



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

**MEMORANDUM**

**MAR 30 2001**

**TO:** Terry Abbott  
Chief of Staff  
Office of the Secretary

**FROM:** Lorraine Lewis

**SUBJECT: FINAL AUDIT REPORT**

*Audit of Richard J. Daley College's Administration of Selected Aspects of  
Its Strengthening Institutions-Hispanic Serving Institutions Program  
(Audit Control Number: ED-OIG/A05-A0026)*

Attached is a copy of the final audit report referenced above. Copies are also being provided to Office of Postsecondary Education, and the Office of the General Counsel. We are furnishing this report to you because it may contain information of interest to you. No response on your part is necessary.

This draft of a proposed Office of Inspector General report is being made available for review and comment by officials having management responsibility for the matters discussed. This report should not be considered final as it is subject to further review and revision. Please safeguard it against unauthorized use.

If you have any questions, please call Richard J. Dowd, Regional Inspector General for Audit, Chicago, Illinois at (312) 886-6503.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

MEMORANDUM

MAR 30 2001

TO: Maureen McLaughlin  
Office of Postsecondary Education

FROM: Lorraine Lewis *Lorraine Lewis*

SUBJECT: FINAL AUDIT REPORT  
Audit of Richard J. Daley College's Administration of Selected Aspects of Its  
Strengthening Institutions-Hispanic Serving Institutions Program,  
Chicago, Illinois; Control Number ED-OIG/A05-A0026

Attached is our subject report presenting our findings and recommendations resulting from our audit of Richard J. Daley College's administration of selected aspects of its Strengthening Institutions-Hispanic Serving Institutions program for the period October 1, 1998, through September 30, 1999.

In accordance with the Department's Audit Resolution Directive, you have been designated as the action official responsible for the resolution of the findings and recommendations in this report.

If you have any questions or wish to discuss the contents of this report, please contact Richard J. Dowd, Regional Inspector General for Audit, Chicago, Illinois, at 312-886-6503.

Please refer to the above audit control number in all correspondence relating to this report.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

MAR 30 2001

Dr. Mark D. Warden  
Interim President  
Richard J. Daley College  
7500 South Pulaski Road  
Chicago, Illinois 60652

Dear Dr. Warden:

This **final audit report** (Control Number ED-OIG/A05A0026) presents the results of our audit of Richard J. Daley College's (College) administration of selected aspects of its Strengthening Institutions –Hispanic Serving Institutions (SI-HSI) program for the period October 1, 1998, through September 30, 1999. We expanded our audit to include all equipment purchased with SI-HSI funds from April 19, 1996, through May 1, 2000. The objective of our audit was to determine whether the College properly administered selected aspects of its SI-HSI program in accordance with applicable law and regulations.

## AUDIT RESULTS

Although the College properly accounted for SI-HSI funds and used them for authorized and allowable activities from October 1, 1998, through September 30, 1999, it may have been ineligible to receive the \$1,621,861 grant. The College also could not account for all equipment purchased with SI-HSI funds and needs to strengthen its controls over ensuring it completes all key components of any future grants.

The College did not concur with finding number one and the recommendations. The College concurred with finding number two and the recommendation. The College did not concur with the issue raised in the Other Matters section; however, it did agree to strengthen its controls over future grants. See **Attachment** for the College's written comments in their entirety. We revised this report based on the comments we received.

### **Finding No. 1 The College May Not Have Data That Would Demonstrate It Was Eligible to Receive Its SI-HSI Grant**

The College was awarded \$1,621,861 of SI-HSI funds, even though it may not have data to support its assurance that 50 percent or more of its Hispanic students were, at the time of application, low-income individuals who were also first generation college students. For the

period October 1, 1998, through September 30, 1999, the College did not maintain documentation substantiating that 50 percent or more of its Hispanic students were low-income individuals who were also first generation college students. We reviewed the College's roster of low-income Hispanic students for the fall 1998 and spring 1999 terms. The College only had documentation that showed approximately 46 percent of its Hispanic students were low-income individuals. We asked the College to provide documentation to support that its low-income Hispanic students were also first generation college students. The College told us it did not have documentation showing its students were first generation college students. Because the College did not maintain documentation substantiating that its Hispanic students were first generation college students during our audit period, it is doubtful that it maintained such documentation at the time of its initial application.

