

CALIFORNIA STUDENT AID COMMISSION

LEGAL AND AUDIT SERVICES DIVISION

August 15, 2017



Dr. Greg Gunderson
President
Park University
8700 N.W. River Park Drive
Parkville, MO 64152-3795

RE: Program Compliance Review ID#91600249800

Dear Dr. Gunderson:

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 "Keith Yamanaka".

Keith Yamanaka, Chief Deputy Director

Enclosure

- c. Brynn Bologna, Director Student Financial Services
Catalina Mistler, Deputy Director, Program Administration and Services Division
Program Review File



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

2014-15 Award Year

**Park University
Program Review ID#91600249800**

**8700 N.W. River Park Drive
Parkville, MO 64152-3795**

Program Review Dates:

May - September 2016

Auditor:

Del Pyles

Report Approved by:

Keith Yamanaka, Chief Deputy Director

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AUDITOR'S REPORT

SUMMARY

We reviewed Park University's administration of California Student Aid Commission (Commission) programs for the 2014-15 award year.

The Institution's records disclosed the following deficiencies:

- Institution does not have a Cal Grant B access authorization policy
- Incorrect Cal Grant disbursement due to enrollment status
- Cal Grant funds not maintained in an interest-bearing account at an eligible financial institution

BACKGROUND

The Commission performs institution compliance reviews to ensure program integrity and institution compliance with applicable laws, policies, contracts and institutional participation agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

A and B

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

A. Institution

- Type of Organization: Private, Nonprofit
- President: Greg Gunderson, Ph.D.
- Accrediting Body: Higher Learning Commission of the North Central Association of Colleges & Schools

B. Institutional Persons Contacted

- Brynn Bologna: Director of Student Financial Services

C. Financial Aid

- Date of Prior Commission Program Review: None
- Branches: Ft. Irwin Army Educational Center, Ft. Irwin, CA
Victor Valley Community College, Victorville, CA
Barstow Park University, Barstow, CA
Camp Pendleton, Camp Pendleton, CA
- Financial Aid Programs: Federal: Pell, SEOG, Direct Loans, and Work-Study
State: Cal Grants A and B
- Financial Aid Consultant: None

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 12 students who received a total of 2 Cal Grant A and 10 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.

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 September 9, 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.

Keith Yamanaka, Chief Deputy Director

FINDINGS AND REQUIRED ACTIONS

FUND
DISBURSEMENT
AND REFUNDS:

FINDING 1: Institution does not have a Cal Grant B Access authorization policy

A review of the Institution's policies and procedures and the Cal Grant B student files disclosed that the Institution does not have a written policy addressing the receipt of Cal Grant B Access funds.

DISCUSSION:

According to the Institutional Participation Agreement, institutions must establish and publish a policy that informs Cal Grant B and Cal Grant C recipients of their option to either apply the "Access" or "Books and Supplies" portion to outstanding balances on the student's account or request personal receipt of the funds prior to disbursement.

The terms and conditions must be provided in writing to all participants and students have the right to rescind their authorization option at any time up to the date the fund are disbursed.

A discussion with financial aid personnel and a review of the Institution's policies and procedures revealed that the Institution does not have a policy regarding authorization for Cal Grant B Access funds.

REFERENCES:

Institutional Participation Agreement, Article IV.C.
Cal Grant Manual, Chapter 7.1, October 2005
Cal Grant Handbook, Chapter 13, page 108, 11/19/2015

REQUIRED ACTION:

The Institution must provide policies and procedures that will ensure students are informed of their options regarding receipt of Cal Grant funds and their subsequent ability to rescind their existing instructions at any time.

INSTITUTION RESPONSE:

"Park University has implemented a Cal Grant B Access Authorization Policy effective spring of 2017."

COMMISSION REPLY:

The Institution provided a copy of the Cal Grant B Access Authorization Form which informs the students of their options regarding receipts of funds and ability to rescind. No further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

**FUND
DISBURSEMENT
AND REFUNDS:****FINDING 2: Incorrect Cal Grant disbursement due to enrollment status**

A review of 12 student files disclosed 1 case where a student received an ineligible Cal Grant B award due to enrollment status.

DISCUSSION:

Institutions are required to verify eligibility at the time that Cal Grant funds are disbursed to the student or credited to the student's account. The enrollment status must be determined according to the student's attendance at the time Cal Grant funds are paid to the student. Enrollment status directly correlates to the amount of the Cal Grant award and the percentage of eligibility used.

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

The transcript for student 12 shows the student was only enrolled in 3 units during the Spring 2015 term (less than half-time attendance). The Institution, however, paid the student a half-time Cal Grant B Access award of \$412, which is deemed ineligible.

