



***Program Compliance Services
Cal Grant Program Review Report***

2019-20 Award Year

**Feather River College
Program Review ID# 92200859700**

**570 Golden Eagle Avenue
Quincy, CA 95971**

Program Review Dates: November 2022 - January 2023
Auditor: Leshni Nand
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Program Compliance Services

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AUDITOR'S REPORT (continued)

SUMMARY

We reviewed Feather River College's (FRC) administration of California Student Aid Commission (Commission) programs for the 2019-20 award year.

The Institution's records disclosed the following deficiencies:

- Standards of administrative capability in question
- Ineligible Baccalaureate Degree Program
- Satisfactory Academic Progress (SAP) policy not monitored
- Incorrect Cal Grant payment due to enrollment status
- Interest earned on Cal Grant funds not returned timely
- Excess Cal Grant funds not returned to the Commission

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, B and C
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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: Dr. Kevin Trutna
- Accrediting Body: Accrediting Commission for Community & Junior Colleges (ACCJC)/ Western Association of Schools and Colleges

B. Institutional Persons Contacted

- Vanessa Gibson: Director of Financial Aid
- Diana Esquibel Mendez: Director of Financial Aid (Former)
- Morgan Turner: Interim Director of Fiscal Services
- Gretchen Baumgartner: Director of Admissions and Records/Registrar

C. Financial Aid

- Date of Prior Commission Program Review: March 2010
- Branches: None
- Federal Aid Programs: Direct Loan Program, Work-study, Pell, SEOG, and Student Success Completion Grant
- Financial Aid Consultant: None

FINDINGS AND REQUIRED ACTIONS (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. 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 20 students who received a total of 18 Cal Grant B awards and 2 Cal Grant C awards within the review period. The program review sample was selected from the total population of 79 recipients.

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 Participation 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 February 24, 2023. The Institution staff concurred with all findings.

We appreciate the cooperation and assistance of the management and staff during the course of this review.

Ana Marquez, Audit Manager
Program Compliance Services

FINDINGS AND REQUIRED ACTIONS (continued)

GENERAL
ELIGIBILITY:

FINDING 1: Standards of administrative capability in question

A review of the Institution's administration of the Cal Grant programs revealed a number of material findings that are representative of the school's lack of administrative capability.

DISCUSSION:

To participate in the Cal Grant Program, an institution must maintain certain standards of administrative capability and financial responsibility in accordance with state and federal regulations. Participating institutions act as a fiduciary in the administration of the State of California student financial assistance programs, therefore, participating schools are subject to the highest standards of care and diligence in administering the Commission's programs.

In order to measure an institution's performance, it is necessary to evaluate and analyze the institution's implemented internal controls (procedures) for safeguarding the operational and fiscal integrity of the Cal Grant programs. A routine procedure of the program compliance review is to examine the institution's controls and written procedures.

Administrative capability includes, among other things, the assignment of a sufficient number of capable individuals to administer Commission programs and the maintenance and submission of accurate records relating to student eligibility and program payments. It is important that institutions have written policies and procedures to direct staff in the proper administration of Commission programs. In the event that there are changes in personnel (new employees are hired, employees transfer to new jobs, retire, etc.), documented policies and procedures will facilitate training and provide sufficient information to permit an individual who is unfamiliar with the program to accurately perform necessary activities. An institution's procedural manual should be kept up-to-date and should include, at a minimum, information on the following:

- Administration of the Cal Grant programs
- Check disbursement
- Procedures by which Cal Grant funds are received, processed, disbursed, reconciled and returned to the Commission
- Interest calculation procedures
- Award packaging and notification
- Refunds and repayment
- Over-award resolution
- Confirmation of citizenship status
- Completion of the verification process
- Satisfactory academic progress

Other written procedures are deemed necessary as it relates to the student and/or institutional eligibility.