Pursuant to 34 CFR § 607.31, "(a) A grantee shall maintain its eligibility under the requirements in §607.2, except for § 607.2(a) (1) and (2), for the duration of the grant period." Title 34 CFR § 607.2(d)(2) states that an HSI "may receive a grant authorized under section 316 of the HEA if ... it provides assurances that— (i) When it applies for a grant, its enrollment of undergraduate full-time equivalent students is at least 25 percent Hispanic students, (ii) Not less than 50 percent of its Hispanic students are low-income individuals who are also first generation college students, and (iii) Another 25 percent of its Hispanic students are either low-income individuals or first generation college students."

### **Recommendations:**

We recommend that the Assistant Secretary for Postsecondary Education require the College to:

- 1.1 submit documentation to support its assurance that 50 percent of its Hispanic students were, at the time of application, low-income individuals who were also first generation college students or remit to the U.S. Department of Education \$1,621,861 of funding it was awarded during the five-year grant period.

### **Auditee Comments**

The College did not concur with our draft finding that to maintain eligibility for each grant year, 50 percent or more of the College's Hispanic students must be low-income individuals who are also first generation college students. The College also disagreed with our draft recommendations. The College stated that, when any college deemed eligible to apply for and receive a multi-year grant under Title III/V of the HEA of 1965, as amended, the grantee maintains its eligibility throughout the duration of the multi-year grant period. The College asserted that it is unreasonable to assume that student characteristics will remain static from year to year. The College also did not believe it was the intent of the enacting legislation to expect a grantee to maintain eligibility from year to year.

## OIG Response

Based on the comments received, we revised this finding and the recommendations. We have no assurances that the College maintained data that would substantiate its assertion that 50 percent or more of its Hispanic students were, at the time of application, low-income individuals who were also first generation college students and another 25 percent of its Hispanic students were either low-income or first generation college students.

### Finding No. 2 The College Was Unable to Account for 14 Pieces of Equipment Purchased With SI-HSI Funds.

The College could not account for 14 pieces of equipment purchased with \$8,431 in SI-HSI funds. The College could not account for the following:

Description	Purchase Date	Purchase Price	Value <sup>1</sup>
Compaq CPU	9/15/96	\$1,347	\$0
NEC 15" Monitor	9/15/96	\$372	\$0
NEC 15" Monitor	9/15/96	\$372	\$0
NEC 15" Monitor	9/15/96	\$372	\$0
NEC 15" Monitor	9/15/96	\$372	\$0
Compaq CPU	7/29/97	\$1,641	\$0
Compaq Monitor	7/29/97	\$2,895	\$0
Compaq Monitor	7/29/97		
Compaq Monitor	7/29/97		
NEC Monitor	7/29/97		
HP Scanner	9/23/98	\$346	\$115
Optiquest 15" Monitor	9/22/98	\$172	\$57
Optiquest 15" Monitor	9/22/98	\$172	\$57
HP DeskJet Printer	3/19/99	\$370	\$185
<b>TOTAL</b>		<b>\$8,431</b>	<b>\$414<sup>2</sup></b>

Assuming a useful life of 3 years for all equipment, only 4 of the missing pieces still have value. The total remaining value of the 4 missing pieces of equipment is about \$414.

Office of Management and Budget Circular A-110, subpart C paragraph 34(f)(2) – (4), and 34 CFR § 80.32(d) state that as a minimum grantees will meet, among others, the following requirements:

- ◆ Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the cost of the property,

<sup>1</sup> Value is based on a three-year useful life of equipment. According to its inventory records, during the period April 19, 1996, through May 1, 2000, the College purchased 707 pieces of equipment with \$798,379 in SI-HSI funds.

<sup>2</sup> Total purchase price and value does not include four stolen computers. For all four stolen computers, there were College security reports describing what was stolen and when it was stolen.

the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

- ◆ A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- ◆ A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

The College did not ensure it performed a physical inventory and reconciled the results with equipment records. The Title III Program Director said that when he first arrived in March 1998, he could not locate the equipment and cited a weak control system as the cause. While making an on-site visit, the Higher Education Programs' Regional Grants Representative noted that students were not using computers purchased with SI-HSI funds and some of the equipment was still in boxes. We performed a physical inventory of all the equipment purchased with SI-HSI funds, from April 19, 1996, through May 1, 2000, to ensure the College could account for the equipment and ensure it was located where the inventory records stated it should be located. Other than as described above, we found all equipment in the locations listed in the College's inventory records.

#### **Recommendation:**

We recommend that the Assistant Secretary for Higher Education Programs require the College to:

- 2.1 Perform a physical inventory of equipment and reconcile the results with equipment records at least every two years.

