

December 10, 2012

Accrediting Commission for
Community and Junior Colleges
10 Commercial Boulevard, Suite 204
Novato, CA 94949

Dear Ms. Johns,

I have received your letter dated October 15, 2012 in regards to a notification you received from the U.S. Department of Education (USDE) about the outcome of a Title IV audit of the Monterey Peninsula Community College District. The Commission requests information to determine if an investigation into the institution's compliance with Accreditation Standards is needed and any follow up action warranted.

Your letter referenced findings in USDE Audit Control Number 09-2011-21712 in which there was evidence that Monterey Peninsula College did not timely and fully return Title IV funds when students withdrew from the institution. You also noted that the same finding was included in the audit for the period ending June 30, 2011.

Monterey Peninsula College provides the following response to the above outlined audit findings:

My purpose is to provide information addressing

- the failure to resolve the audit issue when it was first raised,
- the steps taken to resolve compliance audit deficiencies in a timely manner,
- the administrative capacity to appropriately meet Title IV requirements, and
- the internal controls now in place to manage Title IV funds.

The notification from USDE raises concerns about MPC's ability to meet

- Eligibility Requirement 5, Administrative Capacity,
- Eligibility Requirement 18, Financial Accountability, and
- Standard III.D.2 and III.D.3, Financial Resources.

➤ **Failure to resolve the audit issue when it was first raised:**

The College took steps to resolve this issue on June 30, 2009 after first raised; however, those initial steps proved inadequate to fully address the finding.

Student Financial Services attempted to resolve the issue in 2009-2010. However, the procedure did not include sufficient collaboration with the College's Fiscal Services Office. A second attempt was made in 2010-2011 to resolve the finding by reviewing files every 30 days. This process was not efficient as it did not meet the timely requirement of 45 days. Therefore, the College was cited with finding 2011-2.

Evidence: *Length of time to get a R2T4 completed*

➤ **Steps taken to resolve compliance audit deficiencies in a timely manner:**

Student Financial Services (SFS) engaged in collaborative efforts with the IT Department and Fiscal Services, with support from senior administrators, to develop a process in 2011-2012.

Those efforts led to the development of a report produced each week that identifies students who have withdrawn completely from the College. SFS Staff completes the RT24 calculation worksheet and prepares a Purchase Requisition for the Vice President of Student Services' signature which is then forwarded to Fiscal Services for processing. Running the report weekly has proven to be successful as the College did not have a finding for this issue in the most recent completed audit.

Evidence: Treatment of Title IV Funds when student withdraws from a credit-hour program.
R2T4 Student Financial Services (SFS) Procedures

➤ **Administrative capacity to appropriately meet Title IV requirements:
Eligibility Requirement 5**

The College clearly has the administrative capacity to appropriately meet the Title IV requirements.

This is evidenced by the steps taken to address the issue which was initiated and supported by senior administrators and the lack of a recent audit finding on this issue. Additionally, the College hired a new Financial Aid Administrator in Fall 2012 who has increased the frequency of the weekly report to insure that the Title IV requirements are met. An increase in staff during peak times and the reassignment of staff and resources have been supported by senior administrators.

Evidence: Board Consent Agenda Item 9/26/12

➤ **Internal controls in place to manage Title IV funds:**

Monterey Peninsula College developed several internal controls which are now in place to manage Title IV funds.

Collaborative efforts have proven successful by incorporating technology to identify students who have withdrawn completely. Assigning a designated staff member to the task of completing, at minimum, a weekly review of RT24 and preparing a report for review by the Financial Aid Administrator have strengthened the process to return Title IV funds in a timely manner.

These efforts have resulted in a more structured process with appropriate control mechanisms (*Standard III.D.2*) which ensure compliance review and timely responses to Title IV requirements. Additionally, the experience has called attention to issues and has generated a systematic process that clearly defines roles and responsibilities, including effective institutional oversight of finances, which also encompasses management of financial aid. (*Standard III.D.2 and 2.d*)

Evidence: R2T4 Checklist
Overpayment/Repayment Statement

➤ **Financial Accountability: Eligibility 18**

The College annually undergoes and makes available an external financial audit by a certified public accountant or an appropriate public agency.

The College has responded to all findings of the audit, submitted the findings and consequent responses to the District's Governing Board and the California Community College Chancellor's Office. Monterey Peninsula College's institutional responses to external audit findings are comprehensive, timely and communicated appropriately. (*Standard III.D.2a*)

While the steps taken have proven successful, the College intends to implement a Financial Aid Management System that will support Federal requirements for reporting and meeting required deadlines.

Monterey Peninsula College has made corrections and now has structures and processes in place that address the findings of previous audits. Additionally, the College continues to systematically assess the effective use of financial resources through program review and program reflection procedures. (*Standard III.D. 3*) The results of the evaluations are used as the basis for improvement and to ensure that the findings and issues, such as these, do not occur in the future.

I believe this detailed information adequately addresses all the issues and concerns that the Commission is requesting and clearly shows that Monterey Peninsula College is in compliance with the Accreditation Standards. Should you need further information, please do not hesitate to contact me.

Sincerely,

Dr. Douglas Garrison
Superintendent/President