California
Student Aid Commission

Institution Eligibility & Compliance Review

Participation Requirements

Three types of colleges/universities

- California public postsecondary educational institution

- Nonprofit institution headquartered and operating in California

- California private or independent postsecondary education institutions

Participation Requirements

California private or independent postsecondary education institutions

Participating in Pell Grant +2 of the following federal student aid programs

- *Federal Work Study Program (FWS)*
- *Federal Direct Loan Program*
- *Federal Supplemental Educational Opportunity Grant Program (FSEOG)*

Demonstrate administrative capability to administer the funds

Participation Requirements

- **Federal student loan borrowers rate 40% or above**

Three Year Cohort Default Rate less than 15.5%

The Cohort default rate measures the ratio of students who enter repayment during a cohort year and who later default on their loans.

Two Year Graduation Rate greater than 30%

The grad rate is the percentage of full-time, first time degree seeking students who graduate in 150 percent or less of the expected time to complete degree requirements

Values certified by CSAC's Research Department and are acquired from U.S. Department of Education (USED)

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Application Process

For New Schools

- Cal Grant Institutional Participation Agreement

- Program Review Survey

- College Cost Estimate

- Current Catalog

- Audited financial statements

- Grant disbursement/refund policy

- Proof of Title IV participation (if applicable)
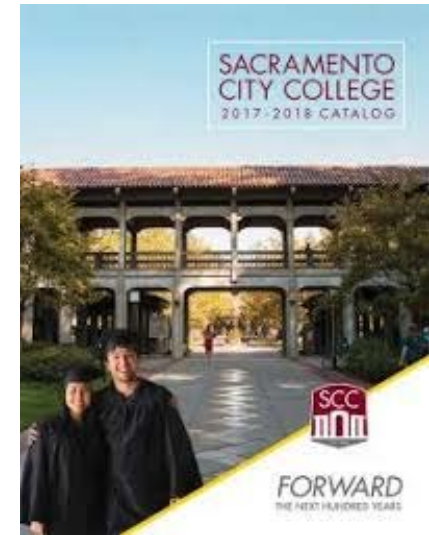
Renewal Process

- For renewal schools:
  - Complete the renewal IPA
  - Update contact information
  - Proof of interest bearing account
  - Update policies (if applicable)
  - Confirm current WebGrants users
  - Proof of Title IV allocation*
  - Proof of Title IV disbursement*
- * (if applicable)

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2017-21 IPA (Interest Bearing Account)

- Confirmation of an interest bearing account

"The Institution must confirm that the account(s) used in which Cal Grant funds are held is interest bearing when establishing, updating, or during the Agreement renewal process. Confirmation of an interest bearing account is a letter from the banking institution on the bank's letterhead indicating such or a copy of the bank statement."

Institutional Participation Agreement
Article III, D(1)(d)

2017-21 IPA (Interest Accrual on Cal Grant Funds)

Beware of "sweeping" funds into a commingled bank account

ANY interest accrued on undisbursed Cal Grant funds must be returned to CSAC. Interest is calculated per each calendar year and due back to the Commission by March 1st each year.

2017-21 IPA (Cal Grant B and C Disbursement Policy)

- Disbursement options for Cal Grant B and Cal Grant C

> "Cal Grant B and Cal Grant C recipients may elect to receive the full disbursement of their 'Access' or 'Books and Supplies' awards to use towards educational expenses or have it applied to any outstanding balances on the student's account. By choosing the first option, Cal Grant B and Cal Grant C recipients are responsible to resolve account balances with their institution. Please see your financial aid office for more information."
>
> Institutional Participation Agreement
> Article IV, C(2)(d)

Change in School Status

- Contact the Commission within 10 days with the occurrence of any of the following:

  - Change of school ownership

  - School closure

  - Addition/loss of additional locations in California

  - Cessation of participation in federal programs or 10% rule

  - Loss of accreditation

  - Changes in school address or school president, CEO or chancellor

Compliance Reviews

Audit Objective

- To ensure program compliance by postsecondary institutions participating in the Commission's Cal Grant Programs.

- To evaluate and report on the institution's administration of Commission programs.