#### **Auditee Comments**

The College acknowledged its inability to account for the equipment. The College stated it has changed personnel responsible for tracking equipment purchased with grant funds and strengthened procedures related to equipment accountability.

### **OTHER MATTERS**

During the application process, the College submitted a comprehensive development plan. The plan contained the College's strategy for achieving growth and self-sufficiency by strengthening its academic programs, institutional management, and fiscal stability. The College listed two major activities to be achieved by the SI-HSI grant: Integrating Technology to Provide Coordinated Student Services (Activity 1) and Integrating Technology to Improve Learning Outcomes and Academic Programs (Activity 2). Under each activity, the College outlined the components it would implement during each year of the five-year grant period. Based on our discussion with the College's Title III Project Director, during the period October 1, 1998, through September 30, 1999, the College did not ensure it fulfilled component 2 of Activity 1 or

component 1 of Activity 2. For the period October 1, 1998, through September 30, 1999 (year 4), the College did not have its Language Lab fully implemented. This component of Activity 1 was designed to develop implementation strategies for "at risk" students. Also, the College was to start using a tracking information system/transfer, articulation, progress, and degree audit system. The College did not get the system underway until 1999-2000 (year 5), even though it was to use Title III funds from the first four years to fund the development of this system. This component of Activity 2 was designed to meet the critical goals identified in two key planning processes, the College's matriculation plan and information systems task force.

The College did not have sufficient controls to ensure it met all the components listed in its plan. The College did not have the information necessary to assess progress toward attaining the activities' objectives and evaluate the project's impact on the College. Without this information, the College could not report accurately to the Secretary in cases of problems, delays, or adverse conditions that could impair the College's ability to meet the objectives of the program.

We recommend that the Assistant Secretary for Postsecondary Education require the College to establish, for future grants, written policies and procedures to ensure it assesses the progress of the grant toward attaining project goals and evaluates the project's impact on the College. We also recommend that the Assistant Secretary for Postsecondary Education ensure the College implemented the activities that College officials stated they implemented during the 1999-2000 grant year.

## **BACKGROUND**

The SI-HSI program, authorized under Title III, Part A of the HEA of 1965, as amended (20 U.S.C. §§ 1057-1059b), provides grants to eligible institutions of higher education to improve their academic programs, institutional management, and fiscal stability to increase their self-sufficiency and strengthen their capacity to make a substantial contribution to the higher education resources of the nation. The SI-HSI program, funded at \$28 million for fiscal year 1999 and \$42.5 million for fiscal year 2000, assists eligible Hispanic-serving institutions of higher education to expand their capacity to serve Hispanic and low-income students. The U.S. Department of Education can award five-year development grants and one-year planning grants to institutions.

An institution may use the funds for scientific or laboratory equipment for educational purposes; renovation of instructional facilities; faculty development; funds and administrative management; development and improvement of academic programs; acquisition of equipment to strengthen funds management and academic programs; joint use of facilities; academic tutoring; counseling programs; and student support services. During the application process, an institution must submit a comprehensive development plan. The plan must contain the institution's strategy for achieving growth and self-sufficiency through strengthening its academic programs, institutional management, and fiscal stability. The comprehensive development plan must include: (1) an analysis of the strengths, weaknesses, and significant problems of the institution's academic programs, institutional management, and fiscal stability; (2) a description of goals for its academic programs, institutional management, and fiscal stability; (3)

measurable objectives related to each goal and timeframes for reaching each objective; and (4) methods and resources that will be used to institutionalize practices and improvements developed under the proposed project.

Pursuant to 34 CFR § 607.31, “(a) A grantee shall maintain its eligibility under the requirements in § 607.2, except for § 607.2(a) (1) and (2), for the duration of the grant period.” Title 34 CFR § 607.2(d)(2) states that an HSI “may receive a grant authorized under section 316 of the HEA if ... it provides assurances that — (i) When it applies for a grant, its enrollment of undergraduate full-time equivalent students is at least 25 percent Hispanic students, (ii) Not less than 50 percent of its Hispanic students are low-income individuals who are also first generation college students, and (iii) Another 25 percent of its Hispanic students are either low-income individuals or first generation college students.” An institution maintains its eligibility by making substantial progress toward achieving the objectives described in its comprehensive development plan.

