

California Student Aid Commission

CCCSFAAA

2019 Annual Conference

Cal Grant Audits

Common Findings, Tools and Best Practices

Presented By: The California Student Aid Commission

California Student Aid Commission

AUDIT CRITERIA

Issues that arise during the audit will be resolved by reference to:

- California Education Code
- California Code of Regulations
- Institutional Participation Agreement
- Cal Grant Manual/Handbook
- Commission Operation Memos and Special Alerts
- Higher Education Act of 1965, as amended
- 34 CFR: Compilation of Student Financial Assistance Regulations
- Federal Student Aid Handbook
- Institution Policies, Procedures and Catalogs

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THE REVIEW PROCESS


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graph TD; A[Initial Contact] --> B[Engagement Letter]; B --> C[Entrance Interview]; C --> D[Field Review]; D --> E[Exit Interview]; E --> F[Draft Report]; F --> G[Institution Response]; G --> H[Final Report/Closure];
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AREAS OF REVIEW

Area 1: Institution Eligibility
Area 2: Student Eligibility
Area 3: Fund Disbursements and Refunds
Area 4: Fiscal Responsibility



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AREA 1: INSTITUTIONAL ELIGIBILITY

- Institution's Policies and Procedures
- Cal Grant Institutional Participation Agreement
- Independent Auditor's Financial Report
- Educational Programs (School Catalog)
- Information Security and Confidentiality Agreement

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AREA 2: STUDENT ELIGIBILITY

- Citizenship Requirements or Non Immigrant Status (AB 540 Affidavit)
- U.S. Selective Service Requirements
- Not in Default
- California Residency
- Enrolled in Eligible Program
- Does not have a Bachelor's or Professional Degree
- Educational Level
- Income/Assets
- Minimum Financial Need
- Meeting Satisfactory Academic Progress
- Valid Institutional Student Information Record (ISIR) or Cal ISIR

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AREA 3: DISBURSEMENTS AND REFUNDS

- Enrollment Status - Number of Units
- Disbursement Policy & Dates
- Refund Policy

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AREA 4: FISCAL RESPONSIBILITY

- Cal Grant Reconciliation (student by student)
- Accounting Documents – Ledgers (Receipt of Cal Grant Funds and Disbursements to Students)
- Reconciliation Discrepancies (excess funds, unreported payments, undisbursed funds)
- Cal Grant Funds Deposited and Maintained in an Interest Bearing Account
- Return of Interest Earned on Cal Grant Funds

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10 COMMON AUDIT FINDINGS

1. Unreconciled Funds
2. AB 540 Affidavit not retained or completed incorrectly
3. Verification Not Performed
4. Exceeding Income/Assets Ceiling
5. Institution fails to implement its SAP policy
6. Education Level Verified Incorrectly
7. No Written Policies & Procedures
8. Enrolled in an ineligible program (example: Cal Grant C)
9. Incorrect Payment Amounts Due To Enrollment Status
10. Cal Grant Interest Not Returned to CSAC

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AUDIT FINDING: UNRECONCILED FUNDS

Observation: Cal Grant funds not reconciled.

Requirement: Cal Grant funds must be reconciled on a student-by-student basis for each term and award year.

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UNRECONCILED FUNDS: SCENARIO

Reported payments in WG (WG Recon Report)		School disbursements (School Accounting Reports)	
Student A	\$836	Student A	\$836
Student B	\$836	Student B	\$836
Student C	\$836	Student C	\$418
Total	\$2,508	Student D	\$418
		Total	\$2,508

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RECONCILIATION TOOLS

WebGrants Reconciliation Reports

- Monthly Payment Activity Report
- Accept/Reject Report
- Summary Report
- Detailed Report
- Detailed Data File

WebGrants Tools

- Excel Reconciliation Template

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RECONCILIATION SUMMARY REPORT

FILTER CRITERIA : PAY STAT CODE IN ('RA','RP','AA','AP') AND TERM (FL,WI,SP,SO)
INFORMATION FOR TERMS NOT SELECTED WILL DISPLAY AS BLANKS

	FALL	WINTER	SPRING	SUMMER	TOTAL
A T/F	21,842,647.00	21,112,302.00	20,847,054.00		63,222,054.00
B T/F	8,461,944.00	8,226,543.00	7,877,858.00		24,766,347.00
B ACC	1,124,881.00	1,079,852.00	1,027,298.00		3,222,186.00
B TOTAL	9,586,824.00	9,306,325.00	8,905,153.00	0.00	27,898,323.00
C T/F	1,728.00	1,728.00	1,728.00		5,184.00
C B/S	384.00	384.00	384.00		1,152.00
C TOTAL	2,112.00	2,112.00	2,112.00	0.00	6,336.00
TOTAL	31,951,604.00	30,420,938.00	29,854,212.00	0.00	91,226,845.00
GRAND TOTAL					