Audit Criteria

Issues that arise during the audit will be resolved by reference to:

- California Education Code

- California Code of Regulations

- Institutional Participation Agreement

- Cal Grant Manual/Handbook

- Commission Operations Memos and Special Alerts

- Higher Education Act of 1965, as amended

- 34 CFR: Compilation of Student Financial Assistance Regulations

- Federal Student Aid Handbook

- School Policies, Procedures and Catalogs

The Review Process

Initial Contact → Engagement Letter → Entrance Interview → Field Review → Exit Interview → Draft Report → Institution Response → Final Report/ Closure

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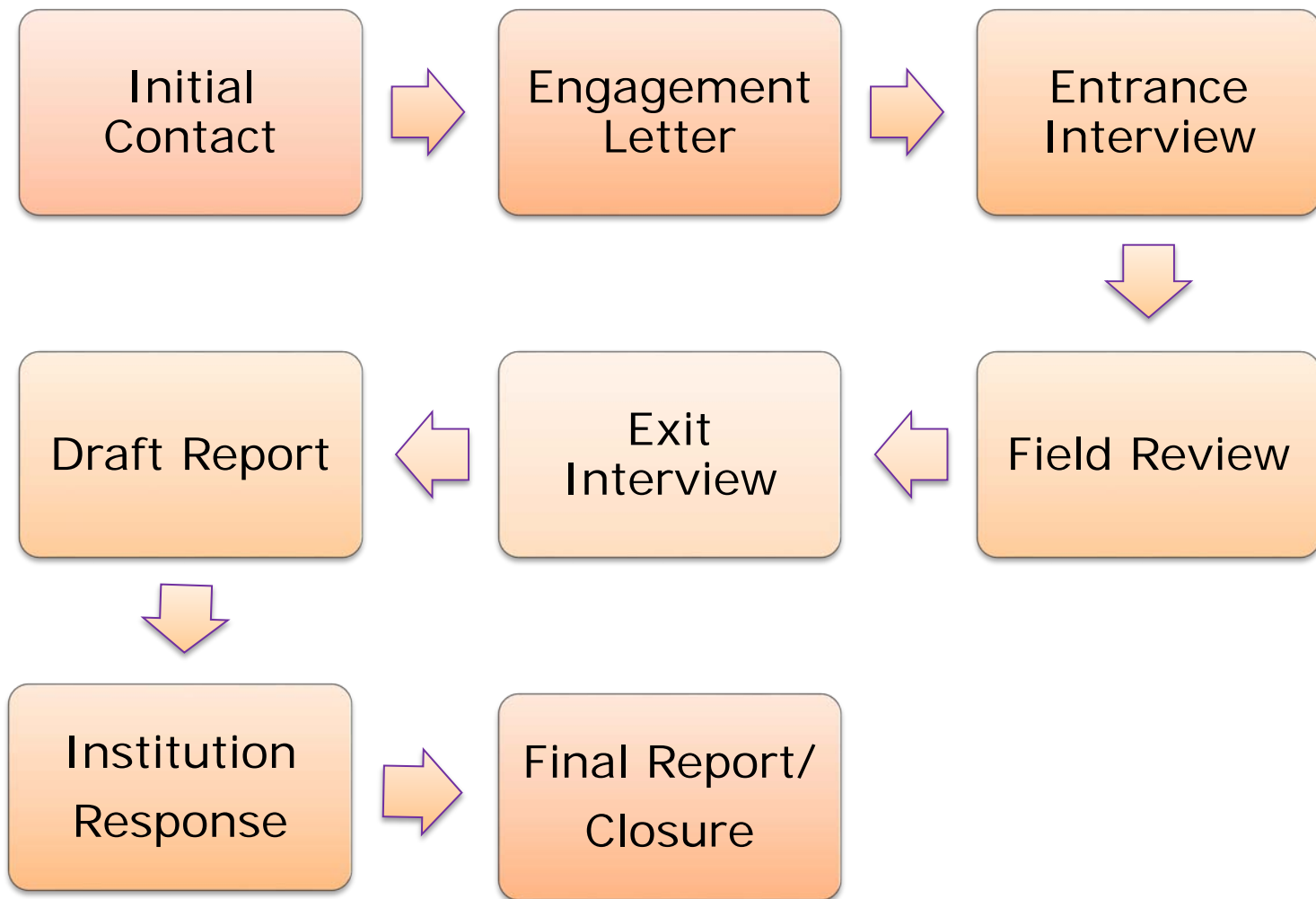
Areas of Review

- General Institution Eligibility

- Applicant Eligibility

- Fund Disbursements and Refunds

- Fiscal Responsibility

General Institution Eligibility

- School's Policies and Procedures

- Cal Grant Institutional Participation Agreement

- Fiscal Operations Report and Application to Participate (FISAP)

- Independent Auditor's Report

- Educational Programs

- Information Security and Confidentiality Agreement

Applicant Eligibility

- Citizenship Requirements / AB 540 Eligibility

- U.S. Selective Service Requirements

- Not in Loan Default

- California Residency / AB 540 Eligibility

- Enrolled in Eligible Program

- Does not Have Bachelor's or Professional Degree

- Education Level (EL)