FINDINGS AND REQUIRED ACTIONS (continued)

The following findings, which are addressed individually in this report, demonstrate the weaknesses in the institution's administrative capability to administer the Cal Grant Program and must be addressed by the institution:

- Finding 2: Ineligible Baccalaureate Degree Program
- Finding 3: Satisfactory Academic Progress (SAP) policy not monitored
- Finding 4: Incorrect Cal Grant payment due to enrollment status
- Finding 5: Interest earned on Cal Grant funds not returned timely
- Finding 6: Excess Cal Grant funds not returned to the Commission

REFERENCES:

Higher Education Act of 1965, as amended, Section 498A
34 CFR 668.16
Institutional Participation Agreement, Articles I, II, III, IV
Cal Grant Handbook, Chapter 1
Federal Student Aid Handbook, Chapter 3

REQUIRED ACTIONS:

The Institution is required to develop and submit a detailed corrective action plan as it pertains to the Cal Grant Programs and fiscal administration of Cal Grant funds that will be implemented to ensure that all institutional offices (Financial Aid, Admission, Registrar, Bursars, Accounting, etc.) with information establishing and/or impacting a student's Cal Grant eligibility, and any resulting disbursements, work closely together. The plan must also include the titles of staff responsible for each function of the administration of the Cal Grant Programs.

Additionally, institutional staff must receive training on all findings identified in this report. Please contact Program Operations Unit at 1-888-294-0153 or via email at schoolsupport@csac.ca.gov. Certification of completion must be provided when responding to this finding.

Lastly, due to the severity of the findings, the Commission will place Feather River College in the Commission's At-Risk Program in an attempt to bring the Institution into compliance with all state and federal laws and regulations, Commission policies, and the Institutional Participation Agreement. An institution that fails to meet standards of administrative capability may have its participation in the Cal Grant Program terminated.

INSTITUTION RESPONSE:

"I am writing to inform you that Feather River College has implemented and is taking corrective action on the findings in our recent program review. Since the start of the audit the financial aid staff attended two CSAC Regional Trainings. We were able to obtain a wealth of knowledge and understanding of the complex regulations (Certificates Attached). The regional trainings allowed us to ask questions to subject experts and network with other colleagues. This experience has given us the knowledge needed to update and enhance our policy and procedure manual for Cal Grant.

FINDINGS AND REQUIRED ACTIONS (continued)

For the 2019-2020 aid year Feather River College lost their Financial aid Director due to him passing away. The financial aid office was trying their best to pick up the pieces where a big hole was left due to him passing. Furthermore, the staff in the business office retired/left which again left the department to pick up the pieces and try to continue administering aid to students.

Since then Feather River College has designated staff that will be responsible for each function of the administration of the Cal Grant Program.

President/ Chief Executive Officer
Financial Aid Director
Chief Financial Officer
Cal Grant Coordinator

Since the exit interview, Feather River College has started to implement a Cal Grant Integration with our ERP provider Ellucian Banner. Ellucian's Cal Grant Interface solution supports data interchange regarding the Cal Grant Financial Aid grant award between the institution (Banner ERP data) and the California Student Aid Commission (CSAC) through automated import and export of roster files to/from Banner and manual upload/download on CSAC's Web Grants site.

Using the Banner Cal Grant Interface, we can process Cal Grant award eligibility and other related information found in the roster from the California Student Aid Commission (CSAC) WebGrants site. This interface allows us to post the awards to a student's financial aid record and extract Cal Grant payment data (along with other related data) for upload to CSAC's WebGrants site. Automated import/export processes enables us to efficiently process awards and eliminate manual work, errors, and other redundancies. We believe this will help ensure we are in compliance with the Cal Grant Programs and fiscal administration.

Furthermore, we have examined our reconciliation process and have made significant improvements to ensure timely reporting of payments and return of funds to the commission. The business office will remit interest by March 1st of every year to CSAC. Historically, Plumas County has been delinquent in apportioning interest income to the District by as much as one year. In the future, the District will complete the interest remittance form by the deadline set forth by CSAC even if we have not yet received our interest from Plumas County. Additionally, the Business Office will collaborate with the Financial Aid department to ensure that any funds not used by the end of the year will be returned to CSAC. No funds will be carried over to the next award year.”

COMMISSION REPLY:

The Institution has submitted a thorough and compressive corrective action plan that addresses the administration of the Cal Grant programs and has attended the required training. Certification of completion has been submitted.

