



The Maryland Higher Education Commission

Office of Student Financial Assistance

MHEC Independent Auditor Training

Agenda

- I. Purpose of the Audit
- II. Sampling Size Determination
- III. MDCAPS Accessibility
- IV. Overview of Howard P. Rawlings Educational Excellence Awards Programs
- V. Auditing Requirements
- VI. Overview: Calculating Campus-Based Educational Assistance Grant
- VII. Reporting Procedures
- VIII. Independent Audit Review Resources

Purpose of the Audit

The Maryland Higher Education Commission (MHEC) Office of Student Financial Assistance (OSFA) is responsible for maintaining the integrity of state grant/scholarship awarding and distribution at Maryland colleges and universities to students. Institutions are required to certify eligibility of state grant recipients prior to making awards.

To ensure the accuracy of this process, an annual independent audit known as the MHEC Independent Audit is to be conducted annually at each institution on awards granted to students who participate in the Howard P. Rawlings Educational Excellence Awards (EEA) Program which includes the **Educational Assistance (EA) Grant, Guaranteed Access (GA) Grant, and Campus Based Educational Assistance Grant (CBEAG)**.

Role of MHEC-OSFA

- OSFA identifies eligible initial and renewal EA and GA applicants who have completed their FAFSA annually by the Maryland state deadline of March 1;
- OSFA performs verification of all initial GA applicants and 25% of GA renewal applicants who have submitted all required documentation by April 1;
- OSFA makes awards to students who are eligible for the EA and GA program; and
- CBEAG funds are allocated to the institution, and the institution selects and awards eligible students.

Role of MHEC-OSFA

The institution is required to perform certain processes in MDCAPS which include but are not limited to:

- Reporting Institutional Student Information Record (ISIR) based on federal verification performed on selected EA recipients;
- Certify the eligibility of EA and GA recipients per semester in MDCAPS based on program eligibility requirements which include but are not limited to full-time enrollment, Maryland residency demonstrated by the student and parent (if dependent), degree-seeking status, and compliance of Satisfactory Academic Progress (SAP); and
- Updating MDCAPS of all CBEAG recipients awarded by the institution in a given year.

Role of the Institution

- The institution's Financial Aid Office is responsible for enforcing both the General Policies and the individual program requirements in accordance with Title 18 of the Education Article, Annotated Code of Maryland, and each program's guidelines and or regulations; and
- All institutions must follow the procedures outlined in the Financial Aid Officer's manual provided by MHEC on an annual basis as well as the Maryland College Aid Processing System (MDCAPS) Financial Aid Officer's User Manual, which is available from the "**Help**" link in MDCAPS.

Role of the Auditor

- The institution's designated auditor(s) must gain access to the Maryland College Aid Processing System (MDCAPS);
- The institution's designated auditor(s) must gain access to the institution's records for each student being reviewed; and
- The institution's designated auditor(s) must compare institutional records to the actual certification of each awarded student's eligibility in MDCAPS.

Role of the Auditor

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What is MDCAPS?

- The Maryland College Aid Processing System (MDCAPS) is the financial aid system that allows OSFA to process State scholarship applications and allocate funds to eligible applicants; and
- MDCAPS is utilized by students, institutions, legislators, and OSFA to determine and verify the final eligibility of state aid recipients.



Access to Maryland College Aid Processing System (MDCAPS)

- To utilize MDCAPS, the Auditor must obtain MDCAPS login information from OSFA;
- To obtain access, the Auditor must first complete the MDCAPS User Agreement and Contact Information Form;
- MHEC will notify the auditor(s) within 2 business days that access to MDCAPS has been granted; and
- MDCAPS access will be **view only** for the auditor reviewing each institution and access to MDCAPS will be limited to the duration of each specific audit.



Sample MDCAPS User Agreement

Complete and submit the below MDCAPS User Agreement form.

MDCAPS User Agreement
for Independent Auditor
Participation

_____ (“the Independent Auditor”) and _____ (the “Institution”) represent and agree that the Independent Auditor has been retained by the Institution to perform an independent audit (“Audit”) of the Institution’s state-based financial aid programs pursuant to Subtitle 8, Title 14B of the Code of Maryland Regulations (“COMAR”). The Independent Auditor agrees that the access to the online Maryland College Aid Processing System (“MDCAPS”) of the Maryland Higher Education Commission (“MHEC”), Office of Student Financial Assistance (“OSFA”), is subject to all of the terms and conditions of this MDCAPS User Agreement for Independent Auditor Participation (“User Agreement”).

Use of MDCAPS

The Independent Auditor shall:

- Follow all policies and procedures in the MHEC Independent Auditor Training Manual, a copy of which has been received by the Independent Auditor, and any other policies, procedures, and regulations adopted by MHEC/OSFA for administration of student financial assistance and use of MDCAPS, including but not limited to:
 - Following all requirements for reporting to MHEC;
 - Reviewing financial aid awarded to a student’s account, including the award amount, acceptance by the student, and payment to the Institution by MHEC; and
 - Protecting student privacy in accordance with the law;
- Participate in training regarding administration of student financial assistance and MDCAPS as may be requested by MHEC/OSFA or the Institution; and

Contact MHEC or the Institution’s chief financial aid officer if there are any questions about use of MD CAPS or about terms and conditions of program participation.

Administration

Office of Student Financial Assistance
www.mhec.maryland.gov

Contact Information Form

In addition to the MDCAPS User Agreement, each institution must complete the Contact Information form indicating the contact information of the Auditor(s) designated to perform the institutional audit.



Larry Hogan
Governor
Boyd K. Rutherford
Lt. Governor
Anwar Hassar
Chairperson
James D. Fielder, Jr., Ph. D.
Secretary

Office of Student Financial Assistance

State Aid Independent Audit Review

Contact Information

Institution: _____

Date(s) Audit Performed: _____

Name of Institutional Representative: _____

Phone Number: _____ Email: _____

Independent Auditor: _____

Name of Auditor's Representative: _____

Phone Number: _____ Email: _____

Name of Auditor's Representative: _____

Phone Number: _____ Email: _____

Additional pages may be used if more than two Auditor's Representatives have been authorized by the Institution.

Howard P. Rawlings Educational Excellence Awards Program: *An Overview*

Howard P. Rawlings Educational Excellence Awards (EEA) Program

The Howard P. Rawlings Educational Excellence Awards (EEA) programs include the following need-based grants:

- Educational Assistance Grant;
- Guaranteed Access Grant; and
- Campus Based Educational Assistance Grant (CBEAG).

Educational Assistance Grant

Program Requirements

The Howard P. Rawlings Educational Assistance (EA) Grant provides postsecondary financial assistance to eligible in-state students who are current high school seniors and/or students who will enroll as full-time, degree-seeking undergraduates at a Maryland college or university.

- FAFSA must be filed annually by March 1;
- All initial applicants are ranked by Expected Family Contribution (EFC); and
- An EA Grant is determined by student need as determined by OSFA.

Guaranteed Access Grant

Program Requirements

The Howard P. Rawlings Guaranteed Access (GA) Grant provides postsecondary financial assistance to eligible in-state students currently enrolled as high school seniors who:

- Have filed the FAFSA by March 1;
- Will complete a college preparatory program;
- Maintain High School GPA of 2.5;
- Meet annual income requirements determined by MHEC; and
- Submit all required GA documentation requested by MHEC by April 1 of each year.

Note: The amount of the GA Grant equals 100 percent of the student's financial need.

Campus Based Educational Assistance Grant

Program Requirements:

The Howard P. Rawlings Campus Based Educational Assistance Grant (CBEAG) provides postsecondary financial assistance to eligible in-state students who are:

- Current high school seniors and full-time, degree-seeking undergraduates;
- FAFSA must be filed **after March 1** each year; and
- A CBEAG award is determined by the institution.

Sampling Size Determination: The Process

Upon receiving access to MDCAPS the MHEC Compliance Officer will provide the Auditor with the following reports for the respective aid year applicable to the institution being audited:

1. The Sampling Size template;
2. A standard report of the total number of Guaranteed Access (GA) Grant recipients awarded/paid;
3. A standard report of the total number of Educational Assistance (EA) Grant recipients **selected** for verification by MHEC who were awarded/paid;
4. A standard report of the total number of Educational Assistance (EA) Grant recipients **not** selected for verification awarded/paid; and
5. A standard report of the total number of Campus Based Educational Assistance Grant (CBEAG) awarded.

Sampling Size Determination (cont'd)

How to Determine the Sample Sizes:

If population > 100 , use HYPGEOM.DIST formula

If population > 10 but < 100 , select 10% of total

If population $< \text{or} = 10$, select all records

Sampling Size Determination Worksheet

Below is the sample size worksheet that will be provided by MHEC to the Independent Auditors once they have obtained access to MDCAPS.

Academic Year	Program	Expected Error Rate	Tolerable Errors at 3% of Population	Population Size	Sample Size	Formula Results Based on Sample Size Input	<h2>2017-2018</h2>
		Always	Population				
2017-2018	EA	0	0			Since records are 100 or fewer, sampling is	
2017-2018	GA	0	0			Since records are 10 or fewer, sampling is	
2017-2018	CBEAG	0	0			Since records are 10 or fewer, sampling is	
Public 2-Year Community College							FY15 Sampling: EA 100% of Population Size of 0 GA 100% of Population Size of 0 CBEAG 100% of Population Size of 0 Total Sampling FY 18 = 0



Sampling Size Determination Worksheet cont'd

Enter the population sizes for each EEA Program noted on the report(s) provided by MHEC to the Auditor.

Academic Year	Program	Expected Error Rate Always	Tolerable Errors at 3% of Population	Population Size	Sample Size	Formula Results Based on Sample Size Input
2017-2018	EA	0	8	281		
2017-2018	GA	0	0	4		Since records are 10 or fewer, sampling is
2017-2018	CBEAG	0	0	28		Since records are 100 or fewer, sampling is

2017-2018

Public 2-Year Community College

FY15 Sampling:

EA per calculation =

GA 100% of Population Size of 4

CBEAG 10% of Population Size of 28

Total Sampling FY 18 = 0



Sampling Size Determination Worksheet cont'd

Enter an estimate of the sample size for the EA Program.

Academic Year	Program	Expected Error Rate Always	Tolerable Errors at 3% of Population	Population Size	Sample Size	Formula Results Based on Sample Size Input
2017-2018	EA	0	8	281	44	<p style="text-align: center;">2017-2018</p> <p>Since records are 10 or fewer, sampling is</p> <p>Since records are 100 or fewer, sampling is</p> <p>FY15 Sampling:</p> <p>EA per calculation =</p> <p>GA 100% of Population Size of 4</p> <p>CBEAG 10% of Population Size of 28</p> <p style="text-align: right;">Total Sampling FY 18 = 0</p>
2017-2018	GA	0	0	4		
2017-2018	CBEAG	0	0	28		

Public 2-Year Community College

Sampling Size Determination Worksheet cont'd

- Adjust the EA Program Sample Size to yield a Formula Result value that is less than or equal to 0.25; and
- The total Sample Size (the number of record to be reviewed) result will be displayed in the next cell to the right.

Academic Year	Program	Expected Error Rate	Population	Population Size	Sample Size	Formula Result	Sample Size Input	Sample Size Result
2017-2018	EA	0	8	281	45	0.242789258	45	45
2017-2018	GA	0	0	4				4
2017-2018	CBEAG	0	0	28				3

FY15 Sampling:

EA	per calculation =	45
GA	100% of Population Size of 4	4
CBEAG	10% of Population Size of 28	3
Total Sampling FY 18 =		52

Public 2-Year Community College

Sampling Size Determination Worksheet cont'd

Detailed results will be displayed in the next cells to the right.

Academic Year	Program	Expected Error Rate		Population Size	Sample Size	Formula	Results
		Always Set To	Tolerable Errors at 3% of Population				
2017-2018	EA	0	8	281	45	0.24279	45
2017-2018	GA	0	0	4			4
2017-2018	CBEAG	0	0	28			3

Public 2-Year Community College			
FY15 Sampling:			
EA	per calculation =		45
GA	100% of Population Size or 4		4
CBEAG	10% of Population Size of 28		3
Total Sampling FY 15 =			52

2017-2018

EA students selected for verification

(Sample Size) * .25 = Records selected for Verification

11 Records selected for Verification

34 Records NOT selected for Verification

Auditing Requirements

Institutional Policies

The review of student records by the auditor should be performed with a view toward ensuring that the institution has complied with its own stated policies regarding the following policy areas:

- RESIDENCY
- VERIFICATION
- SATISFACTORY ACADEMIC PROGRESS (SAP)
- STUDENT HOUSING

Auditing Requirements (cont'd)

The following areas of review and corresponding documents noted below (as applicable) must be reviewed by the independent auditor for each student record to ensure the institution properly confirmed the students' eligibility for the award:

- **RESIDENCY** (i.e. Admissions documentation, state license, or other documents used by the institution to determine Maryland residency)
- **DEGREE PROGRAM** (i.e. Academic transcript, class schedule, etc.)
- **ENROLLMENT STATUS** (Academic transcript, class schedule, add/drop slips, etc.)
- **SAP STATUS** (Academic transcript, SAP forms/appeals collected from the student by the institution)
- **VERIFICATION** (Documentation required for each V-group as outlined in Title IV regulation)

Auditing Requirements (cont'd)

- **HOUSING STATUS** (billing/housing statements, student leases, documentation from institution's Housing Office, etc.)
- **ISIR or STUDENT AID REPORT (SAR)** (Copy of ISIR or SAR upon which the student was paid the state award)
- **CAMPUS BASED EAG CALCULATIONS** (if institution awarded funds for that program)
- Any other documents relating to each student's enrollment including the school enrollment contract, records of disciplinary action, drop slips, etc.

Auditing Requirements (cont'd)

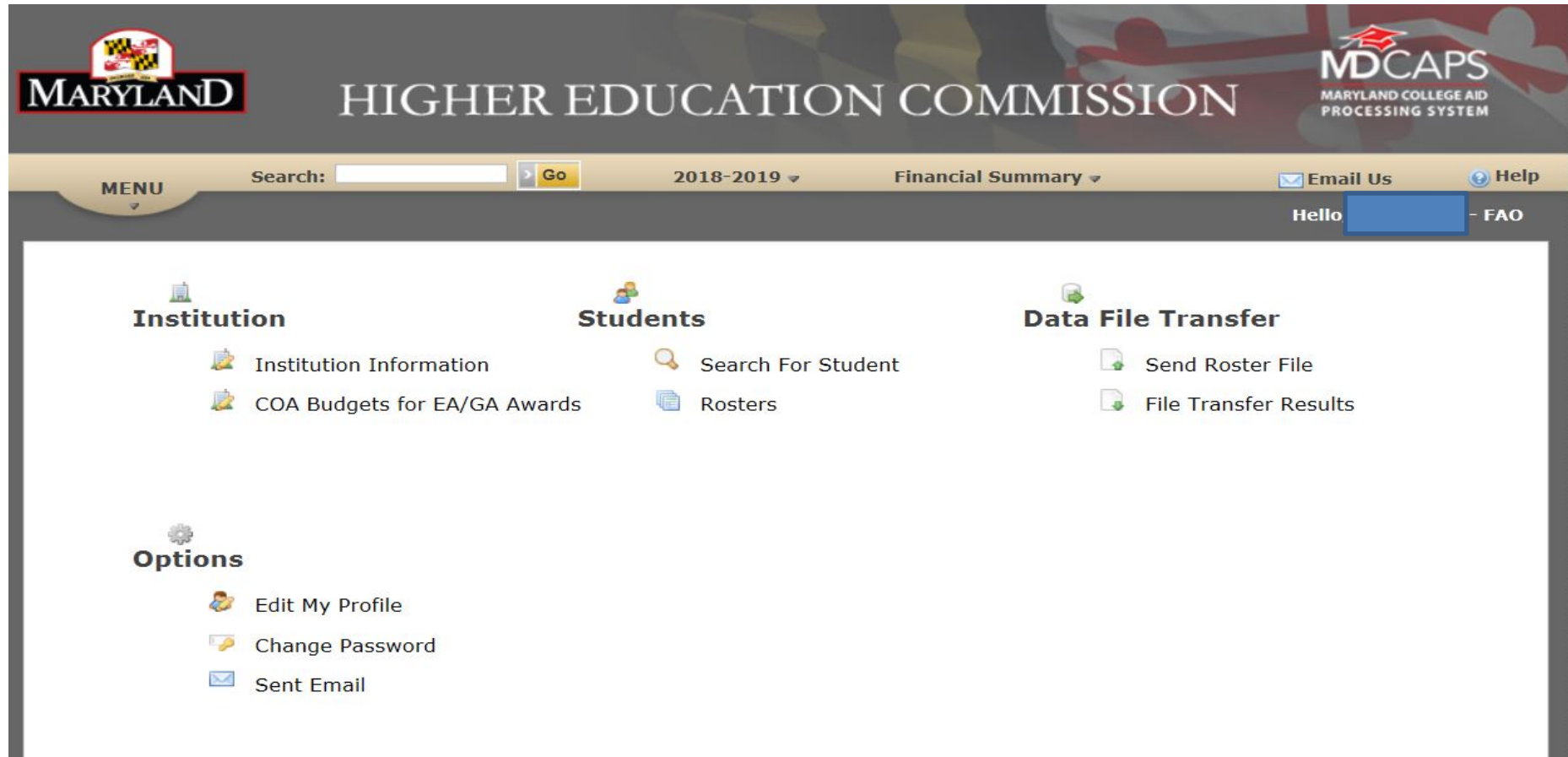
For more information on acceptable documentation that may be collected from the institution for auditing purposes, please reference the ***Independent Audit Review Manual***.

The below chart provides the page numbers which you may reference in the IAR manual:

Acceptable Documentation	IAR Manual Page Number
Residency	25-28
Degree Program	34
Enrollment Status	29-30
SAP Status	31
Verification	38-41
Housing	36-37
ISIR or SAR Reporting	41

Auditing Requirements (cont'd)

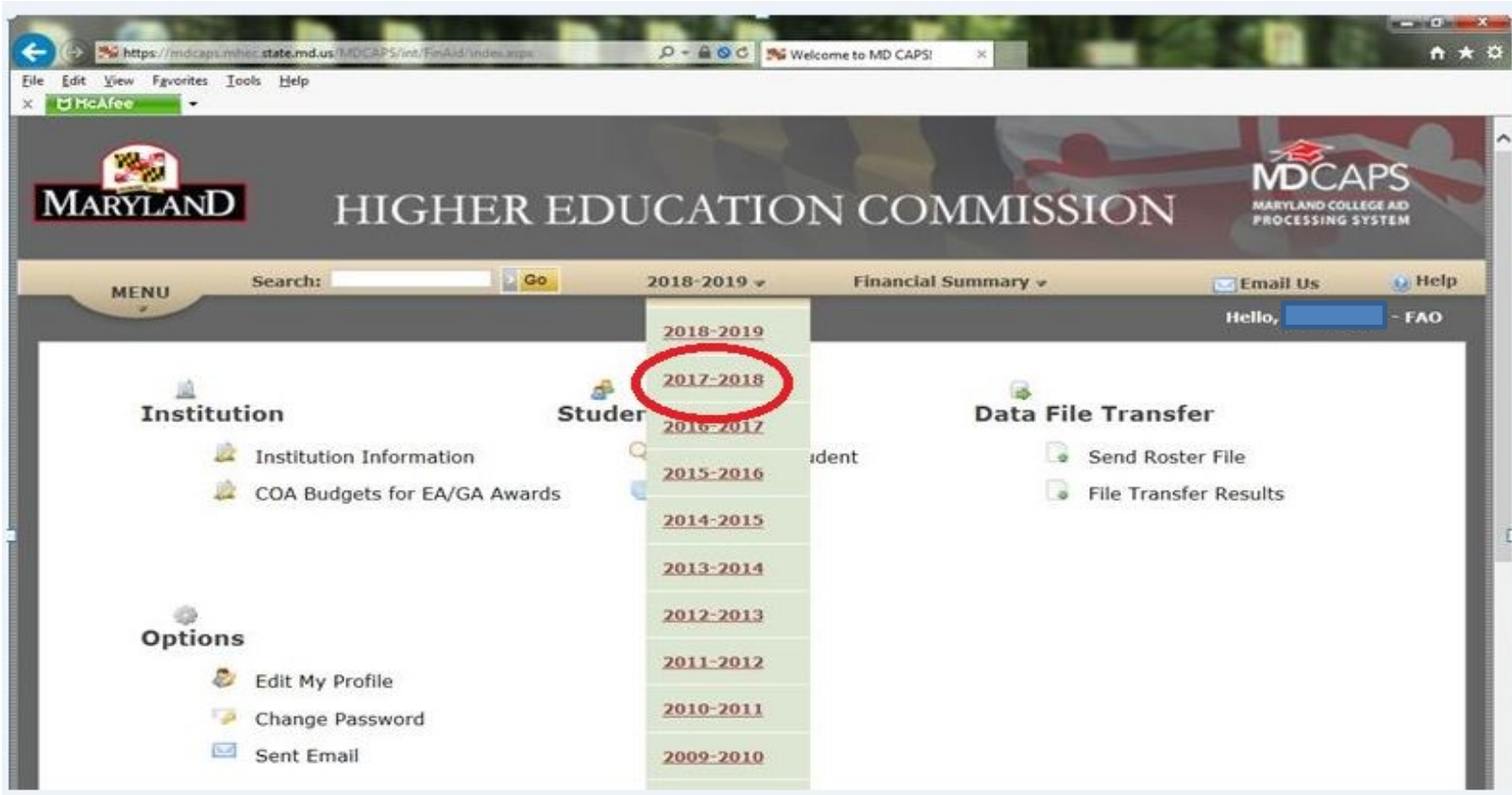
Below is a screenshot of the MDCAPS home screen once logged in:



The screenshot shows the MDCAPS (Maryland College Aid Processing System) home screen. At the top, there is a navigation bar with the Maryland logo, the text 'HIGHER EDUCATION COMMISSION', and the MDCAPS logo. Below this is a search bar with a 'Go' button, and navigation links for '2018-2019', 'Financial Summary', 'Email Us', and 'Help'. A user greeting 'Hello [redacted] - FAO' is visible on the right. The main content area is divided into three columns: 'Institution' with links for 'Institution Information' and 'COA Budgets for EA/GA Awards'; 'Students' with links for 'Search For Student' and 'Rosters'; and 'Data File Transfer' with links for 'Send Roster File' and 'File Transfer Results'. A fourth section, 'Options', is located at the bottom left and includes links for 'Edit My Profile', 'Change Password', and 'Sent Email'.

Auditing Requirements (cont'd)

Click on the 2018-2019 year down arrow and select the 2017-2018 year to ensure you are reviewing records from the correct year.





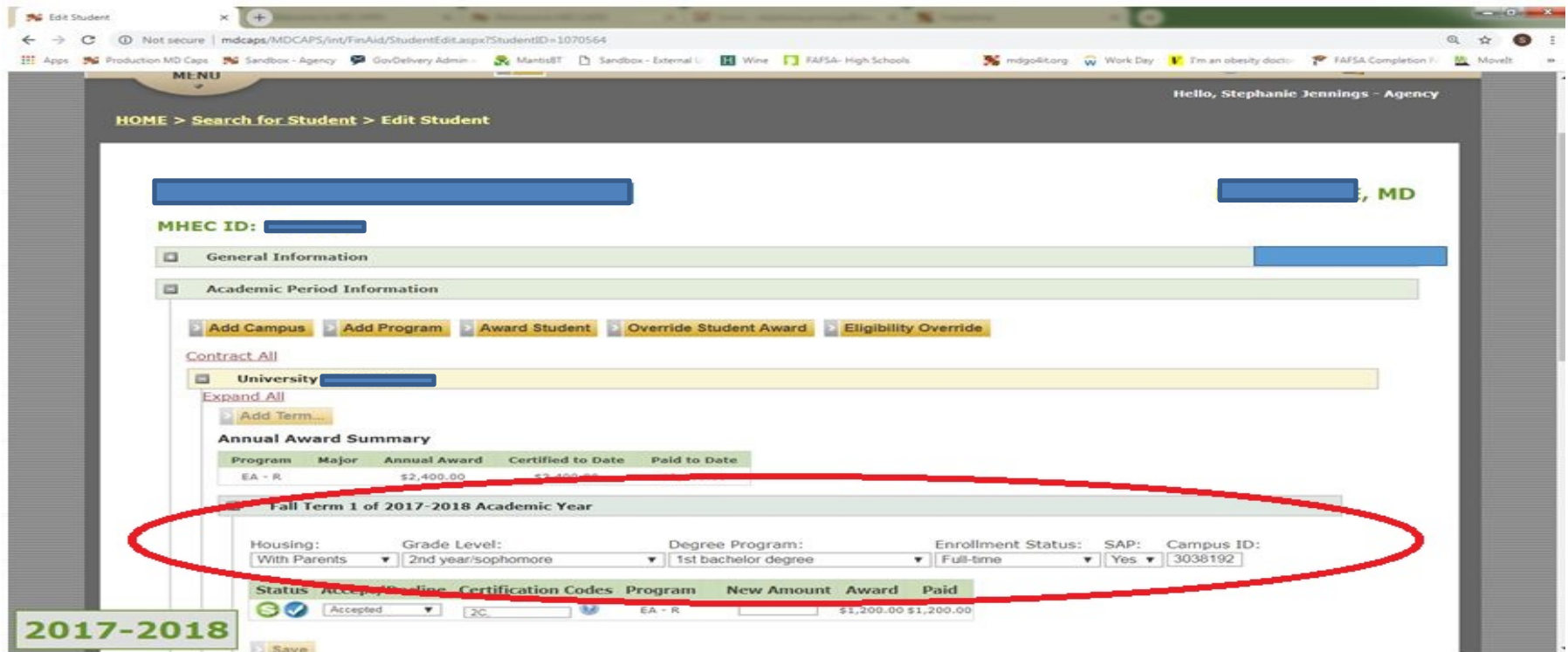
Auditing Requirements (cont'd)

After selecting the correct academic year, enter the student's MHEC ID number as noted on the spreadsheet, and hit the GO button or the Enter key on your keyboard.

The screenshot shows the MDCAPS website interface. At the top left is the Maryland Higher Education Commission logo. To the right is the MDCAPS logo with the text "MARYLAND COLLEGE AID PROCESSING SYSTEM". Below the header is a navigation bar with a "MENU" button, a search bar with a "Go" button, a dropdown menu for "2017-2018", a dropdown menu for "Financial Summary", an "Email Us" button, and a "Help" button. The search bar is highlighted with a red circle. Below the navigation bar is a user greeting "Hello, [redacted] - FAO". The main content area is divided into three columns: "Institution" with links for "Institution Information" and "COA Budgets for EA/GA Awards"; "Students" with links for "Search For Student" and "Rosters"; and "Data File Transfer" with links for "Send Roster File" and "File Transfer Results".

Auditing Requirements (cont'd)

Next, go to the Academic Period Information section and review the certification information for each term (Fall & Spring).



HOME > Search for Student > Edit Student

General Information

Academic Period Information

Add Campus Add Program Award Student Override Student Award Eligibility Override

Contract All

University

Expand All

Add Term...

Annual Award Summary

Program	Major	Annual Award	Certified to Date	Paid to Date
EA - R		\$2,400.00	\$2,400.00	

Fall Term 1 of 2017-2018 Academic Year

Housing: With Parents Grade Level: 2nd year/sophomore Degree Program: 1st bachelor degree Enrollment Status: Full-time SAP: Yes Campus ID: 3038192

Status	Accepted	Online	Certification Codes	Program	New Amount	Award	Paid
Accepted	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2C	EA - R		\$1,200.00	\$1,200.00

2017-2018

Save

Auditing Requirements (cont'd)

Housing Certification Requirements:

- The housing status for students must be updated in MDCAPS to reflect the student's housing as determined by the institution's policy
- MHEC defines a student's housing in one of the following ways:
 - **On Campus**- residing in on campus housing where charges are directly applied by the institution;
 - **Off Campus**- residing in off campus housing, not with a parent; and
 - **With Parent**- residing off campus with a parent.
- Schools are required to certify the housing status for each student receiving a State award(s). For more information on acceptable documentation that may be collected to verify the housing status of each student, refer to **page 36-37** of the IAR manual.

Fall Term 1 of 2016-2017 Academic Year

Housing: **On Campus**
 Grade Level: 2nd year/sophomore
 Degree Program: 1st bachelor degree
 Enrollment Status: Full-time
 SAP: Yes
 Campus ID:

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
	Accepted	2C,	EA - R		\$1,500.00	\$0.00
	Accepted	2C,	Senatorial 36 Renewal		\$300.00	\$300.00

Auditing Requirements (cont'd)

Grade Level Certification Requirements:

The grade level should be certified as determined by the institution's policy.

Fall Term 1 of 2016-2017 Academic Year

Housing: Grade Level: Degree Program: Enrollment Status: SAP: Campus ID:

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
	<input type="text" value="Accepted"/>	<input type="text" value="2C"/>	EA - R	<input type="text"/>	\$1,500.00	\$0.00
	<input type="text" value="Accepted"/>	<input type="text" value="2C"/>	Senatorial <input type="checkbox"/> Renewal	<input type="text"/>	\$300.00	\$300.00







Auditing Requirements (cont'd)

Degree Program Certification Requirements:

The degree program should be certified based on the degree status of the student at the time of certification.

Fall Term 1 of 2016-2017 Academic Year

Housing: On Campus ▾ Grade Level: 2nd year/sophomore ▾ **Degree Program: 1st bachelor degree ▾** Enrollment Status: Full-time ▾ SAP: Yes ▾ Campus ID:

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
 	Accepted ▾	2C, 	EA - R	<input type="text"/>	\$1,500.00	\$0.00
 	Accepted ▾	2C, 	Senatorial 36 Renewal	<input type="text"/>	\$300.00	\$300.00

Auditing Requirements (cont'd)

Enrollment Status Certification Requirements:

Fall Term 1 of 2016-2017 Academic Year

Housing: Grade Level: Degree Program: Enrollment Status: SAP: Campus ID:

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
	<input type="text" value="Accepted"/>	<input type="text" value="2C"/>	EA - R	<input type="text"/>	\$1,500.00	\$0.00
	<input type="text" value="Accepted"/>	<input type="text" value="2C"/>	Senatorial 36 Renewal	<input type="text"/>	\$300.00	\$300.00

Note: MHEC awards and disburses scholarships on a semester basis. Therefore, if an institution follows a trimester/quarter calendar it must determine the appropriate distribution of awards according to the established Billing Roster cycles.

Auditing Requirements (cont'd)

Enrollment Status Certification Requirements:

The enrollment status should be certified at the time that the student's eligibility can be confirmed.

- MHEC defines a student's enrollment in one of the following ways:

	Undergraduate Students	Graduate Students
Full-time	12+	9
Three-quarter time	9-11	N/A
Half-time	6-8	6-8
Less than half-time	<6	<6

Auditing Requirements (cont'd)

Enrollment Status Certification Requirements:

- A student may appeal for less than Full-time enrollment and qualify for a prorated award under certain circumstances;
- If enrolled in a qualifying program which requires clinical training, as documented by the institution (e.g. Nursing); or
- Other special circumstances, (e.g. documented disability), as approved by OSFA.

Auditing Requirements (cont'd)

Enrollment Status Certification Requirements for less than 12 credits (if appeal was approved by OSFA):

Annual Award Summary

Program	Major	Annual Award	Certified to Date	Paid to Date
EA - R		\$1,675.00	\$1,675.00	\$1,675.00

Fall Term 1 of 2017-2018 Academic Year

Housing: Grade Level: Degree Program: Enrollment Status: SAP: Camp ID:

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
	<input type="text" value="Accepted"/>	<input type="text" value="2C"/>	EA - R		\$950.00	\$950.00

Save

Spring Term 2 of 2017-2018 Academic Year

Housing: Grade Level: Degree Program: Enrollment Status: SAP: Camp ID:

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
	<input type="text" value="Accepted"/>	<input type="text" value="2C"/>	EA - R		\$725.00	\$725.00

Note: Confirm that prorated award amount is displayed as **Award**.

Auditing Requirements (cont'd)

SAP Certification Requirements:

SAP should be certified as determined by federal regulations in accordance with the institution's policy.

☰ **Fall Term 1 of 2016-2017 Academic Year**

Housing:	Grade Level:	Degree Program:	Enrollment Status:	SAP:	Campus ID:
On Campus ▼	2nd year/sophomore ▼	1st bachelor degree ▼	Full-time ▼	Yes ▼	

Status	Accept/Decline	Certification Codes	Program	New Amount	Award	Paid
	Accepted ▼	2C,	EA - R	<input type="text"/>	\$1,500.00	\$0.00
	Accepted ▼	2C,	Senatorial 36 Renewal	<input type="text"/>	\$300.00	\$300.00

Auditing Requirements (cont'd)

Proper Usage of Certification Codes

Institutions are required to report the appropriate certification codes in MDCAPS in each student record.

- System Assigned cancellation codes are automatically applied to the student's record once the institution has properly updated the student's Housing, Grade Level, Degree Program, Enrollment Status and SAP.
- To certify or cancel an award for any other reason, the institution must enter the appropriate code(s) into the certification box or click the for a full listing of all cancellation codes.

Certification Codes

Auditing Requirements (cont'd)

Examples of Certification Codes

Certification Codes✕

Add codes separated by commas, or select from the list below and click [add codes]; to just add one code, you may double click it.

2C - ELIGIBLE CERTIFIED

- XX - CANCELED
- CA - CANCELED - GRADUATED FROM PROGRAM
- CB - CANCELED - NO PROMISSORY NOTE RECEIVED
- CE - CANCELED - UNDELIVERABLE MAIL
- CF - CANCELED - ACADEMICALLY INELIGIBLE
- CG - CANCELED - GRADUATE STUDENT
- CH - CANCELED - NO RESPONSE FROM STUDENT
- CJ - CANCELED - ATTENDING INELIGIBLE INSTITUTION
- CK - CANCELED - BELOW CREDITS
- CL - CANCELED - LOAN DEFAULT
- CM - CANCELED - NOT IN DEGREE PROGRAM
- CR - CANCELED - NOT MARYLAND RESIDENT
- CT - CANCELED - FOR OTHER SCHOLARSHIP
- CU - CANCELED - FAILED UNIQUE MAJOR
- CV - CANCELED - NO RESPONSE TO VERIFICATION
- CX - CANCELED - NOT ENROLLED
- CZ - CANCELED - ACADEMICALLY DISMISSED
- MC - CANCELED - MAJOR CHANGED
- YC - CANCELED - CITIZENSHIP STATUS
- YD - CANCELED - DRUG CONVICTION

>**Add Code(s)**

Audit Review Requirements (cont'd)

Institutions are required to report ISIR information in MDCAPS for EA recipients under the following circumstances:

- If a student was an on-time applicant and selected for verification;
- OR***
- If a student was not selected for verification and was an on-time applicant and there is an increase or decrease in the student's EFC (Estimated Family Contribution).

**** Note all institutions must update the Institutional line in MDCAPS for students selected for verification regardless if the EFC changes.***

Auditing Requirements (cont'd)

ISIR (FAFSA) information:

The ISIR data should be reviewed as follows:

FAFSA Information and Verification Status		Receipt Date: 1/29/2018			
FAFSA Application Receipt Date: 1/29/2018					
	Dependency	ISIR Transaction No.	EFC	Verification Status	Comment
ISIR	Independent		510	Selected	
Institution				Verified:	
MHEC		No Override			
Pell Grant in OSFA Need Calculation		Yes	Override	No Override	



Overview: Calculating Campus-Based Educational Assistance Grant

Campus Based Educational Assistance Grant

- The CBEAG program is a decentralized program, whereby institutions are allocated funds by MHEC and institutions then make award determinations at the campus level; and
- Auditors are required to review and determine the institution's accuracy in calculating CBEAG award amounts.

Campus Based Educational Assistance Grant

Since the CBEAG program is decentralized, the institutions make the awards to eligible students.

Auditors are required to review and determine the institution's accuracy in calculating CBEAG award amounts.

When determining award eligibility of the Campus Based Educational Assistance Grant program (CBEAG), institutions must use the following formula:

OSFA Cost of Attendance

- EFC

+/- COLA adjustment

- Pell Grant Award

- Other awards (if listed below)

= OSFA Adjusted Need

Campus Based EAG (cont'd)

- The Cost of Attendance (COA) is the cost of attendance reported by institutions into MDCAPS for the given academic year; and
- The COA to be used when calculating a Campus Based EAG award should not be adjusted to reflect recent adjustments in tuition and fees. The COA budgets can be found in MDCAPS under the **INSTITUTION** menu.

EFC: The student's expected family contribution, as determined by the FAFSA.

Campus Based EAG (cont'd)

The **Cost of Living Adjustment (COLA)** is used for the CBEAG program to adjust for variable costs associated with the student's area of residence, as described below:

COLA adjustment derived by: $EFC \times \text{adjustment factor} = \text{COLA}$. The result is added to the calculation, as listed above. However, when/if the adjustment factor percent is below 1.00 (e.g.: 0.96), then the auditor would subtract the COLA from the calculation. For the 2017-2018 academic year, all adjustment factors are above 1.00.

- when the first three digits of the zip code is greater than 209 but less than 217, the Baltimore adjustment is used: **1.05**
- when the first three digits of the zip code is greater than 199 but less than 210, the Washington adjustment is used: **1.17**
- all other zip codes use the "other" adjustment: **1.03**

Multiply EFC x adjustment factor. The EFC should then be subtracted from the result. That is the COLA figure that will be used in the calculation of need. For example, an EFC of 4,000 x 1.05 factor would result in a figure of 4200. The difference between the new figure and the EFC is 200. **This is your COLA figure.**

Campus Based EAG (cont'd)

Pell: The Pell Award that the student is receiving.

The student **MUST BE RECEIVING** a Pell Grant award in order to be considered for a Campus Based EAG award.

Other Awards are: The Maryland Workforce Shortage Student Assistance Grant. When calculating a Campus Based EAG award, this award must be deducted from the student's COA when determining the student's adjusted need. You only need to subtract this award for the **2017-2018** academic year. You would not deduct SEOG, FWS, Perkins, or other State funds when determining a student's eligibility for Campus-Based EAG.

OSFA Adjusted Need: This is the amount of need that you will use when determining a student's Campus Based EAG award.

Percent of Need: **2017-2018 academic year**: the type of institution the student attends will determine the percent of need. The percent of need for 2- and 4-year independent and 4-year public institutions is **40%**. The percent of need for 2-year public institutions (community colleges) is **60%**.

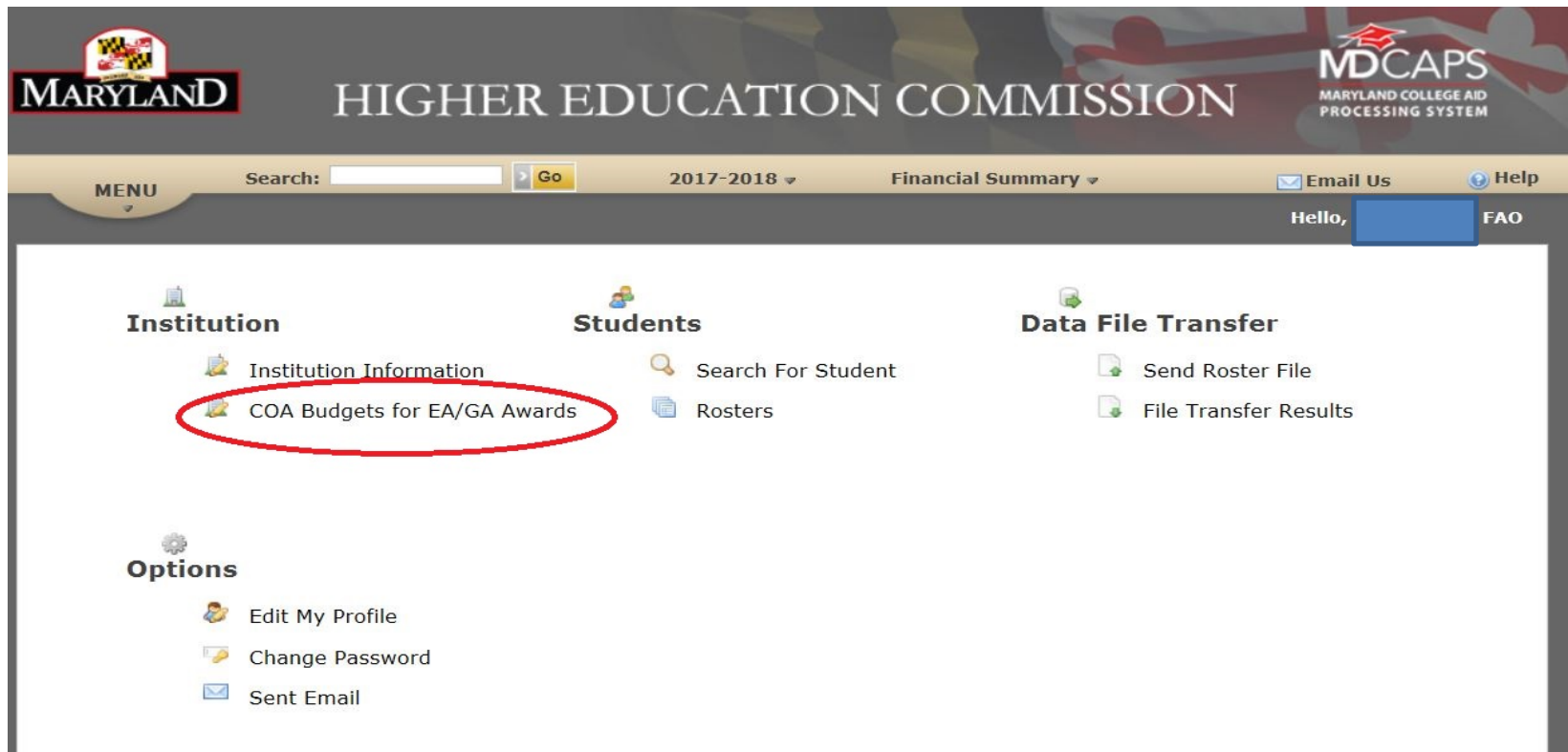
Campus Based EAG (cont'd)