- Income/Asset Does not Exceed Ceilings

- Demonstrates Need for the Award

- Meeting Satisfactory Academic Progress

- Valid Institutional Student Information Record (ISIR)

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Fund Disbursements and Refunds

- Enrollment Status - Number of Units

- Disbursement Policy & Dates

- Refund Policy

TUITION AND FEES

- Cal Grant Tuition Awards May Not Exceed Actual Tuition Charges

- Authorization – Cal Grant B Access and Cal Grant C Book & Supply Awards

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Fiscal Responsibility

- Cal Grant Reconciliation (student by student)

- Accounting Documents – Ledgers (Receipt of Cal Grant Funds and Disbursements to Students)

- Reconciliation Discrepancies (excess funds, unreported payment, undisbursed funds)

- Cal Grant Funds Maintained in an Interest Bearing Account

- Return of Interest Earned on Cal Grant Funds

Audit Findings and Reporting

- Exit Conference–Summary of Findings and Observation Results

- Management Representation Letter

- Draft Report

- Institutional Audit Response to Draft Report

- Final Report

Top 10 Most Common Findings

1. Cal Grant Reconciliation

2. Education Grade Level Verified Incorrectly

3. No Written Policies & Procedures

4. SAP Not in Compliance with Title IV

5. Noncompliance with Information Security and Confidentiality Agreement

6. Ineligible Student/Program

7. Income/Assets Exceed Ceiling

8. Incorrect Payment Amounts Due To Enrollment Status

9. Cal Grant Tuition Disbursement Exceeds Tuition Charges

10. Conflicting Information Not Resolved or Not Documented

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Top 10 Most Common Findings

1. Cal Grant Funds Not Reconciled

Requirement: Cal Grant funds must be reconciled on a student-by-student basis for the payment period and award year.

- **Example:** The institution's accounting documents reveal that Cal Grant funds were not reconciled correctly.

Payments reported on WebGrants:

Student A	$776
Student B	$776
Student C	$776
Total	**$2,328**

Disbursements reflected on accounting records:

Student A	$776
Student B	$582
Student C	$388
Student D	$388
Student E	$194
Total	**$2,328**

Top 10 Most Common Findings

- **Required Action:**

  - ❑ Return the ineligible funds

  - ❑ Submit written procedures and internal control measures to ensure future compliance

    - ➢ *The procedures must include time frames, staff titles, and specific areas of responsibilities as it relates to Cal Grant reconciliation.*

Top 10 Most Common Findings

2. **Education Level Verified Incorrectly**

3. **No Written Policies & Procedures**

4. **SAP Not in Compliance with Title IV**

5. **Noncompliance with Information Security and Confidentiality Agreement**

California Student Aid Commission
Information Security and Confidentiality Agreement

The Information Security and Confidentiality Agreement is required by the California Student Aid Commission (Commission) from any person or entity (high school, post-secondary educational institution, agent, program, or 3rd party) requesting access to a Commission information technology system.

Security and Confidentiality Agreement:

The California Student Aid Commission (Commission) is committed to protecting the confidentiality and security of information. As an individual requesting access to a Commission application, database, or information technology system, during the course of my duties or purpose at the Commission, I may have access to proprietary or confidential information. I understand that all proprietary and personally identifiable information (collectively PII) must be maintained confidentially, and in a secure fashion.

I agree to follow all Commission policies and procedures governing the confidentiality and security of PII in any form, including oral, fax, photographic, written, or electronic. I will regard both confidentiality and security as a duty and responsibility while part of the Commission workforce, or during my involvement with Commission as a non-workforce member.

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Top 10 Most Common Findings

6. Ineligible Program For Cal Grant Type

Requirement: Each Cal Grant type (A, B or C) has specific program requirements (length, degree, certificate or diploma). The school must obtain the student's degree objective at the time of enrollment.

- **Example:** The institution disbursed Cal Grant A funds to students who were not enrolled in an eligible Cal Grant A program.

✓ Carol enrolled in a 1-year Medical Assistant program leading to a certificate.

✓ She was awarded a Cal Grant A and the school credited the funds towards her account.

✓ Because this is not an eligible Cal Grant A program, the credited funds must be returned.

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Top 10 Most Common Findings

- **Required Action:**

  - ❏ Return the ineligible funds

  - ❏ Withdraw student from the Cal Grant program (Adj. reason = **IG**)

  - ❏ Submit written procedures and internal control measures to ensure future compliance

    - ➢ Ensure Cal Grant recipients are enrolled in an eligible program of study at the start of enrollment and/or award year.