FINDINGS AND REQUIRED ACTIONS (continued)

APPLICANT ELIGIBILITY

FINDING 2: Ineligible Baccalaureate Degree Program

A review of 20 students revealed one case in which the student's Cal Grant award was not maximized.

A Cal Grant "A" award shall be used only for tuition or student fees, or both, in a for-credit instructional program with a length of not less than two academic years. Cal Grant "B" awards shall be used only for tuition, student fees, and access costs in a for-credit instructional program that is not less than one academic year in length.

Furthermore, the Cal Grant "B" award comes with two payment components: Access and Tuition and Fees. The maximum award amount for the Cal Grant B program for first-year students covers living expenses, books, supplies and transportation, but not tuition and fees. The grant covers tuition and fee award amounts beyond the freshman year.

Senate Bill (SB) 927 was signed into place authorizing a statewide baccalaureate degree pilot program at no more than 15 California Community Colleges. This bill allows Community Colleges to operate as a 4-year college or university to offer a certain type of baccalaureate degree at the community college.

Moreover, the tuition amount for a Cal Grant "A" award is based on the number of units multiplied by \$84 per term. For example, 12 units x \$84 = \$1008 per term. Likewise, this applies to the tuition portion (beyond the 1st year) of the Cal Grant "B" award plus the Access payment.

At Feather River College, students can obtain a Bachelor of Science degree in Equine & Ranch Management. The enrollment fees and tuition charges for upper-division coursework are \$84 per unit at the Institution.

During the implementation process, the Commission created a separate program and roster for the Institution (00859701). The Institution is required to report payments for students enrolled in the Equine & Ranch Management program, students can be paid accordingly.

Student number 6 revealed that the student was enrolled in the Bachelor of Science Equine & Ranch Management. However, the Institution failed to report their Cal Grant awards on the 00859701 roster. As a result, the student's Cal Grant award was not maximized as illustrated below:

A review of the file of Student 6 revealed that the student solely received the Cal Grant "B" Access portion of their award. However, the student was eligible to receive the following tuition amounts for the 2019-20 award year.

Term	Number of units	Tuition amount	Total amount
Fall 2019	12	\$84	\$1,008
Spring 2020	12	\$84	\$1,008
Award amount			\$2,016

As a result, the student's Cal Grant B award was not maximized.

FINDINGS AND REQUIRED ACTIONS (continued)

REFERENCES:

California Education Code, Section 69432.7(f)
California Education Code, Section 69434(a)
California Education Code, Section 69435(a)
California Education Code, Section 69465
California Education Code, Section 78042
California Code of Regulations, title 5, Section 58520
Institutional Participation Agreement, Articles IV.B, IV.C.
Cal Grant Handbook, Chapter 6
Cal Grant Handbook, Chapter 10
Cal Grant Handbook, Chapter 13

REQUIRED ACTION:

The Institution is required to submit policies and procedures that will be implemented to ensure that Cal Grant recipients are reported on the correct Cal Grant roster and are paid according to their respective Cal Grant type and program.

INSTITUTION RESPONSE:

“Feather River College has updated our Cal Grant policy to show that we will not add a students to the Cal Grant Roster (00859701) until they have been accepted into the BA program and are taking upper division coursework.”

COMMISSION RESPONSE:

No further action is required.

APPLICANT ELIGIBILITY:

FINDING 3: Satisfactory Academic Progress (SAP) policy not monitored

A review of 20 student files revealed one case in which the Institution failed to implement the SAP policy.

DISCUSSION:

Institutions are required to establish, publish, and apply reasonable standards for measuring whether an otherwise eligible student is maintaining SAP in his or her educational program.

The Institution’s SAP policy must include all periods of the student’s enrollment including periods in which the student did not receive Title IV funds, and transfer credits that are applicable to the student’s educational program. An institution’s SAP policy must include the following elements:

- A qualitative component
- A quantitative components
- A maximum time-frame (150% of the normal program length)
- An incremental measurement
- A determination at the end of each increment regarding the student’s progress

FINDINGS AND REQUIRED ACTIONS (continued)

- An appeal process
- Procedures for re-establishing SAP eligibility

A review of SAP is not complete until both the qualitative and quantitative measures have been reviewed.