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RECONCILIATION SUMMARY REPORT

FILTER CRITERIA : PAY STAT CODE IN ('RA','RP','AA','AP') AND TERM (FL,WI,SP,SO)
INFORMATION FOR TERMS NOT SELECTED WILL DISPLAY AS BLANKS

	FALL	WINTER	SPRING	SUMMER	TOTAL
A T/F	6,552.00		2,427.00	0.00	6,979.00
B T/F	28,424.00		39,334.00	13,349.00	89,177.00
B ACC	4,069.00		4,295.00	2,114.00	11,958.00
B TOTAL	29,553.00	0.00	43,629.00	15,463.00	89,218.00
C T/F	0.00	0.00	0.00	0.00	0.00
C B/S	0.00	0.00	0.00	0.00	0.00
C TOTAL	0.00	0.00	0.00	0.00	0.00
TOTAL	36,105.00	0.00	37,659.00	15,463.00	97,197.00
GRAND TOTAL					

School Accounting Report 2017-18 Cal Grant Disbursements

Cal Grant A: \$ 6,979.

Cal Grant B: \$79,443.

Total: \$86,422

School Accounting Report 2017-18 Cal Grant B Disbursements

Fall: \$29,553

Spring: \$34,407

Total: \$79,433

School Accounting Report 2017-18 Cal Grant B Spring Disbursements

Tuition & Fees: \$30,338

Access: \$ 4,069

Total: \$34,407

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RECONCILIATION DETAIL REPORT

RECONCILIATION REPORT (DETAILS)

FILTER CRITERIA : PAY STAT CODE IN ('RA','RP','AA','AP') AND TERM (FL,WI,SP,SO) AND REPORT TYPE = TERM ACCESSING . ARRAID TYPE DATES SHOW US THIS REPORT AND US HISTORY FORARD

LAST NAME	FIRST NAME	ADD	DISB	AMT	DISB	CREATE	PAY	USED	DATE	DATE
POOH	WYNNE T.	WI	388	20.00	02/21/18	02/21/18				
LIGHTYEAR	BUZZ	ST	581	57.00	02/21/18	02/21/18				
MCCOY	LIGHTNING	WI	388	20.00	02/21/18	02/21/18				
WHITE	JANET	ST	581	37.00	02/21/18	02/21/18				
MOUSE	MICKEY	WI	388	20.00	02/21/18	02/21/18				
HOOD	DONALD	WI	388	20.00	02/21/18	02/21/18				
SMITH	ROBIN	WI	388	20.00	02/21/18	02/21/18				
SMITH	JOHN	WI	388	20.00	02/21/18	02/21/18				
ROBIN	CHRISTOPHER	WI	388	20.00	02/21/18	02/21/18				

NAME	AMOUNT
Pooh, W	\$388
Lightyear, B	\$581
McQueen, L	\$388
White, S	\$581
Mouse, M	\$775
Hood, R	\$388
Smith, J	\$775
Robin, C	\$775

IMPORTING DETAIL DATA: CSAC TEMPLATE

California Student Aid Commission (SAPRD) [Parent/Student](#) [WebGrants](#) [Tools](#) [Help](#) [Sign Out](#)
WebGrants System [Feedback](#) [SFA](#) [Student Info](#) [School Info](#) [System Administration](#) [Data Transfer](#) [Change Order](#) [Accounting](#) [SAP/SSS/CSAC](#)

Tools

- [Excel Reconciliation Template](#) Formats reconciliation data files into a Microsoft Excel spreadsheet.
- [Excel Reconciliation Template -- Excel 2007](#) *Right-click the link "Excel Reconciliation Template" and select "Save Link As" option to save the template to your computer. Change the name of the file to (.xhtm) and save.
- [Excel Reconciliation Template -- Excel 2010](#) Formats reconciliation data files into a Microsoft Excel spreadsheet.
- [Excel Reconciliation Template -- Excel 2013](#) Formats reconciliation data files into a Microsoft Excel spreadsheet.

IMPORTING DETAIL DATA: CSAC TEMPLATE

ReconciliationTemplate2013 [Protected View] - Excel

PROTECTED VIEW Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View. [Enable Editing](#)

ReconciliationTemplate2013 [2] - Excel

SECURITY WARNING: Macros have been disabled. [Enable Content](#)

IMPORTING DETAIL DATA: CSAC TEMPLATE

Data Tool - Reconciliation Version 1.2

Get Files - General | Get Files - Printer

General Version

CSAC Standard Reconciliation Report

Show Opening Screen [Exit](#) [Cancel](#)

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IMPORTING DETAIL DATA: BLANK EXCEL

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This screenshot shows the Microsoft Excel interface with a blank spreadsheet open. A file explorer window is overlaid on top, displaying a folder structure. A red arrow points to the 'Import Data' button in the Excel ribbon.