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Top 10 Most Common Findings

7. Income/Assets Exceed Ceiling

Requirement: The family income for a dependent/independent student is the parent's/student's total income (TI) as calculated by the Federal Processor.

TI = AGI + Untaxed Income – Taxable Income Offsets

- **Example:** Student's income exceeds Cal Grant income ceiling levels for the 2018-19 award year.

2018-19 Cal Grant B Income Ceilings	
Family Size	Income
5	$58,200
4	$52,000
3	$46,700

John was verified as a new Cal Grant B recipient based on an initial TI of $55,000 with a family size of 5 as reported on the FAFSA. After verification, the TI remained the same but the family size decreased to 3. John would not be eligible because his family's income is above the ceiling.

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Top 10 Most Common Findings

- **Required Action:**

  - ❑ Return the ineligible funds

  - ❑ Withdraw student from the Cal Grant Program (via **G-21**)

  - ❑ Submit policies and quality control measures

    - ➢ Ensure that Cal Grant recipients meet eligibility requirements prior to the disbursement of Cal Grant funds.
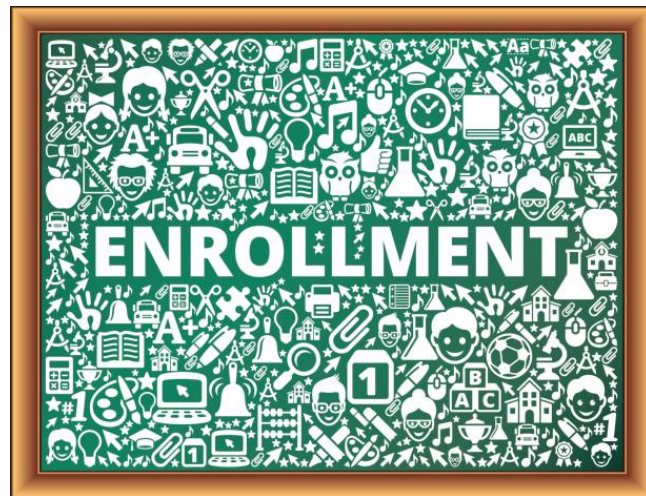
Top 10 Most Common Findings

8. Incorrect Cal Grant Payment Due To Enrollment Status

Requirement: Cal Grant awards must directly correlate to the student's enrollment status at census or the equivalent.

- **Example:** A community college with a fall census date of September 15th reports a full-time Access award for a student of $836 at census, based on enrollment of 12 units.

✓ Transcripts show the student dropped to 9 units on September 20th

✓ The institution did not disburse funds to the student until after the term had closed.

✓ At time of disbursement (after completed term) the student was no longer eligible for the full time award of $836. (Payment should have been adjusted to **TT** for ¾ time)

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Top 10 Most Common Findings

- **Required Action:**

  ❑ Return the ineligible funds

  ❑ Submit policies and quality control measures

  ➢ Ensure that a student's Cal Grant payment is based upon the student's enrollment status at the time of census or equivalent, and the corresponding time of disbursement (within the term or after a completed term [retroactive payment]).

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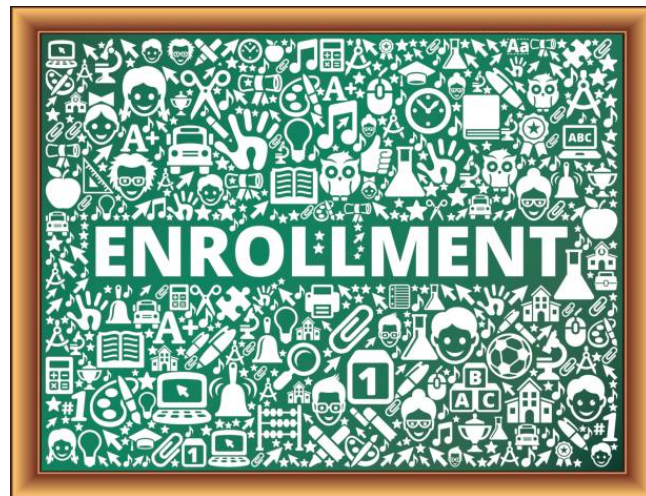
Top 10 Most Common Findings

9. **Cal Grant Tuition Disbursement Exceeds Tuition Charges**

Requirement: Cal Grant tuition/fee awards shall be used only for actual tuition and student fees. Benefits from other financial aid sources restricted to tuition and fees may impact the final Cal Grant tuition award amount; which may not exceed the student's cost of attendance (budget) minus the calculated Expected Family Contribution (EFC).

- **Example:** The maximum Cal Grant annual tuition award is $9,084 and the institution disburses quarterly. The student's tuition charges for the AY not covered by other aid equals $9,000.

✓ Term CG tuition award = $3,028 ($9,084 ÷ 3 quarters).

✓ Term tuition charges after other aid = $3,000 ($9,000 ÷ 3).

	Fall	Winter	Spring	Total
Tuition Charged	$3,000	$3,000	$3,000	$9,000
CG Tuition Disbursed	$3,028	$3,028	$3,028	$9,084
Ineligible Amount	$28	$28	$28	$84

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Top 10 Most Common Findings

- **Required Action:**

  - ❑ Return ineligible funds

  - ❑ Submit policies and quality control measures

    - ➢ Ensure that Cal Grant tuition awards do not exceed the student's actual tuition charges.

   - ➢ There is no over-award tolerance for Cal Grant funds.

Top 10 Most Common Findings

10. Conflicting Information Not Resolved or Not Documented

CONFLICTING INFORMATION

In addition to reviewing application and data match information from the CPS, a school must have an adequate internal system to identify conflicting information—regardless of the source and regardless of whether the student is selected for verification—that would affect a student's eligibility, such as information from the admissions office as to whether the student has a high school diploma or information from other offices regarding academic progress and enrollment status. The school must resolve all such conflicting information, except when the student dies during the award year.

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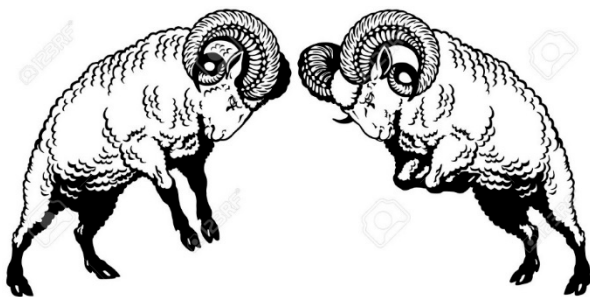
Corrective Measures

- Policy or procedural changes to ensure appropriate administration as it relates to the finding

- Return of ineligible funds as a result of an audit finding

- Portfolio review, if the error ratio exceeds 10%

- Complete training as it relates to the finding (repeat finding)

- Placement of the school in the Commission's At-Risk Reimbursement Program

- Withhold or stop term advances

- Terminate the institution's agreement

Keys to a Successful Review

- Document, Document, Document!

- Reconcile monthly

- Keep files organized

- Provide a clear audit trail

- Perform self-audits on files

- Ask questions throughout the review process

- Attend Trainings and Webinars

- Consult with Colleagues

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Cal Grant Checklist

Information to Verify

1. Program of Study
2. Program Length
3. Eligible CG Program
4. Educational Level
5. Start Date
6. SAP
7. E2 Status
8. Citizenship
9. CA Resident
10. Dependency Status
11. Edit Comments

Source Document

1. Transcripts, Enrollment Agreement
2. Catalog, Transcripts, Enrollment
3. School Catalog
4. Transcripts
5. Transcripts, Enrollment Agreement
6. Transcripts, SAP Letters, SAP Policy
7. Transcripts (CC, HS, & BDGI)
8. ISIR, Naturalization Certificate, Affidavit, etc.
9. ISIR, HS Transcripts, Utility Bills, Affidavit, etc.
10. ISIR, Taxes, Verification Documents
11. ISIR, Verification Docs, Citizenship Docs, etc.

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Cal Grant Checklist

Information to Verify

12. Degree
13. Parent Income
14. Student Income
15. Family Size
16. Cost of Attendance
17. EFC
18. EFA
19. Disbursed Amount
20. Disbursed Date
21. Units Attempted
22. Units Completed
23. Authorized Signature

Source Document

12. ISIR, Transcripts, Diplomas
13. ISIR, Taxes, W-2, Verification Docs
14. ISIR, Taxes, W-2, Verification Docs
15. ISIR, Taxes, Verification Docs
16. Budget, Award Letter, Need Analysis
17. ISIR, Award Letter, Need Analysis
18. Award Letter, Account Ledger, etc.
19. Account Ledger, Negotiated Checks
20. Account Ledger, Negotiated Checks
21. Transcripts, Add/Drop Screens
22. Transcripts, Add/Drop Screens
23. Negotiated Checks, Authorization

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Questions?

Institutional Support

Phone: 1(888)294-0153

SchoolSupport@csac.ca.gov

www.csac.ca.gov