Shane

UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
SCHOOLS CHANNEL/CASE MANAGEMENT AND OVERSIGHT
CASE MANAGEMENT TEAM, SOUTHWEST-SAN FRANCISCO TEAM
50 UNITED NATIONS PLAZA, ROOM 266, S.F., CA 94102
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JUL 1 4 2004

Mr. John M. Larson
President
Career Education Corporation
2895 Greenspoint Parkway, Suite 600
Hoffman Estates, IL 60195-5248

CERTIFIED MAIL
RETURN RECEIPT
0011 9632 3958

RE: PROGRAM REVIEW REPORT – Collins College

PRCN: 2003-2-09-21324
OPEID: 02174900
TIN: 363932190
DUNS: (b)(2) [redacted]

Dear Mr. Larson:

On February 24 through February 28 and March 5, 2003, a program review was conducted of the Title IV Federal student financial assistance programs administered at Collins College located at 1140 South Priest Drive in Tempe, AZ. The findings of that review are presented in the enclosed report.

This report contains serious findings regarding the institution's administration of the Title IV student assistance programs. Findings of non-compliance are referenced to applicable regulations and specify the action required to comply with the regulations and statutes. Please review and respond to the report, indicating the corrective actions taken by the institution. Your response should be sent directly to me **within 60 days**. So that I can easily identify your program review response, please use the Program Review Control Number (PRCN) as shown above.

I would like to express my appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning the report, please call me at (415) 556-4170.

Sincerely,

Shane Dunne
Senior Institutional Review Specialist

Enclosure

cc: Accrediting Commission of Career Schools and Colleges of Technology
Arizona Board of Private Postsecondary Education
USA Funds
Robert James, Proprietary School Liaison

PROGRAM REVIEW REPORT
PRCN 2003-2-09-21324
Collins College, OPEID 02174900
Site Visit of 2/24/2003 – 3/5/2003

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A. INSTITUTIONAL REVIEW DATA SHEET

Institutional Data	
School Name and Address	Collins College 1140 South Priest Drive Tempe, AZ 85281
OPE ID#	02174900
EIN:	860752105
DUNS:	(b)(2) [redacted]
PPA	Provisional Certification due to resolution of program review findings
TYPE AND CONTROL	Proprietary For-Profit
ACCREDITATION	Accrediting Commission of Career Schools and Colleges of Technology
Cohort Default Rates	7.6% (2000); 9.9% (1999); 10.0% (1998)

Title IV Funding[1] – Advanced System of Payment		
Title IV Program	**Fiscal Year Ending 12/31/2001**	**Fiscal Year Ending 12/31/2002**
Federal Supplemental Educational Opportunity Grant	$142,287	$189,669
Federal Family Educational Loans	$17,005,794	$18,994,253
Federal Work Study	$177,636	$179,620
Pell Grants	$2,721,163	$2,799,573
Total Title IV	**$20,046,880**	**$22,163,115**

[1] FFEL funding according to NSLDS Disbursement Activity Report ; Other Title IV funding according to GAPS Activity Report – Cumulative Summary. The parameters used in the activity reports coincide with the College's fiscal year period (January 1 – December 31).

Program Review Data	
DATES OF REVIEW:	February 24 through 28, 2003 and March 5, 2003
ED REVIEWER:	Shane Dunne, San Francisco Case Management Team
SCOPE OF REVIEW:	July 1, 2000 through February 23, 2003
Institutional Officials Interviewed	
Joan Spencer	President
Tina Newman	Financial Aid Director
Patti Van Tasel	Controller
Heidi Martinson	Financial Aid Officer
Karin Schmelling	Registrar
George Fitzpatrick	Director of Education Operations
Jeff Largesse	Staff Accountant
Pam White	Campus Security Officer
Kristen Tutherow	Assistant Controller
Toby Craver	Director of Internet Admissions

B. BACKGROUND

Collins College was established in 1978. The College is owned by Al Collins Graphic Design School, LTD., a Delaware Corporation. The corporation is a wholly owned subsidiary of Career Education Corporation (CEC), a publicly traded entity (NASDAQ – CECO) which purchased the College on January 31, 1994.

CEC's Colleges, Schools and Universities Group operates 79 campuses, in the U.S., Canada, France, the United Kingdom and the United Arab Emirates and offers doctoral degree, master's degree, bachelor's degree, associate degree and diploma programs in the career-orientated disciplines of visual communication and design technologies, information technology, business studies, culinary arts and health education. Its Online Education Group operates American InterContinental University Online and Colorado Technical University Online and offers degrees in information technology, business administration, visual communication and education.

The program review encompassed a review of the College's administration of the federal student financial aid program authorized by Title IV of the Higher Education Act of 1965 (HEA), as amended. The review also covered other operations at the College as they relate to the requirements promulgated under the student financial assistance programs authorized in Title IV of the HEA, such as admissions, registration, student services and financial services.

The College participates in the Federal Pell Grant, Federal Family Education Loan (FFEL), Federal Work Study and Federal Supplemental Educational Opportunity Grant programs. It does not use a third party servicer in the administration of its Title IV, HEA programs.

The College is accredited by the Accrediting Commission of Career Schools and Colleges of Technology and the Arizona Bureau for Postsecondary Education to offer training and education in technology related programs, animation visual communications, media arts, game design and PC/Networking. The College confers baccalaureate and associate degrees and also non-degree certificate programs.

C. SCOPE OF REVIEW

The program review was conducted to examine the fiscal administration, financial responsibility and organizational operations relating to Title IV programs. The focus of the review was to determine the College's compliance with the Higher Education Act of 1965 (HEA), as amended, its implementing regulations, and with specific terms of the College's Program Participation Agreement relating to federal financial aid administration. The review consisted of, but was not limited to, an examination of College's policies and procedures regarding institutional and student eligibility, admissions' practices, and fiscal records. The reviewer also examined the pertinent forms, policies and procedures at the College relating to Title IV administration and conducted interviews with appropriate institutional personnel.

Prior to arrival at College, notice of the program review was provided by telephone, fax and certified mail on February 18, 2003.

The review included a review of 60 student files, selected as follows:

- A statistical random sample of files of the universe of all Title IV recipients for the award year 2000-2001 (Students #1 – 15);
- A statistical random sample of files of the universe of all Title IV recipients for the award year 2001-2002 (Students #16 – 30);
- A statistical random sample of files of the universe of all Title IV recipients for the award year 2002-2003 (Students #31-45);
- An initial statistical random sample of students who received Title IV funds in the enrollment period in which they withdrew from the College. A judgment sampling was then performed on the statistical sample to include only students that the College had performed Title IV refund calculations (Students #46-60);

The student files numbered 1 through 45 are hereinafter referred to in the report as the *Regular Sample*. Student files numbered 46 through 60 are hereinafter referred to in the report as the *Withdrawn Student Sample*.

The review further consisted of a statistical sample of employment and payroll records of 15 individuals identified as having positions in the Admissions Department at the College[2]. During the visit, areas of non-compliance were noted. Findings of non-compliance are referenced to the applicable regulations. Each finding specifies the actions to be taken by College to bring operations of the financial aid programs into compliance with governing authorities (regulations, statutes and/or publications of the Secretary).

D. DISCLAIMER

This program review was thorough, however, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning the College's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve the College of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV programs.

While this report reflects the initial findings of the Department, they are, however, not final. The Department will issue its final findings in a subsequent Final Program Review Determination Letter.

E. AUDITOR'S ATTESTATIONS

Some of the findings below require certain actions and reports to be made by the College in response to this Program Review Report. Due to the significance of some findings, the College must perform file reviews and provide a report in response to this Report. When a file review and report is required, the College must have an independent CPA audit the report. The auditor must also render an audit opinion on the compliance with specific requirements applicable to the Title IV programs involved, as well as the accuracy and completeness of such reports as required in the finding. The audit must be conducted in accordance with generally accepted auditing standards issued by the Comptroller General of the United States, and the January 2000 Audit Guide, *Compliance Audits (Attestation Engagements) of the Federal Student Financial Assistance programs at Participating Institutions and Institution Servicers*, issued by the Department's Office of Inspector General. The CPA must also identify the process used to complete the audit, and submit copies of the working papers to substantiate the opinions presented.

The specific findings for which an Auditor's Attestation is required are Findings 3, 4, 6, 7 and 8.

F. FINDINGS AND REQUIREMENTS

FINDING 1: THE COLLEGE ESTABLISHED ACADEMIC YEARS FOR ITS PROGRAMS THAT DO NOT MEET THE MINIMUM STANDARDS

The College establishes its eligible programs upon an academic calendar that consists of non-standard terms and awards semester credit hours to its students. Its definition of an academic

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[2] This information was collected in order to determine the College's compliance with its Program Participation Agreement to not provide any commission, bonus, or other incentive payment based directly or indirectly upon success in securing enrollments or financial aid [34 C.F.R. §668.14(b)(22)]. Based on the information contained within the files and one witness interview, the Team has concerns as to whether the policies of the College and its corporate parent are meeting the requirements of the HEA. The Case Management Team reserves the right to address this issue in a subsequent program review

year includes 30 weeks of instructional time for which a full time student completes at least 24 semester credit hours. Each academic year consists of six terms of substantially equal lengths. Each term represents a class scheduled within the academic calendar that a student completes before continuing on to the next term. The academic programs offered at the College start at various times throughout the academic calendar, and therefore, every Title IV loan program award is scheduled upon a borrower based academic year. Students within the same academic degree programs follow a pre-determined set of core courses with a portion of the program dedicated to optional specialty tracks.

According to the College Catalog, for each academic program classes are held four days a week (Monday through Thursday) for four hours each day. The College is open on Friday and Saturdays to avail its computer labs, photo/video labs, and studio to the students. Attendance is not taken on Friday or Saturday.

In evaluating whether the College's academic year met the minimum standards, the reviewer relied upon each student's attendance records to determine the period of scheduled classes within each 30-week period and the College's catalog addenda[3] to determine the scheduled holidays and breaks. The results, summarized in detail at **Appendix B**, indicate that the sum of scheduled classes within the six non-standard terms did not reach the minimum threshold of 30 weeks of instructional time.

Consequently, each borrower based academic year established by the College did not meet the minimum requirements set forth in the federal regulations, causing each student to complete their academic years earlier than they would have otherwise. Because the academic year, and portions thereof, are established by institutions for the purpose of establishing periods of enrollment in certifying awards under the FFEL and Direct Loan programs, an oversight in achieving the minimum standard results in potential over-awards to each borrower.

Within **Appendix B**, the reviewer computed each borrower based academic year for each student within the regular sample. The reviewer computed the difference between the last day and the first day of scheduled classes within each block of six non-standard terms to determine the number of weeks of instruction. Depending upon the calendar dates contained within the academic year, the weeks of Christmas, Spring and Summer Breaks were excluded from the computation. The computation for Student 16 is presented here as an example:

Term	Weeks of Instructional Time	Term Period
0108	5 weeks	08/27/2001 – 09/28/2001
0110	5 weeks	10/01/2001 – 11/02/2001
0111	5 weeks	11/05/2001 – 12/07/2001
0112	4 weeks (Excluding 2 weeks of Christmas Break)	12/10/2001 – 01/18/2002
0201	5 weeks	01/22/2002 – 02/22/2002
0202	5 weeks	02/25/2002 – 03/29/2002
	29 Weeks	

[3] Catalog Addendum Number 1 to Catalog ACGDS 3/00 GC-107 – Effective Date 1/1/00 and Catalog Addendum Number 1 to Catalog Collins College 1/01 GC-107 – Effective Date 4/1/02

August 2001

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September 2001

Thu	Fri	Sat	Sun	Mon	Tue	Wed
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2001

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November 2001

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December 2001

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

January 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

February 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

March 2002

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

The results indicate that many students' academic years only reached 29 weeks. While the academic year shortfalls would appear to be not material, the cumulative effect of an extra week when considering the entire population of Title IV recipients is significant. By miscalculating the 30-week academic year, an institution may be over-awarding Title IV loans and grants to its students. Students are harmed by receiving funds to which they are not entitled, and other needy students may not be receiving Title IV financial aid because the excess loan and grant amounts

were awarded incorrectly. Likewise, the federal interest suffers when Title IV funds that are appropriated in excess of students' need.

REFERENCES: **34 C.F.R. §668.3**[4]
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 3

REQUIREMENTS:

Establishing a precise period for an institution's academic year is crucial to the certification of Title IV loans for borrowers because it provides a framework from which *periods of enrollment* (periods for which Title IV loan are intended) are measured. For all term -based academic programs, periods of enrollment (loan periods) generally coincide with the program's academic year. An exception is permitted when certifying loans for periods of enrollment in programs that are less than an academic year in length, or to establish a period to cover the remaining portion of a borrower's program that is less than a full academic year.

In defining its academic year, an institution must establish a period that begins on the first day of classes and ends on the last day of classes or examinations during which –

(1) An institution provides a minimum of 30 weeks of *instructional time*; and

(2) For an undergraduate educational program, a full-time student is expected to complete at least –

(i) Twenty-four semester or trimester credit hours or 36 quarter credit hours for a program measured in credit hours; ***

For the purpose meeting the aforementioned standard, the Student Assistance General Provisions provides the following definitions:

(1) A ***week*** is a consecutive seven-day period;

(2) A ***week of instructional time*** is any week in which at least one day of regularly scheduled instruction or examinations occurs or, after the last scheduled day of classes for a term or payment period, at least one day of study for final examinations occurs; and

(3) Instructional time *does not include* any vacation periods, homework, or periods of orientation or counseling. **[34 C.F.R. §668.3]**

The College must present the Team with a report, organized by student beneficiary, which identifies each award under the Title IV programs (except Federal Work Study) it made during the Subject Award Years for the entire population. The list shall include all loan and grant periods that fall inclusively within the dates of July 1, 2000 to the date of the response report. When reporting the award periods, the College must reconstruct the periods based on the formula and method described above. The intent of the report is to demonstrate whether or not the student beneficiary received an excess of Title IV awards as a result of any 29-week academic years. Accordingly, the report must include a pro-rata calculation that represents any

[4] All regulatory citations throughout this report are referenced to the current volume of the Code of Federal Regulations (at the time of the on-site visit), Revised as of July 1, 2002. It should be understood that the Code of Federal Regulations, dated July 1, 2002, encompasses and updates the Federal regulations.

concomitant over-award by multiplying the actual awarded amounts by 1/30 for each 29-week year, 2/30 for each 28-week year, etc.

The College must engage an independent certified public accountant to attest to its response to this finding, as detailed in Part E of this report. The Final Program Review Determination Letter (FPRDL) will assess any applicable liabilities as determined by the file review.

FINDING 2: THE COLLEGE IMPROPERLY APPLIED INCONSISTENT PAYMENT PERIODS WHEN DISBURSING TITLE IV FUNDS WITHIN THE SAME ACADEMIC PROGRAM

As stated in the previous finding, the College offers its programs on a non-standard term basis during the academic year. The College combines its six, five-week terms of substantially equal length into two, fifteen-week semesters periods for the purpose of establishing payment periods for the FFEL loan programs. However, it incorrectly combines its terms into three, ten-week payment periods for the purpose of creating Federal Pell Grant and FSEOG payment periods.

This practice harms the Pell and FSEOG programs by permitting a student to earn two thirds of an annual award in less than one semester's time.

REFERENCES: **34 C.F.R. §§668.4 and 668.164(b)**
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 2

REQUIREMENTS:

For a student enrolled in an eligible program that is offered in semesters, trimesters, quarters, or other academic terms and measures program in credit hours, the payment period is the semester, trimester, quarter or other academic term **[34 C.F.R. §668.4(a)]**. Unlike eligible programs that measure progress in credits without terms and clock hours, payment periods for term-based programs may not be altered to correspond to periods that do not coincide with the terms. For institutions such as the College that use non-standard terms, the terms can be combined to form a standard term for the purpose of establishing a payment period **[2002-03 Federal Student Aid Handbook, Volume 2, pp. 33-34]**. In other words, regardless of the whether the institution combines its terms or not, the resulting payment period must be consistent across all the Title IV programs (except Federal Work Study). An institution may choose to establish different terms for different eligible programs as long as the payment period consistency is maintained. For example, the College could combine two of its five-week terms into a payment period to establish two payment periods for its 20-week programs.

The College must discontinue its practice of establishing three payment periods in its academic year for the Pell and FSEOG awards, while establishing two payment periods for the FFEL awards in the same eligible academic programs, beginning with the Award Year 2004-05. The College must present its plan to implement the new payment period policy as a response to this finding.

FINDING 3: THE COLLEGE DID NOT ACCURATELY OR TIMELY RETURN TITLE IV FUNDS WHEN ITS STUDENTS WITHDREW[5]

The College provided the ED reviewer with a list of students who had withdrawn from the College during the Subject Award Years (Students 46 through 60). A statistical sample of the withdrawn student list was performed and the College provided attendance, enrollment and refund calculation worksheets on the students selected.

In performing the test for compliance in this area, information from the College's attendance, academic and student financial ledgers were compared with reported award, enrollment and application information contained in the FSA Systems: National Student Loan Data System (NSLDS), Common Origination and Disbursement (COD), and Recipient Financial Management System (RFMS). The reviewer notes that the College's stated policy for determining how much Title IV aid a student earned under the Return to Title IV provisions is to use the payment period for students enrolled in its certificate programs, and the period of enrollment for students enrolled in its degree programs.

Of the 45 student files that consist of the regular sample, the reviewer determined that 11 students (**Files 5, 8, 13, 17, 19, 20, 21, 23, 29, 33, and 37**) had withdrawn from the college at some point, causing a Return to Title IV calculation to be performed. The reviewer computed the amount the College was required to return to the Title IV programs, using the Return to Title IV worksheet for credit hour programs found on the Information for Financial Aid Professionals website at http://www.ifap.ed.gov/aidworksheets/current.htm.

The results of the reviewer's computations for affected students in both the regular and withdrawn student samples are found at **Appendix C. Appendix C-1** includes a summary worksheet on the **timing** of the returns the College did make on behalf of those students.

The following describes the sources of information the reviewer relied upon in completing the Return to Title IV Worksheets for Appendix C:

Period of Enrollment:	Loan periods reported by the College in certifying the student's Stafford loans, as indicated in NSLDS
Payment Period:	For a full academic year, the student's academic transcript showing the beginning and endings of three, five-week terms. For remaining periods of less than an academic year, the calendar midpoint of the period.

[5] On November 1, 1999, the Secretary published the Final Rule in the Federal Register [**64 FR 59038**], promulgating the rules for the treatment of Title IV funds when a student withdraws under the Higher Education Amendments of 1998. The Final Rule allowed institutions to delay the implementation date (by continuing to apply the rules under the prior Higher Education Amendments of 1992) until no later than October 7, 2000. During the review, the College stated that it chose to implement 1998 Amendments on this date. Accordingly, the College was required to apply the rules in effect under the 1992 Amendments for students it had determined to have withdrawn prior to October 7, 2000. The reviewer applied this distinction to the finding.

Title IV disbursements: Student Ledger Cards prepared by the College

Last Day of Attendance: Detail Attendance reports prepared by the College

Institutional Charges: Student Ledger Cards (all charges were considered institutional charges)

The cumulative results of the appendix indicate a finding that the College should have returned an additional $19,853.19 to the Title IV programs, above and beyond what it actually returned behalf of those students.

For the purpose of determining whether the College made its returns on a timely basis (Appendix C-1), the reviewer relied on the following documentation and construction of the College's policies:

Last Day of Attendance: Detail Attendance reports prepared by the College

Actual Withdrawal Determination: (Earlier of) Drop Date as provided by the College's institutional refund worksheet or the date the Return of Title IV Worksheet was completed by the College

Withdrawal Determination Per 10-Day Policy: The date that falls on the eleventh consecutive scheduled class day following the last day of attendance. This date was used to determine the beginning of the 30-day period in which the College was required to return Title IV funds.

Return Payment Posted to Bank Records: The date the payment was posted pursuant to the College's bank statements (unless otherwise noted in the appendix)

The results of the finding indicate that the College's method for determining the timing and extent of refunds it makes under the Return to Title IV provisions is fundamentally flawed in three main areas:

1. The College delays the withdrawal process in spite of the fact that it knows (or should have known) a student has withdrawn under its attendance policy and procedures.

2. The College uses the period of enrollment to coincide with its billing cycles instead of the period for which Title IV awards are intended; and,

3. The College does not include all of its institutional charges in determining how much unearned Title IV is due from the College;

The undue retention of Title IV proceeds results in an institution having use of such funds to which it is not entitled, and causes unnecessary increased expenses to needy students and the Department. Such improper retention of Federal funds deprives needy students of the opportunity to use such funds for other educational programs and unjustly enriches the institution at the expense of students and the Department.