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IMPORTING DETAIL DATA: BLANK EXCEL

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This screenshot shows the 'Import Data' dialog box in Excel. The 'File Origin' is set to 'From Text/CSV'. The 'Text File' section shows a file named 'SAADM@UJ0E5WVllamZ0M0x3HDVZmZjMW41NWfZzmkDU1MjEzmjAxODEwMjA...'. The 'Data Type Detection' is set to 'Based on first 200 rows'. A red arrow points to the 'Load' button.

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IMPORTING DETAIL DATA: BLANK EXCEL

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This screenshot shows the Excel spreadsheet with the imported data. The data is organized into columns labeled 'Column1' through 'Column12'. A table of data is visible, including names like 'VARGAS CLAUDIA G' and 'SILAHUA-TEJEDA ERICK R'.

Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12
VARGAS	CLAUDIA G	10504	E1	R	4	0	FL	B	T/F	RP	0 2,872
VARGAS	CLAUDIA G	10504	E1	R	4	0	FL	B	ACS	RP	0 896
SILAHUA-TEJEDA	ERICK R	10644	E2	N	3	0	FL	B	T/F	RP	0 2,872
SILAHUA-TEJEDA	ERICK R	10644	E2	N	3	0	FL	B	ACS	RP	0 896

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BEST PRACTICE: UNRECONCILED FUNDS

- Create written procedures and internal control measures to include:
 - time frames of when reconciliation should occur
 - staff assignments including specific areas of responsibility
- Reconcile on a student-by-student basis
- Reconcile on a term-by-term basis

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AUDIT FINDING: AB 540 VERIFICATION

Observation: The institution failed to perform AB 540 verification prior to disbursing Cal Grant funds.

Requirement: The institution must verify that all AB 540 Cal Grant recipients meet the eligibility requirements prior to disbursement and retain a signed affidavit in its records.

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CA DREAM ACT – WHAT IS IT?

- ✓ Often referred to as AB 540
- ✓ Comprised of 5 bills and made into law
- ✓ Allows qualifying students to pay in-state tuition at California public colleges
- ✓ AB 540 verification is required prior to disbursement of Cal Grant funds
- ✓ Determination for AB 540 eligibility is a campus responsibility

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NON-RESIDENT EXEMPTION REQUIREMENTS

1. Time and Coursework

Option A:

- 3 years attendance (or equivalent) at any of these schools in CA

➔

- High School
- Adult School
- Community College
 - 420 hours per yr.
 - 24 semester units per yr.
 - 30 quarter units per yr.
 - Max. 2 years of **credit courses** may be used

Option B:

- 3 years HS credits **and** 3 years total attendance at any of these schools in CA

➔

- Elementary School
- Middle School
- High School

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NON-RESIDENT EXEMPTION REQUIREMENTS

2. Degree or Transfer Eligibility

- Graduation from a CA HS (or the equivalent, GED, HISET, TASC, CHSPE) **or**
- Earned an associate's degree from a CA Community College **or**
- Met the minimum requirements to transfer to a CSU or UC

3. Non-resident Tuition Exemption Form

- File with the college or university (AB 540 affidavit)

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AFFIDAVIT

1.) Check one box only:

- I have a current nonimmigrant visa (not including a T and U visa) as defined by federal law. Nonimmigrants have been admitted to the U.S. on a temporary visa and include, but are not limited to, foreign students (holding F visas) and exchange visitors (holding J visas).
- I have a current nonimmigrant visa as defined by federal law and have been granted T or U visa status.
- I do NOT have a current, nonimmigrant visa as defined by federal law. This includes, among others, U.S. citizens, permanent residents, DACA recipients, and individuals without current or valid immigration status.

Erroneously marking the incorrect box

- 1. Nonimmigrant visas (other than T and U) ELIGIBLE
- 2. Nonimmigrant visa including T or U ELIGIBLE
- 3. Not U.S. citizen, Perm. Res, or DACA NOT ELIGIBLE

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BEST PRACTICE: AB 540 VERIFICATION

- Ensure collection and distribution of AB 540 affidavit between FAO and A&R
- Inter-departmental cross training to ensure all staff are familiar with AB 540 requirements
- Ensure FAMS are coding AB 540 students appropriately
- Update AB 540 verification policies and procedures when state and federal regulations change

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AUDIT FINDING: VERIFICATION NOT PERFORMED

Observation: The institution failed to perform verification prior to Cal Grant disbursement.

Requirement: The institution must complete verification in accordance with federal and state laws and regulations.