The College is 1 of 7 colleges located within the city limits of Chicago in Community College District 508, known as the City Colleges of Chicago. The College was 1 of 76 schools participating in the SI-HSI program in fiscal year 1999. The U.S. Department of Education awarded the College a \$1,621,861 SI-HSI grant (84.031S) for a total of five years. For October 1, 1998, through September 30, 1999, the fourth year of the grant, the U.S. Department of Education disbursed \$340,857 to the College. In its comprehensive development plan for the fourth year, the College listed the measurable objectives that it wanted to accomplish, including 16 objectives for Integrating Technology to Provide Coordinated Student Services (Activity 1) and 3 components for Integrating Technology to Improve Learning Outcomes and Academic Programs (Activity 2).

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

The objective of our audit was to determine whether the College properly administered selected aspects of its SI-HSI program in accordance with Title III, Sections 311-316, of the HEA of 1965, as amended (20 U.S.C. §§ 1057-1059b); Title 34 CFR § 607; the Education Department General Administrative Regulations (34 CFR §§ 74, 75, 77, 79, and 80); and Office of Management and Budget Circulars A-21 and A-110. Specifically, we determined if the College (1) maintained documentation showing it completed the activities included in its comprehensive development plan, (2) properly accounted for SI-HSI funds, and (3) used SI-HSI funds in accordance with the requirements for this program. Our initial audit period was October 1, 1998, through September 30, 1999. Due to concerns about controls over equipment, we expanded our audit to include all equipment purchased from April 19, 1996, through May 1, 2000.

To accomplish our objective, we reviewed the most recent Office of Management and Budget Circular A-133 audit report; written policies and procedures over the SI-HSI program and accounting for SI-HSI funds; accounting and payroll records; purchase orders and cancelled checks for all expenses charged to the SI-HSI program during the initial audit period; the comprehensive development plan; and the Grant Performance Report. We also performed a physical inventory of all equipment purchased with Title III funds from April 19, 1996, through May 1, 2000, and interviewed various College employees.



During the audit, we relied on computer-processed data contained in the College's computerized accounting system and student records database. We chose not to assess the relevant system controls because doing so was not cost beneficial. Instead, we relied on tests of data for determining their suitability for use in meeting the audit's objective. Based on these tests, we concluded that the data were sufficiently reliable to be used in meeting the audit's objective.

We performed on-site field work at the College's administrative offices in Chicago, Illinois, between June 20, 2000, and August 11, 2000. We also performed work at the City Colleges of Chicago's administrative offices on July 21 and July 31, 2000. Our audit was performed in accordance with government auditing standards appropriate to the scope described above.

## **STATEMENT ON MANAGEMENT CONTROLS**

We did not assess the College's entire system of management controls because it was not significant to our specific audit objective. Instead, we reviewed written documentation of the system of management controls over the SI-HSI program and accounting for SI-HSI program funds. We performed our assessment to determine the level of risk that significant noncompliance with the law and regulations occurred and to determine the extensiveness of testing needed to accomplish the audit objective.

Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the College's system of management controls. However, our assessment disclosed management control weaknesses that affected the College's ability to comply with the SI-HSI requirements. The weaknesses included a failure to perform a physical inventory and reconcile the results with equipment records and inadequate controls to ensure the College met all the objectives, components, and activities stated in its comprehensive development plan. The weaknesses and their effects are discussed in the **Audit Results** and **Other Matters** sections of this report.

## **ADMINISTRATIVE MATTERS**

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Department action on the audit:

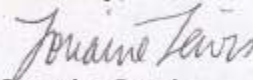
Maureen McLaughlin  
Office of Postsecondary Education  
U.S. Department of Education  
Room 7115  
1990 K Street, NW  
Washington D.C. 20006

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and the general public to the extent information contained therein is not subject to exemptions in the Act.

If you have any questions or wish to discuss the contents of this report, please contact Richard J. Dowd, Regional Inspector General for Audit, Chicago, Illinois, at 312-886-6503. Please refer to the audit control number in all correspondence relating to this report.

Sincerely,



Lorraine Lewis  
Inspector General

## ATTACHMENT



### Richard J. Daley College

One of the City Colleges of Chicago

**Dr. Mark D. Warden**  
Interim President

March 8, 2001

Mr. Richard J. Dowd  
Regional Inspector General for Audit  
U.S. Office of Education-Office of Inspector  
Suite 990  
111 N. Canal  
Chicago, Illinois 60606

Dear Mr. Dowd:

The following is the response by Richard J. Daley College to the federal draft audit report of the U.S. Department of Education's Institutional Development-Hispanic serving Institutions (HSI) Program. The audit report covers the period October 1, 1998 through September 30, 1999, the third year of the five-year grant awarded to Richard J. Daley College on September 11, 1995. Each of the three audit findings is cited followed by a response from the College.

