a total of 17 Cal Grant A awards and 3 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 554 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.

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 Commissions grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on June 2, 2009.

June 2, 2009

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

B. APPLICANT
ELIGIBILITY:

FINDING: Unmet Need Reported Incorrectly

A review of three renewal Cal Grant student files disclosed one student's unmet need was reported 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. 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.

Student No. 14's unmet need was reported as \$39,161 and could not be reconstructed with the documents provided. The institution concurred that the unmet need should have been \$44,008 (\$48,041 COA - \$3,233 EFC- \$800 Pell).

Unmet need reported incorrectly is a recurring finding as this finding was also noted in the institution's March 2003 Cal Grant Program Review.

REFERENCES:

Higher Education Act, Part F – Need Analysis
Cal Grant Manual, November 2003, Chapter 6, pages 3-4

REQUIRED ACTION:

Although no liability resulted due to the institution's high cost of attendance and need, the institution **must** submit in response to this report, the procedures implemented to ensure that the reported unmet need reflects the recipient's annual need as a full-time student for the award year.

INSTITUTION RESPONSE:

Enclosed are revised policy & procedures in response to the audit finding regarding the calculation of Cal Grant need. We are working with our IT department to have a new field in PeopleSoft to calculate and store the Cal Grant need value.

FINDINGS AND REQUIRED ACTIONS (continued)

AUDITOR REPLY:

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

F. FISCAL RESPONSIBILITY FOR PROGRAM FUNDS:

FINDING: 2005-06 Undisbursed Funds Not Returned Timely

A review of school accounting records revealed that undisbursed Cal Grant Funds were not returned.

DISCUSSION:

The Commission strongly recommends that schools reconcile Cal Grant payments on a monthly basis. At a minimum, Cal Grant participating institutions must reconcile their accounts with the funds received from the Commission for each academic year. Should the institution's records of individual payments to eligible students be less than what the Commission paid, the institution must return the difference to the Commission.

Schools must make all disbursements by September 30 following the end of the award year (for example, September 30, 2009, for award year 2008-09). At the latest, all payment transactions must be reported prior to the start of the month-end processing the following November. The school will bear the liability for payments not reported prior to the November month-end processing cycle.

For the 2005-06 award year, the Commission advanced \$4,889,122 and issued \$3,236 in manual payments to the institution for a total of \$4,892,358. Upon examination of institution accounting records, the school disbursed a total amount of \$4,891,057 leaving \$1,301 in undisbursed funds.

REFERENCES:

California Education Code, 69535.5
Institutional Agreement, Article II.C, Article IV.D.1, IV.D.2, and IV.D.5
Cal Grant Manual, September 2003, Chapter 9, pages 2, 4, 5

REQUIRED ACTION:

The institution returned the 2005-06 undisbursed funds of \$1,301 on February 3, 2009. The institution **must** provide procedures for Cal Grant reconciliation that have been put into place to ensure all payment transactions are reported by the Commission deadline and undisbursed funds are returned to the Commission. These procedures should include time frames, staff titles, and specific areas of responsibility as it relates to the Cal Grant reconciliation process.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION RESPONSE:

Enclosed are revised policy & procedures in response to the audit finding regarding the Cal Grant reconciliation. We have changed our review of the Cal Grant reconciliation so that any reconciling items will be corrected prior to the next monthly reconciliation.

AUDITOR REPLY:

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