

CALIFORNIA STUDENT AID COMMISSION

LEGAL AND AUDIT SERVICES DIVISION

September 27, 2016



Dr. Gary F. Coombs
President
S. California Seminary
2075 E. Madison Avenue
El Cajon, CA 92019

RE: Program Compliance Review ID#91603332300

Dear Dr. Coombs:

The following is the final report of our program compliance review of your Institution's participation in the California Student Aid Commission's (Commission) grant programs.

Thank you for the courtesy and cooperation extended to the 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.

If I, or any member of my staff, can be of further assistance to you, please feel free to call us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melanie Wong".

Melanie Wong, Acting Manager
Program Compliance Office

Enclosure

- c. Dr. David Jeremiah, Chancellor
Yuli Martinez, Director of Financial Aid
Program Review File



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

2014-15 Award Year

**Southern California Seminary
Program Review ID#91603332300**

**2075 E. Madison Avenue
El Cajon, CA 92019**

Program Review Dates:

April – May 2016

Auditor:

Nati Bugarin

Report Approved by:

Melanie Wong, Acting Manager
Program Compliance Office

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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 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 from a sample of 4 students who received a total of 1 Cal Grant A award and 3 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 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.

AUDITOR'S REPORT (continued)

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 May 23, 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.

May 23, 2016

Melanie Wong, Acting Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

GENERAL
ELIGIBILITY:

FINDING 1: Standards of administrative capability in question

A review of the Institution's administration of the Cal Grant programs revealed a number of material findings that are representative of the school's lack of administrative capability.

DISCUSSION:

To participate in the Cal Grant Program, an institution must maintain certain standards of administrative capability and financial responsibility in accordance with state and federal regulations. Participating institutions act as a fiduciary in the administration of the State of California student financial assistance programs, therefore, participating schools are subject to the highest standards of care and diligence in administering the Commission's programs.

In order to measure an institution's performance, it is necessary to evaluate and analyze the institution's implemented internal controls (procedures) for safeguarding the operational and fiscal integrity of the Cal Grant programs. A routine procedure of the program compliance review is to examine the institution's controls and written procedures.

Administrative capability includes, among other things, the assignment of sufficient number of capable individuals to administer Commission programs and the maintenance and submission of accurate records relating to student eligibility and program payments. It is important that institutions have written policies and procedures to direct staff in the proper administration of Commission programs. In the event that there are changes in personnel (new employees are hired, employees transfer to new jobs, retire, etc.), documented policies and procedures will facilitate training and provide sufficient information to permit an individual who is unfamiliar with the program to accurately perform necessary activities. An institution's procedural manual should be kept up-to-date and should include, at a minimum, information on the following:

- Administration of the Cal Grant programs
- Check disbursement
- Procedures by which Cal Grant funds are received, processed, disbursed, reconciled and returned to the Commission
- Interest calculation procedures
- Award packaging and notification
- Refunds and repayment
- Over-award resolution
- Confirmation of citizenship status
- Completion of the verification process
- Satisfactory academic progress
- Other written procedures that are deemed necessary as it relates to student and/or institutional eligibility

FINDINGS AND REQUIRED ACTIONS (continued)

Policies and procedures for the administration of the Cal Grant programs were requested via the Engagement Letter sent to the Institution dated March 2, 2016 and were due to the Commission on March 25, 2016.

After several attempts to contact Institution personnel via telephone and email, the requested policies and procedures were finally provided on May 9, 2016. However, the policies and procedures were found to be outdated, insufficient and were for another institution. The policy title read as follows: "Southern California Bible College & Seminary, Cal Grant, Policy & Procedures, 2003-04". The two (2) page policy failed to address the areas indicated above.

The following findings, which are addressed individually in this report, as well as the lack of Cal Grant policies and procedures demonstrate the weaknesses in the Institution's administrative capability to administer the Cal Grant Program and must be addressed by the Institution:

- Finding 2: Institution's Satisfactory Academic Progress (SAP) policy does not meet federal minimum requirements
- Finding 3: Education level (EL) verified incorrectly
- Finding 4: Cal Grant B Access authorization not obtained
- Finding 5: Cal Grant tuition/fees award exceeds actual tuition charges
- Finding 6: Cal Grant funds not reconciled for the 2014-15 award year
- Finding 7: Interest earned on Cal Grant funds not returned timely

REFERENCES:

