

**2018 ADDENDUM FOR
HAWAI'I COMMUNITY COLLEGE
INSTITUTIONAL SELF-EVALUATION REPORT
(Policy on Institutional Compliance with Title IV)**

This addendum is intended to provide additional updated information relevant to the specific section pertaining to the *Policy on Institutional Compliance with Title IV* noted on page 58 of Hawai'i Community College's Institutional Self-Evaluation Report (ISER). Highlighted below in purple is an updated narrative for this section along with cited evidence.

Policy on Institutional Compliance with Title IV

The institution has addressed any issues raised by the USDE as to financial responsibility requirements, program record-keeping, etc. If issues were not timely addressed, the institution demonstrates it has the fiscal and administrative capacity to timely address issues in the future and to retain compliance with Title IV program requirements.

No issues were raised by the USDE since the 2012 ISER up until the UH State of Hawai'i Financial and Compliance Audit (June 30, 2016). In the most recent audit (June 30, 2017), instances of noncompliance were noted in section 3, pages 27-28 (pp. 32-33 out of 130). The College provided a response along with a corrective action plan outlined in section 5, page 4 (p. 45 out of 130). In addition, a Corrective Action Plan Update (April 11, 2018) reaffirms that the College took corrective actions to be in compliance with this policy.

Documentation

- [Single Audit \(6/30/2017\)](#)
- [Corrective Action Plan Update \(April 11, 2018\)](#)

**University of Hawai'i
 State of Hawai'i
 Schedule of Findings and Questioned Costs
 Student Financial Assistance Cluster
 Hawai'i Community College
 Year Ended June 30, 2017**

**Questioned
 Costs**

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Finding No. 2017-004: Financial Aid Administration – Control Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.268 – Federal Direct Student Loans

Condition

During our audit, we noted the following instances of noncompliance:

- For 1 out of 3 months selected for testing, the institution did not have evidence that they were transmitting and reconciling borrower data. As such, the institution failed to perform the reconciliation between institutional records and direct loan disbursements records.
- For 14 out of 15 students selected for testing, the institution failed to provide exit counseling to borrowers within a timely manner.

Criteria

Title 34, Section 685.30(b)(5) of the CFR requires the institution to reconcile institutional records with direct loan funds received from the Secretary and direct loans disbursement records submitted to and accepted by the Secretary on a monthly basis.

Title 34, Section 685.304 of the CFR states that an institution must ensure that exit counseling is conducted with each Direct Subsidized Loan or Director Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the institution. If a borrower withdraws from the institution without the institution's prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required.

Cause

The application of an inappropriate filter applied to a report extracted from the Banner system resulted in the improper inclusion of transactions from the report utilized in the reconciliation process.

The institution was unable to perform exit counseling for borrowers in a timely manner due to staffing constraints within the financial aid office and general oversight of the applicable compliance requirements by the remaining individuals within the financial aid office.

**University of Hawai'i
State of Hawai'i
Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Hawai'i Community College
Year Ended June 30, 2017**

Effect

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

Context

A sample of three monthly reconciliations were selected for audit from a population of 12 monthly reconciliations. Our test found one monthly reconciliation that was not performed properly. Our sample was a statistically valid sample.

A sample of 15 exit counseling sessions conducted with borrowers were selected for audit from a population of 174 exit counseling sessions conducted with borrowers. Our test found 14 exit counseling sessions conducted with borrowers that were not performed timely. Our sample was a statistically valid sample.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the institution perform the following to ensure compliance with Federal requirements:

- Reconcile borrower information on a monthly basis and retain records.
- Provide timely exit counseling to borrowers.

Views of Responsible Officials and Planned Corrective Actions

Refer to Section 5 – Corrective Action Plan (Unaudited) for the University's response to the identified instance of noncompliance.

**Corrective Action Plan Related to the Schedule of Findings and Questioned Costs
Student Financial Assistance Cluster
Hawai'i Community College
Year Ended June 30, 2017**

Finding No. 2017-004: **Financial Aid Administration – Control Deficiency**

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.268 - Federal Direct Loans

Responsible Individual: Shawn (Kaleo) Domingo, Financial Aid Manager

Date Action Taken: June 26, 2017

Since coming on board in late June of 2017, a Standard Operating Procedure (SOP) has been developed, which outlines the reconciliation process, to ensure that a monthly reconciliation is completed and in compliance every month.

Documentation of the reconciliation has also been moved from a paper system to an electronic one to ensure that all documentation can be found easily and efficiently for auditing purposes.

A monthly loan reconciliation has been completed on a monthly basis since coming on board and is up to date, balanced, and accurate.

Date Action Taken: July 1, 2017

Action has been taken to ensure that the following findings have been addressed;

- Reconcile borrower information on a monthly basis and retain records.
- Provide exit counseling to borrowers timely.

A monthly reconciliation process and Standard Operating Procedure (SOP) have been put in place to ensure timely reporting of all loan records between the institution and Common Origination and Disbursement (COD). This SOP is followed and conducted by the Financial Aid Manager, Shawn (Kaleo) Domingo, every month.

A Discoverer report is now run weekly to monitor all students that either Drop below half time, graduate, or disenroll to ensure that exit notification is sent within the allotted time frame. This report is run by the Financial Aid Officer, Lorianne Fukui-Stoos, and then electronic notification letters are ran by the Financial Aid Manager, Kaleo Domingo, and sent to the student. For those students that do not have a valid email address, paper confirmation is sent to the students by our Clerical Receptionist, April Kualii-Neal, and recorded in the banner system. Once notification is sent out, then a code of "S" is put into RRAAREQ screen to ensure that the requirement is satisfied.



Corrective Action Plan Update

April 11, 2018

Finding No. 2017-004: Financial Aid Administration – Control Deficiency

Federal Agency: U.S. Department of Education

CFDA Number and Title: 84.268 - Federal Direct Loans

Responsible Individual: Shawn (Kaleo) Domingo, Financial Aid Manager

Date Action Taken: June 26, 2017

As of today, reconciliation on a monthly basis has been completed using the Standard Operating Procedure (SOP) that was generated as of the end of June. All reconciliation of both Federal Student Loans & Pell Grant are being looked at and notated for each month as well as documenting any discrepancies that may exist for each individual student. Constant communication has been established between the Financial Aid Office and the Business office in an effort to ensure the all funding is sent down or up through G5 process to ensure accurate reporting during reconciliation, as well as ensure that funding is available to draw down.

Exit counseling process has been developed to ensure that exit letters are being sent within the allotted time frame. Exit listing are being sent from the system office as well as a weekly exiting report being pulled through Discoverer by our campus to ensure that all student are accounted for. Once listing of students are received from system, then the letter notification process listing in the SOP is being followed to determine which students have had electronic letters sent to emails and which ones need paper letters sent to. This SOP was given to the campus from the system office as well and has allowed us to efficiently send notification to these students and adjust the requirement in a batch posting.

Kaleo Domingo

April 11, 2018