

FINANCIAL AID
CALIFORNIA STATE UNIVERSITY,
LOS ANGELES

Report Number 02-31
March 27, 2003

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BOARD OF TRUSTEES

THE CALIFORNIA STATE UNIVERSITY

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ABBREVIATIONS

CFR	Code of Federal Regulations
CSU	California State University
CSULA	California State University, Los Angeles
EADA	Equity in Athletics Disclosure Act
FERPA	Family Educational Rights and Privacy Act of 1974
FY	Fiscal Year
SAM	State Administrative Manual
SIS+	Student Information System Plus

INTRODUCTION

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to the administration of the student financial aid program and to determine the adequacy of controls over the related processes to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Initiatives have recently been undertaken or completed to improve the effectiveness, efficiency, and economy of financial aid operations and maximize financial aid resources.
- ▶ Adequate consumer information on financial aid has been disclosed.
- ▶ Financial aid is supported by adequate automated record-keeping systems.
- ▶ Provisions have been made for safeguarding financial aid data and automated systems from inappropriate disclosure and loss.
- ▶ Complete, correct, and consistent information is circulated on financial aid.
- ▶ Other campus offices adequately coordinate with the financial aid office.
- ▶ The campus protects against overcommitment or underutilization of financial aid resources.
- ▶ Standard student budgets and cost of attendance are appropriately established.
- ▶ Financial aid recipients were eligible to receive assistance.
- ▶ The campus has complied with federal and state requirements and conditions stipulated by financial aid resource providers.
- ▶ Financial aid is packaged in accordance with applicable policies and procedures.
- ▶ Fee waivers have been factored into financial aid awards.
- ▶ Work-study limits have not been exceeded.
- ▶ Separation of duties is adequate between awarding and disbursing.

SCOPE AND METHODOLOGY

The management review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor policies, letters, and directives. Fiscal year (FY) 2001/02 and the financial aid cycles for fall 2001 and spring 2002 were the primary periods reviewed. In certain instances, we were concerned with representations of annualized data, and it was necessary to look at the last full fiscal year completed prior to the start of the audit (FY 2000/01).

Our primary focus involved the internal administrative, compliance, and operational controls over the management of the student financial aid program. Specifically, we reviewed and tested policies, procedures, and processes for:

- ▶ Identifying financial aid resources.
- ▶ Distributing information to potential applicants.
- ▶ Calculating student budgets.
- ▶ Establishing student eligibility.
- ▶ Packaging financial aid awards.
- ▶ Managing financial aid funds.
- ▶ Securing financial aid applicant and recipient information.
- ▶ Safeguarding financial aid automated systems.

During the audit, we interviewed personnel involved in financial aid; reviewed financial aid policies, procedures, and systems; and tested financial aid records on awards and disbursements.

BACKGROUND

As a result of a systemwide risk assessment conducted by the Office of the University Auditor in the last quarter of 1999, the Board of Trustees, at its January 2002 meeting, directed that *Financial Aid* be reviewed in 2002. The Office of the University Auditor last reviewed *Financial Aid* in 1994 on six campuses.

The proposed scope of the audit as presented in Attachment B, Audit Item 2 of the January 29-30, 2002, meeting of the Committee on Audit stated that the review would include identifying financial aid resources, establishing student budgets, packaging financial aid awards, managing financial aid funds, complying with federal and state program requirements, securing financial aid applicant information, and preparing financial aid reports.

Financial aid programs provide support for students to help meet the costs of obtaining a college education. The federal government, state governments, colleges and schools, and a variety of other public and private sources provide funding for financial aid programs. There are two main categories of financial aid, differentiated primarily by the basis upon which they are awarded, as follows:

Achievement-based aid is awarded to students who have a special characteristic, skill, talent, or ability. Typically, achievement-based aid is in the form of scholarships.

Need-based aid is provided to students who demonstrate financial need. Most financial aid, particularly public-funded aid, is awarded on the basis of financial need determined through the application process and in accordance with a prescribed federal formula.

