

CALIFORNIA STUDENT AID COMMISSION

PROGRAM ADMINISTRATION AND SERVICES DIVISION

March 26, 2018



Dr. Laurel Alder
President
East San Gabriel Valley ROP
1501 W. Del Norte Street
West Covina, CA 91790

RE: Program Compliance Review ID# 91603116600

Dear Dr. Laurel Alder:

This letter is in reference to the response to the Cal Grant Program Compliance Review report and the return of liabilities. All required actions to the findings have been addressed satisfactorily. The institution may now consider the program review for the 2014-15 award year closed, with no further action required.

Thank you for the courtesy and cooperation extended to the California Student Aid Commission (Commission) staff during the review. Your continued effort and consideration toward the Commission's programs will help produce an efficient and beneficial student financial assistance program.

Sincerely,

A handwritten signature in blue ink that reads "Catalina Mistler". The signature is fluid and cursive.

Catalina Mistler, Deputy Director
Program Administration and Services Division

Enclosure

- c. Program Review File
Elia Evans, Assistant Superintendent



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

2014-15 Award Year

**East San Gabriel Valley ROP
Program Review ID#91603116600**

**1501 Del Norte Street
West Covina, CA 91790**

Program Review Dates:

June 13, 2016 – June 17, 2016

Auditor:

Paramjeet Singh
Ana Marquez

Report Approved by:

Catalina Mistler, Deputy Director
Program Administration and Services Division

TABLE OF CONTENTS

	<u>Page Number</u>
AUDITOR'S REPORT	
SUMMARY.....	3
BACKGROUND.....	3
OBJECTIVES, SCOPE AND METHODOLOGY.....	4
CONCLUSION.....	5
FINDINGS AND REQUIRED ACTIONS.....	6

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 Commission programs and complied with applicable laws, policies, contracts and institutional participation 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. File Maintenance and Records Retention
- E. 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 of 11 students who received a total of 1 Cal Grant A award and 10 Cal Grant B awards within the review period. The program review sample was selected to include all students awarded.
- Reviewing the records of 1 unpaid Cal Grant recipient who appeared on the institution's roster but were deemed ineligible for the award year. The review sample was selected to include all unpaid students.

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.

AUDITOR'S REPORT (continued)

OBJECTIVES,
SCOPE AND
METHODOLOGY
(continued)

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

CONCLUSION

In conclusion, this report records the findings from our review and identifies the required actions necessary to improve controls and ensure the adequate administration of the Commission's grant programs. The matters raised in this report are only those which have come to our attention during the course of the compliance review and do not necessarily represent a comprehensive record of all the matters.

VIEWS OF
RESPONSIBLE
OFFICIALS

The findings were discussed with institution representatives in an exit conference on June 30, 2016. The institution staff concurred with all findings.

We appreciate the cooperation and assistance of the management and staff during the course of this review.

Catalina Mistler, Deputy Director
Program Administration and Services Division

FINDINGS AND REQUIRED ACTIONS

APPLICANT
ELIGIBILITY:

FINDING 1: Cal Grant B recipient not enrolled in an eligible program

A review of 11 student files revealed three students who were not enrolled in an eligible program.

DISCUSSION:

In order for a Cal Grant B recipient to receive funds, a student must be enrolled in an instructional program with a length of at least one academic year that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

The institution defines its academic year as 900 clock hours and 45 weeks of attendance for certificate programs

A review of the file for students 3, 4 and 6, revealed that the Cal Grant B students were enrolled in a clock hour certificate program that was less than one academic year (900 clock hours) in length as follows:

Student	Program/Clock hours
3	Emergency Medical Technician/ 540 clock hours
4	Nurse Assistant/ 615 clock hours
6	Criminal Justice/ 615 clock hours

Therefore, the Cal Grant funds are deemed ineligible for award year 2014-15 for the following: student 3 (\$5,314); student 4 (\$2,657); and student 6 (\$5,314).