Higher Education Act of 1965, as amended, Section 498A
34 Code of Federal Regulations (CFR) section 668.16
California Education Code sections 69430 et seq.
Institutional Participation Agreement, Article I, II, III, IV
Cal Grant Manual, Chapter 2, July 2004
Cal Grant Manual, Chapter 11, September 2003
Cal Grant Handbook, Chapter 1, pages 7-8, 02/11/2016 – Version 2.1
Cal Grant handbook, Chapter 17, pages 171-172, 02/11/2016 – Version 2.1
2014-15 Federal Student Aid Handbook, Volume 2, Chapter 3

REQUIRED ACTIONS:

The Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of "qualifying institution" found in paragraph (3) of subdivision (l) of California Education Code section 69432.7. If, in a future academic year, the Institution meets this definition and elects to participate in the Cal Grant program it will be required to:

1. Execute a new Institutional Participation Agreement;

FINDINGS AND REQUIRED ACTIONS (continued)

2. Submit a detailed corrective action plan that will be implemented to ensure that all institutional offices (Financial Aid, Admission, Registrar, Bursars, Accounting, etc.) with information establishing and/or impacting a student's Cal Grant eligibility, and any resulting disbursements, work closely together. The plan must also include the titles of staff responsible for each function of the administration of the Cal Grant programs;
3. Submit fully developed updated policies and procedures as it pertains to the Cal Grant programs and fiscal administration of Cal Grant funds; and
4. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

GENERAL
ELIGIBILITY:

FINDING 2: Institution's Satisfactory Academic Progress (SAP) policy does not meet the federal minimum requirements

A review of the Institution's Satisfactory Academic Progress (SAP) policy revealed that it does not meet the minimum federal requirements.

DISCUSSION:

Institutions are required to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP in his or her educational program. An institution's standards are said to be reasonable if the standards are the same as, or stricter than, the institution's standards for a student enrolled in the same educational program who is not receiving assistance under Title IV programs. Additionally, the SAP policy should be clear, concise and self-explanatory.

The institution's SAP policy must include all periods of the student's enrollment, including periods in which the student did not receive Title IV funds, and transfer credits that are applicable to the student's educational program. An institution's SAP policy must include the following elements:

- A qualitative component
- A quantitative components
- A maximum time-frame (150% of the normal program length)
- An incremental measurement
- A designated amount of work that must be completed per increment
- A determination at the end of each increment regarding the student's progress
- An appeal process
- Procedures for re-establishing SAP eligibility

The Institution's SAP policy found on page 39 of the school's catalog, as indicated by the Director of Financial Aid, fails to include the following elements:

FINDINGS AND REQUIRED ACTIONS (continued)

- A qualitative component
- A quantitative components
- A maximum time-frame (150% of the normal program length)
- A designated amount of work that must be completed per increment

The policy indicates that students who do not meet SAP requirements for a trimester will be placed on warning status and will be eligible to receive Title IV funds for one trimester while on warning status. Students who do not meet SAP requirements at the end of the warning trimester will be ineligible for further aid. Students may submit an appeal in writing to the Director of Financial Aid. A student whose appeal has been approved will be placed on Financial Aid Probation for one trimester during which time SAP must be met in accordance with the Director's approval in order for further Title IV aid to be received.

REFERENCES:

34 CFR 668.16(e)
34 CFR 668.34
2014-15 Federal Student Aid Handbook, Volume 1, Chapter 1
2014-15 Federal Student Aid Handbook, Volume 2, Chapter 3
California Education Code sections 69432.7(m) and 69433.5(a)
Institutional Participation Agreement, Article IV.B.
Cal Grant Manual, Chapter 3, September 2004
Cal Grant Manual, Chapter 6, November 2003
Cal Grant Manual, Chapter 8, November 2005
Cal Grant Handbook, Chapter 4, page 29, 02/11/2016 – Version 2.1

REQUIRED ACTIONS:

The Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of “qualifying institution” found in paragraph (3) of subdivision (l) of California Education Code section 69432.7. If, in a future academic year, the Institution meets this definition and elects to participate in the Cal Grant program it will be required to:

1. Execute a new Institutional Participation Agreement;
2. Submit a revised SAP policy that meets the minimum federal requirements and the method by which the Institution will disseminate to all of its current and prospective students; and
3. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

APPLICANT
ELIGIBILITY:

FINDING 3: Education Level (EL) certified incorrectly

A review of four students whose EL was selected for verification revealed one case in which the EL was certified incorrectly and two students whose EL was unable to be verified.