Financial aid is available in four basic types of programs as follows:

Scholarships are “gift aid” which do not have to be repaid. Scholarships typically include criteria such as academic performance or special talents.

Grants are “gift aid” and generally do not include criteria other than financial need.

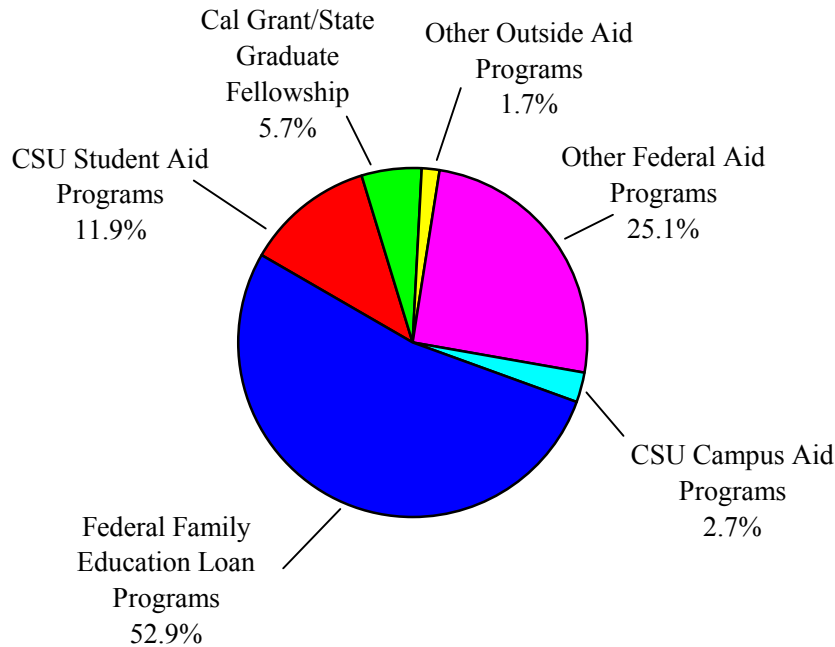
Work-study is a “self-help” program in the form of part-time employment during the student’s college career.

Loans are a form of “self-help” since they represent borrowed money that must be paid back over a period of time, typically after the student leaves school.

Federal financial aid programs provide over 70% of the funding currently available for student financial aid. On an annual basis, federal financial aid programs are audited as part of the California State University (CSU) Single Audit as required by the Office of Management and Budget Circular A-133. At June 30, 2001, the student financial assistance cluster in the Single Audit Report by KPMG included:

PROGRAM	AMOUNT
Federal Supplemental Opportunity Grants	\$12,636,585
Federal Family Educational Loan	\$325,886,005
Federal Work Study	\$16,358,009
Federal Perkins Loan – Federal Capital Contributions	\$17,060,565
Federal Pell Grant	\$246,059,734
Federal (William Ford) Direct Loan	\$280,164,585
TOTAL	\$ 898,165,483

Nonfederal financial aid programs include those funded by the state through the California Student Aid Commission, programs administered by the CSU, and campus administered funds. The state administers Cal Grants and certain loan assumption programs. The CSU provides need-based assistance through state university grants and educational opportunity program grants. Certain other funds are available through the campuses such as local scholarships. In the CSU Statistical Abstract for FY 2000/01, financial aid funds by source are graphically represented as follows:



For financial aid purposes, campuses establish standard student budgets or cost of attendance allowances that vary depending on where a student lives during the academic year (e.g., at home with parents or relatives, in university or campus housing (residence halls), or off-campus in an apartment or other housing). Costs include fees and tuition, books and supplies, meals and housing, transportation, and other miscellaneous personal expenses. Students who are not classified as residents of the state of California must also pay nonresident tuition. Allowances for expenses, other than tuition and fees, are based largely on statewide survey data about the average expenses of students in California and information on the local or regional costs in the area served by particular campuses.

