

October 26, 1999

Mr. J.D. Ross, President
Joliet Junior College
1215 Houbolt Road
Joliet, Illinois 60431-8938

Dear Mr. Ross:

Based on our survey work, we will not continue the audit of the Student Support Services (Support Services) program grant administered by Joliet Junior College (College). We did not identify any significant items requiring the attention of the U.S. Department of Education (ED). However, we did identify two instances of noncompliance and an opportunity for the College to strengthen management controls. Strengthening the management controls will help provide reasonable assurance that the College administers the Support Services program according to applicable laws and regulations. College officials should send us documentation to support all actions taken or propose alternative actions. During its next annual audit, the College should have its external auditor include specific steps to verify that it took corrective action. Please keep in mind that the work we performed is not a substitute for any required audits, and we may conduct further reviews of this area at some future date.

Our primary objective was to determine whether the College administered the Support Services program in accordance with laws and regulations applicable to the program. Specifically, we wanted to determine if, for the period September 1, 1997, through August 31, 1998, the College (1) properly accounted for and completely and accurately reported on the use of Support Services program funds, (2) only claimed expenses that were allowable and adequately supported, (3) claimed expenses that did not exceed the approved budgeted amounts, and (4) demonstrated that it provided only eligible services to the number of eligible students required under its agreement with ED.

To achieve our objective, we (1) interviewed College personnel; (2) gained an understanding of the College's management controls over requesting, accounting for, and using grant funds; determining the eligibility of services rendered; selecting program participants; and submitting required reports; (3) reviewed payroll costs for 2 pay periods and 10 non-payroll transactions; (4) reviewed evidence supporting the College's achievement of the grant objectives; and (5) reviewed 30 of 200 participants' files. We conducted our on-site field work at the College in Joliet, Illinois between July 12, 1999, and August 25, 1999.

Survey Results

As we informed the Support Services Project Director at our field exit on August 25, 1999, our survey work disclosed two instances of noncompliance and an opportunity for the College to strengthen its management controls. We provided the Project Director with written finding point sheets outlining these areas during our field exit.

1. Noncompliance with Regulations

Support Services made a \$500 advance payment to a consultant for a College concert. The College was to reimburse Support Services for the \$500. However, the College did not reimburse Support Services for the advance. Also, Support Services took three non Support Services participants on a College field trip. Support Services spent about \$296 for per diem and lodging costs for these three students.

Title 34 Code of Federal Regulations (34 CFR) 74.21(b)(3) states, in part, that a recipient's financial management systems shall provide for effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all assets and assure they are used solely for authorized purposes. Also, 34 CFR 646.32(a)(3) and (d)(3) state, in part, that a grantee may not serve any individual who is receiving the same services from another Federal TRIO program. Costs for special classes and events that would benefit Support Services students and participants in other programs for disadvantaged students must be proportionately divided among the benefitting projects. Using Support Services funds for College-wide activities and to provide services to students not enrolled in the program could result in the denial of service to eligible Support Services participants.

In her response to our point sheet, the Project Director stated that neither the College's accountant nor the business office notified her of the \$500 transaction at the end of the year. She stated that the College agrees to refund the \$500 to ED. The College should provide our office with documentation supporting the \$500 refund. The Project Director also agreed that Support Services took non Support Services participants on a field trip. According to the response, the College provided \$480 for transportation costs. The College agreed to follow our recommendation and ensure that for future trips and other activities participants are properly enrolled in the program. We disagree with the College's position that the \$480 it spent on transportation costs offsets the \$296 it spent on non-participants.

2. Noncompliance with Regulations and Improvement Opportunity

Our review of 30 of the 200 participants served by the College disclosed that 19 were new participants. The College classified 16 of the new participants as low-income and first generation. However, incomes and family sizes reported by 5 students showed incomes that exceeded the allowable low-income levels established by the TRIO programs. Title 34 CFR 646.32(a) (2) states, in part, that a grantee shall determine the low-income status of an individual from the documentation

described in section 402(A)(e) of the Higher Education Act. Family income levels established by the Federal TRIO Programs and contained in a listing titled “Federal TRIO Programs Annual Low-Income Levels” represent amounts equal to 150% of the family income levels established by U.S. Bureau of the Census for determining poverty. We recommend that the College use the Federal TRIO Programs Annual Low income levels when determining participants’ eligibility.

In response to our point sheet, the Project Director said she discussed our finding about determining low-income status with the ED Program Officer. She said the Program Officer indicated that it seemed reasonable that students receiving financial aid would be eligible for the TRIO program. The Program Officer also indicated that if the financial aid office issued financial aid for a student, that supported enrolling the student as low-income. The College agreed to follow our recommendation that it stop counting students whose incomes exceed the low-income thresholds as double qualifiers (low-income and first generation). In addition, the College agreed to verify that the incomes of new Support Services participants do not exceed the Federal TRIO Programs low-income levels. We believe that this will provide reasonable assurance that the incomes of students enrolled as low-income will not exceed the levels established by the TRIO program.

We appreciate the cooperation your entire staff showed us during our fieldwork. If you have any questions or wish to discuss the contents of this letter, please contact me at 312-886-6503 or Gary Whitman at 312-886-8658.

Sincerely,

Sincerely,



Richard J. Dowd
Regional Inspector General
for Audit - Region V

cc: Claudio R. Prieto, Acting Assistant Secretary for Postsecondary Education
Reginald Williams, Program Officer, Office of Postsecondary Education, Office of Federal TRIO Programs
Clark Chipman, Regional Grants Representative
Richard Rasa, Director, State and Local Advisory and Assistance