#### **Finding #1**

"The College was ineligible to receive \$340,847 of SI-HIS funds during the audit period."

#### **Response to Audit Finding #1**

In support of its finding, the audit report states in the first paragraph of the report that **"during the audit period, the College did not maintain sufficient documentation substantiating that fifty percent or more of its Hispanic students were low income individuals who were also first generation students"**

It is the position of Richard J. Daley College that when this college or any college deemed eligible to apply for and receive a U.S. Department of Education Institutional Development multi-year grant under Title III/V of the Higher Education Act of 1965, as amended, the grantee institution maintains its program eligibility throughout the duration of the multi-year grant period. The Colleges position on this finding was validated and supported by staff research initiatives which included many conversations with title III/V

7500 South Pulaski Road, Chicago, Illinois 60652 • Phone (773) 838-7511 • Fax (773) 838-7985

U.S. Department of Education program personnel representing both the Region V Office in Chicago and Central Headquarters in Washington D.C.

It is unrealistic in our view and the views of Title III/V U.S. Department of Education's leadership to assume that student enrollment characteristics required by Title III/V to initiate eligibility will remain static from year to year. As a result of many factors, not the least of which is the ever changing economy, student enrollment characteristics such as full time equivalency (FTE), gender, race, etc. are unpredictable. It was not therefore, in neither our view, nor again the views of U.S. Department of Education Title III/V personnel the intent of the U.S. Congress in drafting the enacting legislation to expect a grantee institution to maintain Title III/V eligibility from year to year throughout the grantees designated grant period.

If Finding #1 were to be upheld, that decision would render the Title III/V Institutional Development program most unattractive to prospective grant applicants since a grantee institution would be at risk of having to return funds if program eligibility could not be sustained for each year of the approved multi-year grant period.

Finally please note, with respect to the auditors comment on the Colleges inability to surface documentation on first generation Hispanic students during the audit period (1998/1999), that the requirement to maintain that information was rescinded by the U.S. Department of Education in early 1998. Data therefore on "first generation" was not a criterion for program eligibility during the audit period.

#### **Finding #2**

"The College Did Not Achieve All Goals as Stated in its Comprehensive Development Plan for the Period, October 1, through September 30, 1999."

The audit report states under Finding #2 that in "**the two Title V Activities included in the narrative the College listed the Goals it wanted to achieve during each year of the five year grant period. Each Goal relates to Improving Academic Programs, Individual Management, or Fiscal Stability**". The statement continues, "**during the period, October 1, 1998, through September 30, 1999, the college did not**",

- (1) Make an effort to increase the college grant funds by \$4 million (Fiscal Stability).*
- (2) Establish a program to improve graduation requirements (Institutional Management).*
- (3) Develop grants for tangent areas (Fiscal Stability).*
- (4) Start the student support services area development (Academic Programs) and Institutional Management).*
- (5) Fully implement the Language Laboratory (Academic Programs) & (Institutional Management).*

**Response to Audit Finding #2.**

In reviewing the "Institutional Goals" listed on pages 55/56 at the completion of the Comprehensive Development Plan (CDP), the above-cited "Goals" are not included. Two of the "Goals" (1&3) are objectives stated in the Activity 1 section of the proposal. "Goal" 2 identified by the auditor, as not being achieved is an objective included among the other 54 objectives listed in the narrative. "Goal" 4 is no where to be found in the document and "Goal" #5, "Fully implement the Language Lab" in neither a program goal nor a program objective. Each of the auditor's citations in Finding #2 is reviewed below.

***(1) Make an effort to increase the College grant funds by \$4 million.***

In direct response to Goal #15 included in the CDP and Objective #1, former President Martinez, the President who authored and presided over Title III/V, employed a part-time grant writer in October, 1998. The grant writer's responsibility at the time of employment and currently is to access external funding from both the public and the private sectors. Since October 1998, the College has submitted over thirty applications to federal, state, and private sources of grants/gifts. The dollar amounts of these grant requests are far in excess of \$4 million dollars. The College is clearly putting forth an effort to secure additional funding in order to strengthen fiscal stability.