At the beginning of 2002, CSU campuses managed financial aid through a variety of record-keeping and automated database systems, which will be replaced by PeopleSoft as part of the CSU's Common Management System. Six CSU campuses are implementing the PeopleSoft Student Administration module in 2002 and have been excluded for purposes of this audit because of the significant implementation workload.

At California State University, Los Angeles (CSULA), the financial aid office, which reports through enrollment management to student affairs, determines and authorizes need-based financial aid. Financial aid is then disbursed by student financial services, which reports through the assistant vice president of administration and finance to the vice president for administration and finance, who is also the campus chief financial officer. CSULA maintains financial aid records in a comprehensive database software application called Student Information System Plus (SIS+) which is used to capture admissions, student

records, and financial aid information. The director of financial aid reports through the assistant vice president for student affairs/enrollment management to the vice president for student affairs.

OPINION

We visited CSULA from August 26, 2002, through September 26, 2002, and audited the controls, procedures, and systems in effect at that time.

In our opinion, the financial aid program at CSULA is capably administered. However, certain areas can be improved. Specifically, we noted that there is a need for a review of enrollment information for teacher credential program students receiving federal Pell Grants and improved communication of information to the financial aid office regarding fee waivers and payments. There is also a need for improvement in campus determination of satisfactory academic progress, periodic review of professional judgment exercised by campus financial aid officers, notification to the financial aid office when students leave campus housing, and required notifications regarding the athletic participation and financial support report.

EXECUTIVE SUMMARY

The purpose of this section is to provide management with an overview of conditions requiring their attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

GENERAL/CONTROL ENVIRONMENT [8]

CONSUMER INFORMATION [8]

Consumer information regarding the availability of the annual *Report on Athletic Program Participation Rates and Financial Support Data* was not disclosed in direct individual notices to prospective or current students. Individual direct notice of prescribed athletic participation and financial support information meets requirements for continuation of the institutional eligibility of the campus to participate in federal financial aid programs.

FERPA TRAINING [9]

The campus did not have procedures in place to assure and document that staff receive training on Family Educational Rights and Privacy Act (FERPA) rights and requirements. When processes ensure and document the training of campus staff regarding FERPA rights, the campus reduces the risk of privacy rights litigation losses and meets requirements for continuation of the institutional eligibility to participate in federal financial aid programs.

FISCAL AND PROGRAM OVERSIGHT/COORDINATION [9]

Relevant campus departments did not notify the financial aid office in a consistent, reliable manner of all fee waivers being processed or when students left campus housing before the end of a term. When required financial information is communicated to the financial aid office, there is a reduced risk of errors and irregularities, a reduced risk that errors and irregularities will go undetected, and an increased likelihood of the equitable distribution of financial aid based on financial need.

STUDENT ELIGIBILITY [10]

SATISFACTORY ACADEMIC PROGRESS [10]

For five of one hundred student financial aid files reviewed, the campus calculation of satisfactory academic progress did not correctly reflect all attempted courses. Implementation of policies and procedures to measure satisfactory academic progress of students meets requirements for continuation of the institutional eligibility of the campus to participate in federal financial aid programs.

PELL GRANTS FOR TEACHING CREDENTIAL STUDENTS [11]

Some students in graduate level teacher credential programs received levels of financial aid that supported enrollment in nonqualifying course work, and some conditionally admitted students were awarded grants that were authorized only for fully admitted students. Compliance with federal Pell Grant requirements meets requirements for continuation of the institutional eligibility of the campus to participate in federal financial aid programs.

AWARDING/DISBURSING [12]

The financial aid office was not employing reporting capabilities in place to identify and review the exercise of professional judgment by financial aid advisers. Periodically reviewing the exercise of professional judgment reduces the risk that errors and irregularities will go detected.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

GENERAL/CONTROL ENVIRONMENT

CONSUMER INFORMATION

Consumer information regarding the availability of the annual *Report on Athletic Program Participation Rates and Financial Support Data* was not disclosed in direct individual notices to prospective or current students.

