

CALIFORNIA STUDENT AID COMMISSION

LEGAL AND AUDIT SERVICES DIVISION



May 2, 2017

Roger Wagner
President
Victor Valley College
18422 Bear Valley Road
Victorville, CA 92395

RE: Program Compliance Review ID#81600133500

Dear Mr. Wagner:

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

cc: Jason Judkins, Director of Financial Aid
Program Review File



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

2014-15 Award Year

**Victor Valley College
Program Review ID#81600133500**

**18422 Bear Valley Road
Victorville, CA 92395**

Program Review Dates:

7/11/2016 - 7/14/2016

Auditor:

Paramjeet Singh

Report Approved by:

Keith Yamanaka, Chief Deputy Director

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AUDITOR'S REPORT

SUMMARY

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

The Institution's records disclosed the following deficiencies:

- Income ceiling level exceeded
- Eligible awardees not paid
- Incorrect Cal Grant disbursements due to enrollment status

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 Institution of Higher Education
- President: Roger Wagner
- Accrediting Body: Western Association of Schools & Colleges

B. Institutional Persons Contacted

- Jason Judkins : Director of Financial Aid
- Lorie Henning : Senior Accounting Technician

C. Financial Aid

- Date of Prior Commission Program Review: February 2001
- Branches: None
- Financial Aid Programs: Federal: Pell, Work-Study, SEOG
State: Cal Grants B and C
- Financial Aid Consultant: HigherOne

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 34 Cal Grant B awards and 6 Cal Grant C awards within the review period. The program review sample was randomly selected from the total population of 1,217 recipients.
- Reviewing the records of 192 Cal Grant awardees who appeared on the Institution's roster but where not paid 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 July 14, 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.

July 14, 2016

Keith Yamanaka, Chief Deputy Director

FINDINGS AND REQUIRED ACTIONS

APPLICANT
ELIGIBILITY:

FINDING 1: Income ceiling level exceeded

A review of the files for 40 Cal Grant recipients revealed 1 case in which the student's income exceeded the Commission's income ceiling levels for the 2014-15 award year.

DISCUSSION:

Initial and renewal Cal Grant applicants with financial need whose income does not exceed the income and asset ceiling levels and who meet other selection criteria are eligible for a Cal Grant award. All Cal Grant applicants must submit a completed official financial aid application known as the Free Application for Federal Student Aid (FAFSA) or the California Dream Act Application (CADA) annually to determine eligibility. For the FAFSA, the Commission electronically draws down applicant information from the Central Processing System (CPS) contractor selected by the U.S. Department of Education. The CPS also provides institutions with the Institutional Student Information Record (ISIR) that contains all of the information provided on the FAFSA.

The family income for a dependent student is the parent's total income (TI) as calculated by the Federal Processor. TI is the sum of the taxable and untaxed income, minus amounts reported in the income but excluded from the formula. Cal Grant income and asset ceilings are set by the Commission in accordance with the provisions of California Education Code 69432.7(k) and are adjusted annually.

Prior to disbursing any Cal Grant funds, a qualifying institution is obligated, under the terms of its Institutional Participation Agreement with the Commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.

The following table indicates the income ceiling levels for new and renewal Cal Grant recipients who are either dependent students or independent students with dependents other than a spouse, for the 2014-15 award year:

INCOME LIMITS		
Family Size:	Cal Grant A and C	Cal Grant B
Six or more	\$101,000	\$55,500
Five	\$93,700	\$51,400
Four	\$87,400	\$45,900
Three	\$80,400	\$41,300
Two	\$78,500	\$36,700

FINDINGS AND REQUIRED ACTIONS (continued)

A review of the file for student 33 revealed that the Cal Grant B student's initial ISIR indicated the student was Independent with a TI amount of \$0 and a household size of 1. However, based upon federal verification and ISIR transaction 6, the student was a dependent with a TI amount of \$68,300 and a household size of 5 which exceeds the income ceiling level of \$51,400 as indicated in the table above.