REFERENCES:

California Education Code sections 69432.7(i) and (j)
34 C.F.R. § 668.3
Institutional Participation Agreement, Article IV.B.
Cal Grant Manual, Chapter 3, September 2004
Cal Grant Handbook, Chapter 10, page 80, 02/11/2016

REQUIRED ACTIONS:

The institution must submit written procedures and quality controls measures that will be implemented to ensure Cal Grant recipients are enrolled in an eligible program of study prior to Cal Grant disbursement.

Additionally, the Institution must perform a portfolio review of all Cal Grant recipients for the 2015-16 award year to determine enrollment in an eligible programs of study. The portfolio must include the data elements shown on the following page:

FINDINGS AND REQUIRED ACTIONS (continued)

- First Name
- Last Name
- SSN
- Cal Grant Type (A, B or C)
- Cal Grant award
- Program of Study
- Objective Obtained (BA, BS, AS, Certificate, Diploma, etc.)
- Student eligible? Yes or No
 - If yes, no action is required
 - If no, return ineligible Cal Grant award

A statement attesting to the completeness and accuracy of the data submitted must be provided by the person(s) performing the portfolio review. The necessity for requesting additional information/documentation will be determined after the response to this finding has been reviewed.

The institution will be required to return the ineligible amount of **\$13,285** in addition to any ineligible funds as a result of the portfolio review upon invoicing from the Commission.

INSTITUTION RESPONSE:

Student Services Advisors determine all student financial aid eligibility within the restrictions of federal and state guidelines and institutional policies. All eligibility is included in the student's financial aid award letter.

ESGVROPTC has revised the Institutional, Student State Aid awarding process and the Student Financial Aid Award letter to implement quality control measures to ensure Cal-Grant recipients are enrolled in an eligible program of study prior to Cal-Grant disbursement.

"STATE AID DESCRIPTIONS

The Chafee Grant (EVT) If you are or were in foster care and have financial need, you may qualify for up to \$5,000 a year for career and technical training or college. You don't have to pay this money back. You may also be able to use your grant to help pay for child care, transportation and rent while you're in school. You can use your Chafee Grant at any eligible California college or university or career or technical school, as well as schools in other states.

Cal Grant A awards are for students enrolled in a program of instruction of not less than two academic years that leads to an associate or baccalaureate degree requiring 48 semester units or that results in eligibility for transfer from a community college to a baccalaureate degree program. There are three Cal Grant A awards: Entitlement, Transfer Entitlement and Competitive. Students eligible for Cal Grant A, Entitlement Award, are eligible to use their funding, if enrolled in the Associate of Applied Science Degree program.

FINDINGS AND REQUIRED ACTIONS (continued)

Cal Grant A Entitlement Award Every graduating high school senior who has at least a high school GPA, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year that he/she graduates or the following year is guaranteed a Cal Grant A Entitlement award.

Cal Grant B Entitlement awards provides low-income students with a living allowance and assistance with tuition and fees. Most first-year students receive an allowance of up to \$1,473 for books and living expenses. After the freshman year, Cal Grant B also helps pay tuition and fees in the same amount as a Cal Grant A. For a Cal Grant B, your coursework must be for at least one academic year.

Cal Grant C awards help pay for tuition and training costs at occupational or career technical schools. This \$547 award is for books, tools and equipment. You may also receive up to an additional \$2,462 for tuition at a school other than a California Community College. To qualify, you must enroll in a vocational program that is at least four months long at a California Community College, private college, or a career technical school. Funding is available for up to two years, depending on the length of your program.”

The Student Services Supervisor is now responsible to verify all student financial aid awards. The supervisor will sign each student financial aid award letter to confirm the student's financial aid eligibility. Financial Aid awards will be originated and disbursed after the supervisor has completed the review of the student's financial aid eligibility.

PORTFOLIO REVIEW RESULTS:

The portfolio review revealed that the remaining students were enrolled in an eligible program and did not affect the Cal Grant eligibility.