The federal Higher Education Act, the federal Equity in Athletics Disclosure Act (EADA) and regulatory guidance provided in the Code of Federal Regulations (CFR) requires direct individual notices of prescribed information to certain target audiences including: prospective students; currently enrolled students; parents, coaches and counselors of prospective student athletes; and the general public. The disclosures are to include gender-specific information on athletic participation and financial support.

At a minimum, direct individual notices must:

- ▶ Identify the required information disclosures.
- ▶ Provide the exact electronic web site address where the information can be found.
- ▶ State that upon request, a person is entitled to a paper copy containing the required information.
- ▶ Inform students and others how to request a paper copy.

The intercollegiate athletics director indicated that required direct notifications had not been provided as the result of an unintentional oversight.

The lack of individual direct notice of prescribed athletic participation information jeopardizes the institutional eligibility of the campus to participate in federal financial aid programs.

Recommendation 1

We recommend that the campus establish procedures to disclose consumer information by direct individual notice.

Campus Response

The campus is establishing procedures to disclose consumer information by direct individual notice to ensure that the annual *Report on Athletic Program Participation Rates and Financial Support Data* is disclosed to current students, the general public, and prospective student athletes, parents, coaches, and guidance counselors. Notices will identify the disclosure, provide a website address, and include informative details about how to obtain paper copies. Anticipated completion date is September 1, 2003.

FERPA TRAINING

The campus did not have procedures in place to assure and document that staff receive training on Family Educational Rights and Privacy Act (FERPA) rights and requirements.

State Administrative Manual (SAM) §20050 requires the establishment and maintenance of internal accounting and administrative controls. It references and defines an internal control as a process designed to provide an organization reasonable assurance regarding the achievement of primary objectives, including compliance with laws and regulations. FERPA related staff training and documented acknowledgement by staff of training are necessary to provide assurance that FERPA rights are being properly protected through staff awareness.

The vice president for student affairs indicated that lack of, and inadequately documented, FERPA training for responsible staff was due to an unintentional oversight.

When processes are not in place to ensure that training of campus staff occurs regarding FERPA rights and to ensure the maintenance of related documentation of this training, the campus increases the risk of privacy rights litigation losses and jeopardizes its eligibility to participate in federal financial aid programs.

Recommendation 2

We recommend that the campus establish procedures to ensure and document that campus staff have received training regarding FERPA rights and responsibilities.

Campus Response

The center for student financial aid is establishing procedures to ensure and document that campus staff receive training regarding FERPA rights and responsibilities. Written procedures include the following: (a) a requirement that all responsible staff review the FERPA video training, (b) an established regular training schedule must be communicated to all responsible employees, and (c) a requirement for specific documentation to evidence completed training for record-keeping purposes. Anticipated completion date is September 1, 2003.

FISCAL AND PROGRAM OVERSIGHT/COORDINATION

Relevant campus departments did not notify the financial aid office in a consistent, reliable manner of all fee waivers being processed or when students left campus housing before the end of a term.

In *Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs*, June 2001, published by the U.S. Department of Education, also known as the Blue Book, Chapter 2, *General Institutional Responsibilities*, it states, in part, that a campus president must ensure that a school has established clear lines of responsibility among the pertinent school offices and has good communication and cooperation among personnel in the pertinent school offices.

The director of the center for student financial aid indicated that the campus had not completed identifying all of the departments that need to communicate fee related payments or waivers to the center for student financial aid. She further stated that the campus is working to establish procedures for housing to ensure that financial aid is notified when students leave campus housing.

When financial information is not communicated to the financial aid office, awards to some students may be too high, limiting the availability of moneys to other students with unmet need.

Recommendation 3

We recommend that the campus:

- a. Establish a process to ensure that the financial aid office receives notification of fee waivers and third party fee payments.
- b. Ensure notification from the housing office to the financial aid office when students leave campus housing prior to the end of a term.