Commission and institutional records revealed that the student received Cal Grant B funds in the amount of \$1,030 for the 2014-15 award year, which are deemed ineligible and must be returned to the Commission.

REFERENCES:

California Education Code, section 69432.7(k)
California Education Code, section 69432.9
Institutional Participation Agreement, Article IV.B
Cal Grant Manual, Chapter 3, September 2004
Cal Grant Handbook, Chapter 5, page 34-36, 2/11/16-Version 2.1
Cal Grant Handbook, Chapter 9, page 71-72, 2/11/16-Version 2.1
CSAC Operations Memo, GOM 2013-31, dated November 18, 2013

REQUIRED ACTIONS:

The Institution must return the ineligible funds in the amount of **\$1,030** on behalf of student 33 as directed in the general payment instructions located at the conclusion of this report and submit policies and procedures that will be implemented to ensure that Cal Grant recipients meet all program eligibility requirements prior to the disbursement of Cal Grant funds.

INSTITUTION RESPONSE:

“To address item 1 we have system enhancements in place to catch changes that might affect eligibility.”

COMMISSION REPLY:

The institution's response and return of ineligible funds (\$1,236, check No. 4915253; \$1,030 for finding 1 and \$206 for finding 3) are deemed acceptable. No further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

APPLICANT
ELIGIBILITY:

FINDING 2: Eligible Cal Grant awardees not paid

A review of 192 unpaid students disclosed 73 cases where the students were eligible for a Cal Grant award but did not receive Cal Grant funds.

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.

After reviewing the unpaid list, the Institution determined that 73 students were eligible for a Cal Grant award for the 2014-15 award year, however, the students were not awarded and paid.

Because the 2014-15 academic year has been closed, the Institution cannot process a Cal Grant payment for the unpaid students.

REFERENCES:

California Education Code 69436
Cal Grant Manual, Chapter 7, October 2005
Cal Grant Handbook, Chapter 13, pages 107-108, 02/11/16-Version 2.1
Cal Grant Handbook, Chapter 15, page 147, 2/11/2016-Version 2.1

REQUIRED ACTION:

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

INSTITUTION RESPONSE:

“We will be monitoring students who may be eligible due to high school verification and making sure they are paid if they have been verified. In addition we will review our rosters to make sure students are not missed. We will be working with our MIS/IT department to review our rosters and update their status depending on if they are eligible to be paid on [sic] no longer eligible due to failing academic progress. This is to ensure proper payment for the correct amounts and prevent any future overpayments. ”

COMMISSION REPLY:

The institution’s response is deemed acceptable. No further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

FUND DISBURSEMENT
AND REFUNDS:

FINDING 3: Incorrect Cal Grant disbursements due to enrollment status

A review of 40 student files disclosed 1 case where the student received a disbursement in excess of their eligible amount 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

For the Fall 2014 term, student 24 attempted 9 units but dropped to 6 units prior to the census date and therefore was only eligible for a half time Cal Grant B award in the amount of \$412. The student, however, received a three quarter time payment of \$618. As a result, the ineligible amount of **\$206** (\$618 - \$412) must be returned to the Commission.

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
Cal Grant Handbook, Chapter 13, page 106-123, 2/11/2016-Version 2.1

REQUIRED ACTIONS:

In response to the above finding, the Institution must return the ineligible funds of **\$206** for student 24 as directed in the payment instructions located at the conclusion of this report. Furthermore, 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.

INSTITUTION RESPONSE:

"To address item 3 we have system enhancements in place to catch changes that might affect eligibility."

FINDINGS AND REQUIRED ACTIONS (continued)

COMMISSION REPLY:

The institution's response and return of ineligible funds (\$1,236, check No. 4915253; \$1,030 for finding 1 and \$206 for finding 3) are deemed acceptable. No further action is required.