REFERENCES: 34 C.F.R. §668.22
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 6
Dear Colleague Letter GEN-00-24, December 2000
Federal Register, Vol. 64, pp 59016-44, November 1, 1999

REQUIREMENTS:

1992 Higher Education Amendments

The regulations under the 1992 Amendments required institutions to perform calculations that were designed to measure how much Title IV aid was earned by the **institution** during the portion of the enrollment period for which the student was in attendance. The method of measuring the portion of the enrollment period completed by the student depended upon the enrollment history of the student who withdrew.

First Time Students:

For those students who were first-time students and who withdrew **on or before** the 60% point in time of the enrollment period for which they were charged, the institution must calculate a statutory pro-rata refund and compare this amount to the refund amount from the applicable state and accrediting agency policies (if any) to determine the most equitable refund policy (yields the largest available refund) to the student[6].

Continuing Students:

If a student is a continuing student (not a first time student) who withdrew, **or a first time student who withdrew after the 60% point of the enrollment period** for which they were charged, the institution must calculate the student's refund amounts using the applicable state and accrediting agency policies (if any), compare the resulting refunds, and use the calculation that provides the largest refund. If the state and accrediting agency policies do not exist or are not applicable, the institution must calculate the refund under the **Federal Refund Policy** and the institution's policy (if any) and provide the largest refund[7]. The Federal Refund Policy mandated the percentage of institutional costs that must be refunded as follows:

• withdrawal on the first day of class—100% refund of institutional costs (less the permitted administrative fee of the lesser of $100 or 5% of institutional costs).

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[6] In the case of the College, neither the state of Arizona nor its accrediting agency implemented legally enforceable refund policies. Therefore, the statutory pro-rata refund method applied to first time students and the comparison of a most equitable refund policy was not applicable.

[7] In the case of continuing students, the College was required to make a comparison of the Federal Refund Policy and its own policy and determine which provided for a more equitable refund for the student.

• withdrawal after the first day of class through the first 10% of the enrollment period for which the student has been charged—90% refund of institutional costs.

• withdrawal after the first 10% of the enrollment period for which the student has been charged through the first 25% of the enrollment period for which the student has been charged—50% refund of institutional costs.

• withdrawal after the first 25% of the enrollment period for which the student has been charged through the first 50% of the enrollment period for which the student has been charged—25% refund of institutional costs.

Pro-rata Calculation Worksheet Example

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	4500	Total Institutional Costs (from Withdrawal Record) (A)
−	4045	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) (C)
−	455	Student's Scheduled Cash Payment (SCP)
−	0	Student's Cash Paid (from Withdrawal Record)
=	455	UNPAID CHARGES

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	4500	Pro Rata Institutional Costs (from Withdrawal Record) (A1)
x	50%	% to be Refunded (from the Portion That Remains)
=	2250	Initial Refund Amount
−	455	Unpaid Charges (from Step One)
=	1795	ACTUAL REFUND TO BE DISTRIBUTED

If this amount is neg the school may bill student for that amo No refund is due

Federal Refund Policy Example

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	6000	Total Institutional Costs (from Withdrawal Record) (A)
−	3492	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) (C)
=	2508	Scheduled Cash Payment (SCP) (attribution not allowable)
−	0	Student's Cash Paid (from Withdrawal Record)
=	2508	UNPAID CHARGES

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	5900	Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)
X	25%	% to be Refunded (from the regulatory policy)
=	1475	REFUND AMOUNT TO BE DISTRIBUTED

An institution is permitted to exclude up to 5% of institutional costs ($100 maximum) for the purpose of administrative fees. Note that the above example excludes $100 from the actual costs ($6000-$100 = $5900).

The 1992 Amendments required that refunds be distributed to the Title IV programs and other sources in the following order:

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND 1475

1. Federal SLS Loan		8. Federal Perkins Loan	
2. Unsubsidized Federal Stafford Loan		9. Federal Pell Grant	
3. Subsidized Federal Stafford Loan	928	10. FSEOG	
4. Federal PLUS Loan	547	11 Other Title IV Aid Programs	
5. Unsubsidized Federal Direct Stafford Loan		12. Other Federal, state, private, or institutional aid	
6. Subsidized Federal Direct Stafford Loan		13. The student	
7. Federal Direct PLUS Loan			

1998 Higher Education Amendments

The 1998 Amendments do not dictate the comparison of a most equitable refund policy for first time or continuing students. Instead, a statutory schedule is used to determine the amount of Title IV funds **a student has earned as of the date he or she ceases attendance.** The amount of Title IV Program assistance earned is based on the amount of time the student spent in academic attendance; it has no relationship to the student's incurred institutional charges.

Up **through the 60%** point in each payment period or period of enrollment, a pro rata schedule is used to determine the amount of Title IV funds the student has earned at the time of withdrawal. **After the 60%** point in the payment period or period of enrollment, a student has earned 100% of the Title IV funds.

The regulations require that institutions undertake the following steps in calculating any amount to be returned to the Title IV programs. The steps vary slightly between academic programs that are measured in terms with credit hours and those measured in clock hours or non-term programs and also whether the institution is required to take attendance or not. As the College offered term-based programs with credit hours and was required to take attendance, the following focuses on those requirements.

Step 1 — Determine the Net Amount of Title IV Funds Disbursed or Could Have Been Disbursed During the Payment Period or Period of Enrollment

In this step an institution includes the amount of Title IV loan (net of origination and insurance fees) and grant funds disbursed to a student, or parent on behalf of a student during the payment period or period of enrollment. In this step, an institution includes Title IV funds disbursed up until the point when the institution determines that the student withdrew, to include inadvertent post-withdrawal disbursements. Title IV funds that "could have been disbursed" include those disbursements that meet the requirements of a *late disbursement* under the cash management regulations[8]

Step 2 — Determine the Percentage of Title IV Aid Earned by the Student

When determining the percentage of Title IV aid earned by a student in an institution that is required to take attendance, an institution divides the total number of days in the payment period or period of enrollment by the number of days the student completed in the period. The percentage excludes scheduled breaks of five or more days or periods when the student was on approved leaves of absence.

Step 3 — Multiply the Percentage of Title IV Aid Earned by the Student by the Total Amount of Title IV Aid Disbursed Plus Title IV Aid That Could Have Been Disbursed to the Student

The result represents the amount of Title IV aid earned by the student

[8] Conditions for a late disbursement: (i) Except in the case of a PLUS loan, the Secretary processed a SAR or ISIR with an official expected family contribution; and (ii) (A) For a loan under the FFEL or Direct Loan programs, the institution certified or originated the loan; or (B) For an award under the Federal Perkins Loan or FSEOG programs, the institution made that award to the student [34 C.F.R. §668.164(g)(2)].

Step 4 Total Title IV Aid to be Disbursed or Returned

Compare the amount determined in Step 3 with the amount of Title IV aid disbursed (not could have been disbursed):

- If the amount in Step 3 **is greater than** Title IV aid disbursed, a *post-withdrawal disbursement* is due to the student. **Subtract Title IV aid disbursed for the payment period or period of enrollment from the amount of Title IV aid earned. This is the amount of the post-withdrawal disbursement due. An institution must follow the procedures of a post-withdrawal disbursement**[9] (no Return to the Title IV programs is applicable).
- If the amount in Step 3 **is equal to** the amount of Title IV disbursed, *no further action is necessary*
- If the amount of in Step 3 **is less than** the amount of Title IV disbursed, **the amount represents Title IV aid that must be returned.** The institution then proceeds to calculate the share of aid to be returned to the Title IV programs by both the institution and the student.

Step 5 Title IV Aid to be Returned by the Institution

The institution must determine the amount of Title IV that it is responsible to return by:

a. Considering the amount of institutional charges it assessed to the student during the payment period or period of enrollment;

b. Determine the percentage of Title IV aid unearned by the student (100% - percentage derived in Step 2);

c. Multiply the results of Step 5a and 5b

d. Compare the result of Step 5c with the amount of Title IV aid to be returned in Step 4 and consider the lesser amount. **The result represents the institution's share of funds that need to be returned to the Title IV programs.**

Step 6 Return of Title IV Funds by the Institution

The institution must return the unearned aid for which it is responsible (Step 5d) by repaying funds to the following sources, in order, up to the total net amount disbursed from each source:

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[9] The post-withdrawal disbursement procedures are described in 34 C.F.R. §§668.22(a)(4) and 668.164(g) The requirements for these procedures are omitted here, as the reviewer did not identify any findings in this area.

a. Unsubsidized FFEL/Direct Stafford Loan
b. Subsidized FFEL/Direct Stafford Loan
c. Perkins Loan
d. FFEL/Direct PLUS
e. Pell Grant
f. FSEOG
g. Other Title IV programs

Step 7 **Initial Amount of Unearned Title IV Aid Due From the Student**

This amount is derived by subtracting the total amount of unearned Title IV aid as determined in Step 4 from the institution's share of unearned aid in Step 5d.

Step 8 **Return of Title IV Funds by the Student**

The student (or parent for a PLUS loan) must return unearned aid for which the student is responsible (Step 7) by repaying funds to the sources in the same order described in Step 6 up to the total net amount disbursed from each source, after subtracting the amount the school will return. Amounts to be returned to grants are reduced by 50%. Loans are returned in accordance with the terms of their promissory notes and the institution is only responsible for notifying the lender of the student's withdrawal.

The following paragraphs expand upon the requirements under both Amendments as they relate to the three areas of deficiencies identified by the reviewer in the finding. The guidance provides for references to the current law, as implemented under 34 C.F.R. §668.22, unless otherwise noted.

1. ***Timing of an Institution's Determination that a Student Withdrew:***

Under both Higher Education Amendments, institutions are required to return unearned Title IV funds, as soon as possible, but no later than 30 days after the date of the institution's determination that the student withdrew. **[34 C.F.R. §668.22(j)]** The "date of the institution's determination that the student withdrew" is defined in the Return to Title IV provisions in accordance with the following:

(i) For a student who provides notification to the institution of his or her withdrawal, the student's withdrawal date as determined under paragraph (c) of this section or the date of notification of withdrawal, whichever is later; ***[paragraph (c) applies to institutions who are not required to take attendance]***

(ii) For a student who did not provide notification of his of her withdrawal to the institution, the date that the institution **becomes aware that the student ceased**

attendance[10];

(iii) For a student who does not return from an approved leave of absence, the earlier of the date of the end of the leave of absence or the date the student notifies the institution that he or she will not be returning to the institution; or

(iv) For a student whose rescission is negated under paragraph (c)(2)(i)(B) of this section, the date the institution becomes aware that the student did not, or will not, complete the payment period or period of enrollment. **[The negated rescission refers to circumstances when a student provides an official notification to an institution of an intent to withdraw, then rescinds the notice, but never returns]**

(v) For a student who takes a leave of absence that is not approved in accordance with paragraph (d) of this section, the date that the student begins the leave of absence. **[paragraph (d) relates to acceptable leaves of absence policies of an institution]**

[34 C.F.R. §668.22(l)(3)]

2. ***Use of Payment Period or Period of Enrollment***

The portion of Title IV funds earned by a student prior to withdrawal may be determined by an institution on either a payment period basis or a period of enrollment basis, provided that the institution consistently applies either method to the same academic program for the following classes of students:

(*1*) Students who have attended an educational program at the institution from the beginning of the payment period or period of enrollment.

(*2*) Students who re-enter the institution during a payment period or period of enrollment.

(*3*) Students who transfer into the institution during a payment period or period of enrollment.

[34 C.F.R. §668.22(e)(5)]

The 1998 Amendment prescribes the method of determining institutional refunds of Title IV assistance in Section 485. The statute describes period of enrollment as *the period for which student assistance is awarded* **[P.L. 105-244 §485(d)]**. The regulations implement the statutory intent of this definition by describing the period of enrollment as the academic period established by an institution for which institutional charges are generally assessed (i.e. length of the student's program or academic year) **[34 C.F.R. 668.22(l)(2)]**. The definition in the regulations is not be construed to permit an institution to use a shorter enrollment period that coincides with an its billing period, but rather to demonstrate that actual assessed charges are considered in applying the Return to Title IV provisions. The use of either a period of enrollment or payment period establishes the period to consider when determining how much Title IV funds a student earned at the point in time when they withdrew.

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[10] The reviewer used this provision as justification for applying the College's policy to invoke an administrative withdrawal to a student following 10 consecutive days of absences, unless the student file contained an approved leave of absence or other documented circumstances.

An institution may not shorten the period of enrollment to correspond to the timing of its billing practices, unless the Title IV assistance it awards is intended for that period. In many cases, the effect of considering a shorter period of enrollment when applying the Return to Title IV provisions results in withdrawing students earning a disproportionately greater amount of Title IV aid during the period and less being returned to the programs.

3. *Institutional Charges*

Tuition, fees, room and board, and other charges assessed by an institution for required educational costs have been collectively and historically referred to as *institutional charges*. As a general rule, institutional charges are defined as expenses that an institution assesses a student for educational expenses and are paid to the institution directly.

Under the 1992 Amendments, the refund provisions required the use of institutional charges in measuring the portion of Title IV funds ***earned by an institution*** when a student withdraws. Institutional charges incurred by the student are charges for which the student is responsible and were initially assessed by the institution for the payment period or period of enrollment.

In the requirements of the 1998 Amendments, institutional charges are used to determine any portion of unearned Title IV aid (in Step 5) that the institution is responsible for returning after determining the percentage of Title IV aid ***earned by the student***. Nevertheless, the concept of institutional charges applies to both of the HEA Amendments with respect to the method of determining any amount of Title IV refunds an institution must make when a student withdraws, transfers or is terminating from an institution during a payment period or period of enrollment for which the aid was intended.

Institutions are required to consider the following as institutional charges:

- all charges for tuition, fees, and room and board (if contracted with the institution); and
- expenses[11] for required course materials, if the student does not have a *real and reasonable opportunity* to purchase the required course materials from any place but the institution.

Non-institutional charges include:

- a charge to student's account for group health insurance fees, if the insurance is required for all students and the coverage remains in effect for the entire period for which the student was charged, despite the student's withdrawal; or
- a charge to a student's account for discretionary educationally-related expenses (e.g., parking or library fines, the cost of athletic or concert tickets, etc.).
- application and registration fees **[FR 59, April 29, 1994, Final Rule, Page 22356]**.

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[11] Institutional and non-institutional expenses are not defined by whether an actual charge has been made to a student's institutional account. If a student pays cash for materials required in their academic program, the amount is considered an institutional charge, in spite of the fact that the institution's accounting records may not reflect the transaction in the student's ledger.

Excludable Charges

An institution has the discretion to exclude from institutional charges such costs as the documented cost of un-returnable equipment, and the documented cost of returnable equipment if not returned in good condition within 20 days of withdrawal.

Institutional charges include the cost of required books, supplies and returnable equipment, unless the institution can demonstrate that the student had a real and reasonable opportunity to purchase those materials elsewhere. Notwithstanding the availability of the materials, a real and reasonable opportunity does not exist if the institution disburses Title IV funds to a student at a time when it would not be practical to purchase the materials outside of the institution. For example, if an institution disburses funds to a student to buy equipment that he or she is required to have by the first day of class, but the disbursement is so late that the student only has time to purchase the equipment at the institution, the cost of the equipment must be included as institutional charges.

The College must respond to each of the exceptions described in **Appendices C and C-1**.

In addition the College is to perform a review of the files of all of its students who had withdrawn or were terminated in the Subject Award Years to determine the total number of files, amounts and dates due of all Title IV funds that were to have been returned and were not returned timely. It is to prepare a report of such review, providing the same in electronic (*.xls or *.mdb format) and hard copy format, setting forth the following data:

a. Student Name
b. Student Social Security Number
c. Date of determination of withdrawal
d. Amount of Title IV refund due
e. Date Title IV refund was due
f. Amount of Title IV funds, by program, returned
g. Date Title IV funds were returned
h. Number of days late

The College must have an independent auditor attest to the accuracy of the reconstruction in a manner described in Section E of this report.

The College is also to establish and maintain such additional policies and procedures that will assure that its computation of Return to Title IV funds will be accurate and returned in a timely manner. A copy of such policies and procedures must be submitted with its response to this report.

The College will be liable for return of any additional Title IV funds to be returned, together with imputed interest, special allowance and loan interest accrued. Instructions for repayment of any determined liability will be provided in the Final Program Review Determination Letter.

FINDING 4: THE COLLEGE INCORRECTLY APPLIED THE PROVISIONS OF THE 90/10 RULE WHEN ATTESTING TO ITS ELIGIBILITY AS A PROPRIETARY INSTITUTION OF HIGHER EDUCATION

The College and its corporate parent company, Career Education Corporation (CEC) implemented accounting procedures to effectively distort its reported cash basis revenue in determining the College's continuing eligibility as a proprietary institution of higher education under the regulations. Evidence suggesting a coordinated subterfuge to under-report the effect of Title IV revenues in the 90/10 attestations reported in footnotes to the CEC financial statements is described in the following observations and interviews of witnesses during the review.

The student ledgers indicate that the College improperly inflated its non-Title IV revenues by characterizing credit balance payments to students as "cash" received for tuition, fees and other institutional charges. Specifically, the College would issue a check to a student and the student would endorse the check back to the College. The College would then record the endorsed check as a non-Title IV payment. In other transactions, the College would issue a stipend to RNR real estate (student housing) and then record a student payment in the same amount with a (CC/CRCRD) transaction code. The reviewer observed this type of transaction in 14 of the 45 files within the regular sample. The specific file numbers and the fiscal year in which the transaction took place follow:

> **Students: 2 (2000), 4 (2000)(2001), 5 (2001), 7 (2001), 9 (2000), 10 (2001)(2002), 11 (2001), 22 (2003), 23 (1999)(2000), 25 (2001), 26 (2001), 30 (2001), 32 (2003) and 36 (2002)**

The reviewer interviewed a student whose ledger shows an example of the foregoing transactions. I asked the student to recollect upon two transaction in her ledger that shows how the College first paid her a stipend on August 28, 2002 and how she made a payment in the same amount with the same check reference number to the College on September 9, 2002. The student explained that she was called into the College's administration office and was given a check that she was required to endorse back over to the College. She didn't understand the transaction, but she was left with the impression that it was financial aid that she had to use to cover her institutional charges.

In addition, the reviewer interviewed Ms. Patti Van Tansel, the Chief Financial Officer at the College. Ms. Van Tansel stated that beginning with the 2002 fiscal year, the corporate CEC staff took over the responsibility of monitoring and reporting each of its institutions' 90/10 ratios. During the interview, Ms. Van Tansel claimed that she was unaware of student ledger entries that show payments to students by the College and subsequent payments soon after by the students to the College in the same amount. When I asked her to remark upon the ledger of the student I interviewed, she ventured to say that it was not unusual for students to retain un-cashed living expense checks for a couple of weeks and give them back to the College to cover their charges. Ms. Van Tansel also claimed to not have any knowledge of any contractual relationship the College has with RNR real estate[12].

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[12] RNR real estate refers to RNR Real Estate Marketing, LLC (West Palm Beach , Florida) According to its website, it provides student housing services to students at the College and two other institutions in Arizona. Pursuant to the Dormitory Style Housing Pursuant to **License Contract, v. 1.4** as published on the site, RNR Real Estate acts as a broker in granting leases to students in represented schools The contract contains a General

In another interview with Ms. Van Tansel, the reviewer, and Donna Wittman of the San Francisco Case Management Team, Ms. Van Tansel was asked to explain certain ledger entries and how the transactions fit within the 90/10 formula and reported by the College in its attestation of compliance. During the interview, Ms. Van Tansel was unable to distinguish between ledger entries that describe Title IV credit balances paid to students, refunds to the Title IV programs and returns of Title IV loan proceeds to lenders. She did, however, send reviewer a copy of a CD that provides a basis for the 90/10 attestation that the College made during its fiscal year ending December 31, 2002.

In addition to the interviews, the reviewer requested that CEC direct its financial statement auditor, Ernst & Young LLP, to provide the Team with copies of its work papers in connection with the Collins College 90/10 attestation. The audit firm responded that it would provide the requested information if the Department would sign a release of confidentiality and to hold the firm harmless against any claims in connection with its attestation. Upon the advice of the Department's counsel, the Team did not sign the release. Mr. Mark Tobin, Vice President of Government Relations at CEC was notified of this fact shortly thereafter.