Campus Response

- a. The campus is establishing a process to ensure that the student financial aid office receives notification of fee waivers and third party fee payments. The current PeopleSoft student administration implementation will ensure that a complete list of students who receive quarterly fee waivers or third party fee payments will be reported to the student financial aid office. The process will be in place for the 2003-04 award year, and the anticipated completion date is September 1, 2003.
- b. To ensure notification from the housing office to the student financial aid office when students leave campus housing prior to the end of a term, university housing and student financial aid have established a new procedure for the 2003-04 award year. The procedure requires housing residents to complete a "Departure from the Residential Community" form at the time they exit campus housing. University housing administration must forward completed forms to the student financial aid office for adjustments to student budgets. Anticipated completion date is September 1, 2003.

STUDENT ELIGIBILITY

SATISFACTORY ACADEMIC PROGRESS

For five of one hundred student financial aid files reviewed, the campus calculation of satisfactory academic progress did not correctly reflect all attempted courses.

The Federal Student Aid Handbook states that an eligible school must have a policy and a procedure for measuring the academic progress of its students, provisions for determining whether students have met the qualitative and quantitative components of the standards or exceeded the maximum timeframe, and provisions for consistent application of the standards to all students and educational programs established by the institution.

The director of the center for student financial aid indicated that the campus is working to establish procedures to address all coursework attempted when making satisfactory academic progress determinations.

When processes are not in place to ensure implementation of a required satisfactory academic progress policy and procedure, the campus jeopardizes its eligibility to participate in federal financial aid programs.

Recommendation 4

We recommend that the campus take steps to more completely implement established satisfactory academic progress policies.

Campus Response

The campus is taking steps to more completely implement established satisfactory academic progress policies. As part of the current PeopleSoft student administration implementation, a customized *Satisfactory Academic Progress* program is being developed to include all attempted coursework when making a determination about satisfactory academic progress. Anticipated completion date is September 1, 2003.

PELL GRANTS FOR TEACHING CREDENTIAL STUDENTS

Some students in graduate level teacher credential programs received levels of financial aid that supported enrollment in nonqualifying course work, and some conditionally admitted students were awarded grants that were authorized only for fully admitted students.

In 14 of 25 student files reviewed, students were provided financial aid for nonqualifying course work in a teacher credential program. Two of the twenty-five had only been conditionally accepted in a qualified teacher credential program.

The federal government allows students who are enrolled in post-baccalaureate teacher certification programs to receive a Pell Grant, but only for courses required to receive a teaching credential necessary for employment as a teacher in an elementary or secondary school.

The director of the center for student financial aid indicated that financial aid advisers had interpreted the available government documents as only requiring half time enrollment in an approved teacher credential program and as permitting Pell Grant payments for all course work, whether or not it was required by the credential program. She further stated that her office had been informed that teacher

credential students could be accurately identified by a code noting whether they were conditionally or fully accepted in the programs.

Failure to comply with federal Pell Grant requirements can lead to over awards to some students and jeopardizes campus eligibility to participate in federal financial aid programs.

Recommendation 5

We recommend that the campus implement procedures to more fully comply with Pell Grant award rules for teacher credential students.

Campus Response

The campus is implementing procedures to more fully comply with Pell Grant award rules for teacher credential students. The new procedures require that on a quarterly basis, prior to disbursement, the student financial aid office forward a report of possible teaching credential students for verification of enrollment status by the associate dean for student services, charter college of education. The quarterly report includes actual credential units for each individual listed, to allow the student financial aid office to determine payment eligibility. Anticipated completion date is September 1, 2003.

AWARDING/DISBURSING

The financial aid office was not employing reporting capabilities in place to identify and review the exercise of professional judgment by financial aid advisers.

In *Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs*, June 2001, published by the U.S. Department of Education, also known as the Blue Book, Chapter 2, *General Institutional Responsibilities*, identifies functions carried out by financial aid administrators, including a responsibility to manage and report on activities that involve financial aid funds.

