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

Making education beyond high school financially accessible to all Californians.
AREAS OF REVIEW

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

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

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

Making education beyond high school financially accessible to all Californians
AREA 3: DISBURSEMENTS AND REFUNDS

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

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

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

Making education beyond high school financially accessible to all Californians.
**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.

---

**UNRECONCILED FUNDS: SCENARIO**

<table>
<thead>
<tr>
<th>Reported payments in WG (WG Recon Report)</th>
<th>School disbursements (School Accounting Reports)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student A $836</td>
<td>Student A $836</td>
</tr>
<tr>
<td>Student B $836</td>
<td>Student B $836</td>
</tr>
<tr>
<td>Student C $836</td>
<td>Student C $418</td>
</tr>
<tr>
<td>Total $2,508</td>
<td>Student D $418</td>
</tr>
<tr>
<td></td>
<td>Total $2,508</td>
</tr>
</tbody>
</table>

---

**RECONCILIATION TOOLS**

**WebGrants Reconciliation Reports**
- Monthly Payment Activity Report
- Accept/Reject Report
- Summary Report
- Detailed Report
- Detailed Data File

**WebGrants Tools**
- Excel Reconciliation Template
MONTHLY PAYMENT ACTIVITY

- Reconciled Payments (RP)
- Reconciled Adjustments (RA)
- Year-To-Date activity by term and type

MONTHLY PAYMENT ACTIVITY

ACCEPT/REJECT REPORT

Displays Failed transactions

Provides confirmation for each transaction submitted

Making education beyond high school financially accessible to all Californians
Making education beyond high school financially accessible to all Californians.
Making education beyond high school financially accessible to all Californians.

IMPORTING DETAIL DATA: CSAC TEMPLATE

Tools

- Excel Reconciliation Template
  - For Excel reconciliation data files into a Microsoft Excel spreadsheet.
  - 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 in the download file name.

- Excel Reconciliation Template – Excel 2007

- Excel Reconciliation Template – Excel 2010

- Excel Reconciliation Template – Excel 2013

Making education beyond high school financially accessible to all Californians.
Making education beyond high school financially accessible to all Californians.

IMPORTING DETAIL DATA: CSAC TEMPLATE

IMPORTING DETAIL DATA: BLANK EXCEL

Making education beyond high school financially accessible to all Californians.
Making education beyond high school financially accessible to all Californians.
Cal Grant Audits - 2019 CCCSFAAA Conference

**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

**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.

**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
1. Time and Coursework

Option A:
- 3 years attendance (or equivalent) at any of these schools in CA
  - High School
  - Middle School
  - Adult School
  - Community College
  - 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
  - Adult School

2. Degree or Transfer Eligibility

- Graduation from a CA HS (or the equivalent, GED, HSET, 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)

---

**NON-RESIDENT EXEMPTION REQUIREMENTS**

**1. Time and Coursework**

Option A:
- 3 years attendance (or equivalent) at any of these schools in CA
  - High School
  - Middle School
  - Adult School
  - Community College
  - 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
  - Adult School

**2. Degree or Transfer Eligibility**

- Graduation from a CA HS (or the equivalent, GED, HSET, 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)

---

**NON-RESIDENT EXEMPTION REQUIREMENTS**

**1. Time and Coursework**

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

Option B:
- 3 years HS credits and 3 years total attendance at any of these schools in CA

**2. Degree or Transfer Eligibility**

- Graduation from a CA HS (or the equivalent, GED, HSET, 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)
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

Making education beyond high school financially accessible to all Californians.

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.

Making education beyond high school financially accessible to all Californians.

VERIFICATION GROUPS

<table>
<thead>
<tr>
<th>Group Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>V1</td>
<td>Standard Verification</td>
</tr>
<tr>
<td>V2</td>
<td>Reserved for future use by the Department*</td>
</tr>
<tr>
<td>V3</td>
<td>Reserved for future use by the Department*</td>
</tr>
<tr>
<td>V4</td>
<td>Custom Verification</td>
</tr>
<tr>
<td>V5</td>
<td>Aggregate Verification</td>
</tr>
<tr>
<td>V6</td>
<td>Reserved for future use by the Department*</td>
</tr>
</tbody>
</table>

Note: 2018-19 Verification Groups

Making education beyond high school financially accessible to all Californians.
Verifying 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

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-Services (stay in the know)

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.
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.”

INCOME AND ASSETS: SCENARIO

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?

2018-19 CSAC INCOME CEILINGS

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Cal Grant B Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>6+</td>
<td>$62,800</td>
</tr>
<tr>
<td>5</td>
<td>$58,200</td>
</tr>
<tr>
<td>4</td>
<td>$52,000</td>
</tr>
</tbody>
</table>

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.
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.

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

REPORTING SAP IN WEBGRANTS

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Resulting Action</th>
<th>Satisfy Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>NP</td>
<td>Not maintaining Satisfactory</td>
<td>Award withdrawn after 3 consecutive terms</td>
<td>Y</td>
</tr>
</tbody>
</table>

Making education beyond high school financially accessible to all Californians.
Cal Grant Audits - 2019 CCCSFAAA Conference

**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

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

**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”

**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

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
Making education beyond high school financially accessible to all Californians.

Student Aid Commission
California

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

Institutional Support

Phone: 1 (888) 294-0153
Fax: 1 (916) 464-6499
SchoolSupport@csac.ca.gov
www.csac.ca.gov

Making education beyond high school financially accessible to all Californians.