FINDINGS AND REQUIRED ACTIONS (continued)

DISCUSSION:

A new Cal Grant recipient who continues to meet all program eligibility requirements and who demonstrates financial need may have his or her Cal Grant award renewed up to the maximum of the equivalent of four years of full-time attendance. The total number of years of Cal Grant Program eligibility is based upon the student's EL in his or her course of study at the time of the initial Cal Grant award.

To ensure that new Cal Grant A and B recipients receive the correct amount of initial program eligibility, institutions must verify that Commission records reflect the recipient's correct EL for the term in which the first Cal Grant payment is made. To ensure that the student's program eligibility is correct, the Commission recommends that schools verify the EL for new recipients prior to making the Fall term payment. The grade level policy at Southern California Seminary is as follows:

Grade Level	Number of Units
1	0 – 29
2	30 – 59
3	60 – 89
4	90 +

A review of the academic transcripts revealed that student 1 had completed 51 units prior to the start of the Fall 2014 term which is an EL2 according to the chart above. The Institution, however, incorrectly reported a higher education level for the student (EL3) which decreased the student's initial amount of Cal Grant eligibility by 100% student. The Commission has increased the student's eligibility by 100%.

An institution's maintenance of accurate records and reporting of correct information is a fundamental aspect of Cal Grant Program administration. Failing to confirm and report a student's correct EL results in the student's Cal Grant Program eligibility being calculated in a manner that is inconsistent with statutory requirements. An institution that fails to comply with applicable laws, policies, contracts and its Institutional Participation Agreement may lose its eligibility to participate in the Cal Grant Program for failing to meet standards of administrative capability.

REFERENCES:

California Education Code section 69433.6
Institutional Participation Agreement, Article IV.B.
Cal Grant Manual, Chapter 7, October 2005
Cal Grant Manual, Chapter 8, November 2005
Cal Grant Handbook, Chapter 10, pages 81-82, 02/11/2016 – Version 2.1
Cal Grant Handbook, Chapter 15, page 142, 02/11/2016 – Version 2.1

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTIONS:

The Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of “qualifying institution” found in paragraph (3) of subdivision (l) of California Education Code section 69432.7. If, in a future academic year, the Institution meets this definition and elects to participate in the Cal Grant program it will be required to:

1. Execute a new Institutional Participation Agreement;
2. Submit policies and procedures that will be implemented to ensure that education levels are correctly determined and reported to the Commission prior to the initial Cal Grant payment; and
3. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

FUND DISBURSEMENT AND REFUNDS:

FINDING 4: Cal Grant B Access authorization not obtained

A review of three Cal Grant B recipients' files revealed that in all cases the Institution failed to obtain written authorization from the students to credit their Access funds towards institutional charges.

DISCUSSION:

According to the Institutional Participation Agreement, institutions must establish and publish a policy that informs Cal Grant B recipients of their option to either apply the “Access” portion to outstanding balances on the student’s account or request personal receipt of the funds prior to disbursement. Students have the right to rescind the option at any time up to the date the fund transaction occurs.

A review of the files of students 1, 3 and 4 revealed that the Institution did not obtain written authorization from the students allowing the Institution to apply their Access funds towards institutional charges for the 2014-15 award year.

REFERENCES:

Institutional Participation Agreement, Article IV.C.
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 13, page 108, 02/11/2016- Version 2.1
Cal Grant Handbook, Chapter 17, Page 172-175, 02/11/2016 – Version 2.1

REQUIRED ACTION:

The Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of “qualifying institution” found in paragraph (3) of subdivision (l) of California Education Code section 69432.7. If, in a future academic year, the Institution meets this definition and elects to participate in the Cal Grant program it will be required to:

FINDINGS AND REQUIRED ACTIONS (continued)

1. Execute a new Institutional Participation Agreement;
2. Submit policies and procedures that will be implemented to ensure that students who receive Cal Grant B Access funds are informed of their option regarding receipt of funds; and
3. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

FUND
DISBURSEMENT
AND REFUNDS:

FINDING 5: Cal Grant tuition award exceeds actual tuition charges

A review of one student revealed that the Institution disbursed Cal Grant tuition funds in excess of actual tuition charges.

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.

Commission and Institution records revealed that student 4 received \$2,271 in Cal Grant funds for the Fall 2014 term. Based upon the student's ledger, the student was charged \$2,970 in tuition/fees. Subsequently, the Institution applied a tuition adjustment in the amount of \$784.29, thus reducing the student's actual tuition charges to \$2,185.71; however, the Cal Grant tuition award was not reduced to reflect this change. Hence, \$85.29 (\$2,271 - \$2,185.71) is ineligible.

REFERENCES:

California Education Code section 69435(a)
Cal Grant Manual, Chapter 8, November 2005
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 6, page 44, 02/11/2016 – Version 2.1
Cal Grant Handbook, Chapter 13, pages 112-113, 02/11/2016 – version 2.1

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTIONS:

Although the Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of “qualifying institution” found in paragraph (3) of subdivision (l) of California Education Code section 69432.7, it is legally obligated to remit the ineligible funds in the amount of **\$85.29** on behalf of student 4 under the terms and conditions set forth in the 2012-16 Institution Participation Agreement signed by the President for the 2014-15 award year.

If, in a future academic year, the Institution meets the definition of “qualifying institution” and elects to participate in the Cal Grant program it will be required to:

1. Execute a new Institutional Participation Agreement;
2. Submit policies and procedures that will be implemented to ensure that Cal Grant tuition awards do not exceed the student’s actual tuition charges; and
3. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

COMMISSION REPLY:

The Institution returned the ineligible funds of \$85.29 (check No. 45026, dated 7/26/2016). No further action is required at this time.

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 6: Cal Grant funds not reconciled for the 2014-15 award year

A review of the Institution’s accounting records revealed that Cal Grant funds were not reconciled for the 2014-15 award year.

DISCUSSION:

All participating institutions agree to use the funds advanced to it solely for payment to eligible recipients in the Cal Grant program. Once the Commission advances Cal Grant funds, schools must determine and verify student eligibility before disbursing funds.

Institutions are required to reconcile payments no later than sixty (60) days after the end of the payment period. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed. The institution must also report adjusted payment transactions for transactions previously reported in error. The institution must reconcile all award year Cal Grant funds received and disbursed by the institution no later than December 31 following the award year (e.g. December 31, 2015, for the 2014-15 award year). The institution will bear the liability for payments not reported prior to the December month-end processing cycle. 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.

FINDINGS AND REQUIRED ACTIONS (continued)

Furthermore, the Commission considers an institution to have sufficient administrative capability in the area of fiscal responsibility if the institution:

- Maintains written policies and procedures to administer Cal Grant funds
- Maintains an accounting system which conforms to generally accepted accounting principles/practices and shall include, but not limited to, cash receipts and disbursement journals, bank reconciliations, evidence of receipt or credit of funds to recipients and all other accounting records necessary to account for all transactions
- Reconciles Cal Grant program expenditures for each award year on a student-by-student basis. This includes having the necessary ledgers to account for prior and current award year funds
- Establishes a clear audit trail which demonstrates that fiscal records provide status of Cal Grant funds from the time they are received by the school from the State Controller's Office (SCO) through the time they are used to pay students' eligible charges, delivered to the student in the case of Access or Books and Supplies payments or refunded back to the Commission
- Reconciles Cal Grant funds with specific year advances and identify prior year award funds to ensure that funds are reported on the appropriate year's roster.

Commission records indicated that the Institution was advanced \$42,409 in Cal Grant funds for the 2014-15 award year. However, the Institution failed to disburse \$875 as follows:

2014-15 Undisbursed Funds			
No.	CSAC Paid	Institution Paid	Difference
2	\$ 8,022	\$ 7,633	\$383
3	\$15,606	\$15,114	\$492
Total 2014-15 Undisbursed Funds			\$875

REFERENCES:

California Education Code section 69432.8
Institutional Participation Agreement, Article II, III and IV
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Manual, Chapter 10, October 2003
Cal Grant Handbook, Chapter 14, 02/11/2016 – Version – 2.1
Cal Grant Handbook, Chapter 15, 02/11/2016 – Version 2.1

REQUIRED ACTIONS:

Although the Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of "qualifying institution" found in paragraph (3) of subdivision (I) of California Education Code section 69432.7, it is legally obligated to remit the ineligible funds in the amount of **\$383** (student 2) and **\$492** (student 3) under the terms and conditions set forth in the 2012-16 Institution Participation Agreement signed by the President for the 2014-15 award year.