The director of the center for student financial aid indicated that her staff has practiced a very limited exercise of professional judgment.

The risk of errors and irregularities increases when exercise of professional judgment is not periodically reviewed; this also increases the risk that errors and irregularities will go undetected.

Recommendation 6

We recommend that the campus periodically review the exercise of professional judgment by financial aid advisers.

Campus Response

The campus is implementing a new procedure for periodic review of the exercise of professional judgment by financial aid advisers. The new procedures provide for a database report to be extracted periodically that identifies all students whose applications were processed based on the financial aid adviser's exercise of professional judgment. The director for student financial aid will review each case to ensure that it was processed within guidelines. Anticipated completion date is September 1, 2003.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
James M. Rosser	President
Kathy Anderson	Systems Coordinator, Registrar's Office
Christopher Bass	Director of Housing Services
Cynthia Burks	Supervisor, General Accounting
Kyle C. Button	Vice President, Institutional Advancement/Foundation Vice President
Lee de Leon	Assistant Intercollegiate Athletics Director, Finance
Jamie Dote-Kwan	Associate Dean for Student Services, Charter College of Education
Carol Dun	Intercollegiate Athletics Director
Ed Feighery	Director of Student Financial Services, Cashier's Office
Lindy Fong	Director, Center for Student Financial Aid
Patricia Frith-Smith	Data Processing Analyst
Steven Garcia	Vice President, Administration and Finance
Becky Hopkins	Associate Director, Educational Opportunity Program
James Howard	Scholarship/Work Study Coordinator
Mary Kulick	Assistant Registrar/Records
Cindy Leiby-Smith	Admissions Officer
Lorraine Molena	Federal Work Study Assistant
Anthony Ross	Vice President, Student Affairs
David Sandoval	Director, Educational Opportunity Program
Mae Santos	Budget Manager
Linda Shaffer	University Internal Auditor
John Tcheng	Assistant Budget Analyst
Paula Tcheng	Supervisor, Auxiliary Accounting and Reporting
Biljana Vuletic	Financial Aid Advisor
Sandy Wong	Disbursement Office Manager
Joan Woosley	Director of Admissions and University Registrar

CALIFORNIA STATE UNIVERSITY, LOS ANGELES



5151 STATE UNIVERSITY DRIVE, LOS ANGELES, CA 90032-8500

OFFICE OF THE PRESIDENT

(323) 343-3030 FAX: (323) 343-3039 <http://www.calstatela.edu>

May 2, 2003



Mr. Larry Mandel, University Auditor
Office of the University Auditor
Office of the Chancellor – The California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802-4210


Re: University's Response to Recommendations Contained In Report Number 02-31
Financial Aid - CSULA


Dear Mr. Mandel:

Attached are the University's responses to six recommendations contained in Report Number 02-31,
Financial Aid.

Please contact Ms. Linda Shaffer, Campus Internal Auditor, at (323) 343-5102, if you wish to discuss any matter contained herein.

Sincerely,


James M. Rosser
President

Attachment

cc: (with attachments)
Karl Beeler, AVP – Student Affairs/Enrollment Management
Lindy Fong, Director – Center for Student Financial Aid
Steven N. Garcia, Campus CFO/Vice President for Administration
Peter Quan, Campus CIO/Vice President for Information Technology Services
Anthony R. Ross, Vice President for Student Affairs
Linda Shaffer, Campus Internal Auditor

FINANCIAL AID

CALIFORNIA STATE UNIVERSITY,
LOS ANGELES

REPORT NO. 02-31

GENERAL/CONTROL ENVIRONMENT

CONSUMER INFORMATION

Recommendation 1

We recommend that the campus establish procedures to disclose consumer information by direct individual notice.

Campus Response

The campus is establishing procedures to disclose consumer information by direct individual notice to ensure that the annual *Report on Athletic Program Participation Rates and Financial Support Data* is disclosed to current students, the general public, and prospective student athletes, parents, coaches and guidance counselors. Notices will identify the disclosure, provide a web site address, and include informative details about how to obtain paper copies. Anticipated completion date is September 1, 2003.

