



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

2007-08 Award Year

**Chapman University
Program Review ID# 80900116400**

**One University Drive
Orange, CA 92866**

Program Review Dates: 4/20/2009 - 4/23/2009

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AUDITOR'S REPORT

SUMMARY We reviewed Chapman University's administration of California Student Aid Commission (Commission) programs for the 2007-08 award year.

The institution's records disclosed the following deficiency:

- Education Level Reported Incorrectly

BACKGROUND Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants A, and B

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

A. Institution

- Type of Organization: Institute Of Higher Education, Private
- President: Dr. James L. Doti
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 16,819

B. Institutional Persons Contacted

- Gregory L. Ball: Director of Financial Aid
- Shanna Vaughn: Associate Director
- Atia McCracken: Assistant Director
- Michelle Clark: General Accounting Manager

C. Financial Aid

- Date of Prior Commission Program Review: April 2005
- Branches: Antelope Valley Academic Center, Coachella Valley Academic Center, Walnut Creek Academic Center, Edwards Academic Center, Irvine Academic Center, Fairfield Academic Center, South San Joaquin Valley/Lemoore Academic, Los Angeles Academic Center, Monterey Academic Center, Moreno Valley Academic Center, Ontario Academic Center, Roseville Academic Center, San Diego Academic Center, Travis Academic Center, Yuba City Academic Center, Victor Valley

AUDITOR'S REPORT (continued)

BACKGROUND (continued)

C. Financial Aid

- Branches: (continued) Academic Center, South San Joaquin Valley Nisalia, Santa Maria LS, Hanford Joint Union High S.D., Hanford East High S.D., Pioneer Middle School, Modesto, Cuesta College, Moreno Valley, Kaiser Permanente, Capistrano USD, Moreno Valley – Temecula, El Segundo Unified School District, Los Angeles Police Academy, Folsom
- Financial Aid Programs: Federal: Family Education Loan Program, Workstudy, Pell, SEOG and Perkins
State: Cal Grant A, B
- Financial Aid Consultant: None

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional 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. Roster and Reports
- E. File Maintenance and Records Retention
- F. 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.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY**
(continued)

- Reviewing the records and grant payment transactions from a sample of 40 students who received a total of 24 Cal Grant A and 16 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 728 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 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.

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California 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, except for the deficiency cited in the Finding and Required Action section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commission's grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on April 23, 2009.

April 23, 2009

Charles Wood, Manager
Program Compliance Office

FINDING AND REQUIRED ACTION

D. ROSTERS AND REPORTS:

FINDING: Education Level Reported Incorrectly

A review of 21 new Cal Grant recipients' files disclosed one case in which the correct grade level was not reported to the Commission.

DISCUSSION:

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California 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.

The Educational Level (EL) Report is used to verify a new Cal Grant A, B, and C recipient's educational level. A recipient's EL determines the number of years a student will be eligible to receive Cal Grant benefits. Institutions verify each recipient's EL based on the recipient's EL at the time the student receives the initial payment. The verification should not be based on the EL of the recipient at the time the report is received and or completed.

The undergraduate student grade level progression is as follows:

Classification	Units
Freshman (Level 1)	0 – 29
Sophomore (Level 2)	30 – 59
Junior (Level 3)	60 – 89
Senior (Level 4)	90 – 124

The following student was found to have an Education Level reported incorrectly.

Student No.	Number of Units	Grade Level Reported	Correct Grade Level
10	49.5	3	2

This is a repeat finding from prior review conducted in 2005.

REFERENCES:

Institutional Participation Agreement, Article IV. A.B.
Cal Grant Manual, Chapter 8, November 2005

FINDING AND REQUIRED ACTION (continued)

REQUIRED ACTIONS:

In response to this finding, Chapman University **is required** to provide written policies and procedures that will be put into place to ensure that the correct education level is reported to the Commission and verified at the time of disbursement. The Commission corrected the education level for the student listed above.

INSTITUTION RESPONSE:

The Cal Grant program compliance review found that Chapman University had not reported the correct class level for one student who had received a Cal Grant. Chapman University concurs with the finding and has taken measures to correct the deficiency.

The class level of the student in question has been corrected. Further, the University has reconciled the class levels of all Cal Grant recipients whose names appeared on our educational level verification reports for the past two years. As a result of this review, the class levels of an additional six students (seven in all) were corrected.

Our review found two causes for misreporting the class level. There were a couple of cases of human error. There were also situations in which additional units were transferred into the University after the student's educational level had been reported.

To address these issues, the University has instituted a process by which a second review of academic records and educational level reports will take place near the end of each semester. Any discrepancies will be corrected promptly and prior to the next payment period. Enclosed is paragraph 60.6.3.2 of our policies and procedures manual, which contains additional information about the process.

AUDITOR REPLY:

This action is deemed acceptable and no further action is required.