CALIFORNIA STUDENT AID COMMISSION

Program Compliance Office
Cal Grant Program Review Report

2001-02 Award Year

College of the Canyons
Program Review ID#90200890300

26455 Rockwell Canyon Rd.
Santa Clarita, CA 91355-1899

Program Review Dates:	9/1/2002 - 9/30/2002
Auditor:	Charles Wood (916) 526-8912
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AUDITOR'S REPORT

SUMMARY

We reviewed College of the Canyon's administration of California Student Aid Commission (Commission) programs for the 2000/01 award year.

The institution's records disclosed the following deficiencies:

- Satisfactory Academic Progress Policy not adequate
- Disbursements in excess of eligible amounts due to enrollment status
- Incorrect renewal unmet need reported

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	B and C

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Public Community College
- Superintendent-President: Dr. Dianne G. Van Hook
- Accrediting Body: Western Association of Schools and Colleges
- Size of Student Body: 13,000

B. Institutional Persons Contacted

- Beth Asmus — Director, Financial Aid

C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: Canyon Country Access Center
- Financial Aid Programs: Federal: Pell, SEOG, Work-Study, and Family Education Loan Program
  State: Cal Grant B and C
- Financial Aid Consultant: None

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 will focus on, but not be 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 the conduct of this review include:

- Evaluate the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluate the current payment procedures through interviews and reviews of student records, forms and procedures.
- Review the records and grant payment transactions from a sample of 15 students who received a total of 11 Cal Grant B and 4 Cal Grant C awards within the review period. The program review sample was randomly selected from the Commission database that contained 78 Cal Grant recipients for the award year.

This review was conducted in accordance with ***Government Auditing Standards*** issued by the Comptroller General of the United States. However, the procedures did not constitute a review of the institution's financial statements.

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.

OBJECTIVES, SCOPE AND METHODOLOGY

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. Attachment A is a listing of the students by name, social security number and grant type.

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 findings were discussed with agency representatives in an exit conference on March 21, 2003. The agency staff concurred and responded in a letter dated March 31, 2003 that addressed all of the findings.

March 21, 2003

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

A. GENERAL ELIGIBILITY

FINDING: Satisfactory Academic Progress Policy Not Adequate

A review of the institution's Satisfactory Academic Progress (SAP) Policy disclosed that the current policy is deficient in the quantitative component.

DISCUSSION:

Institutions are required to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program. The institution must consistently apply the standards to all Student Financial Assistance (SFA) recipients within categories of students, e.g., full-time, part-time. Since a student may be meeting SAP requirements based on the student's grade point average (GPA) but not be progressing toward graduation at an acceptable pace, the SAP policy must include a quantitative component consisting of the following elements:

A. A maximum timeframe in which a student must complete his or her educational program. The timeframe cannot be longer than 150 percent of the published length of the educational program measured in academic years, academic years, academic terms, credit hours attempted, or clock hours completed, as appropriate.

B. Specific policies explaining the effect of withdrawals, grades of incomplete, repetitions, and noncredit remedial courses on satisfactory progress.

C. SAP standards must be cumulative and must include all periods of the student's enrollment, including periods in which the student did not receive SFA funds. Additionally, transfer units must be counted to ensure that transfer students are not afforded more time to complete their educational goal than other students.

D. The school must divide the maximum timeframe into increments and designate the minimum percentage or amount of work that a student must successfully complete at the end of each increment in order to complete his or her educational program within the maximum timeframe.

Furthermore, an institution must establish procedures that enable the student to appeal a determination that finds them not to be making satisfactory progress. For students not making satisfactory progress, the school must establish specific procedures that enable such students to once again meet satisfactory progress standards. A school may include a policy that will set aside the normal SAP standards due to mitigating circumstances. The policy must provide an explanation of the circumstances under which it will set aside the standards.

Discussions with institutional staff revealed that the institution inappropriately measures incrementally 50% of the amount of work completed at the end of each year. According to the institution's SAP policy, the maximum timeframe for a student is 150% of the published length of the program measured in total units. In order for a student to complete their program within the maximum timeframe and in order to be in compliance with federal regulations, a student must complete 67% of all units attempted; for instance, if the normal program length was 60 units and the maximum timeframe was 90 units (150%) the student would be required to complete 67% (60/90).

Although, the institution used an incremental measurement that did not meet the minimum federal requirements, no observation of noncompliance with the SAP quantitative component was observed from the student sample reviewed.

The institution revised their SAP policy for the 2002-03 award year to state that the institution measures incrementally 67% of the amount of work completed at the end of each year.

REFERENCES:

Institutional Agreement, Article III.A.1
34 CFR 668.16(e)(2)(ii)
Cal Grant Manual, Chapter 9, page 9-5
2000-01 Financial Aid Handbook, Student Eligibility, Chapter 1-21 to 1-23
College of the Canyons 2000-01 SAP policy

REQUIRED ACTION:

Since the institution revised quantitative component of SAP to meet the minimum federal requirement in the 2002-03 award year, no further action is required.

C. FUND DISBURSEMENT AND REFUNDS

FINDING: Disbursements in Excess of Eligible Amounts Due to Enrollment Status

A review of 15 student files disclosed 1 student received a disbursement in excess of eligible amounts.

DISCUSSION:

Institutions are required to verify student eligibility at the time funds are processed to the recipient or the recipient's account. The institution must verify the enrollment status for each recipient listed on the grant roster in accordance with the established institutional policies.

The institution's enrollment status policy is as follows:

Full-time:	12 units or more
Three-quarter-time:	9-11 units
Half-time:	6-8 units

Student No. 13 was reported as three-quarter time and received a fall 2000 Cal Grant B award of $581.00. Transcripts show the student completed .5 units. The student was paid after the end of the semester on January 11, 2001. The student did not complete a minimum of 6 units at the time of payment and was not eligible for a Cal Grant B payment, making the disbursed amount of $581.00 ineligible.

REFERENCES:

Institutional Agreement, Article III.A.2
Institutional Agreement, Article III.B.5
Cal Grant Manual, Chapter 5, pages 5-14 through 5-15 and 5-20

REQUIRED ACTION:

The institution on check # 24786605 dated April 11, 2003 returned $581.00 to the Commission for student No. 13. No further action is required.

D. ROSTERS AND REPORTS:

FINDING: Incorrect Renewal Unmet Need Reported

A review of 19 Cal Grant B renewal recipient's revealed 5 students whose reported renewal unmet need was not calculated correctly.

DISCUSSION:

For renewal students, schools must calculate a student's unmet need 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 so the student's maximum Cal Grant award determination is correct. Net unmet need is defined as student's cost of attendance (COA) minus the Expected Family Contribution (EFC) and Pell grant.

For students No. 1, 4, 7, 12, and 15, the institution reported the student's COA as the renewal unmet need amount on the grant roster.

REFERENCES:

Institutional Agreement, Article II, Section J
Cal Grant Manual, Chapter 4, pages 4-2 and 4-3
Cal Grant Manual, Chapter 5, page 5-15

REQUIRED ACTION:

No liability resulted due to the high unmet need. The financial aid office has updated its policies and procedures to ensure the renewal Cal Grant B unmet need is correctly calculated according to Commission guidelines. No further action is required.

ATTACHMENT A - STUDENT SAMPLE