At Feather River College, students must maintain a Cumulative Grade Point Average (CGPA) of 2.0, complete 67% of cumulative units attempted and not exceed the maximum timeframe of 150% for the required completion of the student academic program. The institution checks SAP after each semester.

Students who do not meet all the SAP requirements at the end of each semester will be placed on a “Warning” status. Students who are placed on a “Warning” status may continue to receive financial aid for one semester. Students who fail to meet SAP at the end of their “Warning” semester will be placed on financial aid “Disqualification” and not eligible for financial aid. Students who are on a “Disqualification” status may file an appeal for consideration of reinstatement of financial aid eligibility.”

Student 20 revealed that at the end of summer 2019 had a cumulative pace of 50% (attempted 6 units and completed 3 units). Therefore, the student did not meet the SAP requirements of 67% pace progression and should’ve been issued a warning status.

REFERENCES:

34 CFR 668.16(e)
34 CFR 668.34
California Education Code, Section 69432.7(m)
Institutional Participation Agreement, Article IV.B.
Cal Grant Handbook, Chapter 4

REQUIRED ACTION:

The Institution is required to submit policies and procedures that will be implemented to ensure that a student’s academic progress is monitored and documented as required.

INSTITUTION RESPONSE:

“Feather River College has updated our SAP policy and will ensure SAP is ran after every payment period and is well documented.”

COMMISSION RESPONSE:

No further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

FUNDS
DISBURSEMENTS
AND REFUNDS:

FINDING 4: Incorrect Cal Grant payment due to enrollment status

A review of 20 student files disclosed two cases in which the Institution disbursed an incorrect Cal Grant payment due to enrollment status.

Institutions are required to verify program and student 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. Furthermore, if making a payment for a term that has ended, the Institution is required to base the enrollment on units completed. All completed coursework counts toward enrollment status, including earned F's and "Incomplete grades".

In addition, 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.

Furthermore, if making a payment for a term that has ended, the Institution is required to base the enrollment on units completed.

The Institution's enrollment status policy is as follows:

Enrollment Status	
Full-time	12 units or more
Three-quarter time	9 to 11.5 units
Half-time	6 to 8.5 units

A review of the file of Student 9 revealed that the student was enrolled in 10.0 units for the Fall 2019 term. The student's ledger showed that the student received a half-time payment in the amount of \$418 on 9/3/2019. At the time of disbursement, the student was eligible to receive a three-quarter-time payment of \$627. As a result, the student's award was not maximized Cal Grant award.

FINDINGS AND REQUIRED ACTIONS (continued)

Thus, Cal Grant C SWD students can receive the following award amounts:

Enrollment Status	Award Amounts Per Academic Year	Award Amounts Per Term
Full-time	\$4,000	\$2,000
Three-quarter	\$3,000	\$1,500
Half-time	\$2,000	\$1,000

A review of the file of Student 8 revealed that the student was enrolled in 14.0 units for the Fall 2019 term. The student's ledger showed that the student received a full-time payment in the amount of \$547 for Fall 2019 term. The SWD student was eligible to receive \$2,000 for the term. As a result, the student's Cal Grant award was not maximized.

REFERENCES:

California Education Code, Section 69432.7(f)
Institutional Participation Agreement, Article IV.B, and C
Cal Grant Handbook, Chapter 10
Cal Grant Handbook, Chapter 13
CSAC Operations Memo, GOM 2019-31, dated September 17, 2019

REQUIRED ACTION:

The Institution is required to submit policies and procedures that will be implemented to ensure that Cal Grant recipients are paid according to their respective enrollment status at the time of payment.

INSTITUTION RESPONSE:

"Feather River College has updated our Cal Grant policy and have implemented measures to ensure student are paid at the correct amount for the student's enrollment. Furthermore, using the Banner Cal Grant Interface, we can process Cal Grant award eligibility which enables us to efficiently process awards and eliminate manual work, errors, and other redundancies."