FERPA TRAINING

Recommendation 2

We recommend that the campus establish procedures to ensure and document that campus staff have received training regarding FERPA rights and responsibilities.

Campus Response

The Center for Student Financial Aid is establishing procedures to ensure and document that campus staff receive training regarding FERPA rights and responsibilities. Written procedures include the following: (a) a requirement that all responsible staff review the FERPA video training, (b) an established regular training schedule must be communicated to all responsible employees, and (c) a requirement for specific documentation to evidence completed training for record keeping purposes. Anticipated completion date is September 1, 2003.

FISCAL AND PROGRAM OVERSIGHT/COORDINATION

Recommendation 3

We recommend that the campus:

- a. Establish a process to ensure that the financial aid office receives notification of fee waivers and third party fee payments.
- b. Ensure notification from the housing office to the financial aid office when students leave campus housing prior to the end of a term.

Campus Response

- a. The campus is establishing a process to ensure that the Student Financial Aid Office receives notification of fee waivers and third party fee payments. The current PeopleSoft Student Administration implementation will ensure that a complete list of students who receive quarterly fee waivers or third party fee payments will be reported to the Student Financial Aid Office. The process will be in place for the 2003-04 award year, and the anticipated completion date is September 1, 2003.
- b. To ensure notification from the Housing Office to the Student Financial Aid Office when students leave campus housing prior to the end of a term, University Housing and Student Financial Aid have established a new procedure for the 2003-04 award year. The procedure requires Housing residents to complete a "Departure from the Residential Community" form at the time they exit campus housing. University Housing administration must forward completed forms to the Student Financial Aid Office for adjustments to student budgets. Anticipated completion date is September 1, 2003.

STUDENT ELIGIBILITY

SATISFACTORY ACADEMIC PROGRESS

Recommendation 4

We recommend that the campus take steps to more completely implement established satisfactory academic progress policies.

Campus Response

The Campus is taking steps to more completely implement established satisfactory academic progress policies. As part of the current PeopleSoft Student Administration implementation, a customized *Satisfactory Academic Progress* program is being developed to include all attempted coursework when making a determination about satisfactory academic progress. Anticipated completion date is September 1, 2003.

PELL GRANTS FOR TEACHING CREDENTIAL STUDENTS

Recommendation 5

We recommend that the campus implement procedures to more fully comply with Pell Grant award rules for teacher credential students.

Campus Response

The campus is implementing procedures to more fully comply with Pell Grant award rules for teacher credential students. The new procedures require that on a quarterly basis, prior to disbursement, Student Financial Aid Office forward a report of possible Teaching Credential students for verification of enrollment status by the Associate Dean for Student Services, Charter College of Education. The quarterly report includes actual credential units for each individual listed, to allow the Student Financial Aid Office to determine payment eligibility. Anticipated completion date is September 1, 2003.

AWARDING/DISBURSING

Recommendation 6

We recommend that the campus periodically review the exercise of professional judgment by financial aid advisers.

Campus Response

The campus is implementing a new procedure for periodic review of the exercise of professional judgment by financial aid advisers. The new procedures provide for a database report to be extracted periodically that identifies all students whose applications were processed based on the financial aid adviser's exercise of professional judgment. The Director for Student Financial Aid will review each case to ensure that it was processed within guidelines. Anticipated completion date is September 1, 2003.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

May 15, 2003

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMINGUEZ HILLS

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

HAYWARD

FROM: Charles B. Reed
Chancellor

HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 02-31 on *Financial Aid*,
California State University, Los Angeles

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of May 15, 2003, I accept the response as submitted with the draft final report on *Financial Aid*, California State University, Los Angeles.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/ac

SACRAMENTO

Enclosure

SAN BERNARDINO

SAN DIEGO

cc: Dr. James M. Rosser, President

SAN FRANCISCO

SAN JOSE

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS