

CALIFORNIA STUDENT AID COMMISSION

LEGAL AND AUDIT SERVICES DIVISION

April 21, 2017



Jamillah Moore, Ed.D.
President
Cañada College
4200 Farm Hill Boulevard
Redwood City, CA 94061-1099

RE: Program Compliance Review ID#81600697300

Dear Ms. Moore:

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
Program Compliance Office

Enclosure

- c. Margie L. Carrington, Director Financial Aid Services
Program Review File



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

2014-15 Award Year

**Cañada College
Program Review ID#81600697300**

**4200 Farm Hill Boulevard
Redwood City, CA 94061**

Program Review Dates:

7/11/2016 - 7/15/2016

Auditor:

Del Pyles

Report Approved by:

Keith Yamanaka, Chief Deputy Director

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AUDITOR'S REPORT

SUMMARY

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

The Institution's records disclosed the following deficiencies:

- Eligible awardees not paid
- Interest earned on Cal Grant funds was not returned

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

B and C

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

A. Institution

- Type of Organization: Public, non-profit
- President: Jamillah Moore, Ed.D.
- Accrediting Body: Western Association of Schools & Colleges

B. Institutional Persons Contacted

- Margie Carrington: Director, Financial Aid Services

C. Financial Aid

- Date of Prior Commission Program Review: July 2003
- Branches: None
- Financial Aid Programs: Federal: Pell, SEOG, Direct Loans, and Work-Study
State: Cal Grant B and C, Child Development Grant, Chaffee and Law Enforcement Personnel Dependents Grants
- 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 40 students who received a total of 38 Cal Grant B awards and 2 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 202 recipients.
- Reviewing the records of unpaid Cal Grant recipients from a sample of 12 students who appeared on the Institution's roster but were not paid for the award year. The program 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 July 21, 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

**GENERAL
ELIGIBILITY:**

FINDING 1: Eligible awardee not paid

A review of student files disclosed four cases where the students were eligible for Cal Grant funds and did not receive payments.

DISCUSSION:

The Commission provides reports such as the Unable to Determine Report, the Automatic Leave Report and the Unclaimed Awards Report to assist the institutions in determining which students have potential Cal Grant Eligibility.

Furthermore, a recipient's attendance status must reflect the school's definition of full-time, three-quarter time or half-time enrollment. The attendance status must be determined according to the recipient's attendance at the time funds are paid to the recipient or credited to the recipient's account.

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

According to transcripts, student 3 was enrolled in 11 units during the Spring 2015 term and was eligible for a three-quarter Cal Grant C award of \$205. The Institution, however, did not award the student a Cal Grant award for the Spring term.

After reviewing the unpaid student sample list, the Institution determined students U2, U7 and U8 were eligible for the following Cal Grant B awards:

Student No.	Term	No. of Units Attempted	Enrollment Status	Eligible Cal Grant Award
U2	Spring	16	Full-time	\$824.00
U7	Fall	13	Full-time	\$824.00
U7	Spring	15	Full-time	\$824.00
U8	Fall	9	Three-quarter time	\$618.00
U8	Spring	7	Half-time	\$412.00

REFERENCES:

California Education Code 69433
Cal Grant Manual, Chapter 7, October 2005
Cal Grant Handbook, Chapter 15, page 147, 2/11/2016, Version 2.1

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The Institution is required to submit policies and procedures to ensure all potential Cal Grant recipients are awarded.

INSTITUTION RESPONSE:

“Effective with the 2015-16 award year, Canada College successfully implemented automated procedures to import student data on a weekly basis from the downloaded Cal Grant rosters into our student information system (Banner) and a batch packaging process that has eliminated the need for manual award posting for most of the Cal Grant eligible students. After careful review of the unpaid students, this is the primary factor responsible for not awarding eligible students as identified in this finding. The process for developing the automated procedures was a joint effort by the Cal Grant program staff from the three colleges within our district and the dedicated information technology staff who work directly in supporting financial aid programs at our college and across our district.

As a result of the finding, the staff member with primary responsibility for administering the Cal Grant programs has received additional training and utilizes WebGrants tools, specifically customized rosters, to ensure that all eligible students are paid and to identify students who may have other issues affecting their status. Additionally, another staff member is now assigned to perform a manual secondary review of the unclaimed roster on a monthly basis.

These procedural changes ensure all potential Cal Grant recipients are awarded and those with additional eligibility issues receive staff follow-up and have accurate eligibility status reported on our Cal Grant roster.”

COMMISSION REPLY:

The Institution submitted policy and procedure that are deemed acceptable. No further action is required.

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 2: Interest earned on Cal Grant funds was not returned

A review of the Institution's accounting documents and discussions with Institution staff revealed that the Institution has not returned interest earned on Cal Grant funds since the 2009 calendar year

FINDINGS AND REQUIRED ACTIONS (continued)

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.

Cal Grant funds issued to the Institution are deposited into a bank account for the San Mateo County Community College District and are comingled with other funds. According to Commission records and discussions with Institution staff, interest earned on Cal Grant funds had not been remitted to the Commission since 2009. The Institution has since returned \$213.28 (check number 487577) for the 2009-2011 calendar years and \$148.16 (check number 485955) for the 2012-2015 calendar years.

In order to meet its responsibilities to the Commission, an institution must be capable of adequately administering Cal Grant Program requirements. The Institution was previously cited for not remitting interest in the July 2003 CSAC Audit Report for the 2001-02 award year. Thus, this finding is deemed as an area of continued noncompliance. An institution that fails to comply with applicable laws, policies, contracts and institutional participation agreements may lose its eligibility for participating in the Cal Grant Programs for failing to meet standards of administrative capability.

REFERENCES:

Institutional Participation Agreement, Article III
Cal Grant Manual, Chapter 2, July 2004
Cal Grant Manual, Chapter 9, September 2003
Cal Grant Handbook, Chapter 16, pages 154-155, 2/11/2016, Version 2.1
CSAC Special Alert, GSA 2009-06, February 25, 2009
CSAC Special Alert, GSA 2013-30, November 6, 2013
CSAC Special Alert, GSA 2014-34, November 10, 2014
CSAC Special Alert, GSA 2015-38, September 25, 2015

FINDINGS AND REQUIRED ACTIONS (continued)

REQUIRED ACTION:

The Institution is required to submit policy and procedures that will be implemented to ensure that interest earned on Cal Grant funds is returned to the Commission as outlined in the Institutional Participation Agreement.

Furthermore, the Institution must receive training pertaining to this issue by the Commission. Please contact Alessandra Morrison at (916) 464-7960 or via e-mail at alessandra.morrison@csac.ca.gov. Certification of completion must be provided when responding to this finding.

INSTITUTION RESPONSE:

"The following corrective action has been taken to ensure that interest earned on Cal Grant funds is returned to the Commission as required:

- The District Controller, District Grants Analyst and recently hired Chief Financial Officer have received internal training on the specific financial requirements in the current Institutional Participation Agreement and upcoming changes within the new 2017-2021 Institutional Participation Agreement and the process and timeline for returning interest.
- The District Controller and District Grants Analyst now calendar reminders each year in early February to calculate and return Cal Grant earned interest to the Commission by the annual March 1ST due date."

COMMISSION REPLY:

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