In addition to the check endorsement scheme, the College also paid students credit balances when balances were not due on the institutional accounts. This practice diminishes the numerator of the College's 90/10 ratio by causing an underreporting of Title IV that are applied to the formula (because true credit balances do not get counted in the formula under the regulations). It also artificially inflates the revenue reported exclusively in the denominator when the student subsequently uses the proceeds of the "credit balance refunds" as the College treated those payments as revenue arising from non-Title IV sources.

In summary, the aforementioned accounting practices serves to distort the true proportion of Title IV revenue that the College relies upon in satisfying its students' tuition, fees and other institutional charges in contravention to the requirements of the regulations. As a result, the 90/10 attestations that CEC has provided to its stockholders and the Department with regards to the College, and possibly its other institutions, cannot be relied upon in assuring that such institutions continue to be eligible to receive funding under the programs authorized by the HEA.

REFERENCES: 34 C.F.R. §600.5
2002-03 Federal Student Aid Handbook, Volume 2, Pages 9-11
Dear Partner Letter GEN-99-33, Dear CPA Letter 99-02

REQUIREMENTS:

In order to be eligible for participation in Title IV programs, a proprietary institution must have no more than 90 percent of its revenues derived from Title IV program funds, pursuant to 34 C.F.R. §600.5(a)(8). In determining whether no more than 90 percent of revenues are from Title IV funds, an institution must examine its revenues under the following formula for each fiscal year:

Sanctions clause that provides for referrals to schools for disciplinary action for violations of conduct. The contract also contains an indemnity clause that holds schools and the broker "harmless for any death or injury to the students or guest(s) of the student resulting from or arising out of the students use of the Unit" As a result of the inadequate response provided by the College regarding its relationship with RNR Real Estate, the extent of the contract's effect on the College's 90/10 formula, if any, cannot yet be determined.

Title IV HEA program funds the institution used to satisfy its students' tuition, fees, and other institutional charges to students **[Divided by]**
The sum of revenues ***including*** **Title IV HEA program funds (carried forward from the numerator)** generated by the institution from: tuition, fees, and other institutional charges for students enrolled in eligible programs as defined in 34 C.F.R. §668.8; and activities conducted by the institution, to the extent not included in tuition, fees, and other institutional charges, that are necessary for the education or training of its students who are enrolled in those eligible programs

[34 C.F.R. 600.5(d)(1) -Emphasis and Clarification Added]

An institution must use the cash basis of accounting when calculating the amount of Title IV program funds in the numerator and the total amount of revenue generated by the institution in the denominator of the formula from institutional charges of eligible programs and other activities permitted under the regulations. When counting revenue in the formula, an institution must only include revenue generated from eligible programs.

When considering the extent of revenue to apply to both the numerator and denominator of the 90/10 formula an institution must apply the standards of institutional, non-institutional and excludable charges (see discussion in Finding 3). As such, institutions must implement a system of classified accounts that provides for the distinction of revenue derived from institutional and non-institutional charges in order to accurately attest that it meets the requirements under the law.

Consider for example, a student who purchases textbooks required for his eligible academic program in an institution's bookstore by paying cash. The cost of the textbook is included in the 90/10 formula, in spite of the fact that a record of that transaction may not be recorded on the student's account with the institution. If that student also purchases snacks, pens, and a sweatshirt as part of the transaction, the revenue the institution receives in the transaction for those items does not get included in the 90/10 formula because those items represent *discretionary, education-related (pens) and non-educational expenses.*

In calculating the amount of revenue generated by an institution in the 90/10 formula, an institution may not include as Title IV program funds in the numerator nor as revenue generated by the institution in the denominator –

(i) The amount of funds it received under the Federal Work-Study (FWS) Program, unless the institution used those funds to pay a student's institutional charges in which case the FWS program funds used to pay those charges would be included in the numerator and the denominator;

(ii) The amount of funds it received under the Leveraging Educational Assistance Partnership (LEAP) Program (formerly known as the State Student Incentive Grant or SSIG Program);

(iii) The amount of institutional funds it used to match Title IV program funds;

(iv) The amount of Title IV program funds that must be refunded or returned under 34 C.F.R. §668.22; or

(v) The amount charged for books, supplies, and equipment unless the institution includes that amount as tuition, fees, or other institutional charges.

[34 C.F.R. §600.5(e)(1)]

In determining the amount of Title IV program funds received by the institution under the cash basis of accounting, the institution **must presume** that any Title IV funds disbursed or delivered to or on behalf of a student will be used to pay the student's tuition, fees, or other institutional charges, regardless of whether the institution credits those funds to the student's account or pays those funds directly to the student, and therefore must include those funds in the numerator and denominator.

[34 C.F.R. §600.5(e)(2) - Emphasis Added].

In considering its revenues in the 90/10 formula, an institution is permitted to not presume that Title IV funds are used to pay institutional charges when those charges are satisfied by:

(i) Grant funds provided by non-Federal public agencies, or private sources independent of the institution;

(ii) Funds provided under a contractual arrangement with Federal, State, or local government agencies for the purpose of providing job training to low-income individuals who are in need of that training, e.g., Workforce Investment Act (WIA);

(iii) Funds provided by State prepaid tuition plans.

With the exception of the above three revenue sources, an institution is required to consider Title IV first in applying revenue against institutional charges.

By applying the aforementioned revenue sources against institutional charges in the order so described, an institution may not include credit balances in the formula. Guidance on this issue is addressed in the October 29, 1999 Federal Register (Institutional Eligibility Under the Higher Education Act of 1965, as amended and Student Assistance General Provisions; Final Rule [Page 58610]):

> *In general, funds held as credit balances in institutional accounts do not get counted in the 90/10 formula in §600.5(d)(1). However, once funds held as credit balances are used to satisfy institutional charges, they would be counted in both the numerator and denominator of the formula.*

An institution cannot artificially mitigate the amount of Title IV funds included in the numerator of the formula by disbursing funds to a student in excess of an actual credit balance. When the Title IV presumption rules are applied correctly, any funds a student pays back during the fiscal year to the institution is treated as Title IV funds and not cash from private sources. The

Department will permit payment of those credit balance funds to be included in the formula for the following year to satisfy institutional charges as long as those transactions do not represent a pattern or practice to bypass the regulatory Title IV presumption.

In response to this finding, the College is required to recalculate its 90/10 attestations by following the prescribed instructions contained in **Appendix D** for each of its fiscal years ending December 31, 2000 through 2003. **The College must have an independent auditor attest to the accuracy of the revised 90/10 attestations for each of the four fiscal years in a manner described in Section E of this report.**

FINDING 5: THE COLLEGE REPORTED ENROLLMENT DATA TO THE TITLE IV SYSTEMS THAT IS INCONSISTENT WITH INSTITUTIONAL RECORDS

A comparison of NSLDS enrollment records to institutional records revealed that 20 of the 45 regular student sample files contain errors or discrepant information that distorts its students' enrollment statuses. A detail of each inconsistency is found at **Appendix E.**

Inconsistent reporting of enrollment statuses of students reflects an impaired administrative capability that affects a broad range of student and institutional eligibility requirements, including whether a student enters repayment status on their loans. As such, grossly inaccurate records can distort an institution's default rates.

REFERENCES: 34 C.F.R. §682.610(c) (FFEL); §685.309(b) (Direct Loans)
Dear Colleague Letters GEN 99-9; GEN 96-5; GEN 96-17
Federal Student Aid Handbook 2002-03, Volume 8, Chapter 7

REQUIREMENTS:

Upon receipt of a student roster file (formerly known as Student Status Confirmation Report) from the Department through NSLDS or by a guaranty agency, an institution is required to submit the enrollment status of each student within 30 days. Notwithstanding the receipt of the roster, an institution is required to report a change in its student's status within 30 days of the change, unless it expects to receive a new roster within 60 days of the change.

Enrollment status codes in NSLDS are as follows:

Enrollment Status Codes
A = Approved Leave of Absence
D = Deceased
F = Full time
G = Graduated
H = Half time or more, but less than full time
L = Less than half time
W = Withdrawn
X = Never attended
Z = Record not found

The College must directly respond to each comment relating to the 20 students for which the reviewer asserts there is inconsistent information between the student's status pursuant to

institutional records and that, which is reported in NSLDS. In cases where the College does not agree with the reviewer's assertion, please provide documentation that would clarify the College's position that the NSLDS information is in fact consistent with its enrollment records, such as **original** attendance rosters, notices by the student regarding withdrawals, or leave of absence applications and approvals.

If the College asserts that data contained in the NSLDS enrollment records is incorrect, it must take whatever corrective action is necessary to correct the data and submit evidence to the Team that the adjustments have been made.

FINDING 6: THE COLLEGE DELAYED THE REPORTING OF ENROLLMENT DATA TO NSLDS BEYOND THE REQUIRED TIMEFRAME

The comparison between College records and NSLDS revealed that the College failed to report a change in student status within the required timeframe for 37 of 45 of the files tested.

In determining whether the College reported its students' enrollment status changes in a timely manner, the reviewer ran an Enrollment Detail Report for the Subject Award Years. The report's fields are reproduced within **Appendix E** (in addition to data related to Finding 5) for students within the regular sample. The relevant fields are defined as follows:

- **Eff. Date**—The Effective Date, which is the date when the reported enrollment status took effect.

- **Cert. Method**—*The method the school used to certify the enrollment information.*
  - School Batch—The school certified the enrollment information through the batch enrollment reporting process.
  - NSLDS Web—The school certified the enrollment information using the Enrollment Maintenance page on this site

- **Date Received**—Indicates the day when the NSLDS processed the enrollment information.

Improper enrollment reporting may directly impact a student's eligibility to receive Title IV awards and result in an undue delay in the repayment period of Stafford loans, causing an extra expense to the Department in excessive loan interest subsidies. Consistent inaccurate reporting also affects an institution's cohort default rates by distorting the true number of borrowers who enter repayment during the period considered in determining the rate.

REFERENCES: 34 C.F.R. §§682.610; 682.304
2002-03 Federal Student Aid Handbook, Volume 8, Chapter 7

REQUIREMENTS:

At scheduled times during the year, not less than semiannually, NSLDS sends Roster (formerly known as Student Status Confirmation Reports) files electronically to an institution (or its designated servicer) through its Student Aid Internet Gateway mailbox. The file includes all of the school's students who are identified in NSLDS as Stafford borrowers (or the beneficiaries of a PLUS loan).

An Institution (or their third party servicer) must certify the information and return the Roster file within 30 days of receiving it. Institutions may also go to www.nsldsfap.ed.gov and update its information about students online. An Institution is required to report changes in the student's enrollment status, the effective date of the status and an anticipated completion date. **Changes in enrollment to less than half-time, graduated or withdrawn must be reported within 30 days.** However, if a Roster file is expected within 60 days, an institution may provide the data on that roster file.

A review of NSLDS reporting schedules indicates that the College has consistently chosen to receive its Roster file every two months during the Subject Award Years. **Therefore, in the case of the College, the period between a student's status change and the requirement to report that information to NSLDS cannot exceed 60 days.**

The College must reconstruct the enrollment status changes of all of its Title IV students during the Subject Award Years to determine the effect of the timeliness of its reporting to NSLDS. The Team will use this information to determine the amount of excess interest subsidies paid by the Department in its FPRDL. The enrollment status reconstruction must be summarized in a table that specifies, on an enrollment status by enrollment status basis:

Student	SSN	Date of Enrollment Status Change per College	Effective Date in NSLDS	Date Enrollment Status Received by NSLDS	Number of Days in Excess of 60-day Requirement

The College must have an independent auditor attest to the accuracy of the reconstruction in a manner described in Section E of this report.

With regards to 37 students with the late reports, the College must adjust the effective date in NSLDS to reflect the actual date any change in student status occurred, if appropriate.

FINDING 7: THE COLLEGE REPORTED PELL DISBURSEMENT DATA TO THE DEPARTMENT ON AN UNTIMELY BASIS

A review of 123 Pell disbursements within the regular sample disclosed that 51 of the disbursements were reported to the Department in excess of the required 30 days. The detailed results are displayed in **Appendix F.**

The 30-day reporting requirement ensures that federal funds won't remain at an institution when its students don't need the funds. It further ensures that if the student transfers to another

institution, Pell payments to the student through the new institution won't be blocked. Institutions that don't submit required records on time, and institutions that submit incomplete records, will have their Pell allocations reduced and may be fined.

REFERENCES: 34 C.F.R. §690.83
2002-03 Federal Student Aid Handbook, Volume 3, Chapter 3

REQUIREMENTS:

Under the regulations, an institution that participates in the Pell grant program must submit required reports to the Department in a manner that is prescribed by the Secretary through an annual notice published in the Federal Register **[34 C.F.R. §690.83(a)(2)]**. During the Subject Award Years, the requirement to report Pell disbursement records no later than 30 days following the disbursement to the student has remained constant. The last day to report disbursement records for a particular award year is generally 90 days following the end of that award year (September 30), but may vary slightly from year to year, as promulgated in the federal register notice.

In response to this finding, the College must develop and implement written procedures to ensure that it is able to report Pell disbursements in timely basis in the future. Documentation of such procedures must be provided with the College's response to this report.

FINDING 8: THE COLLEGE RETAINED TITLE IV LOAN FUNDS IN EXCESS OF CASH MANAGEMENT REGULATORY TIMEFRAMES

A comparison between disbursement dates in the student ledgers and NSLDS indicates that in 21 of the 45 files FFEL funds were disbursed to students after tolerable excess cash limits. Details for the loan disbursement findings are found at **Appendix G**.

Institutions that do not disburse Title IV funds within the allowable time period maintain excess cash and prevent students from receiving timely payment credits to their accounts and earn interest on those Title IV funds for which they are not entitled.

REFERENCES: 34 C.F.R. §668.166
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 5, Page 94

REQUIREMENTS:

An Institution must disburse funds no later than three business days following the date the school receives them. *Excess cash* is any amount of Title IV program funds, other than funds received under the just-in-time payment method that an institution does not disburse to students by the end of the third business day. Excess cash must be returned to the Department immediately. However, sometimes an institution is prevented from disbursing funds in the required three days because of circumstances outside the school's control. For example, an institution may not have been able to disburse funds because of a change in a student's enrollment status, a student's failure to attend classes as scheduled, or a change in a student's award as a result of verification. To take these circumstances into account an institution may maintain an excess cash balance for up to seven additional days.

The College must reconstruct the timing of each of the disbursements it made to its students under all of the Title IV programs in which it participated (except FWS) during the Subject Award Years. For the loan programs, the College must use the format followed in Appendix F. For the grant programs, the College must use the date it withdrew funds from GAPS as the starting date in the analysis of whether it disbursed those funds in accordance with the cash management regulations.

The College must have an independent auditor attest to the accuracy of the reconstruction in a manner described in Section E of this report. The Team will use the information in the reconstruction to determine the extent of the College's liability in the FPRDL.

FINDING 9: THE COLLEGE DID NOT PROPERLY MAINTAIN ITS CAMPUS CRIME INCIDENT LOG

The College maintains a campus crime incident log. The reviewer examined the logs maintained during 1999, 2000 and 2001 and the referenced incident reports. All of the crime log entries had a referencing incident report, except for 2 missing reports in the 2000 log entries.

The College does not regularly maintain its crime log as required under the regulations. Rather, incident reports are maintained and aggregated annually to form the log to assist in the preparation of the annual security report. As a result, students, parents, employees and other interested parties did not have access to crime statistics in order to make an informed decision about the safety of the College campus.

REFERENCES: 34 C.F.R. §668.46(f)
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 7, pp 240-41

REQUIREMENTS:

The federal regulations require that schools that maintain a campus police or security department must make, keep, and maintain daily logs of any crime that occurs within the patrol jurisdiction of the campus police or security department designated by the institution. The logs must be written in a manner that is easily understood. For each crime, the school must record the date it was reported, the nature, date, time, and general location, and the disposition of the complaint, if known. The logs must be made public, except where prohibited by law or when disclosure would jeopardize the confidentiality of the victim. Schools are required to update logs with new information when available, but no later than two business days after the information is received, unless the disclosure is prohibited by law or would jeopardize the confidentiality of the victim. The school must disclose any information withheld once the adverse effect is no longer likely to occur.

The College is directed to revise its procedures to provide for a contemporaneous crime statistics log that is updated within two business days after the information is received and made available to the public for sixty days. The College is required to provide a copy of such procedures in its response to this finding.

FINDING 10: THE ANNUAL SECURITY REPORT UNDERREPORTED CRIME STATISTICS

The College provided the ED Reviewer with copies of its annual Crime Statistics Reports for the three years preceding the site visit. The reports contain comparative statistics for the past three years, as required in the federal regulations. However, the reports do not break down the three geographic areas described in the requirements section of this finding. In addition, the College works with a third party, RNR Real Estate, to provide housing for its students. By definition, this contractual relationship creates an additional source from which crime statistics must be selected, by including reports of crimes within the apartment building properties and their contiguous areas.

The reviewer's examination of the College's campus security records and interview with the designated official revealed that the College underreported crime statistics by failing to include property or thoroughfares contiguous to its campus. Consequently, students, parents and others are not comprised of criminal activity on the campus of the College in order to be fully informed of the safety of their surroundings.

REFERENCES: 34 C.F.R. §668.46(a)
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 7, pp 237-38

REQUIREMENTS:

Institutions must meet the campus security report requirements **individually for each separate *campus*.** Institutions must provide crime statistics for three discrete categories: campus, non-campus buildings or property, and public property. The following definitions apply to areas that must be covered in an annual campus security report.

A ***Campus is:***

• any building or property (including residence halls) owned or controlled by an institution within the same reasonably contiguous geographic area and used by the institution in direct support of or in a manner related to its educational purposes.

• property within the same reasonably contiguous area that is owned by the school but controlled by another person, frequently used by students, and supports the institution's purposes (such as a food or other retail vendor).

***Non-campus building or property* is:**

• any building or property owned or controlled by a student organization officially recognized by the institution; and

• any building or property (other than a branch campus) owned or controlled by the institution, that is **not** within the same reasonable contiguous area, is used in direct support of or in relation to the institution's educational purpose, and is frequently used by the students.

This includes *Third Party Housing*. Whether the rent is paid to the third party by the institution on behalf of the student or directly by the student, a student housing facility owned by a third party that has a contract with an institution to provide housing for the institution's students is considered under the control of the institution

Public property:

All public property including thoroughfares, streets, sidewalks, and parking facilities that is within the same campus or immediately adjacent to and accessible from the campus is included in the category of public property. This would not include, for example, highways that are adjacent to the campus, but that are separated from the campus by a fence or other man-made barrier. An institution may use a map to visually illustrate the areas included in the definition of its campus.

Coordination With Local Law Enforcement:

Institutions are required to make a reasonable, good faith effort to obtain crime statistics and may rely on the information supplied by a local or state police agency. An institution making a good faith effort will not be held responsible for the failure of local and state police agencies to supply the required statistics.

The College is required to submit a corrective action plan that will address the deficiencies noted in this finding. The plan must identify steps it is going to take to consider crimes committed on RNR real estate property where its students reside. The plan must also include the method it will use to coordinate with local law enforcement in gathering statistics on crimes committed in areas contiguous to its campus.

FINDING 11: THE COLLEGE DID NOT ADEQUATELY MAINTAIN AND ACCOUNT FOR TITLE IV FUNDS

In support of its compliance with the cash management requirements contained within the General Student Assistance Provisions, the College provided the following bank account statements during the review:

Title IV Program	Institution	Title	Account Number	Period Provided	Interest Accrued per Year Ending	
Pell, FSEOG, FWS	M&I Thunderbird Bank #08[13]	EFT	8010115	January 1, 2000 through January 31, 2003	12/31/2000	$1364.55
					12/31/2001	$1134.29
					12/31/2002	$371.47
					Total	**$2870.31**

13 M&I Thunderbird Bank #08 was changed to M&I Marshall & Ilsley Bank #401800 beginning with the June 30, 2001 closing statements.

FFEL	M&I Thunderbird Bank #08	Federal Title IV Loan Account	8011257	July 01, 2000 through January 31, 2003	**Not Applicable**
Unknown[14]	M&I Thunderbird Bank #08	NIH Federal Account	8110845	January 1, 2000 through December 31, 2002	**Not Applicable**
Credit Balances	M&I Thunderbird Bank #08	Student REF	8127022	January 1, 2002 through January 31, 2003	**Not Applicable**

As noted in the table above, the College has not used the term, *federal funds* in the title of the bank accounts containing Title IV funds. The College has also stated that it has not filed a UCC-1 statement, in lieu of using the federal funds title on the accounts.