Percent of Need: 2017-2018 academic year:

- The type of institution the student attends will determine the percent of need; and
- The percent of need for 2- and 4-year independent and 4-year public institutions is **40%**. The percent of need for 2-year public institutions (community colleges) is **60%**.

OSFA Cost of Attendance

The institution's OSFA Cost of Attendance is to be used as the basis for determining a student's need and CBEAG award eligibility.



MARYLAND HIGHER EDUCATION COMMISSION MDCAPS MARYLAND COLLEGE AID PROCESSING SYSTEM

MENU Search: Go 2017-2018 Financial Summary Email Us Help

Hello, FAO

- Institution**
 - Institution Information
 - COA Budgets for EA/GA Awards**
- Students**
 - Search For Student
 - Rosters
- Data File Transfer**
 - Send Roster File
 - File Transfer Results
- Options**
 - Edit My Profile
 - Change Password
 - Sent Email

OSFA Cost of Attendance (cont'd)

The Auditor should access the COA Budgets for EA/GA Awards screen to view the results for the specific institution (example below); and

The Auditor must calculate the student's CBEAG eligibility using the Cost of Attendance associated with the student's housing status.

[HOME](#) > COA Budgets for EA/GA Awards

	With Parents	On Campus	Off Campus
Tuition and Mandatory Fees	\$5,118.00	\$5,118.00	\$5,118.00
Room and Board	\$0.00	\$0.00	\$0.00
OSFA Allowance	\$3,200.00	\$3,200.00	\$5,100.00
OSFA Cost of Attendance	\$8,318.00	\$8,318.00	\$10,218.00

Campus Based EAG (cont'd)

Numerical example:

	COA	10,218
-	EFC	- 4,000
+	COLA Adjustment Figure	+ 200
-	Pell Grant	- 1970
-	Other Scholarships (i.e. WSSAG)	- 3,000
=	OSFA Adjusted Need	1,448

Multiply 1,448 by 60% (if a 2-Year institution), and the student would get an award of \$900 (rounded up from 868).

Note: The award amount is rounded to the nearest \$100



Campus Based EAG Calculator

Below is a sample spreadsheet that may be used to calculate CBEAG eligibility:

CBEAG Calculation for 2 & 4 Year Independent and 4 Year Public Insitutions								
OSFA COA	- EFC	+ COLA	- Pell	- Other OSFA awards	= OSFA adjusted need	OSFA Need X .40	Correct CB/EAG Award Amount	ISIR date
14,010	646	19	5,270	0	8,113	3,245	3,000	6/23/2017
*ISIR DATE MUST BE AFTER MARCH 1								
CBEAG Calculation for 2 Year Public Insitutions (Community Colleges)								
OSFA COA	- EFC	+ COLA	- Pell	- Other OSFA awards	= OSFA adjusted need	OSFA Need X .60	Correct CB/EAG Award Amount	ISIR date
10,218	4,000	200	1,970	3,000	1,448	869	900	3/5/2017
*ISIR DATE MUST BE AFTER MARCH 1								

Campus Based EAG Calculator (cont'd)

Remember...

- The OSFA need is rounded to the nearest \$100 to obtain the “Correct CBEAG award amount”;
- The “Correct CBEAG award amount” may not exceed \$3,000 or be less than \$400; and
- The ISIR date must be after March 1.

CBEAG Last Dollar Award

- If the Institution's CBEAG allocation was at **“last dollar”**, then the award amount made to the student may be less than their calculated amount of eligibility;
- **“Last dollar”** means that the institution's allocation had been exhausted to the extent that an eligible student could not be awarded the full amount for which they would otherwise have been eligible; and
- With the exception of the award being **“last dollar”** there should be no other circumstance in which a student is not awarded their full eligibility in CBEAG.

Completion of the Independent Audit Review

The Auditor shall send a final audit report to MHEC, to include:

- Itemization of any findings;
- The institution's responses to any findings; and
- The institution's corrective plans for any findings.



Audit Reporting Procedures

Audit Reporting

- Upon completion of the audit review, the Auditor will send a final audit report to MHEC of all areas reviewed;
- The Auditor will utilize data provided during each Audit to generate the formal audit report;
- This report is to be sent to MHEC for final review by June 1 each year to ensure accuracy of reporting; and
- Reports should be sent to the attention of:
Robert Magee, OSFA Compliance Officer
6 N. Liberty St.
Baltimore, MD 21201

Note: Additional information regarding reporting requirements may be found on page 10 of the Independent Audit Review Manual.

Reporting Procedures

- Within 45 days of receipt of the final audit report, MHEC will send a memo to the institution verifying whether financial reimbursements (return of funds) are due back to MHEC as a result of findings identified during the audit. MHEC will notify the institution should no return of funds be assessed;
- Institutions that must remit payment based upon findings cited will be notified by MHEC of the procedures and deadlines associated with the payment process; and
- FAOs will be responsible for adjusting all student records in MDCAPS that have been assessed as a finding and resulted in payment remittance. MHEC will notify each institution as to the time and date that the adjustments are to occur.

Independent Audit Review Resources

- As of June 11, 2018 the EEA Audit Regulations were approved by the Commission for Publication and are accessible online through COMAR at <http://www.dsd.state.md.us/COMAR/ComarHome.html>;
- The Independent Audit Review Manual has been distributed to all applicable institutions; and
- Any inquiries regarding the Independent Audit process may be sent to osfacompliance.mhec@maryland.gov.

Questions