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VERIFICATION GROUPS

Group Number	Description
V1	Standard Verification
V2	Reserved for future use by the Department*
V3	Reserved for future use by the Department*
V4	Custom Verification
V5	Aggregate Verification
V6	Reserved for future use by the Department*

Note: 2018-19 Verification Groups

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VERIFICATION FOR CADAA

20% of CADAA apps are selected for verification

- Same verification guidelines as FAFSA
- Use the federal **V1** criteria to complete verification

Meet nonresident tuition exemption requirements

- AB 540 Affidavit on file (FAO and A&R)

Selective Service Registration

- Applies to male Cal Grant awardees
- Copy of "Registration Acknowledgment" letter or card
- Selective Service indicator on *Student Summary* screen

WGS Account: Active
Third Party Access: NONE
Selective Service Status: Registered
School Confirmed: No

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BEST PRACTICE: PERFORMING VERIFICATION

- Create written procedures and quality control measures
- Revisit document retention procedures as necessary
- Perform QA check via peer review
 - Randomly select students
- Conduct regular staff trainings
- Sign up for List-Serves (stay in the know)

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AUDIT FINDING: EXCEEDING INCOME AND ASSETS

Observation: Student exceeded the Commission's income ceiling levels and received a Cal Grant disbursement.

Requirement: Institutions must verify that new and renewal students do not exceed the income ceiling.

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INCOME AND ASSETS: EXPLAINED

Whose Income/Assets?

- For dependent students – Only Parent(s)
- For independent students – Student (and spouse)

How is it calculated?

- **Income:** taken directly from a sub-calculation on the ISIR called the **“Total Income.”**
- **Assets:** taken from a sub-calculation on the ISIR called the **“Net Worth.”**

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INCOME AND ASSETS: SCENARIO

2018-19 CSAC INCOME CEILINGS	
Family Size	Cal Grant B Income
6+	\$62,800
5	\$58,200
4	\$52,000

➤ John is awarded a Cal Grant B based on a Total Income (TI) of \$55,000 and a family size of 5. FAFSA was selected for verification.

➤ After verification, the TI remained the same but the family size decreased to 4. Is the student eligible?

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BEST PRACTICE: INCOME AND ASSET CEILINGS

- Create policies and procedures that ensure Cal Grant recipients meet all program eligibility requirements prior to the disbursement of Cal Grant funds.
 - Ex: Submission of a G-21 to the Commission for PJ or when verification reveals changes to data elements
- Apply the correct Cal Grant income ceilings for the academic year when verifying and/or making revisions to the student's financial information.

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AUDIT FINDING: SAP POLICY NOT IMPLEMENTED

Observation: The institution failed to implement its SAP policy.

Requirement: Institutions are required to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP.

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BASIC SAP POLICY

Students must maintain SAP as defined by school and in accordance with federal requirements

- **General standards**
 - ❑ Maintain 2.0 GPA (cumulative)
 - ❑ Complete a minimum of 67% of attempted units per academic year
 - ❑ Not exceed 150% of the published program length

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REPORTING SAP IN WEBGRANTS

Code	Description	Resulting Action	Satisfy Renewal
NP	Not maintaining Satisfactory Academic Progress (SAP)	Award withdrawn after 3 consecutive terms	Y

Program Code	Award Type	Annual Award Amount	Term Amount	Adj. Amount	Adj. Reason	Pay Code	Annual Need	Income & Asset Year Used	Rec Type
Totals		\$1,672	\$836				20490	2017	
B	ACSS	\$1,672	\$836	D	NP				GRT

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BEST PRACTICE: SAP POLICY

- ❑ Retain the following documentation:
 - ✓ Transcripts
 - ✓ SAP Letters
 - ✓ SAP Policy
- ❑ Ensure that your institution is:
 - ✓ Implementing SAP policy
 - ✓ Monitoring students for SAP
 - ✓ Notifying students not meeting SAP

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AUDIT FINDING: INELIGIBLE PROGRAM

Cal Grant C

Program Requirements

- At least 4 months in length
- Vocational/technical/occupational programs
- Eligible programs listed on USDE **E-CAR** report

Cal C Supplement Form

- Utilized for scoring purposes only
- Question #6 – SOC Code
- "List of Cal Grant Approved Occupations"



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BEST PRACTICE: INELIGIBLE PROGRAM


- ❑ Use the **"Eligibility and Certification Approval Report" (E-CAR)** to determine if a program is eligible
 - Lists the institution's program name
 - CIP Code
 - "Approved for Certification" Y/N
 - Meets minimum program length (4 months)
- ❑ Publish/post a list of approved programs for staff/students

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KEYS TO A SUCCESSFUL AUDIT

- Document, Document, Document!
- Update policies and procedures annually, as needed
- Reconcile monthly
- Keep files organized
- Provide a clear audit trail
- Perform self-audits (peer review) on files
- Keep up to date with state and federal regulations
- Attend trainings and webinars
- Consult with colleagues



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Institutional Support

Phone: 1 (888) 294-0153
Fax: 1 (916) 464-6499

SchoolSupport@csac.ca.gov

www.csac.ca.gov

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