***(2) Establish a program to improve graduation requirements.***

Again, this "finding" was never identified as a goal of the project. It is not stated as a goal that evolved from the CPS or from Activity 1. However, concrete steps have been taken in response to the need to strengthen requirements for graduation. Under the leadership of Interim President Mark warden, and Vice President Holm, and in collaboration with the majority of faculty, curriculum has been modified in most disciplines resulting in stronger, more rigorous graduation requirements. Specific examples of these efforts include: (1) Requiring all students seeking a degree to earn a minimum of a 'C' grade in all courses required for a degree and (2) raising the course requirement for Accounting Courses and numerous Humanities Courses to four credit hours in order to insure that students devote more time in the classroom/lab and/or enrolling in advanced courses.

***(3) Develop grants for tangent areas.***

As stated under item #1, a grant writer was employed by the College in October 1998, in and effort to secure additional funding through grants and gifts. Most grant applications have focused on activities related to the goals and objectives of the Title III/V application with special attention to strengthening student support services. The College, therefore, has clearly been responsive to this "Goal" and the audit report finding, as in item #1, cited above, must be rendered inaccurate.

***(4 Start the student support services area development.***

After a thorough review of the Title III/V proposal narrative by members of my staff it was concluded that the above statement was not included in the proposal narrative. It is difficult therefore to know where the auditors surfaced this "objective".

***(5 Fully Implement the Language Lab.***

The only reference to the Language Lab to be found in the proposal is on page 127 of the narrative. However, the statement in reference to the Language Lab is not written as an objective or as a goal of the project. In addition, no funding has been earmarked in the application budget for a Language Lab or anything resembling a Language Lab. Although the development of a Language Lab was not a goal or an objective of the approved project, Daley College did install a computer-based Language Laboratory, without the use of Title III/V funds to support Spanish courses. The Lab is located in Room 3308 and initiated operations in September 1998. The laboratory is used for both faculty led instruction and as a support vehicle for independent learning skill building. It has become an important resource for a growing number of Daley students.

**Finding #3.**

"The College was unable to account for 14 pieces of Equipment Purchased with HSI Funds".

**Response to Audit Finding #3.**

The College acknowledges its inability to account for the equipment cited in the audit report. In order to insure that similar lapses do not occur in the future, the College has changed personnel responsible for tracking computer related equipment purchased with grant funds and has strengthened procedures related to equipment accountability.

**Conclusion**

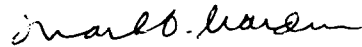
As stated above the college disagrees with the Audit Report Findings, 1 and 2. In fact the auditors never broached these findings on August 29, 2000 during their exit interview report to me and to members of my staff. Only finding number 3 was surfaced during that meeting. However, the College did benefit from both the process and the outcomes of the audit in the following ways:

- (1) The audit made very clear the dire need for a strong grants management procedure to become operative in the immediate future.
- (2) The College must implement immediately effective equipment accountability process that will allow for efficient and effective tracking of all grant purchased equipment.

- (3) Communication between college grant directors and grantor program staff must be strengthened during the period in which a grant is operative.
- (4) Grantor program staff must be invited regularly to the college to review projects for which they have oversight responsibility and to help guide project implementation.
- (5) College personnel selected to administer a grant must be thoroughly trained in effective grants management procedures.

Other initiatives will be added to this list as the need surfaces.

Sincerely,



Mark D. Warden, Ph.D  
Interim President

**REPORT DISTRIBUTION LIST**

**No. of  
Copies**

Auditee (Original)

**Action Official**

Maureen McLaughlin  
Office of Postsecondary Education  
U. S. Department of Education ..... 1

**Other ED Offices**

Terry Abbot, Chief of Staff..... 1

Director, Office of Public Affairs..... 1

Deputy Assistant Secretary for Higher Education Programs ..... 1

Director, Institutional Development and Undergraduate Education Service  
Higher Education Programs..... 1

Secretary's Regional Representative, Region V..... 1

Clark Chipman, Regional Grants Representative..... 1

**ED-OIG**

Inspector General..... 1

Deputy Inspector General ..... 1

Assistant Inspector General for Audit..... 1

Assistant Inspector General for Investigation ..... 1

Assistant Inspector General for Analysis and Inspection..... 1

Counsel to the Inspector General..... 1

Deputy Assistant Inspector General for Audit ..... 1

Director, State and Local Advisory and Assistance..... 1

Special Agent In Charge, Region V ..... 1

Regional Inspectors General for Audit..... 7

Region V Audit Office ..... 4