COMMISSION REPLY:

The institution submitted policy and procedures that are deemed acceptable. East San Gabriel Valley ROP **must** remit the ineligible amount of **\$13,285** as directed in the invoice instructions the Commission has issued.

FUND DISBURSEMENT AND REFUNDS:

FINDING 2: Actual tuition/fee charges less than Cal Grant tuition awards

A review of 11 student files revealed 2 cases in which the institution disbursed Cal Grant tuition funds to students whose tuition/fee amounts were less than the Cal Grant tuition awards.

FINDINGS AND REQUIRED ACTIONS (continued)

DISCUSSION:

The California Education Code indicates that Cal Grant tuition awards shall be used only for tuition and student fees in a for-credit instructional program of not less than two academic years (Cal Grant A) or one academic year (Cal Grant B). Additionally, tuition and fee awards are to be disbursed in an amount not to exceed the maximized value of the tuition award for the term, or the maximum tuition and fee charged, whichever is less.

If the student is receiving benefits from another financial aid source that is also restricted to tuition and fees, the Cal Grant tuition/fee payment amount must be adjusted or the other tuition-paying award can be returned so as not to exceed, in total, the amount of tuition/fees charged. In the event of other tuition awards, attempts should be made to preserve Cal Grant eligibility.

A review of the account ledgers for student 6 and 9 revealed that their Cal Grant tuition/fee awards exceeded their actual tuition/fee charges as illustrated on the next page.

Student.	AY	Tuition & Fee Charges	Cal Grant Award	Ineligible Amount
6	14-15	\$3,650.00	\$4,216.00	\$ 566.00
9	14-15	\$6,430.00	\$8,430.00	\$2,000.00
TOTAL				\$2,566.00

Student 6 was found to be in an ineligible program, therefore, ineligible funds will be collected through finding 1 above.

REFERENCES:

California Education Code Section 69434(a)
California Education Code Section 69435(a)
Cal Grant Manual, Chapter 8, Section 8.9, November 2005
Cal Grant Manual, Chapter 9, Section 9.4, September 2003
Cal Grant Handbook, Chapter 6, page 42, 02/11/2016
Cal Grant Handbook, Chapter 13, page 112-113, 02/11/2016

REQUIRED ACTIONS:

The institution must provide policies and procedures that will be implemented to ensure that Cal Grant tuition payments do not exceed the actual tuition charges.

FINDINGS AND REQUIRED ACTIONS (continued)

Additionally, the institution must perform a portfolio review of all Cal Grant recipients for the 2015-16 to ensure Cal Grant tuition payments did not exceed actual tuition charges. The portfolio must include the following data elements:

- First Name
- Last Name
- SSN
- Cal Grant Type (A, B or C)
- Cal Grant tuition award
- Tuition and fee charges
- Student eligible? Yes or No
 - If yes, no action is required
 - If no, return ineligible funds

A statement attesting to the completeness and accuracy of the data submitted must be provided by the person(s) performing the portfolio review. The necessity for requesting additional information/documentation will be determined after the response to this finding has been reviewed.

The institution will be required to return the ineligible funds in the amount of **\$2,000** for student 9 (Student 6 was found to be in an ineligible program as part of Finding1 as addressed above) in addition to any ineligible funds as a result of the portfolio review upon invoicing from the Commission.

INSTITUTION RESPONSE:

Student Services Advisors determine all student financial aid eligibility within the restrictions of federal and state guidelines and institutional policies. All eligibility is included in the student's financial aid award letter.

ESGVROPTC has revised the Institutional, Student State Aid awarding process and the Student Financial Aid Award letter to implement quality control measures to ensure Cal-Grant Tuition and Fees awards do not exceed actual tuition charges.

The Student Services Supervisor is now responsible to verify all student financial aid awards. The supervisor will sign each student financial aid award letter to confirm the student's financial aid eligibility. Financial Aid awards will be originated and disbursed after the supervisor has completed the review of the student's financial aid eligibility.

PORTFOLIO REVIEW RESULTS:

The portfolio review revealed that the remaining students' Cal Grant tuition payments do not exceed the actual tuition charges and did not affect the Cal Grant eligibility.

FINDINGS AND REQUIRED ACTIONS (continued)

COMMISSION REPLY:

The institution submitted policy and procedures that are deemed acceptable. East San Gabriel Valley ROP **must** remit the ineligible amount of **\$2,000** as directed in the invoice instructions the Commission has issued.

FUND
DISBURSEMENT
AND REFUNDS:

FINDING 3: Cal Grant funds over-awarded

A review of 11 student files revealed one case in which the institution over-awarded Cal Grant funds.

DISCUSSION:

Institutions are responsible for ensuring that Cal Grant recipients are not over-awarded. The total of the Cal Grant award and all other types of Estimated Financial Assistance (EFA) may not exceed the student's Cost of Attendance (COA) less the calculated Expected Family Contribution (EFC)

Examples of EFA include, but are not limited to:

Pell Awards, SEOG, Perkins, Direct & FFEL Loans, other Education Loans, Grants, Tuition & Fee waivers, Scholarships, Fellowship, Assistantships, and net earnings from need-based employment that will be received during the award year.

If an institution becomes aware of an over-award, the institution must correct the over-award by adjusting other financial assistance, excluding tuition waivers, offsetting subsequent term payments within the same award year, or, if necessary, returning the overage to the Commission. Furthermore, all over-awards, regardless of the dollar amount, must be resolved and no tolerance amount is allowed. When learning of an over-award, institutions must report the over-award through the "Grant Record Changes" screen on WebGrants or by completing the Grant Record Change Form for Schools (G-21).

A review of the file for student 3 revealed that the student was over-awarded as illustrated:

Student No. 3		
COA		\$ 8,194
Less EFC		<545>
EFA:		
Pell	3,453	
Less Total EFA		<3,453>
Add unsub and PLUS loan to replace EFC		0
Equals Cal Grant Need		4,196
Less Cal Grant Award		<5,314>
Over-Award		\$ 1,118

FINDINGS AND REQUIRED ACTIONS (continued)

The ineligible Cal Grant award amount of \$5314 for student 3 will be collected via finding 1 of this report.

REFERENCES:

Institutional Participation Agreement, Article IV, B.
Cal Grant Manual Chapter 8, November 2005
Cal Grant Handbook, Chapter 13, page 121, 02/11/2016
2014-15 Federal Student Aid Handbook, Volume 5, Chapter 1

REQUIRED ACTION:

The institution must provide policies and procedures to ensure that all Cal Grant recipients have sufficient need prior to disbursement.

INSTITUTION RESPONSE:

ESGVROPTC has revised the Institutional, Student State Aid awarding process and the Student Financial Aid Award letter to implement quality control measures to ensure that Cal-Grant recipients are not over awarded.

AWARDING PROCESS: ESGVROP/TC offers financial aid in the form grants, scholarships, loans, and employment. ESGVROP/TC coordinates various elements of each student's financial aid program. This packaging approach may include assistance from two or more sources of financial aid. Student Services Advisors determine all student financial aid eligibility within the restrictions of federal and state guidelines and institutional policies. All eligibility is included in the student's financial aid award letter.

Once a student file is marked complete by the Student Services Advisor, the supervisor will sign each student financial aid award letter to confirm the student's financial aid eligibility. Financial Aid awards will be originated and disbursed after the supervisor has completed the review of the student's financial aid eligibility.”

The Student Services Supervisor is now responsible to verify all student financial aid awards. The supervisor will sign each student financial aid award letter to confirm the student's financial aid eligibility. Financial Aid awards will be originated and disbursed after the supervisor has completed the review of the student's financial aid eligibility.

In addition, the Student Accounts representative will complete a quality assurance review on all Cal-Grant recipients to ensure that Cal-Grant recipients are not over-awarded.

FINDINGS AND REQUIRED ACTIONS (continued)

COMMISSION REPLY:

The institution submitted policies and procedures that are deemed acceptable. No further action is required.

FUND
DISBURSEMENT
AND REFUNDS:

FINDING 4: Cal Grant refund policy not implemented

A review of file for one student revealed that the institution failed to implement its Cal Grant refund policy

DISCUSSION:

The Commission requires that schools have a written Cal Grant refund policy that includes all Cal Grant programs and payment types (tuition/fees, access, B/S). This policy should take into consideration and be in compliance with any federal Return of Title IV Funds (R2T4) requirements.

Under §484B of the HEA (20 U.S.C. §1091b), if a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the student began attendance, a participating institution must determine the amount of grant and loan assistance to be returned to the Title IV programs.

Similarly, institutions are required to determine the earned and unearned portions of the Cal Grant award based on the amount of time the student attended. Furthermore, institutions are required to refund any Cal Grant funds to the State, using the same repayment percentage used to return the federal portion of the student's award.

According to institutional refund policy, students who do not complete at least 60% of the hours each pay period must repay the unearned portion of all awarded aid. A review of the file and discussion with Institutional personnel revealed that student 2 withdrew from the Child Development program during the fall 14 term and R2T4 calculations show that the student earned 15% of the Cal Grant for the academic year (\$2,197), hence, student was eligible for the \$330 out of the \$549 disbursed for the Fall 14 term. The unearned portion would be \$219 (\$549 - \$330). The Institution returned \$549 to the Commission on 05/09/16 during the audit engagement process. The earned portion of \$330 will be returned to the institution and the funds will be required to be paid out to the student.

REFERENCES:

HEA, Section 484B
34 C.F.R. § 668.22
Institutional Participation Agreement, Article IV, C.
Cal Grant Manual Chapter 8, November 2005
Cal Grant Handbook, Chapter 10, page 81, 02/11/2016
Cal Grant Handbook, Chapter 13, page 113, 02/11/2016

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The institution must return the \$330 to the student and provide proof of payment. Furthermore, the institution must provide policy and procedures that will be to ensure that the institutions Cal Grant refund policy is implemented and term payments are adjusted on WebGrants prior to year-end closing.

INSTITUTION RESPONSE:

ESGVROPTC has revised the Institutional Refund Policy and Procedures and the Institutional Drop Calculation Form to ensure that the institutions refund policy is implemented and funding adjustments are completed on WebGrants prior to year-end closing. The Refund Policy and Procedure now includes a required Funding Adjustment to be completed by the Senior Student Services Advisor. The Institutional Drop Calculation Form now includes a California Student Aid Commission section to be completed for all Cal-Grant recipients that withdrawal from ESGVROPTC. The Institutional Drop Calculation will calculate earned aid for Cal-Grant recipients.

Student Accounts is responsible to complete an Institutional drop calculation for all students, regardless of their funding and is responsible to complete all refunds of unearned aid back to the funding source in compliance with Federal and State regulations. The Senior Student Services Advisor is responsible for completing all funding adjustments in compliance with state and federal regulations. The Senior Student Services Advisor has been authorized to attend a professional conference in 2018 that includes training from California Student Aid Commission.

“A. Refunds of Unearned Aid- Student Accounts is responsible to complete all refunds of unearned aid back to the funding source in the following order a specified by the law:

1. Federal Program in the following order:
 - a. Unsubsidized Direct Stafford Loan
 - b. Subsidized Direct Stafford Loan
 - c. Direct Plus Loan – Parent
 - d. Pell Grant
 - e. FSEOG Grant
2. State Aid in the following order:
 - a. Chafee
 - b. Cal Grant C
 - c. Cal Grant B
 - d. Cal Grant A
3. Other sources”

FINDINGS AND REQUIRED ACTIONS (continued)

COMMISSION REPLY:

The institution made several attempts to contact student 2 to provide payment in the amount of \$330. However, the school was not successful in contacting the student, therefore, the funds were returned to the Commission.

The institution submitted policy and procedures that are deemed acceptable. No further action is required.