In addition, the College failed to provide any bank account information for FFEL loan funds it receives through Electronic Funds Transfer and claimed that the transactions were linked directly into its ledger system. If this unlikely scenario is accurate, those portions of FFEL funds do not meet the foregoing cash management requirements.

A review of the refund report for the College in GAPS shows that no refunds of interest were paid to the Department. Staff at the Department that provides support to GAPS confirmed this fact.

Institutions that do not properly identify federal funds and maintain excess interest on those funds abuse their fiduciary role as a steward of Title IV funds.

REFERENCE: 34 C.F.R. §§668.163; 675.19(a); §676.19(a); §690.81(b)
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 7 pages 241-42

REQUIREMENTS:

A participating institution must maintain Title IV accounts funds in a bank or investment account that is Federally insured or secured by collateral of value reasonably equivalent to the amount of those funds. For each account that contains Title IV funds, the College must identify that Title IV program funds are maintained in the account by:

• including the phrase *federal funds* in the name of the account, **or**

• notifying the bank or investment company of the accounts that contain Title IV program funds and keeping a copy of this notice in its records *and*, except for public institutions, filing an UCC-1 statement with the appropriate state or municipal government entity that discloses that an account contains federal funds. The institution must keep a copy of the UCC-1 statement in its records.

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14 This account has seen no activity in the period reviewed and has maintained a steady balance of $11.49

Except in the instances discussed below, the account that Direct Loan, Pell Grant, FSEOG, and FWS program funds are deposited in must be an interest-bearing account or an investment account. An investment account must consist predominantly of low-risk income producing securities. If an institution chooses to maintain federal funds in an investment account, the institution must maintain sufficient liquidity in that account to make required disbursements to students.

Any interest earned on Direct Loan, Pell Grant, FSEOG, and FWS program funds maintained in an interest-bearing account or an investment account that exceeds $250 per award year, must be remitted to the Department by June 30 of that award year. An institution may keep up to $250 per year of the interest or investment revenue earned (other than that earned on Perkins Loan funds) to pay for the administrative expense of maintaining an interest-bearing account.

To resolve this finding, the College must reimburse the Department for the interest it retained in excess of the $250.00 maximum amount for each award year. Additional interest on this excess amount earned up to the award year ending June 30, 2003 will be included in the assessment of the liability if it is sustained in the FPRDL. Instructions for repayment of the determined amount will be provided in the FPRDL.

The College must also provide a copy of the bank statements that pertain to the loan EFT transactions described in the finding for all months covered within the Subject Award Years

FINDING 12: THE COLLEGE FAILED TO ADHERE TO ITS ATTENDANCE POLICY

In 25 of 45 student files in the regular sample, the reviewer discovered that students did not complete at least 80% of the scheduled classes in one or more of their courses. According to the College catalog under its attendance policy requirements, students must present in the assigned classroom for at least 80 percent of the scheduled time of any course to achieve satisfactory attendance. A review of each student's attendance records indicates that many students failed to meet the attendance threshold and there was documentation in the file to indicate that the student had been counseled. The detailed results are found at **Appendix H.**

Institutions that do not follow their own policies and procedures lack the administrative capability to provide the education they promise.

REFERENCES: 34 C.F.R. §668.16
Federal Student Aid Handbook 2002-03, Volume 2, Chapter 3

The College is required to respond to this finding by developing a corrective action plan that is designed to strengthen its procedures in following the stated attendance policy.

FINDING 13: FAILURE TO ADMINISTER A SATISFACTORY ACADEMIC PROGRESS POLICY IN COMPLIANCE WITH TITLE IV REGULATIONS

The reviewer found that the College meets the standards set forth in the administrative capability regulations at 34 C.F.R.§668.16(e), except, two crucial elements: its policy to allow students to

remain eligible for Title IV during secondary probation periods, and its practice of not considering failed courses as part of the CGPA at the time that students fail the course, as outlined in the requirements section of this finding.

Under the satisfactory academic progress policy published by the College in its catalog, in order to remain in good academic standing a student must maintain the following minimum standards as applied to the Cumulative Grade Point Average (CGPA):

Credit hours attempted Associates Degrees	Certificate programs	Minimum CGPA
15	5	1.0
30	10	1.5
45		2.0
60		2.0

Students enrolled in the Bachelor of Arts Program must maintain a CGPA of 2.0 to maintain in good standing.

A student's CGPA is evaluated at the end of each period for which grades are issued (the end of each six non-standard terms during the academic year). Those students not maintaining the minimum CGPA for all credit hours attempted will be placed on an initial academic probation for the next grading period. Students are eligible to receive Title IV proceeds during this period and must repeat any failed course as soon as it's available. If students have not achieved the required minimum CGPA but have achieved a passing grade for the grading period, the student may continue their training program for a second probationary period. Students who continue their probationary period will remain eligible for financial aid if they achieve the required minimum CGPA by the end of the second probationary period. Student that do not achieve the required CGPA by the end of the second probationary period will be terminated from training by the College.

The College defines credits attempted as those credits for which students are enrolled at the end of the term. For determining progression toward completion, grades of "F" (failure), "I" (incomplete), and "WN" (withdrawal no penalty) are counted as hours attempted but are not counted as hours successfully completed. When a grade of "I" is replaced with a letter grade, the CGPA and satisfactory academic progress determination are recalculated based on that grade. Grades of "I" must be converted to letter grades within two weeks of initial issue. If no grade is earned within two weeks, the "I" is converted to an "F". For financial aid purposes, "F" is counted as a completed grade. For a repeated class, the highest grade will be used to calculate the CGPA, however, both grades remain part of the official transcript. The reviewer also noted that some students were permitted to audit courses before taking them for credit.

Improperly considering failing grades in computing a students' grade point average may cause some students to meet satisfactory academic progress when they would not have otherwise, and thereby falsely permitting those students to remain eligible for Title IV disbursements.

REFERENCES: 34 C.F.R. §668.16
Federal Student Aid Handbook 2002-03, Volume 2, Chapter 3

REQUIREMENTS:

To be eligible for Title IV, a student must make satisfactory academic progress. An institution must have a satisfactory academic progress policy that contains elements specified in the regulations. An institution can use satisfactory progress standards set by a state, accrediting agency, or some other organization, as long as those standards meet the federal requirements. An institution must monitor its Title IV recipients to ensure that they are meeting the institution's satisfactory progress standards. An institution's satisfactory progress policy for students receiving Title IV funds must be at least as strict as the policy used for students who do not receive Title IV funds. The policy must be applied consistently to all Title IV recipients within identifiable categories of students (such as full time or part time, graduate, or undergraduate students).

An institution's satisfactory progress policy can include whatever standards it finds acceptable, as long as the policy meets the minimum statutory and regulatory requirements. A satisfactory progress policy must include both a qualitative measure (such as the use of cumulative grade point average) and a quantitative measure (such as a maximum time frame for completion) of the student's progress. The law and regulations specify minimum standards for these two measures. Your institution may set stricter standards in its policy.

Qualitative standards

The law specifies that by the end of the second academic year (measured as a period of time, not by the student's grade level), the student must, in general, have a C average or its equivalent, or have an academic standing consistent with the requirement for graduation from the program. If an institution does not use letter grades, its satisfactory progress policy should define "equivalent of a C average." If an institution determines that a student has maintained satisfactory progress standards even though his or her average falls below a C average, it must be able to document that the student's average is consistent with the academic standards required for graduation.

Rather than using a single fixed standard throughout the program, an institution may use a graduated grade point requirement. For example, an institution using a 4-point scale can require students to have a 2.0 average by graduation, but allow the student's average to be lower earlier in the student's academic career. If an institution's policy permits progression toward the 2.0 graduation requirement, it may permit a lower standard at the end of the second academic year.

Quantitative standards

To accurately measure a student's progress in a program, more than a qualitative standard is needed. A student who is maintaining a high GPA by withdrawing from every course he or she attempts after the first year would meet a qualitative standard, but wouldn't be progressing towards graduation. Therefore, the satisfactory progress policy must also include a quantitative measure to determine the number or percentage of courses, credit hours, or clock hours completed. To quantify academic progress, an institution must set a maximum time frame in which a student is expected to finish a program. For an undergraduate program, the maximum

time frame cannot exceed 150% of the published length of the program measured in academic years, academic terms, credit hours attempted, or clock hours completed, as appropriate. For instance, if the published length of an academic program is 120 credit hours, the maximum time frame established by the institution must not exceed 180 attempted credit hours (that is, 120 x 1.5).

To ensure that a student is making sufficient progress throughout the course of study, an institution's academic progress policy must divide the maximum time frame into equal evaluation periods called increments. An increment can't be longer than half the program or one academic year, whichever is less. Increments generally are expected to coincide with payment periods.

An institution's policy must also state the minimum amount or percentage of work a student must successfully **complete by the end of each increment.** This amount must be high enough to allow the student to complete the program within the maximum time frame.

An academic progress policy may use a graduated completion percentage for each year of enrollment. For instance, you can let students complete a lower percentage in the first academic year but then gradually increase the required percentage to ensure that the student completes program requirements within the maximum time frame. However, as soon as a student reaches a point when it's clear that he will not be able to meet the quantitative standard by graduation, he becomes ineligible for aid.

Academic amnesty/renewal

Some institutions have academic amnesty or renewal procedures through which a student can apply to have grades earned in previous semesters excluded from the calculation of the student's grade point average. Though an institution may include this in its academic policies, the Title IV program regulations don't provide for such amnesty. However, if an institution has a written policy that allows only the highest or most recent grade to be counted or both credits and grades from previous attempts to be deleted, it may exclude a grade for a prior attempt (***after*** the student completes the second attempt) when considering the qualitative SAP standard, but it must count the credits attempted when considering the quantitative SAP standard. Also, the institution may consider the circumstances a student uses to support an academic amnesty request as mitigating circumstances in an SAP appeal.

Other elements

An institution's satisfactory progress policy must explain how withdrawals, grades of "incomplete," repeated courses, transfer courses, and noncredit remedial coursework affect the academic progress determination. An institution must also establish procedures that enable the student to appeal a determination that finds him not to be making satisfactory progress. For students ultimately judged not to be making satisfactory progress, the institution must establish specific procedures that enable such students to once again meet satisfactory progress standards. Generally the quantitative and qualitative standards used to judge academic progress must be cumulative and include all periods of the student's enrollment. Even periods in which the student did not receive Title IV funds must be counted. However, a institution may allow a student who switches degree programs to "start over" regarding the quantitative standard (but not the

qualitative standard), though minimally any courses taken that apply to the new program must be counted. Similarly, an institution must at least count those transfer credits that apply toward the current program, though it may count all credits from the previous institution. An institution cannot set a maximum time frame based on hours attempted and then have a policy to routinely exclude certain hours attempted, such as hours taken during a summer session, from the satisfactory academic progress check.

Mitigating circumstances

An institution's policy can set aside the satisfactory standards for individual students if it determines that an unusual situation affected the student's progress. The law gives some examples where allowances might be made for mitigating circumstances; for instance, if a student becomes very ill or is severely injured, or if a student's relative dies. If you want to make allowances for mitigating circumstances, your institution's written policy must explain what those circumstances may be.

Conditional or probationary periods

Your institution's policy can include a **limited conditional or probationary period** in its satisfactory progress policy. During such a probationary period, a student who didn't meet the satisfactory progress standards can still be treated as if he or she did meet the standards.

Completion of degree requirements

A policy can state that a student who has completed all the coursework for his or her degree or certificate but hasn't yet received the degree or certificate can't receive further Title IV aid for that program. This restriction can't simply be a limit on the number of hours completed (for instance, that the student isn't eligible once he or she has completed 120 semester hours for a program that requires 120 semester hours). The student must have actually completed the academic requirements for the degree or certificate he or she is pursuing. Of course, if the student enrolls in another program (seeking a different degree or certificate), this restriction would no longer apply, although the student would still have to meet other satisfactory progress standards.

In response to this finding the College must provide the Team with a report that summarizes the results of each student's academic progress during the evaluation periods within the Subject Award Years under its current policy. In addition, the College must submit a second revised report that excludes the effect of its current policies to include an initial failing grade in a student's CGPA and provide students with an opportunity for subsequent probationary periods. The College is required to compare the results of the reports to determine whether any ineligible disbursements of Title IV aid were made as a result of the current deficiencies in its satisfactory academic progress policy and summarizes any liabilities on an award year basis.

The reports must contain the following data fields:

Student; SSN; Academic Program; Title IV Program; Disbursement Amount; *Disbursement Date*; First, Second etc.; *Evaluation Date*; and CGPA

In addition, the College must develop a plan to re-constitute its satisfactory academic progress policy to remove the secondary probationary period and report to the Team the specifics of its plans.

FINDING 14: ADMINISTRATIVE CAPABILITY WEAKNESS – THE COLLEGE LACKS SUFFICIENT INTERNAL CONTROLS TO PREVENT WASTE, FRAUD AND ABUSE OF THE TITLE IV PROGRAMS

The College permits its students to apply for Title IV eligibility through its financial aid office, whereby the College staff transmits the applicant's data through the Electronic Data Exchange (EDE) to the Central Processing System. The Institutional Student Information Records (ISIRs) reviewed for the regular sample indicates that the vast majority of applications are transmitted in this manner. The reviewer notes that in cases where the applicant has made an update or correction to the Free Application for Federal Student Aid, the College is using its own "ISIR Certification Page" to use as the applicant's certification of the changes to the information submitted through the EDE.

This alternative method of certifying adjustments to a FAFSA, in the absence of other documentation, is unacceptable because the "ISIR Certification Page" does not provide any referential data (i.e., student, award year, transaction number) to the ISIR that documents the application adjustments. As such, the certification it provides is completely ambiguous and legally unenforceable if challenged. Moreover, it deviates from the ISIR in that it omits a certification that the applicant understands the Secretary of Education has the authority to verify information reported on this application with the Internal Revenue Service and other federal agencies.

In addition, it appears from conversations with the financial aid staff that the College has not implemented a policy for referring cases of fraud, waste and abuse to the Department's Office of the Inspector General.

A lack of sufficient internal controls and procedures for reporting waste, fraud and abuse exposes the College and its students to potential liability for misappropriation of Title IV funds. The Team considers the implementation of the aforementioned policies to be a serious internal control weakness and an example of an impaired administrative capability that could easily foster fraud and abuse of the Title IV programs.

REFERENCES: 34 C.F.R. §668.16(c)(1)
Federal Student Aid Handbook 2002-03, Application and Verification Guide, Chapter 2

REQUIREMENT:

According to the Application and Verification Guide of the Federal Student Aid Handbook, an institution must follow certification and records retention procedures if a student submits a FAFSA through EDE at the institution. In such cases, the institution must obtain the signatures on a completed paper FAFSA or on the "echo document" printed through EDE. The institution must keep the signed document (original or imaged) in its files (even if the student doesn't

eventually receive federal student aid or doesn't attend the institution). Adjustments must be supported by **verifiable** documentation and certified by the applicant.

The College must cease the practice of using the "ISIR Certification Page" immediately and provide the Team with an explanation as to why it was ever implemented. For each student that submitted its FAFSA through EDE during the Subject Award Years, the College must make a good faith effort to have those students (and parents, if applicable) attest to the application they submitted by having them sign the associated echo documents from its EDE software. The College should attempt to obtain this information from the student regardless of whether they are currently in attendance at the College or have left. In cases where the College is not successful, please provide the Team with the last known address and telephone number for the student.

FINDING 15: THE COLLEGE DID NOT RESOLVE INCONSISTENT INFORMATION WITHIN STUDENT FILES

In 5 of the 45 files in the regular sample, the reviewer noted signatures in documents within the student's files that appear to be inconsistent or there were suspicious circumstances surrounding information in the files. During the on-site review, the reviewer made a point to demonstrate to the financial aid director the various instances of signature inconsistencies as they were discovered. This topic was discussed at length with the financial aid director and College president during the exit interview. The reviewer strongly suggested that the financial aid director remind her employees to be aware and cognizant of differences in signatures and inconsistent information and to refer suspected cases of fraud and abuse to the Department's Office of the Inspector General (OIG).

In an interview with a financial aid staff member, the interviewee indicated that she had witnessed cases where students would quickly return with documents that had been purportedly signed by parents or spouses. She indicated that since she did not actually witness the falsifying of signatures, she did not take any further action. She also indicated that she was not aware of any College policy of referring cases to the OIG.

The particular files and concerns are as follows:

Student 7: This 19 year-old signed a 2000-01 FAFSA on June 10, 2000, indicating that she had been married sometime earlier that month. Her spouse, also a 19-year old student at the College, submitted an application on the same day. Her application was flagged with a C code for name/SSN match and received back from the processor on June 21. Her application was also selected for verification (as was his). The College resolved her C code by obtaining a new copy of her SSN card (showing her married name) and birth certificate. The verification flag was resolved by copies of her and her husband's 1999 federal tax returns (the student signed her tax return on August 16, 2000). However, on the verification form, her husband's signature is remarkably different than what is shown on his tax return. It appears that the student or somebody else printed his signature with the same handwriting as was used to fill out the form.

Student 15: This student's 2000-01 FAFSA was signed by the both student and parent on August 8, 2000. The FAFSA contains cross outs and write-overs to income and household size. The parent's signature is markedly different than the signature contained on the 1999-00 FAFSA (where the two signatures appear to be very similar).

The application was transmitted to CPS on August 24, 2000. The College received the processed application on August 29 with a C Code flag for rejected SSN (as reported on the FAFSA), unconfirmed Selective Service match, unconfirmed citizenship and income for a spouse, although the student reported that he was not married.

The College retransmitted the application on October 24, 2000, changing spousal income to zero, student's income to $840 (from zero) and parents' tax to $11,911 (from $15,767).

The student and parent signed an "ISIR Certification Page" on November 6. The signatures appear identical. No other documentation was found in the file to support the application adjustments.

Student 17: This student's 2001-02 FAFSA was signed by the student and parent (both signatures bearing a remarkable resemblance) on March 11, 2001 in spite of the fact that the student answered that she was born before January 1, 1978. The student changed her answer to whether or not she was going to file a tax return on the $3,000 in income she earned from working in 2000. She also changed the household size from six to one. An "ISIR Certification Page" was signed by the applicant and parent on March 16, 2001. The 2001-02 ISIR (transaction 01) was transmitted as an electronic application on **November 2**.

The ISIR was returned to the College from the processor on November 6 with a C code because the student's SSN was transcribed incorrectly. The College re-transmitted the application (transaction 02) on November 15 with the corrected SSN (as reported on the FAFSA). This application was returned by CPS with no flags on November 21.

Student 30: The student and his parent completed a 2001-02 paper FAFSA on February 21, 2001. The College received an ISIR on February 23 with an application source of FAFSA (on the) WEB. The application was rejected because the applicant provided an SSN (as written on the paper FAFSA) that belongs to somebody else, and neither the signature page of the student, nor the parent was sent in with the application. The College re-transmitted the application

through EDE on March 22, changing the answer to selective service registration, filed tax return (from will file) and number of household members (from 6 to 5). The parent and student signed an "ISIR Certification Page" on April 2.

The student's file contains an undated student loan exit interview form. The student's signature is remarkably different than what he had used on the FAFSA, ISIR Certification page, etc.

On September 27, 2001, the College made a disbursement of $1,000 to the student's mother, even though no credit balance existed on the student's account. On November 12, a scholarship in the amount of $1000 was posted to the student's account with a Michigan merit reference notation. The student's loan cost of attendance was retroactively adjusted for the scholarship on the same day. Three days later, the student received a stipend in the amount of $1000.

Student 35: The student and parent signed a 2002-03 FAFSA on April 14, 2002. On April 17 the parent (Frank Lembcke) signed a "Financing Preferences" form that expressed his interest in assisting with his son's finances with his own resources as opposed to "Parent Loan financing that may be available". On the same form the parent also checked that he authorized the College to deliver credit balances/living expenses from PLUS loan funds to [his] son/daughter. His signature is remarkably different than the FAFSA (looks exactly like the son's) he presumably signed three days earlier.

The failure to resolve inconsistent information in a student's records results in thwarting the purpose of the HEA to assure eligible Title IV funding to be reserved for students by virtue of financial need.

REFERENCES: 34 C.F.R. §668.16(c)(1)
Federal Student Aid Handbook 2002-03, Volume 2, Chapter 3

REQUIREMENTS:

In order to begin and to continue to participate in any Title IV program, an institution must demonstrate that it is capable of adequately administering that program under each of the standards established in 34 CFR 668.16. One such standard is that an institution:

Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews—

(1) All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;

(2) Any documents, including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and

(3) Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number or other factors relating to the student's eligibility for funds under the Title IV, HEA programs;

The College is required to develop and implement a corrective action plan that describes how its employees review documents and information from a variety of sources relating to a student's eligibility for awards under the Title IV programs to determine whether inconsistencies exist. The corrective action plan must address procedures an employee must take when discovering and resolving inconsistencies. In cases where the College suspects that a student or parent fraudulently misrepresents information to obtain Title IV funds, procedures for referring those cases to the Office of the Inspector General must be included in the plan.

FINDING 16: THE COLLEGE FAILED TO DEMONSTRATE HOW IT USED INSTITUTIONAL RESOURCES TO MATCH FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG)

In its Fiscal Operations Report and Application to Participate (FISAP), the College reported that it had contributed $64,421 and $106,276 in cash outlays to FSEOG recipients during the 2000-01 and 2001-02 award years, respectively. However, there is no detail contained in the student ledgers that would indicate that the institutional match is being made.

Failure to deposit the institutional matching share into the FSEOG account causes an increase expense to the federal government and short changes the amount of aid to needy students.

REFERENCES: 34 C.F.R. §676.21
2002-03 Federal Student Aid Handbook, Volume 7, Chapter 1

REQUIREMENTS:

The federal share of FSEOG awards made by an institution may not exceed 75% of the total FSEOG grants it wards to its students during the award year. The institution must contribute a nonfederal share (also called "institutional share") of 25%, unless it's granted a waiver from the regulatory provision, under 34 C.F.R. §676.21(b). The non-federal share of FSEOG awards must be made from the institution's own resources, which include:

1. Institutional grants and scholarships;
2. Tuition or fee waivers;
3. State scholarships; and,
4. Foundation or other charitable organization funds **[34 C.F.R. §676.21(c)]**

The three methods a institution may use to meet its non-federal share include:

1. **Individual FSEOG recipient basis**—the institution provides its share to an individual FSEOG recipient together with the federal share; that is, each student's total FSEOG would consist of 25% nonfederal resources and 75% federal dollars for the applicable award year;

2. **Aggregate basis**—the institution ensures that the sum of all funds awarded to FSEOG recipients in the applicable award year comprises 75% FSEOG federal funds and 25% nonfederal resources.

3. **Fund-specific basis**—the institution establishes an "FSEOG fund" into which it deposits FSEOG federal funds and the required 25% nonfederal share. Awards to FSEOG recipients then are made from the fund.

The College must provide the Team with evidence that support its Fiscal Operations report with regards to the institutional match of FSEOG award funds for the Subject Award Years, by asserting which of the three aforementioned bases it used to meet the 25% requirement. Depending upon the bases it used, please provide the necessary accounting records and bank statements to show the outlay of cash in each award year.

FINDING 17: THE COLLEGE UNEVENLY DISBURSED FSEOG AWARDS TO ITS STUDENTS WITHOUT SUPPORTING DOCUMENTATION ON EDUCATIONAL COSTS

A review of the regular sample indicates that 9 of the 45 students received FSEOG awards. One student received two FSEOG awards for two award years, for a total of 10 awards for which the disbursements were evaluated. The reviewer examined the associated student ledgers for these awards and found that disbursements in 7 of the 10 awards were not made in accordance with FSEOG program regulations. The details of these awards and the disbursements therein are found at **Appendix I**.

REFERENCES: 34 C.F.R. §676.16
2002-03 Federal Student Aid Handbook, Volume 7, Chapter 1

REQUIREMENTS:

In determining the amount and timing of payments of an FSEOG, an institution uses the following formula:

$$\frac{\text{FSEOG}}{\text{N}}$$

where:

FSEOG=the total FSEOG awarded for an academic year and N=the number of payment periods that the institution expects the student will attend in that year. **[34 C.F.R. §676.16(a)(2)]**

As mentioned previously in this report, the College established three payment periods for its FSEOG awards. Also previously mentioned are the payment period regulations under §668.4 that require institutions to disburse a portion of a Title IV award on the basis of an academic term for institutions that provide term based academic programs.

Under the FSEOG regulations, an institution may determine that a student incurs uneven costs or resources during an academic year and needs additional FSEOG funds in a particular payment period. However, upon making this determination, the institution must be able to document those uneven costs or resources in order to make unequal FSEOG disbursements. In the case of the exceptions noted in this finding, the reviewer was unable to find such documentation in the students' files.

An institution is permitted to make only one disbursement during the award year if the student's award is less than $501.

The College is to examine each of the 7 exceptions noted in the appendix and comment on the individual circumstances surrounding the scheduling of each disbursement. Along with its response, the College must furnish the Team with the award letters (originals and any amendments) associated with each questioned disbursement.

FINDING 18: THE COLLEGE FAILED TO MEET THE TITLE IV PROGRAM RECORD RETENTION REQUIREMENTS TO MAINTAIN RECORDS AND SAFEGUARD ITS APPLICATION DATA

During the review, the College was unable to provide certain program records that are required to be maintained under the regulations. The following list describes categories of documents for which the College was unable to provide upon request:

1. All award year 2000-01 ISIRs used to determine a student's eligibility, preceding the ISIR under which the student was actually paid. For example, if student X was paid upon ISIR transaction 03, then College was unable to provide the applicant data for transactions 01 and 02 that show the original responses to the FAFSA questions and any subsequent changes made to those responses. This oversight was discovered during the time after the on-site visit when the reviewer requested that the College export all of its electronic application data batches it received from the CPS. In a conference call with the College's Financial Aid Director and a member of the College's IT staff, the College conceded that it was unable to recover any other data files than the most recent transaction received.

2. Documentation supporting the College's calculation of completion or graduation rates under the consumer information requirements described in §§668.46 and 668.49

3. Accounting and employment records under the requirements of the Federal Work Study program described in §675

Institutions that do not maintain or adequately safeguard Title IV program data cannot demonstrate that they have administered the programs under the requirements of the law. Institutions that cannot exhibit compliance with program requirements are subject to fines, limitations or suspensions of their ability to participate in the Title IV programs.

REFERENCES: 34 C.F.R. §668.24
2002-03 Federal Student Aid Handbook, Volume 2, Chapter 8

REQUIREMENTS:

An institution is required to maintain required records in a systematically organized manner and make those records available to the Secretary for review at its designated location. An institution may keep its required records in hard copy or in microform, computer file, optical disk, CD-ROM or other media formats provided that the records must be retrievable in a coherent format acceptable by the Secretary.

Notwithstanding the above, an institution shall maintain the Student Aid Reports or ISIRs used to determine a student's eligibility for Title IV program funds **in the format in which it was received by the institution.**

The College must supply the Team with the missing information described above if it is able. Regardless of availability, the College must submit a corrective action plan that addresses how it will safeguard its electronic and other hard copy records. Suggested procedures for safeguarding data can be found at the EDExpress Basics On-Line training tool:

http://www.ifap.ed.gov/edexpress/index.htm

G. APPENDICES

APPENDIX A: LIST OF SAMPLED STUDENT FILES

Award Year 2000-01

Student Number	SSN	Last Name	First Name
1	(b)(6) [redacted]		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

Award Year 2001-02

Student Number	SSN	Last Name	First Name
16	(b)(6) [redacted]		
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			

Award Year 2002-03

Student Number	SSN	Last Name	First Name
31	(b)(6) [redacted]		
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			

Withdrawn Student Sample

Student Number	SSN	Last Name	First Name
46	(b)(6) [redacted]		
47			
48			
49			
50			
51			
52			
53			
54			
55			
56			
57			
58			
59			
60			

APPENDIX B: ACADEMIC YEAR ANALYSIS

Student #	Program	Course	First Day of Class	Last Day of Class	Weeks of Instructional Time in Term	Weeks of Instructional Time in BBAY
2	AA- PC/Networks	PTA105	23-Aug-1999	23-Sep-1999	4.43	
		PTA110	27-Sep-1999	28-Oct-1999	4.43	
		PTA210	1-Nov-1999	2-Dec-1999	4.43	
		PTA215	6-Dec-1999	13-Jan-2000	5.43	
		PTA220	18-Jan-2000	17-Feb-2000	4.29	
		PTA230	22-Feb-2000	23-Mar-2000	4.29	28.43
6	AA- Visual Communications	COR134	27-Sep-1999	28-Oct-1999	4.43	
		COR216	27-Sep-1999	28-Oct-1999	4.43	
		COR168	1-Nov-1999	2-Dec-1999	4.43	
		COR144	6-Dec-1999	13-Jan-2000	5.43	
		COR204	18-Jan-2000	17-Feb-2000	4.29	
		COR156	22-Feb-2000	23-Mar-2000	4.29	
		COR180	27-Mar-2000	27-Apr-2000	4.43	28.43
9	AA- Visual Communications	COR134	27-Sep-1999	28-Oct-1999	4.43	
		COR144	27-Sep-1999	28-Oct-1999	4.43	
		COR156	6-Dec-1999	13-Jan-2000	5.43	
		COR168	18-Jan-2000	17-Feb-2000	4.29	
		COR228	22-Feb-2000	23-Mar-2000	4.29	
		COR192	27-Mar-2000	27-Apr-2000	4.43	28.43
11	AA- Visual Communications	COR134	1-Oct-2001	1-Nov-2001	4.43	
		COR144	5-Nov-2001	6-Dec-2001	4.43	
		COR168	10-Dec-2001	17-Jan-2002	5.43	
		COR156	22-Jan-2002	21-Feb-2002	4.29	
		COR180	25-Feb-2002	28-Mar-2002	4.43	
		COR192	1-Apr-2002	2-May-2002	4.43	28.43
12	AA- PC/Networks	PTA105	14-Jun-1999	15-Jul-1999	4.43	
		PTA110	19-Jul-1999	19-Aug-1999	4.43	
		PTA210	23-Aug-1999	23-Sep-1999	4.43	
		PTA215	27-Sep-1999	28-Oct-1999	4.43	
		PTA220	1-Nov-1999	2-Dec-1999	4.43	
		PTA230	6-Dec-1999	13-Jan-2000	5.43	28.43
14	BA - Graphic Design	BGD305	27-Sep-1999	28-Oct-1999	4.43	
		COM240	27-Sep-1999	28-Oct-1999	4.43	
		ENG101	1-Nov-1999	2-Dec-1999	4.43	
		BGD315	1-Nov-1999	2-Dec-1999	4.43	
		HUM107	6-Dec-1999	13-Jan-2000	5.43	
		BGD320	6-Dec-1999	13-Jan-2000	5.43	
		PSY101	18-Jan-2000	17-Feb-2000	4.29	
		BGD330	18-Jan-2000	17-Feb-2000	4.29	
		BGD390	22-Feb-2000	23-Mar-2000	4.29	
		CRE111	22-Feb-2000	23-Mar-2000	4.29	
		BGD400	27-Mar-2000	27-Apr-2000	4.43	
		MCO120	27-Mar-2000	27-Apr-2000	4.43	28.43
16	AA- PC/Networks	PTA105	27-Aug-2001	27-Sep-2001	4.43	

Student #	Program	Course	First Day of Class	Last Day of Class	Weeks of Instructional Time in Term	Weeks of Instructional Time in BBAY
		PTA110	1-Oct-2001	1-Nov-2001	4.43	
		PTA210	5-Nov-2001	6-Dec-2001	4.43	
		PTA215	10-Dec-2001	17-Jan-2002	5.43	
		PTA220	22-Jan-2002	21-Feb-2002	4.29	
		PTA230	25-Feb-2002	28-Mar-2002	4.43	**28.43**
23	**AA- Visual Communications**	COR216	23-Aug-1999	23-Sep-1999	4.43	
		COR204	27-Sep-1999	28-Oct-1999	4.43	
		COR228	1-Nov-1999	2-Dec-1999	4.43	
		COR232	6-Dec-1999	13-Jan-2000	5.43	
		GDT265	17-Jan-2000	17-Feb-2000	4.43	
		GDT285	21-Feb-2000	23-Mar-2000	4.43	**28.43**
24	**AA- PC/Networks**	PTA300	18-Jun-2001	19-Jul-2001	4.43	
		PTA305	23-Jul-2001	23-Aug-2001	4.43	
		PTA310	27-Aug-2001	27-Sep-2001	4.43	
		PTA320	1-Oct-2001	1-Nov-2001	4.43	
		PTA330	5-Nov-2001	6-Dec-2001	4.43	
		PTA340	10-Dec-2001	17-Jan-2002	5.43	**28.43**
25	**AA- Visual Communications**	COR201	27-Aug-2001	27-Sep-2001	4.43	
		COR228	1-Oct-2001	1-Nov-2001	4.43	
		COR216	5-Nov-2001	6-Dec-2001	4.43	
		COR232	10-Dec-2001	17-Jan-2002	5.43	
		MMT266	22-Jan-2002	21-Feb-2002	4.29	
		MMT286	25-Feb-2002	28-Mar-2002	4.43	**28.43**
25	**BA - Visual Communications**	BDG305	22-Jul-2002	22-Aug-2002	4.43	
		COM240	22-Jul-2002	22-Aug-2002	4.43	
		BDG315	26-Aug-2002	26-Sep-2002	4.43	
		ENG101	26-Aug-2002	26-Sep-2002	4.43	
		BDG435	30-Sep-2002	31-Oct-2002	4.43	
		HUM107	30-Sep-2002	31-Oct-2002	4.43	
		BDG425	5-Nov-2002	5-Dec-2002	4.29	
		PSY301	5-Nov-2002	5-Dec-2002	4.29	
		BDG400	9-Dec-2002	16-Jan-2003	5.43	
		CRE111	9-Dec-2002	16-Jan-2003	5.43	
		BDG410	21-Jan-2003	20-Feb-2003	4.29	
		MCO120	21-Jan-2003	20-Feb-2003	4.29	**28.43**
27	**AA- PC/Networks**	PTA300	18-Jun-2001	19-Jul-2001	4.43	
		PTA305	23-Jul-2001	23-Aug-2001	4.43	
		PTA310	27-Aug-2001	27-Sep-2001	4.43	
		PTA320	1-Oct-2001	1-Nov-2001	4.43	
		PTA330	5-Nov-2001	6-Dec-2001	4.43	
		PTA340	10-Dec-2001	17-Jan-2002	5.43	**28.43**
28	**AA- Visual Communications**	COR134	23-Jul-2001	23-Aug-2001	4.43	
		HUM107A1	27-Aug-2001	27-Sep-2001	4 43	
		COR144	1-Oct-2001	1-Nov-2001	4.43	
		HUM107A2	5-Nov-2001	6-Dec-2001	4.43	

Student #	Program	Course	First Day of Class	Last Day of Class	Weeks of Instructional Time in Term	Weeks of Instructional Time in BBAY
		ENG101A1	5-Nov-2001	6-Dec-2001	4.43	
		COR156	6-Nov-2001	6-Dec-2001	4.29	
		COR168	10-Dec-2001	17-Jan-2002	5.43	
		ENG101A2	10-Dec-2001	17-Jan-2002	5.43	
		COR192	10-Dec-2001	17-Jan-2002	5.43	
		MKT271A1	22-Jan-2002	21-Feb-2002	4.29	
		COR180	22-Jan-2002	21-Feb-2002	4.29	28.43
30	AA - Animation	ANM131	23-Jul-2001	23-Aug-2001	4.43	
		ANM141	27-Aug-2001	27-Sep-2001	4.43	
		ANM201	1-Oct-2001	1-Nov-2001	4.43	
		ANM212	5-Nov-2001	6-Dec-2001	4.43	
		ANM151	10-Dec-2001	17-Jan-2002	5.43	
		ANM171	22-Jan-2002	21-Feb-2002	4.29	28.43
31	AA- Visual Communications	ENG101A1	1-Oct-2001	1-Nov-2001	4.43	
		COR168	1-Oct-2001	1-Nov-2001	4.43	
		ENG101A2	5-Nov-2001	6-Dec-2001	4.43	
		COR192	5-Nov-2001	6-Dec-2001	4.43	
		ENG101A2	10-Dec-2001	17-Jan-2002	5.43	
		COR180	10-Dec-2001	17-Jan-2002	5.43	
		MKT271A1	22-Jan-2002	21-Feb-2002	4.29	
		COR180	22-Jan-2002	21-Feb-2002	4.29	
		COR228	25-Feb-2002	28-Mar-2002	4.43	
		MKT271A1	25-Feb-2002	28-Mar-2002	4.43	
		COR228	1-Apr-2002	2-May-2002	4.43	
		COR216	1-Apr-2002	2-May-2002	4.43	28.43
32	AA - Animation	ANM101	1-Oct-2001	1-Nov-2001	4.43	
		ANM121	5-Nov-2001	6-Dec-2001	4.43	
		ANM161	10-Dec-2001	17-Jan-2002	5.43	
		ANM111	22-Jan-2002	21-Feb-2002	4.29	
		ANM131	25-Feb-2002	28-Mar-2002	4.43	
		ANM141	1-Apr-2002	2-May-2002	4.43	28.43
34	AA - Animation	ANM101	22-Jul-2002	22-Aug-2002	4.43	
		ANM161	26-Aug-2002	26-Sep-2002	4.43	
		ANM181	30-Sep-2002	31-Oct-2002	4.43	
		ANM125	4-Nov-2002	5-Dec-2002	4.43	
		ANM235	9-Dec-2002	16-Jan-2003	5.43	
		ANM131	21-Jan-2003	20-Feb-2003	4.29	28.43
38	AA - Animation	ANM101	23-Jul-2001	23-Aug-2001	4.43	
		ANM191	27-Aug-2001	27-Sep-2001	4.43	
		ANM121	1-Oct-2001	1-Nov-2001	4.43	
		ANM161	5-Nov-2001	6-Dec-2001	4.43	
		ANM131	10-Dec-2001	17-Jan-2002	5.43	
		ANM141	22-Jan-2002	21-Feb-2002	4.29	28.43
39	AA- Visual Communications	COR134	22-Jul-2002	22-Aug-2002	4.43	
		COM240	22-Jul-2002	22-Jul-2002	0.00	
		CRE111	22-Jul-2002	22-Jul-2002	0.00	
		ENG101	22-Jul-2002	22-Jul-2002	0.00	

Student #	Program	Course	First Day of Class	Last Day of Class	Weeks of Instructional Time in Term	Weeks of Instructional Time in BBAY
		HUM107	22-Jul-2002	22-Jul-2002	0.00	
		COR144	26-Aug-2002	26-Sep-2002	4.43	
		COR258	30-Sep-2002	31-Oct-2002	4.43	
		COR168	4-Nov-2002	5-Dec-2002	4.43	
		COR156	9-Dec-2002	16-Jan-2003	5.43	
		MKT271A1	9-Dec-2002	16-Jan-2003	5.43	
		MKT271A2	21-Jan-2003	20-Feb-2003	4.29	28.43
40	AA- Visual Communications	COR134	1-Oct-2001	1-Nov-2001	4.43	
		HUM107A1	1-Oct-2001	1-Nov-2001	4.43	
		ENG101A	1-Oct-2001	1-Oct-2001	0.00	
		COR144	5-Nov-2001	6-Dec-2001	4.43	
		HUM107A2	5-Nov-2001	6-Dec-2001	4.43	
		COR156	10-Dec-2001	17-Jan-2002	5.43	
		COR168	22-Jan-2002	21-Feb-2002	4.29	
		COR180	25-Feb-2002	28-Mar-2002	4.43	
		MKT271A1	25-Feb-2002	28-Mar-2002	4.43	
		COR192	1-Apr-2002	2-May-2002	4.43	
		MKT271A2	1-Apr-2002	2-May-2002	4.43	28.43
41	AA - Animation	ANM101	22-Jul-2002	22-Aug-2002	4.43	
		ANM161	26-Aug-2002	26-Sep-2002	4.43	
		ANM181	30-Sep-2002	31-Oct-2002	4.43	
		ANM125	4-Nov-2002	5-Dec-2002	4.43	
		ANM235	9-Dec-2002	16-Jan-2003	5.43	
		ANM131	21-Jan-2003	20-Feb-2003	4.29	28.43
42	AA - Animation	ANM101	22-Jul-2002	22-Aug-2002	4.43	
		ANM161	26-Aug-2002	26-Sep-2002	4.43	
		ANM181	30-Sep-2002	31-Oct-2002	4.43	
		ANM125	4-Nov-2002	5-Dec-2002	4.43	
		ANM235	9-Dec-2002	16-Jan-2003	5.43	
		ANM131	21-Jan-2003	20-Feb-2003	4.29	28.43
43	AA- PC/Networks	PTA099	1-Oct-2001	1-Nov-2001	4.43	
		PTA105	5-Nov-2001	6-Dec-2001	4.43	
		PTA110	10-Dec-2001	17-Jan-2002	5.43	
		PTA210	22-Jan-2002	21-Feb-2002	4.29	
		PTA215	25-Feb-2002	28-Mar-2002	4.43	
		PTA220	1-Apr-2002	2-May-2002	4.43	28.43
45	AA- Visual Communications	COR201	27-Aug-2001	27-Sep-2001	4.43	
		COR134	1-Oct-2001	1-Nov-2001	4.43	
		HUM107A1	1-Oct-2001	1-Nov-2001	4.43	
		COR144	5-Nov-2001	6-Dec-2001	4.43	
		HUM107A2	5-Nov-2001	6-Dec-2001	4.43	
		COR168	10-Dec-2001	17-Jan-2002	5.43	
		ENG101A1	10-Dec-2001	17-Jan-2002	5.43	
		COR156	22-Jan-2002	21-Feb-2002	4.29	
		ENG101A2	22-Jan-2002	21-Feb-2002	4.29	
		COR192	25-Feb-2002	28-Mar-2002	4.43	
		MKT271A1	25-Feb-2002	28-Mar-2002	4.43	28.43

APPENDIX C: SUMMARY OF REFUND ACCURACY FINDINGS

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
5 (b)(6)					$0.00					$0.00	$0.00	No Title IV awarded for enrollment period in which student withdrew
8 (b)(6)					$0.00	$1,293.01	$848.75			$2,141.76	$2,141.76	Student withdrew on the second to last day of the first payment period. The College made a late second disbursement for which the student was not eligible and must be returned to the lender
13 (b)(6)	$845.07				$845.07	$1,940.00	$1,022.37			$2,962.37	$2,117.30	The College's Return to Title IV worksheet shows that no refund is due. However, NSLDS and the student's file shows that a refund was made to the student's unsub loan in the amount of $845.07. NSLDS shows a refund date of 5/3/01. Please resolve with lender
17 (b)(6)					$0 00					$0.00	$0.00	
19A (b)(6)					$0.00					$0.00	$0.00	

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
19B [redacted]				$1,183.00	$1,183.00				$1,188 75	$1,188.75	$5.75	
20 [redacted]	$1,940.00	$1,010.38			$2,950.38	$1,940.00	$1,273.61		$10.77	$3,224.38	$274.00	The College's Return to Title IV worksheet shows a refund due to the sub loan program of $534.52, but NSLDS shows a refund of $1074 was made to the account. NSLDS shows refund date of 9/4/02 in contrast with 10/2/02 payment clear date per ELM printout.
21 [redacted]				$1,555 35	$1,555.35			$1,924 38		$1,924.38	$369.03	

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
23 (b)(6)					$0.00					$0.00	$0.00	The Return to Title IV Worksheet prepared by the College shows that no refund is due. However, the ledger (6/8/01) and NSLDS (2/2/01) show a refund to the student's unsub loan account in the amount of $1,246.34. Please explain the difference. The reviewer's Return to Title IV worksheet shows that a post-withdrawal disbursement of $1100 (Pell) is due to the student.
29 (b)(6)					$0.00	$646.99	$1,214 07			$1,861.06	$1,861.06	
33 (b)(6)					$0.00	$2,425.00	$823 38			$3,248.38	$3,248.38	There is no Return to Title IV Worksheet in the student's file. The ledger indicates that a refund to the sub loan program in the amount of $180.13 was made on 12/31/02, but there is no record of the refund in NSLDS
37 (b)(6)	$1,940.00	$369.07			$2,309.07	$1,940.00	$379 96			$2,319.96	$10.89	

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
46 [redacted] (b)(6)	$379.00			$521.00	$900.00	$975.00			$729.00	$1,704 00	$804.00	Difference includes amount of Pell Grant overpayment ($729) from incorrect proration: $2083 (actual award) Minus award correctly pro-rated [Scheduled Award ($3125)]; Times [Weeks of Instructional Time (13)]; Divided by [Weeks in Academic Year (30)] = $1354 NSLDS indicates refund of unsub loan on 4/14/00 by College. Please explain why refund was made so early and provide original attendance records

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
47 [redacted] (b)(6)	$1,674.46				$1,674.46	$0.00				$0.00	($1,674.46)	NSLDS does not reflect refund to Unsub Loan Please resolve with lender. On the College's R2T4 worksheet, the College reported $525 as the net amount of Pell grants disbursed. A notation in the margin (whited out by the College) indicates that there is a mistake in the ledger (which shows a $1050 disbursement). Please explain
48 [redacted] (b)(6)					$0 00					$0.00	$0.00	NSLDS indicates that a portion of the first disbursement of the unsub loan was refunded to the lender on 3/22/02 and the second disbursement was cancelled on 5/6, while the sub loan was disbursed in full. Please explain.

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
49 [redacted]				$1,250.00	$1,250.00				$2,500.00	$2,500.00	$1,250 00	Student did not start the first term for which the Pell grant was intended, therefore, the College must return the entire amount of Pell disbursed NSLDS record for sub loan shows that a refund was returned to the lender on 7/3/01. Why was this done when the student was presumably still enrolled?
50 [redacted]					$0.00					$0.00	$0.00	
51 [redacted]					$0 00					$0.00	$0.00	
52 [redacted]					$0.00					$0.00	$0.00	
53 [redacted]	$1,940.00	$1,105.98			$3,045.98	$1,940 00	$1,273.61		$1,220.92	$4,434.53	$1,388 55	DOE amount includes $12.42 in Pell due from the student
54 [redacted]					$0 00	$1,940.00	$1,273 61		$1,568.00	$4,781.61	$4,781 61	
55 [redacted]					$0.00	$2,830 08				$2,830.08	$2,830.08	

Per College Calculation						Per DOE Calculation						
Student #	Unsub Loan	Sub Loan	PLUS	Pell	Total Returned	Unsub Loan	Sub Loan	PLUS	Pell	Total to be Returned	Difference	Comment
56 [redacted] (b)(6)					$0.00				$470.00	$470.00	$470.00	Student only completed two days of attendance. College must return all Pell under pro-rata refund policy
57 [redacted] (b)(6)					$0 00	$1,940 00	$226 49			$2,166.49	$2,166.49	Student Loan data not indicated under NSLDS Please investigate
58 [redacted] (b)(6)					$0 00					$0.00	$0.00	
59 [redacted] (b)(6)		$1,272.64	$918 61		$2,191.25					$0 00	($2,191.25)	
60 [redacted] (b)(6)					$0 00					$0 00	$0.00	
Totals:	$8,718.53	$3,758.07	$918.61	$4,509.35	$17,904.56	$19,810 08	$8,335.85	$1,924.38	$7,687.44	$37,757.75	**$19,853.19**	

APPENDIX C1: SUMMARY OF REFUND TIMING FINDINGS

Student #	Last Day of Attendance	Actual Withdrawal Determination	Notice Provided by Student	Withdrawal Determination Per 10 day Policy	Refund Due Per Regulations	Return Payment Posted to Bank Records	Late	Notes
5	6-Nov-2001	3-Dec-2001	N	27-Nov-2001	27-Dec-2001	N/A	N/A	No refund due
8	29-Jan-2001	10-Apr-2001	N	15-Feb-2001	17-Mar-2001	N/A	N/A	Ineligible disbursement to be returned
13	4-Jun-2001	9-Jul-2001	N	20-Jun-2001	20-Jul-2001	?	?	College needs to provide M&I Marshall & Isley bank statements for Account Number 08127022 for the period of January 1, 1999 through December 31, 2001.
17	14-Nov-2001	Unknown	N	5-Dec-2001	4-Jan-2002	N/A	N/A	The College did make an overaward payment to the Pell Grant program in the amount of $50 on February 5, 2002.
19A	30-Jan-2001	26-Apr-2001	N	19-Feb-2001	21-Mar-2001	N/A	N/A	No refund due
19B	7-Mar-2002	2-May-2002	N	27-Mar-2002	26-Apr-2002	31-May-2002	Yes	
20	24-Jul-2002	18-Sep-2002	N	14-Aug-2002	13-Sep-2002	2-Oct-2002	Yes	Could not substantiate EFT debit from bank statements provided. 10/2/02 derived from College notation on ELM print-out
21	31-Oct-2001	10-Dec-2001	N	20-Nov-2001	20-Dec-2001	16-Jan-2002	Yes	
23	5-Apr-2001	15-May-2001	N	26-Apr-2001	26-May-2001	N/A		
29	11-Nov-2002	27-Dec-2002	N	2-Dec-2002	1-Jan-2003	N/A		Unmade refund due
33	26-Sep-2002	?	N	16-Oct-2002	15-Nov-2002	31-Dec-2002	Yes	Could not substantiate EFT debit from bank statements provided. 12/31/02 derived from student ledger.
37	4-Nov-2002	26-Dec-2002	N	21-Nov-2002	21-Dec-2002	31-Dec-2002	Yes	Could not substantiate EFT debit from bank statements provided. 12/31/02 derived from student ledger.
46	10-Jul-2000	30-Aug-2000	N	27-Jul-2000	26-Aug-2000	13-Sep-2000	Yes	

Student #	Last Day of Attendance	Actual Withdrawal Determination	Notice Provided by Student	Withdrawal Determination Per 10 day Policy	Refund Due Per Regulations	Return Payment Posted to Bank Records	Late	Notes
47	21-Dec-2000	6-Feb-2001	N	23-Jan-2001	22-Feb-2001	5-Mar-2001	Yes	No record of loan refund in NSLDS
48	30-Jul-2002	22-Sep-2002	N	19-Aug-2002	18-Sep-2002			See comments in Appendix C
49	19-Jul-2001	29-Aug-2001	Y	8-Aug-2000	7-Sep-2000	N/A		
50	15-Aug-2002	?	N	5-Sep-2002	5-Oct-2002	N/A		
51	25-Apr-2001	14-Jun-2001	Y	22-May-2001	21-Jun-2001	N/A		
52	13-Nov-2002	27-Feb-2003	N	4-Dec-2002	3-Jan-2003	N/A		
53	15-Nov-2002	26-Dec-2002	N	25-Nov-2002	25-Dec-2002	31-Dec-2002	Yes	Could not substantiate EFT debit from bank statements provided. 12/31/02 derived from student ledger.
54	19-Apr-2001	5-Jun-2001	N	16-May-2001	15-Jun-2001			Unmade refund due
55	21-Aug-2001	9-Oct-2001	N	12-Sep-2001	12-Oct-2001			Unmade refund due
56	18-Jul-2000	16-Aug-2000	N	8-Aug-2000	7-Sep-2000			Unmade refund due
57	19-Apr-2001	21-May-2001	N	16-May-2001	15-Jun-2001			Unmade refund due
58	8-Jun-2000	19-Jul-2000	N	27-Jun-2000	27-Jul-2000	N/A		
59	20-Jun-2001	20-Aug-2001	Y	11-Jul-2001	10-Aug-2001	31-Oct-2001	Yes	
60	5-Sep-2002	10-Oct-2002	N	25-Sep-2002	25-Oct-2002	N/A		

APPENDIX D: TEMPLATE INSTRUCTIONS FOR COMPLETING 90-10 REVENUE ATTESTATION

Column	Instructions on Information to be Provided
A.	**Student Name:** Enter the Student's last name, first name, middle initial;
B.	**SSN:** Enter the Student's Social Security Number. Use the original SSN as identified by CPS if different then the actual number and make a reference to any difference;
C.	**Eligible Program:** Eligible Program for which the student was enrolled during the year;
D.	**Enrollment Start Date in Program:** Enter the enrollment start date for student in eligible program;
E.	**Balance of Unpaid Institutional Charges, Jan. 1, 200X:** Enter the balance of outstanding institutional charges[1] for the student on the first day of the applicable fiscal year. If the amount is less than zero, enter zero;
F.	**Institutional Charges Assessed During the Year:** Enter the amount of institutional charges assessed to the student during the fiscal year. If the amount is less than zero, enter zero;
G.	**Total Available Institutional Charges:** Enter the sum of Columns E and F (Total Amount of Available Charges);
H.	**Description of Qualifying Non-Title IV, HEA Student Assistance Disbursed to Satisfy Institutional Charges:** Enter a **description** of any student financial assistance that was disbursed to the student to satisfy their institutional charges at the College[2], provided by the following qualified sources: **1.** Non-federal public agencies; **2.** Private sources independent of the College[3]; **3.** A contractual arrangement with a public agency for the purpose of providing job training to low-income individuals who are in need of that training; and, **4.** state prepaid tuition plans

[1] In general, institutional charges are those educational costs incurred by a student that are necessary to complete their academic program. See Finding 3 for a detailed discussion on institutional charges. In the 90-10 formula, do not consider charges that the College would not include when performing its Return to Title IV calculations in Step 5. If the College considers bookstore revenue to be derived from institutional charges, only include such charges for required materials i.e., textbooks, supplies and purchased equipment required under the eligible program. Do not include any charges from food, clothing or incidental supplies such as pens, paper, and printer cartridges). As discussed in Finding 3, do not include registration, transcript, parking, late payment or library fees.

[2] For each instance of these four categories of qualifying non-Title IV student assistance, the College must supplement its attestation with the authorizing documents relating to the awards for each student. Do not include contracts under Federal Work Study or the portion of state grants that are provided by the Leveraging Educational Assistance Program (formerly called State Student Incentive Grant).

I. **Total Amount of Qualifying Non-Title IV, HEA Student Assistance Disbursed to Satisfy Institutional Charges:** Enter the **amount** of the assistance described in Column H used by the College to satisfy that student's institutional charges (not disbursed directly to the student);

J. **Amount of Qualifying Non-Title IV, HEA Student Assistance Used to Satisfy Institutional Charges:** Compare the amounts in Columns H and I and enter the **lesser** amount;

K. **Remaining Unpaid Institutional Charges Subject to Title IV, HEA Presumption:** Subtract the amount in Column J from the amount in Column G and enter the difference. If the amount is less than zero, enter zero;

L. **Title IV, HEA funds Disbursed to Students in fiscal year:** Enter the amount of Title IV, HEA funds disbursed to the student either directly or to the College to satisfy that students institutional charges. Do not include FWS funds, unless those funds were used to satisfy the student's institutional charges as credits to their institutional accounts. If the College uses the Individual FSEOG Recipient Basis in making its award to the student, include only the portion representing the federal share of the disbursement[4];

M. **Refunds made under the General Student Assistance Provisions:** Enter the amount of Title IV, HEA funds refunded under the Return to Title IV provisions described in §668.22. Each amount must be supported by a Return to Title IV calculation worksheet. Do not include cancellations of entire Title IV disbursements that the College returned to lenders under the FFEL program or other Title IV, HEA program sources. The amounts of the cancellations should be netted against the amount in Column L if the returns were made during the same fiscal year.

N. **Title IV, HEA program Funds Available to Satisfy Remaining Institutional Charges:** Subtract the amount in Column M from the amount in Column L and enter the difference. If the amount is less than zero, enter zero;

O. **Title IV, HEA Program Funds Used to Satisfy Institutional Charges**: Compare the amounts in Columns N and I and enter the **lesser** amount;

P. **Remaining Unpaid Institutional Charges Available for Other Sources:** Subtract the amount in Column O from the amount in Column K and enter the difference. If the amount is less than zero, enter zero;

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[4] See Finding 16 for a further discussion on the Individual FSEOG Recipient and other award making methodologies under the FSEOG program.

Q. **Other Revenue Sources Used to Satisfy Institutional Charges:** Compare any payments from remaining sources that were used to satisfy the student's institutional charges with the amount in Column P and enter the **lesser** amount;

R. **Revenue from Other Eligible Activities:** Enter the amount of any cash basis revenue derived by the College that is necessary for the education and training of its students. In order to be eligible, the activity must be: 1. Conducted on the College's campus; 2. Performed under the supervision of a member of the College's faculty; and, 3. Required to be performed by all students in a specific academic program at the College.

To determine the College's 90-10 revenue ratio:

Total the amounts in Column O and **divide the result by** the sum of the totals in Columns O, J, Q and R

APPENDIX E: SUMMARY OF STUDENT ENROLLMENT REPORTING ERRORS

Student	Effective Date in NSLDS/ Status Code	Last Day of Attendance per College/Enrollment Status per College	Date Received by NSLDS	Cert. Method	Error or Unresolved Discrepancy (Finding 5)	Reported Late (Finding 6)
1	12/07/2001 G	12/07/2001 Graduate	09/27/2002	Batch		X
2	10/25/2000 G	10/25/2000 Graduate	09/11/2002	Batch		X
3	02/14/2002 W	02/14/2002 Dismissed	09/27/2002	Batch	X1	X
4	11/02/2001 G	11/01/2001 Graduate	09/27/2002	Batch	X2	X
5	11/06/2001 W	11/06/2001 Dismissed	09/27/2002	Batch		X
6	05/04/2001 G	05/03/2001 Graduate	12/27/2001	Batch		X
7	12/07/2001 G	12/06/2001 Graduate	09/27/2002	Batch		X
8	01/29/2001 W	01/29/2001 Dismissed	09/27/2002	Batch	X3	X
9	02/22/2001 G	02/22/2001 Graduate	09/11/2002	Batch		X
10	05/08/2000	01/17/2003	01/13/2003	Batch		X

1The attendance records show that the student was absent for more than 10 consecutive days. Pursuant to College policy, the student should have been dismissed as of 01/14/2002. Please provide notice of termination and successful appeal to allow the student to continue until 02/14/2002.

2 The transcript shows that the student was on a Leave of Absence (LOA) during term 0105. There is no record of an LOA in NSLDS or in the student file. Please clarify and provide LOA documentation.

3 The Student Degree Evaluation Report (SDER) shows that the student was on an LOA during Term 0010, beginning 11/07/2000. The student requested an LOA beginning 11/07/2000, but when the College granted the request, the start date was changed to 11/14/2000. The student received Title IV in the enrollment period and up until 02/12/2001. Please submit a Return of Title IV worksheet.

Student	Effective Date in NSLDS/ Status Code	Last Day of Attendance per College/Enrollment Status per College	Date Received by NSLDS	Cert. Method	Error or Unresolved Discrepancy (Finding 5)	Reported Late (Finding 6)
	F	Graduate				
11	05/07/2002 G	05/01/2002 Graduate	11/08/2002	Batch	X4	X
12	08/17/2000 G	08/17/2000 Graduate	12/26/01	Batch		X
13	06/04/2001 W	06/04/2001	12/27/2001	Batch		X
14	01/18/2001 G	01/18/2001 Graduate	12/27/2001	Batch	X5	X
15	06/15/2001 G	06/14/2001 Graduate	12/27/2001	Batch		X
16	11/13/2002 G	10/31/2002 Graduate	01/14/2003	Batch	X6	X
17	11/14/2001 W	11/14/2001 W	02/19/2002	Batch		X
18	08/24/2001 G	08/24/2001 Graduate	12/28/2001	Batch		X
19	05/02/2002 W	01/30/2001 Dismissal	11/08/2002	Batch	X7	

4 NSLDS shows continuous full time enrollment for this student. The SDER shows that the student was on an LOA during term 0104 (April 2001) that was not in the student file. Also, an institutional refund calculation was completed for the student on July 07/27/2001 because the student was terminated on 06/14/2001 due to an excess of 10 days missed attendance. The student ledger shows that the student received Title IV in the enrollment period, but no refund activity. Please provide a Return to Title IV worksheet (R2T4) and any re-enrollment contract.

5 NSLDS and the student ledger shows that the student enrolled on 03/30/1998. Attendance records start with Term 9909 (starting 09/27/1999). Please provide earlier records.

6 The College changed the Anticipated Completion Date (ACD) for the student in NSLDS from 11/01/2002 to 11/13/2002 on 01/14/2003. The attendance records to not show enrollment beyond 10/31/2002. A stipend was issued on 11/22/2002 to pay student's credit balance in full. Please explain why the ACD was changed.

Student	Effective Date in NSLDS/ Status Code	Last Day of Attendance per College/Enrollment Status per College	Date Received by NSLDS	Cert. Method	Error or Unresolved Discrepancy (Finding 5)	Reported Late (Finding 6)
20	09/18/2002 W	06/24/2002 Dismissal	11/08/2002	Batch	X8	
21	12/10/2001 W	10/31/2001 Dismissed	11/08/2002	Batch	X9	X
22	01/22/2002 F	02/24/2003 Full Time	01/14/2003	Batch	X10	X
23	08/29/2002 G	08/22/2002 Graduate	11/08/2002	Batch	X11	X
24	06/08/2002 G	06/06/2002 Graduate	11/08/2002	Batch		X
25	11/05/2002 F	02/20/2003 Full Time	11/08/2002	Batch		
26	09/25/2000 F	02/20/2003 Full Time	11/08/2002	Batch	X12	X
27	01/18/2002 G	01/17/2002 Graduated	03/04/2002	Batch		
28	11/05/2001	02/20/2003 Full	05/24/2002	Batch		X

7 According to the NSLDS Enrollment Detail report, in the Roster received on 12/27/2001, the student was reported as full time as of 7/17/2000, then withdrawn as of 01/30/2001, then Leave of Absence as of 2/06/01. On the 09/11/2002 batch the student was reported as full time. Finally on the 11/08/2002 batch the student was reported as withdrawn as of 05/02/2002.

8 The student was absent for 15 consecutive scheduled classes following her first three days of enrollment in the program. Pursuant to College policy, why was she allowed to return on 07/22 and 07/24?

9 The last day of attendance (LDA) according to the Detail Attendance Report is 10/31/2001. The Effective Date for the withdrawal was changed in NSLDS to 12/10/2001 on 11/07/02. Institutions must use the LDA as the Effective Date when a student withdraws, not the drop date.

10 The Anticipated Completion Date (ACD) has changed three times, all with the same Effective Date.

11 The last day of attendance according to the Detail Attendance Report is 08/22/2002. On 11/07/2002, the College reported that the Anticipated Completion Date had changed to 08/29/2002.

12 The transcript for this student shows a LOA status in Term 0207 which was not reported in NSLDS. Please provide the LOA documentation.

Student	Effective Date in NSLDS/ Status Code	Last Day of Attendance per College/Enrollment Status per College	Date Received by NSLDS	Cert. Method	Error or Unresolved Discrepancy (Finding 5)	Reported Late (Finding 6)
	F	Time				
29	12/30/2002 W		01/14/2003	Batch	X13	
30	07/23/2001 F	01/16/2003 Graduate	01/13/2003	Batch	X14	X
31	10/01/2001 F	02/20/2003 Full Time	01/14/2003	Batch		X
32	09/28/2001 F	02/19/2003 Full Time	01/14/2003	Batch	X15	X
33	12/30/2002 W	09/26/2002 Dismissed	01/14/2003	Batch	X16	X
34	07/22/2002 F	02/20/2003 Full Time	11/08/2002	Batch	X	X
35	07/12/2002 F	02/20/2003 Full Time	11/08/2002	Batch	X	X
36	01/18/2000 F	02/20/2003 Less than Half Time	09/11/2002	Batch	X17	X

13 This student enrolled in an AA program with an ACD of 08/23/02. The College changed the ACD to 10/10/2003 on 11/07/2002 without a change in effective date. Attendance records are missing from 07/22/2002 on. Please provide.
14 The school reported an ACD change on 01/13/2003 without changing the effective date of 7/23/2001.
15 According to the attendance records, the student enrolled in an AA program on 09/28/2001 and attended until 02/19/2003. The SDER shows that the student canceled enrollment in a BA program. Please provide the Team with the SDER that pertains to his enrollment in the AA program.
16 The student obtained an AA on 07/18/2002. The student subsequently enrolled in a BA program and went on an LOA on 09/26/2002. NSLDS was updated to indicate that the student went on an LOA on 09/27/02 and apparently didn't return because a refund was made on 12/31/02. Please provide attendance records for enrollment in the BA program, documentation on the LOA and a R2T4 worksheet.
17 The ACD for this student has changed four times. The detailed attendance record shows that the student has never enrolled full time.

Student	Effective Date in NSLDS/ Status Code	Last Day of Attendance per College/Enrollment Status per College	Date Received by NSLDS	Cert. Method	Error or Unresolved Discrepancy (Finding 5)	Reported Late (Finding 6)
37	12/30/2002 W	11/04/2002 Dismissal	01/14/2003	Batch	X18	X
38	12/11/2002 G	12/05/2002 Graduate	01/14/2003	Batch		
39	07/22/2002 F	02/20/2003 Full Time	11/08/2002	Batch		X
40	09/28/2001 F	02/18/2003 Pending Graduate	12/27/2001	Batch	X19	X
41	07/22/2002 F	02/20/2003 Full Time	01/14/2003	Batch		X
42	07/22/2002 F	02/20/2003 Full Time	11/08/2002	Batch		X
43	11/04/2002 F	01/16/2003 Full Time	01/14/2003	Batch		X
44	09/28/2002 G		11/07/2002	Batch	X20	
45	10/01/2001 F	02/20/2003 Full Time	12/26/2001	Batch		

18 This student's file shows a Termination Report indicating that she was dismissed for attendance purposes on 11/04/2002. A R2T4 worksheet was completed for the student on 12/26/2002, showing a start date of 09/30/2002. The Detailed Attendance report shows that the student attended one day only, 11/04/2002. Please provide additional attendance records.

19 The student's transcript shows her status as pending graduate. However, there are several courses in which she did not complete (in 'future' status). Please clarify.

20 NSLDS shows that the College reported the student as being on an LOA on 09/14/2001 and 11/16/2001, effective 08/27/2001. When the student returned, on 12/10/2001, the effective date was not updated to indicate when the LOA was no longer valid. Attendance records show that the student was absent from 12/19/2001 through 01/22/2002 without a leave of absence listed in NSLDS or in the student file. Please clarify.

APPENDIX F: PELL DISBURSEMENT REPORTING DETAIL

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Student Number	Award Year	COD Scheduled Award Amount	COD Accepted Disb #	COD Accepted Amount	Disb Date As Reported To COD	Date Disb Record Processed by COD	Disb Amount Per Student's Ledger	Disb Date Per Student's Ledger	Disb Date Difference In Days	Report Date Difference In Days 51 exceptions
3	2000-01	$3,300 00	1	$1,100 00	9/25/2000	10/10/2000	$1,100 00	09/27/2000	(2)	13
			2	$1,100 00	12/11/2000	12/27/2000	$1,100 00	12/11/2000	0	16
			3	$1,100 00	2/26/2001	3/8/2001	$1,100 00	2/26/2001	0	10
4	2001-02	$1,700 00	1	$566 00	8/31/2001	10/23/2001	$567.00	7/18/2001	44	97
			2	$567 00	11/7/2001	11/7/2001	$566 00	8/31/2001	68	68
5	2000-01	$3,300 00	1	$1,100.00	9/25/2000	10/10/2000	$1,100 00	11/10/2000	(46)	(31)
			2	$1,100 00	12/11/2000	12/27/2000	$1,100.00	11/10/2000	31	47
			3	$1,100 00	2/26/2001	3/8/2001	$1,100 00	1/24/2001	33	43
6	2000-01	$3,050 00	1	$1,017.00	7/1/2000	9/16/2000	$1,017 00	07/05/2001	(4)	(292)
			2	$1,017 00	9/25/2000	10/10/2000	$1,017.00	09/16/2001	9	(341)
			3	$1,016 00	12/11/2000	12/27/2000	$1,016.00	12/11/2000	0	16
7	2000-01	$1,850 00	1	$617 00	7/24/2000	9/16/2000	$617 00	07/24/2000	0	54
			2	$617.00	9/27/2000	10/10/2000	$617 00	09/27/2000	0	13
			3	$616 00	12/11/2000	12/27/2000	$616 00	12/11/2000	0	16
7	2001-02	$2,500 00	1	$833 00	10/12/2001	12/4/2001	$834 00	7/27/2001	77	130
			2	$1,667 00	12/6/2001	12/6/2001	$833 00	7/27/2001	132	132
							$833 00	10/12/2001		
10	2000-01	$3,300 00	1	$1,100 00	7/17/2000	9/16/2000	$1,100 00	07/24/2000	(7)	54
			2	$1,100 00	9/27/2000	10/10/2000	$1,100 00	09/27/2000	0	13
			3	$1,100 00	12/11/2000	12/27/2000	$1,100 00	12/11/2000	0	16
10	2001-02	$3,750 00	1	$2,500 00	12/6/2001	12/6/2001	$1,250 00	07/18/2001	141	141

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Student Number	Award Year	COD Scheduled Award Amount	COD Accepted Disb #	COD Accepted Amount	Disb Date As Reported To COD	Date Disb Record Processed by COD	Disb Amount Per Student's Ledger	Disb Date Per Student's Ledger	Disb Date Difference In Days	Report Date Difference In Days 51 exceptions
			2	$1,250.00	1/24/2002	1/29/2002	$1,250 00	7/20/2001	188	193
							$1,250 00	1/24/2002		
11	2000-01	$2,850 00	1	$950 00	7/17/2000	9/16/2000	$950 00	07/26/2000	(9)	52
			2	$950 00	9/25/2000	10/10/2000	$950 00	09/27/2000	(2)	13
			3	$950.00	1/9/2001	1/17/2001	$950 00	12/12/2000	28	36
11	2001-02	$3,750 00	1	$1,250 00	8/31/2001	12/4/2001	$1,250.00	07/27/2001	35	130
			2	$1,250.00	12/6/2001	12/6/2001	$1,250 00	08/31/2001	97	97
			3	$1,250.00	12/26/2001	12/31/2001	$1,250 00	12/26/2001	0	5
12	2000-01	$3,150 00	1	$1,050 00	7/1/2000	9/16/2000	$1,050.00	07/05/2000	(4)	73
13	2000-01	$2,550 00	1	$850 00	4/2/2001	5/10/2001	$850.00	04/18/2001	(16)	22
14	2000-01	$3,250 00	1	$1,083.00	7/1/2000	9/16/2000	$1,083 00	07/05/2000	(4)	73
			2	$1,084.00	8/21/2000	9/16/2000	$1,084 00	08/24/2000	(3)	23
16	2001-02	$3,000 00	1	$1,000.00	8/31/2001	12/6/2001	$1,000.00	08/31/2001	0	97
			2	$1,000 00	11/14/2001	12/6/2001	$1,000.00	11/14/2001	0	22
			3	$1,000 00	1/24/2002	1/29/2002	$1,000 00	1/24/2002	0	5
16	2002-03	$4,000 00	1	$2,667 00	5/28/2003	5/28/2003	$1,334 00	8/27/2002	274	274
							$1,333 00	8/27/2002	0	
17	2000-01	$3,300 00	1	$1,100 00	4/2/2001	5/10/2001	$1,100 00	04/18/2001	(16)	22
			2	$1,100.00	6/25/2001	6/26/2001	$1,100 00	06/26/2001	(1)	0
17	2002-03	$4,000 00	1	$1,250 00	12/7/2001	12/11/2001	$1,250 00	12/07/2001	0	4
			2	($1,200 00)	12/28/2001	12/31/2001	($1,200 00)	12/28/2001	0	3
			4	($50 00)	9/24/2002	9/24/2002	($50 00)	02/01/2002	235	235
19	2000-01	$3,300 00	1	$1,100 00	7/17/2000	9/16/2000	$1,100 00	07/24/2000	(7)	54

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Student Number	Award Year	COD Scheduled Award Amount	COD Accepted Disb #	COD Accepted Amount	Disb Date As Reported To COD	Date Disb Record Processed by COD	Disb Amount Per Student's Ledger	Disb Date Per Student's Ledger	Disb Date Difference In Days	Report Date Difference In Days 51 exceptions
			2	$1,100 00	9/25/2000	10/10/2000	$1,100.00	09/27/2000	(2)	13
			3	$1,100 00	12/11/2000	12/27/2000	$1,100.00	12/11/2000	0	16
19	2001-02	$3,750 00	1	$1,250 00	3/15/2002	4/18/2002	$1,250.00	03/15/2002	0	34
			2	($1,183 00)	5/23/2002	7/16/2002	($1,183 00)	05/23/2002	0	54
20	2001-02	$2,200 00	1	$733.00	9/9/2002	9/10/2002	$733 00	09/09/2002	0	1
21	2000-01	$950 00	1	$317 00	1/22/2001	3/8/2001	$317 00	02/23/2001	(32)	13
			2	$317 00	4/2/2001	4/12/2001	$317 00	0404/2001	(2)	8
23	2000-01	$3,300 00	1	$2,200 00	1/30/2001	2/6/2001	$1,100 00	1/11/2001	19	26
							$1,100 00	1/11/2001		
23	2001-02	$1,900 00	1	$634 00	10/1/2001	11/30/2001	$634 00	11/30/2001	(60)	0
			2	$634 00	12/26/2001	12/31/2001	$634 00	12/26/2001	0	5
			3	$632 00	3/8/2002	3/25/2002	$632 00	3/8/2002	0	17
25	2000-01	$3,300 00	1	$1,100 00	1/22/2001	2/21/2001	$1,100 00	01/24/2001	(2)	28
			2	$1,100 00	4/2/2001	4/12/2001	$1,100.00	04/04/2001	(2)	8
			3	$1,100 00	6/25/2001	6/26/2001	$1,100 00	06/26/2001	(1)	0
25	2001-02	$3,400 00	1	$1,100 00	8/31/2001	12/31/2001	$1,100 00	8/31/2001	0	122
			2	($1,100 00)	11/30/2001	12/31/2001	($1,100 00)	11/30/2001	0	31
			3	$1,200 00	1/17/2002	1/29/2002	$1,200 00	1/17/2002	0	12
			4	$1,200 00	1/17/2002	1/29/2002	$1,200 00	1/17/2002	0	12
			5	$1,000.00	1/24/2002	1/29/2002	**$1,200.00**	1/24/2002	0	5
			9	($200 00)	9/4/2002	9/5/2002	($200 00)	9/4/2002	0	1
			10	$200 00	9/24/2002	9/24/2002	**$0.00**			
25	2002-03	$3,750 00	1	$1,250 00	8/30/2002	9/25/2002	$1,250 00	8/30/2002	0	26

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Student Number	Award Year	COD Scheduled Award Amount	COD Accepted Disb #	COD Accepted Amount	Disb Date As Reported To COD	Date Disb Record Processed by COD	Disb Amount Per Student's Ledger	Disb Date Per Student's Ledger	Disb Date Difference In Days	Report Date Difference In Days 51 exceptions
			2	$1,250 00	12/14/2002	12/16/2002	$1,250.00	10/15/2002	60	62
			3	$1,250 00	2/20/2003	2/20/2003	$1,250.00	12/14/2002	68	68
26	2000-01	$1,550 00	1	$517 00	9/25/2000	10/10/2000	$517 00	9/27/2000	(2)	13
			2	$517.00	12/4/2000	12/27/2000	$517 00	12/11/2000	(7)	16
			3	$516 00	2/26/200	3/8/2001	$516 00	2/26/2001	0	10
26	2001-02	$3,750 00	1	$1,250 00	8/31/2001	9/18/2001	$1,250 00	7/18/2001	44	62
			2	$1,250 00	11/7/2001	11/7/2001	$1,250 00	8/31/2001	68	68
			3	$1,250 00	11/14/2001	11/27/2001	$1,250 00	11/14/2001	0	13
26	2002-03	$4,000 00	3	$1,333 00	12/18/2002	12/18/2002	$1,334 00	10/29/2002	50	50
			4	$1,334 00	2/5/2003	2/13/2003	$1,333 00	10/29/2002	99	107
			5	$1,333 00	2/5/2003	2/13/2003	$1,333 00	12/18/2002	49	57
27	2001-02	$1,800 00	1	$600 00	8/31/2001	12/14/2001	$600 00	7/18/2001	44	149
			2	$600 00	11/14/2001	12/14/2001	$600.00	8/31/2001	75	105
			3	$600 00	12/19/2001	12/20/2001	$600.00	11/14/2001	35	36
28	2001-02	$2,800 00	1	$934 00	11/5/2001	4/18/2002	$934 00	4/23/2002	(169)	(5)
			2	$934 00	1/21/2002	4/18/2002	$934 00	4/23/2002	(92)	(5)
			3	$932 00	4/1/2002	4/18/2002	$932.00	4/23/2002	(22)	(5)
28	2002-03	$2,650 00	1	$1,017 00	12/18/2002	12/26/2002	$1,017 00	12/18/2002	0	8
			2	$1,017 00	12/18/2002	12/26/2002	$1,017 00	12/18/2002	0	8
			3	$616 00	12/18/2002	12/26/2002	$616 00	12/18/2002	0	8
			4	($400 00)	2/22/2003	2/24/2003	($400 00)	2/22/2003	0	2
			5	$400 00	6/17/2003	6/18/2003	$400 00	6/17/2003	0	1
31	2001-02	$3,750 00	1	$1,250 00	11/5/2001	11/7/2001	$1,250 00	11/5/2001	0	2

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Student Number	Award Year	COD Scheduled Award Amount	COD Accepted Disb #	COD Accepted Amount	Disb Date As Reported To COD	Date Disb Record Processed by COD	Disb Amount Per Student's Ledger	Disb Date Per Student's Ledger	Disb Date Difference In Days	Report Date Difference In Days 51 exceptions
			2	$1,250 00	12/14/2001	12/18/2001	$1,250 00	12/14/2001	0	4
			3	$1,250 00	3/8/2002	3/25/2002	$1,250.00	3/8/2002	0	17
31	2002-03	$3,650 00	1	$1,216 00	10/29/2002	12/12/2002	$1,216 00	8/16/2002	74	118
			2	$2,434 00	2/18/2003	2/18/2003	$2,434 00	8/16/2002	186	186
32	2002-03	$2,650 00	1	$883 00	10/15/2002	12/12/2002	$884 00	8/27/2002	49	107
			2	$1,767 00	2/19/2003	2/19/2003	$883 00	8/27/2002	176	176
							$883.00	10/15/2002		
			3	($1,900 00)	5/20/2003	5/23/2003				
			4	$1,900 00	6/17/2003	6/18/2003				
			5	($1,900 00)	8/5/2003	8/6/2003				
33	2002-03	$1,150 00	1	$384.00	6/17/2003	6/18/2003	$384 00	8/16/2002	305	306
34	2002-03	$1,750 00	1	$250 00	9/13/2002	9/25/2002	$250 00	9/13/2002	0	12
			2	$250 00	12/14/2002	12/16/2002	$250 00	10/15/2002	60	62
			3	$250 00	2/14/2003	2/18/2003	$250 00	12/14/2002	62	66
36	2002-03	$1,050 00	1	$350 00	7/1/2002	11/25/2002	$350 00	11/22/2002	(144)	3
			2	$350 00	8/26/2002	11/25/2002	$350 00	11/22/2002	(88)	3
			5	$350 00	2/22/2003	2/24/2003	$350.00	11/22/2002	92	94
37	2002-03	$1,250 00	1	$417 00	10/31/2002	2/5/2003	$417 00	10/31/2002	0	97
38	2001-02	$3,300 00	1	$1,100 00	10/12/2001	10/23/2001	$1,100.00	7/27/2001	77	88
			2	$1,100 00	11/7/2001	11/7/2001	$1,100 00	10/12/2001	26	26
			3	$1,100 00	12/26/2001	12/31/2001	$1,100 00	12/26/2001	0	5
41	2002-03	$4 000 00	1	$1,334 00	10/31/2002	12/12/2002	$1,334 00	10/31/2002	0	42
			2	$1,333 00	10/31/2002	12/12/2002	$1,333.00	10/31/2002	0	42

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Student Number	Award Year	COD Scheduled Award Amount	COD Accepted Disb #	COD Accepted Amount	Disb Date As Reported To COD	Date Disb Record Processed by COD	Disb Amount Per Student's Ledger	Disb Date Per Student's Ledger	Disb Date Difference In Days	Report Date Difference In Days 51 exceptions
			3	$1,333 00	12/14/2002	12/16/2002	$1,333 00	12/14/2002	0	2
42	2002-03	$4,000 00	1	$1,334 00	10/15/2002	11/25/2002	$1,334 00	8/27/2002	49	90
			2	$1,332 00	12/14/2002	12/16/2002	$1,332 00	10/15/2002	60	62
			3	$1,334 00	2/19/2003	2/19/2003	$1,334 00	12/14/2002	67	67
43	2001-02	$3,750 00	1	$1,250 00	10/26/2001	10/29/2001	$1,250 00	10/26/2001	0	3
			2	$1,250 00	1/24/2002	1/29/2002	$1,250 00	1/24/2002	0	5
			3	$1,250 00	4/1/2002	4/18/2002	$1,250 00	4/23/2002	(22)	(5)
43	2002-03	$4,000 00	2	$1,333 00	12/14/2002	12/16/2002	$1,334 00	08/16/2002	120	122
			3	$2,667 00	2/11/2003	2/13/2003	$1,333 00	10/15/2002	119	121
							$1,333 00	12/14/2002		