FINDINGS AND REQUIRED ACTIONS (continued)

If, in a future academic year, the Institution meets the definition of “qualifying institution” and elects to participate in the Cal Grant program it will be required to:

1. Execute a new Institutional Participation Agreement;
2. Submit written procedures and quality control measures that will be implemented to ensure that Cal Grant funds are reconciled between accounting ledgers, financial aid generated reports and the Institution’s bank account on an award year basis. Furthermore, the Institution must ensure that there is a zero Cal Grant balance at the end and beginning of award years. These written procedures should include staff titles and specific areas of responsibilities as they relate to the Cal Grant accounting process; and
3. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

COMMISSION REPLY:

The Institution returned the ineligible amount of \$875 (check No. 45026, dated 7/26/2016). No further action is required at this time.

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 7: Interest earned on Cal Grant funds not returned timely

A review of documentation provided by the Institution revealed that interest earned on Cal Grant funds was not returned timely for the 2014 and 2015 calendar years.

DISCUSSION:

Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Student Aid Commission on behalf of the State no later than March 1 following the calendar year for which the interest accrued (e.g. March 1, 2015, for calendar year 2014). Each year, the Commission issues a Special Alert to all institutions to remind them that the interest is due by March 1st of the year.

When returning interest, neither bank related fees associated with maintaining the account nor negative interest associated with an institution’s use of non-state funds for Cal Grant students should be deducted from the accrued interest. Both these amounts reflect expenses that cannot be offset against the interest earned by the advance of State funds for the Cal Grant program.

In calculating the interest on the Cal Grant funds, an institution should utilize the same methodology as was used by its financial institution or investment pool to calculate interest on the account in which the Cal Grant funds were deposited.

A review of Cal Grant interest documentation revealed that the Institution returned interest for the 2014 and 2015 calendar years on May 21, 2015 and March 17, 2016, respectively to the Commission.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

Institutional Participation Agreement, Article III.D
Cal Grant Manual, Chapter 2, July 2004
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 14, page 128, 02/11/2016 – Version 2.1
Cal Grant Handbook, Chapter 16, pages 154-155, 02/11/2016 – Version 2.1
CSAC Operations Memo, GOM 2009-27, September 17, 2009
CSAC Special Alert, GSA 2014-34, November 10, 2014
CSAC Special Alert, GSA 2015-38, September 25, 2015

REQUIRED ACTIONS:

The Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of “qualifying institution” found in paragraph (3) of subdivision (I) of California Education Code section 69432.7. If, in a future academic year, the Institution meets this definition and elects to participate in the Cal Grant program it will be required to:

1. Execute a new Institutional Participation Agreement;
2. Submit policies and procedures to ensure that interest earned on Cal Grant funds are returned timely; and
3. Receive training on all findings identified in this report. Please contact Tae Kang via e-mail at TKang@csac.ca.gov or by phone at (916) 464-2954. Certification of completion of all required training must be provided when responding to this finding.

OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS: The following is an observation and recommendation based upon our review of the institution's inconsistency when assessing student fees. No response is required by the institution.

OBSERVATION:

Each year in January, the Commission sends out an Operations Memo reminding institutions that they are required to submit College Cost Estimate forms to the Commission identifying tuition and fee costs along with other institutional information. This information is used to determine the financial need and award amount for Cal Grant applicants.

When completing the form, only fees that are mandatory and are universal to all students can be include as part of the tuition and fee component. Application, one time registration, and special course fees should **not** be included.

The College Cost Estimate form was requested via the Engagement Letter and during the review process. In response to the auditor's request, the Financial Aid Director indicated the Institution did not have them.

Commission records indicate that the Institution has not been updating institutional information annually as required. As a result, the Commission has been using previous year tuition and fee amounts to determine need and award amounts.

Additionally, the College Cost Estimate forms are used to verify Cal Grant tuition/fee awards as they may not exceed the maximized value of the tuition/fee award for the term, or the maximum tuition/fee charged, whichever is less when analyzing student files.

A review of the student ledgers revealed that the Institution does not consistently apply fees when requesting tuition/fee Cal Grant awards. Technology fees in the amount of \$32 and \$120 were inconsistently applied to the students reviewed. Due to the high tuition amount, the students reviewed remained eligible for their award.

REFERENCES:

Commission's Operations Memo, GOM 2014-02, dated January 15, 2014

RECOMMENDATION:

The Institution is not currently eligible to participate in the Cal Grant program because it does not meet the definition of "qualifying institution" found in paragraph (3) of subdivision (l) of California Education Code section 69432.7. If, in a future academic year, the Institution meets this definition and elects to participate in the Cal Grant program it is highly recommended that the Institution complete and submit the College Cost Estimate form annually.