COMMISSION RESPONSE:

No further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 5: Interest earned on Cal Grant funds not returned timely

A review of the Institution's interest documentation revealed that interest earned on Cal Grant funds was not returned in a timely manner for the 2019 calendar year.

DISCUSSION:

Annual interest earned on Cal Grant funds constitutes State funds and must be remitted to the Commission on behalf of the State no later than March 1 following the calendar year for which the interest accrued (e.g. March 1, 2020, for the calendar year 2019). 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. Interest documentation provided by the Institution revealed that interest for the 2019 calendar year was remitted to the Commission on October 13, 2020. The interest was not remitted to the Commission by March 1, 2020.

REFERENCES:

Institutional Participation Agreement, Article III.D
Cal Grant Handbook, Chapter 14
Cal Grant Handbook, Chapter 16
CSAC Special Alert, GSA 2021-05, February 9, 2021

REQUIRED ACTION:

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

INSTITUTION RESPONSE:

"The business office will remit interest by March 1st of every year to CSAC. Historically, Plumas County has been delinquent in apportioning interest income to the District by as much as one year. In the future, the District will complete the interest remittance form by the deadline set forth by CSAC even if we have not yet received our interest from Plumas County."

COMMISSION RESPONSE:

No further action is required.

FINDINGS AND REQUIRED ACTIONS (continued)

FISCAL
RESPONSIBILITY
FOR PROGRAM
FUNDS:

FINDING 6: Excess Cal Grant funds not returned to the Commission

A review of the Institution's accounting records revealed that excess Cal Grant funds have not been returned to the Commission as required.

DISCUSSION:

Institutions participating in the Cal Grant program are required to reconcile Cal Grant funds received and disbursed by the Institution for each award year. The final reconciliation of Cal Grant funds is to be on a student-by-student basis for each payment period and award year. Cal Grant awards must be disbursed for the fiscal year appropriated based on the budget act of that fiscal year. Therefore, excess funds must be returned to the Commission. The Institution may, at any time prior to invoicing, repay any Cal Grant funds in excess of the reconciled amount to the Commission. An institution may not apply excess Cal Grant funds to any other student's account or to any prior year accounts.

A review of the Institution's Cal Grant ledger report revealed that the Institution failed to return excess Cal Grant funds in the amount of \$1,412 at the end of the 2019-20 award year. As a result, these funds must be returned to the Commission.

REFERENCES:

California Education Code, section 69432.8
Institutional Participation Agreement, Article IV.D
Cal Grant Handbook, Chapter 16
CSAC Operations Memo, GOM 99-06, April 19, 1999 Returning Prior Year Funds

REQUIRED ACTIONS:

The Institution must return the excess funds in the amount of **\$1,412** upon invoicing from the Commission and provide policies and procedures that will be implemented to ensure that any prior year excess funds are returned to the Commission upon final Cal Grant reconciliation.

INSTITUTION RESPONSE:

"The FAO and Business Office will reconcile student-by-student Cal Grant payments on a monthly basis. FRC will report student payments and any student payment adjustments to the California Student Aid Commission using the web grants system.

Yearly reconciliation is performed in collaboration between the college FAO Department and the Business Office. The Business office is responsible for return on any excess funds, accounting of funds received by the institution, and any other fiscal requirements as defined by the college's participation agreement with the California Student Aid agreement.

The Business Office will collaborate with the Financial Aid department to ensure that any funds not used by the end of the year will be returned to CSAC. No funds will be carried over to the next award year."

FINDINGS AND REQUIRED ACTIONS (continued)

COMMISSION RESPONSE:

No further action is required.

OBSERVATION:

It was observed that 1 Cal Grant recipient who has dependent children may have been eligible for Students with Dependent Children (SWD) an access award of up to \$6,000 for qualifying Cal Grant A recipients, \$6,024 for qualifying Cal Grant B recipients, and up to \$4,000 for eligible Cal Grant C recipients.

RECOMMENDATION:

It is recommended that if a student is offered an SWD award encourage students to self-certify in Web Grans 4 Students or the school has the capability to certify via a dropdown selection on the online display roster which will update in real-time.