REFERENCES:

California Education Code section 69432.7(f)
Institutional Participation Agreement, Article IV.B
Institutional Participation Agreement, Article IV.C.1.b
Cal Grant Manual, Charter 8, November 2005
Cal Grant Manual, Chapter 9, September 2003
Ca Grant Handbook, Chapter 10, page 80, 2/11/2016-Version 2.1

REQUIRED ACTIONS:

The Institution must return the ineligible funds of **\$412** for student 12 as directed in the payment instructions located at the conclusion of this report.

In addition, the Institution must provide written procedures and internal controls that will be put into place to ensure that enrollment status is verified prior to Cal Grant fund disbursement.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION REPOSE:

"Park University recognizes we incorrectly paid a student for half-time enrollment status. The student had dropped to less than half-time before establishing eligibility. This error is extremely rare, as the student's drop request did not get processed timely. Park University back-dated the drop once the error was discovered however the Cal Grant funds were disbursed while the student was still showing half-time. A payment of \$412 is enclosed.

Park University has a process in place for verifying enrollment and eligibility for all forms of aid; Title IV, institutional scholarships, state grants including the Cal Grant program, in a consistent manner. Enrollment is verified at the end of week two of each semester and/or at the end of week two for any mini sessions that may occur within the semester. Students must participate in an academic related activity in all courses enrolled in to establish eligibility. Cal grant funds are verified and processed once enrollment is verified, once this process is complete funds are applied to the student's statement of account. In the event the student applies for a back-out (the removal of enrollment and institutional charges) after disbursements have been made the Director of the SFA office will be notified to determine if the back out changes eligibility of the California Grant the student has received. The SFA office will return any unearned Cal Grant funds back to the California Student Aid Commission."

COMMISSION REPLY:

The Institution's return of funds and submission of revised policies are deemed acceptable. No further action is required.

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 3: Cal Grant funds not maintained in an interest-bearing account at an eligible financial institution

A review of the Institution's bank statements and general ledgers revealed that Cal Grant funds are not deposited and maintained in an interest-bearing account at an eligible financial institution.

DISCUSSION:

As indicated in the 2012-16 Institutional Participation Agreement (IPA) signed by the Institution's President, institutions must maintain Cal Grant funds in an interest-bearing account or an investment account at a financial institution **with a presence in California** whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or secured by collateral of value reasonably equivalent to the amount of Cal Grant Program funds in the account. Furthermore, these funds must be identified as "State" funds.

FINDINGS AND REQUIRED ACTIONS (continued)

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, 2013, for calendar year 2012). 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.

The program review fiscal survey completed by the Institution revealed that the Cal Grant funds received by the Institution are not deposited and maintained in an interest-bearing account. Additionally, Cal Grant funds are deposited and maintained in a co-mingled account at UMB Bank, N.A. (account number ending in 333 1) which is located in Kansas City, MO and does not have branches in California.

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, 2/11/2016 – Version 2.1, page 128
Cal Grant Handbook, Chapter 16, 2/11/2016 – Version 2.1, pages 154-155
CSAC Operations Memo, GOM 2009-27, September 17, 2009
CSAC Special Alert, GSA 2013-30, November 6, 2013
CSAC Special Alert, GSA 2014-34, November 10, 2014

REQUIRED ACTIONS:

The Institution must submit verification that Cal Grant funds are deposited and maintained in an interest-bearing account at a financial institution that has a presence in California.

The Institution must also complete and submit a new California Student Aid Commission Electronic Funds Transfer (EFT) Application providing the new bank information.

In addition, the Institution must provide policies and procedures to ensure that interest earned on Cal Grant funds is calculated correctly and returned to the Commission as required.

FINDINGS AND REQUIRED ACTIONS (continued)

INSTITUTION REPOSE:

"Park University entered an agreement with the California Student Aid Commission to administrator Cal Grant awarding, disbursing and managing funding in accordance with our Institutional Participation Agreement. Park University will receive a fall and spring advance that typically arrive in August (for fall) and January (for spring). These funds arrive by ETF and are transferred into an interest-bearing account that holds California Grants exclusively. We will determine what interest was earned by reviewing the year end bank statement. As stated in our Institutional Participation Agreement Park University agrees to remit any interest earned on the funds back to the Commission no later than March 1st each year."

COMMISSION REPLY:

The Institution submitted verification that Cal Grant funds are deposited and maintained in interest-bearing account with Bank of America that has presence in California. Park University completed a new California Student Aid Commission Electronic Funds Transfer Application providing the new bank information. Additionally, policy and procedure are deemed acceptable. No further action is required.