APPENDIX G: LOAN DISBURSEMENT DETAIL

Student Number	NSLDS Loan Number	Date Disbursed per NSLDS	Date Disbursed Per student ledger	Disbursement Amount per Student Ledger	Days Retained Before Disbursement
1	3	5/28/2001	7/3/2001	$1,697.50	36
1	4	5/28/2001	7/3/2001	$1,940.00	36
4	3	6/22/2000	7/20/2000	$1,273.61	28
4	3	8/21/2000	9/12/2000	$1,272.64	22
7	1	10/11/2001	10/16/2001	$646.99	5
7	2	10/11/2001	10/16/2001	$566.48	5
9	1	12/8/2000	1/30/2001	$566.48	53
9	2	12/8/2000	1/30/2001	$565.51	53
10	7	7/30/2001	8/8/2001	$459.78	9
10	8	7/30/2001	8/8/2001	$566.48	9
10	9	2/6/2001	2/12/2001	$1,697.50	6
10	10	2/6/2001	2/12/2001	$1,940.00	6
11	2	8/17/2000	8/29/2000	$1,273.61	12
11	3	8/17/2000	8/29/2000	$1,940.00	12
14	3	7/28/1999	8/9/1999	$566.48	12
14	4	3/29/1999	4/6/1999	$1,680.00	8
22	2	12/27/2002	1/8/2003	$1,697.50	12
22	4	1/18/2002	1/25/2002	$3,786.88	7
23	2	12/27/2000	1/9/2001	$2,425.00	13
23	3	12/27/2000	1/9/2001	$2,101.99	13
23	7	2/19/1999	3/1/1999	$1,260.48	10
25	1	2/4/2003	2/10/2003	$2,425.00	6
25	2	2/4/2003	2/10/2003	$2,667.50	6

Student Number	NSLDS Loan Number	Date Disbursed per NSLDS	Date Disbursed Per student ledger	Disbursement Amount per Student Ledger	Days Retained Before Disbursement
25	3	8/1/2002	8/19/2002	$1,778.98	18
25	3	10/11/2002	10/18/2002	$1,778.01	7
25	4	8/1/2002	8/19/2002	$2,101.99	18
25	4	10/11/2002	10/18/2002	$2,101.02	7
26	7	10/12/2001	10/26/2001	$1,697.50	14
26	9	10/18/2000	11/14/2000	$2,259.13	27
28	3	3/15/2002	3/28/2002	$3,880.00	13
28	4	3/15/2002	3/28/2002	$2,546.25	13
30	1	10/11/2002	10/25/2002	$1,850.88	14
30	1	11/4/2002	11/20/2002	$1,850.88	16
30	3	3/1/2002	3/26/2002	$1,697.50	25
30	3	7/19/2002	8/6/2002	$4,762.56	18
30	4	2/25/2002	3/6/2002	$1,697.50	9
30	4	6/10/2002	6/17/2002	$1,697.50	7
30	5	9/10/2001	9/24/2001	$2,160.00	14
30	5	11/5/2001	11/28/2001	$2,160.00	23
30	6	8/24/2001	9/13/2001	$3,431.04	20
30	6	11/5/2001	11/28/2001	$3,431.04	23
31	4	10/30/2001	11/27/2001	$3,092.36	28
31	4	1/21/2002	1/25/2002	$3,091.39	4
31	5	10/31/2001	11/27/2001	$1,273.61	27
31	5	1/21/2002	1/25/2002	$1,272.64	4
32	5	1/21/2002	1/25/2002	$623.71	4
32	6	11/1/2001	11/6/2001	$1,273.61	5
32	6	1/21/2002	1/25/2002	$1,272.64	4

Student Number	NSLDS Loan Number	Date Disbursed per NSLDS	Date Disbursed Per student ledger	Disbursement Amount per Student Ledger	Days Retained Before Disbursement
32	7	9/25/2001	Unknown	$0.00	Not Disbursed
32	7	1/31/2002	Unknown	$0.00	Not Disbursed
32	8	1/21/2002	2/4/2002	$3,163.17	14
33	2	7/29/2002	8/12/2002	$2,667.50	14
33	3	12/28/2001	1/3/2002	$1,697.50	6
33	5	2/6/2001	3/1/2001	$424.86	23
34	2	7/22/2002	7/29/2002	$1,299.80	7
40	5	11/1/2002	11/6/2002	$1,273.61	5
44	1	2/18/2003	Unknown	$0.00	Not Disbursed
44	5	5/11/2001	6/15/2001	$2,738.31	35
44	5	7/12/2001	8/3/2001	$2,738.31	22
45	4	6/21/2002	7/31/2002	$1,697.50	40
45	6	1/18/2002	1/25/2002	$3,686.97	7
45	5	1/18/2002	1/25/2002	$1,272.64	7

APPENDIX H: STUDENT ATTENDANCE POLICY DETAIL

Student #	Program	Course	Grade Received	HRS Attended	HRS Scheduled	Credit HRS Earned	Percent Attendance
1	AAVSC	COR156	B	64.0	95.0	5.00	67%
3	AAVSC	COR228	B	64.0	95.0	5.00	67%
3	AAVSC	GDT304	WN	65.0	95.0	4.00	68%
3	AAVSC	COR232	A	69.0	90.0	5.00	77%
4	AAVSC	COR192	C	54.0	95.0	5.00	57%
4	AAVSC	COR216	C	59.0	100.0	5.00	59%
4	AAVSC	COR232	B	73.0	95.0	5.00	77%
4	AAVSC	COR156	B	74.0	95.0	5.00	78%
5	AAPCNET	PTA320	D	70.0	95.0	5.00	74%
5	AAPCNET	PTA300	D	74.0	95.0	5.00	78%
10	BAVSC	COM240A1	C	26.0	36.0	2.66	72%
10	BAVSC	PSY101	C	28.0	38.0	2.66	74%
10	BAVSC	BDG320	B	42.0	57.0	3.33	74%
10	BAVSC	BDG315	C	45.0	60.0	3.33	75%
10	BAVSC	POS120	C	26.0	34.0	2.66	76%
10	BAVSC	COR216	B	73.0	95.0	5.00	77%
10	BAVSC	BDG305	B	42.0	54.0	3.33	78%
10	BAVSC	CRE111	B	30.0	38.0	2.66	79%
10	BAVSC	MKT271	C	30.0	38.0	2.66	79%
11	AAVSC	COR156	C	63.0	95.0	5.00	66%
11	AAVSC	COR228	A	69.0	90.0	5.00	77%
11	AAVSC	GDT265	B	73.0	95.0	5.00	77%
11	AAVSC	COR232	B	74.0	95.0	5.00	78%
11	AAVSC	GDT285	B	71.0	90.0	5.00	79%
14	BAGRD	GBS206	B	24.0	38.0	3.00	63%
14	BAGRD	MCO120	A	28.0	38.0	3.00	74%
14	BAGRD	BGD400	A	42.0	57.0	3.33	74%
14	BAGRD	BGD315	A	45.0	60.0	3.00	75%
14	BAGRD	HUM107	B	30.0	38.0	3.00	79%
14	BAGRD	CRE111	A	30.0	38.0	3.00	79%
14	BAGRD	POS120	A	30.0	38.0	3.00	79%
14	BAGRD	MKT271	B	30.0	38.0	3.00	79%
14	BAGRD	BGD390	A	45.0	57.0	3.33	79%
14	BAGRD	BGD320	A	45.0	57.0	4.00	79%

Student #	Program	Course	Grade Received	HRS Attended	HRS Scheduled	Credit HRS Earned	Percent Attendance
15	AAVSC	COR232	B	46.0	95.0	5.00	48%
15	AAVSC	COR228	D	73.0	95.0	5.00	77%
19	AAANN	ANM121	A	70.0	95.0	5.00	74%
19	AAANN	ANM161	C	72.0	95.0	5.00	76%
21	AAVSC	COR156	D	63.0	95.0	5.00	66%
21	AAVSC	COR180	C	65.0	95.0	5.00	68%
21	AAVSC	COR168	D	72.0	95.0	5.00	76%
22	AAANN	ANM201	A	64.0	85.0	5.00	75%
22	AAANN	ANM181	C	74.0	95.0	5.00	78%
22	AAANN	ANM141	D	75.0	95.0	5.00	79%
23	BAGRDS	GBS420	D	30.0	57.0	3.33	53%
23	BAGRDS	BDG430	C	42.0	57.0	3.33	74%
23	BAGRDS	MCO120	C	26.0	34.0	2.66	76%
23	BAGRDS	BDG320	A	42.0	54.0	3.33	78%
23	BAGRDS	BDG330	C	42.0	54.0	3.33	78%
23	BAGRDS	PSY101	B	30 0	38.0	2.66	79%
23	BAGRDS	GBS206	B	30.0	38.0	2.66	79%
23	BAGRDS	GBS420	D	45.0	57.0	4.00	79%
24	AAPCN	PTA310	C	62.0	90.0	5.00	69%
24	AAPCN	PTA210	C	68.0	95.0	5.00	72%
24	AAPCN	PTA320	C	70.0	95.0	5.00	74%
24	AAPCN	PTA340	C	71.0	95.0	5.00	75%
24	AAPCN	PTA230	B	72.0	95.0	5.00	76%
28	AAVSC	COR232	A	51.5	70.0	4.00	74%
29	AAVSC	COR228	A	70.0	90.0	5.00	78%
29	AAVSC	GDT304	A	75.0	95.0	4.00	79%
29	AAVSC	GDT285	A	75.0	95.0	5.00	79%
29	AAVSC	COR232	A	79.0	100.0	5.00	79%
30	AAANIM	ANM222	C	73.0	95.0	4.00	77%
30	AAANIM	ANM151	B	75.0	95.0	5.00	79%
31	AAVSC	COR232	FR	43.0	76.0	4.00	57%
31	AAVSC	MKT271A1	D	12.0	19.0	1.50	63%
31	AAVSC	COR180	C	52.0	76.0	4.00	68%
31	AAVSC	GDT260	B	50.0	70.0	4.00	71%
31	AAVSC	ENG101A2	B	15.0	20.0	1.50	75%
31	AAVSC	COR156	B	56.0	72.0	4.00	78%
31	AAVSC	HUM107A1	A	15.0	19.0	1.50	79%

Student #	Program	Course	Grade Received	HRS Attended	HRS Scheduled	Credit HRS Earned	Percent Attendance
31	AAVSC	COR134	A	60.0	76.0	4.00	79%
31	AAVSC	COR144	C	60.0	76.0	4.00	79%
32	AAANIM	ANM161	A	65.0	90.0	5.00	72%
32	AAANIM	ANM231	B	70.0	95.0	4.00	74%
32	AAANIM	ANM222	B	64.0	85.0	4.00	75%
32	AAANIM	ANM111	B	68 0	90.0	5.00	76%
32	AAANIM	ANM191	B	75.0	95.0	5.00	79%
32	AAANIM	ANM131	A	79.0	100.0	5.00	79%
33	AAVSC	COR228	C	53.0	95.0	5.00	56%
33	AAVSC	MMT306	C	60.0	95.0	4.00	63%
33	BAVSC	BDG305	B	45.0	57.0	3.33	79%
36	BAVSC	GBS206	C	22.0	34.0	2.66	65%
36	BAVSC	CRE111	B	28.0	38.0	2.66	74%
36	BAVSC	GBS420	C	42.0	57.0	4.00	74%
36	BAVSC	BDG315	B	45.0	60.0	3.33	75%
36	BAVSC	BDG390	A	39.0	51.0	3.33	76%
36	BAVSC	MKT271	C	30.0	38.0	2.66	79%
36	BAVSC	PSY101	C	30.0	38.0	2.66	79%
36	BAVSC	MAT105	Not posted yet	30.0	38.0	2.66	79%
36	BAVSC	BDG410	C	45.0	57.0	3.33	79%
36	BAVSC	BDG320	C	45.0	57.0	3.33	79%
36	BAVSC	BDG330	C	45.0	57.0	3.33	79%
36	BAVSC	BDG415	F	45.0	57.0	3.33	79%
38	AAANIM	ANM212	C	70.0	95.0	5.00	74%
40	AAVSC	GDT304	A	52.0	68.0	4.00	76%
43	AAPCNET	PTA310	C	50.0	95.0	5.00	53%
43	AAPCNET	PTA305	D	52.0	95.0	5.00	55%
43	AAPCNET	PTA230	C	59.0	95.0	5.00	62%
43	AAPCNET	PTA320	C	70.0	95.0	5.00	74%
43	AAPCNET	PTA220	C	75.0	95.0	5.00	79%
43	AAPCNET	PTA300	B	75.0	95.0	5.00	79%
43	AAPCNET	PTA330	B	75.0	95.0	5.00	79%
44	AAVSC	GDT304	B	60.0	95.0	5.00	63%
44	AAVSC	COR201	B	65.0	100.0	5.00	65%
44	AAVSC	COR228	D	65.0	95.0	5.00	68%
44	AAVSC	GDT285	B	70.0	95.0	5.00	74%
44	AAVSC	COR168	C	74.0	95.0	5.00	78%

Student #	Program	Course	Grade Received	HRS Attended	HRS Scheduled	Credit HRS Earned	Percent Attendance
44	AAVSC	COR324	C	74.0	95.0	5.00	78%
44	AAVSC	COR180	B	75.0	95.0	5.00	79%
44	AAVSC	GDT260	B	75.0	95.0	5.00	79%
45	AAVSC	GDT285	A	47.0	76.0	4.00	62%
45	AAVSC	CRE111A2	C	13.0	19.0	1.50	68%
45	AAVSC	GDT304	C	52.0	70.0	4.00	74%
45	AAVSC	COM240A2	C	15.0	19.0	1.50	79%
45	AAVSC	COR232	B	60.0	76.0	4.00	79%

APPENDIX I: TIMING OF FSEOG DISBURSEMENTS

Student Number	Award Year	Disbursement Amount	Disbursement Date	In Compliance
3	2000-01	$217.00	11/16/2000	N
		$217.00	12/11/2000	
		$216.00	5/30/2001	
5	2000-01	$334.00	5/30/2001	N
		$334.00	5/30/2001	
		$334.00	5/30/2001	
10	2000-01	$500.00	5/29/2001	Y
10	2001-02	$400.00	4/23/2002	N
		$267.00	6/17/2002	
		$333.00	6/17/2002	
19	2000-01	$250.00	11/13/2000	N
		$250.00	11/13/2000	
		$250.00	12/11/2000	
25	2000-01	$500.00	2/15/2001	Y
26	2001-02	$500.00	10/8/2001	N
		$500.00	6/17/2002	
		$500.00	6/18/2002	
31	2001-02	$400.00	4/23/2002	Y
41	2002-03	$500.00	10/29/2002	N
		$500.00	10/29/2002	
		$500.00	12/30/2002	
43	2001-02	$400.00	4/23/2002	N
		$267.00	6/17/2002	
		$333.00	6/17/2002	

Index Sheet

Ope Id No: 02174900

School Name: COLLINS COLLEGE

Subfolder: Audit Reports

Doc Type: Final Audit Determination Letter (FAD)

Rec Date: 05/12/2004

Org Date: 05/04/2004

School Year: 2002

ACN: 09-2002-31147

PRCN:

Box Id: TD365

Unique ID: SC1000000344950

TR3 16334

UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
SCHOOLS CHANNEL/CASE MANAGEMENT AND OVERSIGHT
CASE MANAGEMENT TEAM, SOUTHWEST-SAN FRANCISCO TEAM
50 UNITED NATIONS PLAZA, ROOM 266, S.F., CA 94102
(415) 556-4295

MAY 0 4 2004

RECEIVED
MAY 1 2 2004
DRCC, DMAD, CM&O

Joan Spencer
President
Collins College
1140 South Priest Drive
Tempe, AZ 85281

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Article # Z 106 736 261
Final Audit Determination Letter (FADL)
Audit Control Number (ACN):
09-2002-31147
OPE ID Number: 02174900

Dear President Spencer:

This letter advises you of the Department of Education's final audit determination concerning the audit report of Collins College's administration of the Title IV Federal Student Aid Programs. This report prepared by Almich & Associates, Certified Public Accountants, covers the period January 1, 2002 through December 31, 2002. We have reviewed the Institution's corrective action plan provided with the audit report. We have also reviewed the information submitted by Tina Newman, Director of Compliance on April 5, 2004.

The CPAs have stated that the Institution has satisfactorily resolved the following findings and no further action is necessary.

Finding No. 02-2 Incorrect Refund Calculation (Repeat Finding)
Finding No. 02-3 Early Loan Disbursements
Finding No. 02-5 Unpaid Return of Title IV Funds
Finding No. 02-6 Unpaid Student Credit Balance

Enclosed is our final audit determination for this audit. Although the enclosures to this letter may not address each of the auditor's findings, the Institution must take the necessary actions to correct all of the deficiencies noted in the audit report. The auditor must comment on all the actions taken by the Institution to correct each finding noted in the audit report, as well as any required actions in the enclosures to this letter, in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

It is noted that Finding No. 02-2 Incorrect Refund Calculation, is a repeat finding. The Institution is advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the Institution pursuant to 34 CFR Part 668 Subpart G. The Institution must ensure that this finding will not recur in future audits.

Program records relating to the period covered by this audit are subject to the normal record retention requirements outlined in program regulations.

Your continued cooperation throughout the audit resolution process is appreciated. If you have any questions about our review, please call Maryann Hollins, Audit Resolution Specialist, at 415/556-4198.

Sincerely,

Linda Henderson, Co-Team Leader
San Francisco Case Management Team
School Eligibility Channel
Federal Student Aid

Enclosure: Final Audit Determination

cc: Tina Newman, Director of Compliance, Collins College

INSTITUTION: **AUDIT CONTROL NUMBER (ACN):**

Collins College 09-2002-31147

FINAL AUDIT DETERMINATION

Finding No. 02-1 Unsigned FAFSA (Repeat Finding)

In 1 of the 75 files tested, the FAFSA/ISIR was not signed by the student. The student received $2,546 in Federal Subsidized Stafford Loan and $3,880 in Federal Unsubsidized Stafford Loan in the 2001/02 award year.

Institution's Response

In its Corrective Action Plan, the Institution concurred with the finding. The Institution stated that it is attempting to obtain the appropriate signature on the ISIR, and if this is unsuccessful, the associated funds will be returned. The Institution also stated that, "The Director of Financial Aid will provide additional training to ensure that all necessary signatures are obtained prior to disbursement of Title IV Funds. Further, the Director of Financial Aid has implemented additional quality control procedures. Those procedures include a quality assurance review to ensure all documentation has been received and is complete prior to the disbursement of Title IV funds."

In the Institution's April 5, 2004 response, Tina Newman, Director of Compliance, stated that, "The College attempted to collect the missing signature on the 2001-02 FAFSA of the student, but was unsuccessful. The college fully refunded the student's Federal Subsidized Stafford Loan and Federal Unsubsidized Stafford Loan by EFT and has provided the ELM acknowledgement of these refunds."

Final Audit Determination

34 CFR, 690.12 Federal Pell Grant Program Regulations

As the first step to receiving a Federal Pell Grant, a student must apply on an approved application form to the Secretary to have his or her expected family contribution calculated. A copy of this form is not acceptable. The student shall submit an application to the Secretary by providing the application form, signed by all appropriate family members, to the Institution at which the student attends or plans to attend so that the Institution can transmit electronically the application information to the Secretary under EDE.

It appears that the Institution has taken corrective action to assure that all documentation will be received and completed prior to the disbursement of Title IV funds.

The Institution must provide the original refund documentation of this Federal Subsidized Stafford Loan and Federal Unsubsidized Stafford Loan to the CPA who will conduct the next scheduled audit. The CPA must review the refund documentation and comment on the satisfactory resolution of this finding regarding the appropriate amount paid on behalf of the appropriate student.

Finding No. 02-4 Late Return of Title IV Funds (Repeat Finding)

Of 25 files tested, the refund for 1 student was paid 11 days late.

Institution's Response

In its Corrective Action Plan, the Institution concurs with the finding. The Institution stated that a check was issued to return the funds for the appropriate program and no further action is required. The Institution also stated that it will, " Ensure that the appropriate process is in place to monitor the return of Title IV funds within the 30 day required time frame. The Controller, and Director of Financial Aid will monitor the process by incorporating bi-weekly meetings to discuss withdrawal and refund status. In addition, the campus will dedicate one person to ensure all refunds are processed according to the SFA Program requirements."

This is a repeat finding. This finding was also cited in audit for the period ended December 31, 2001.

Final Audit Determination

34 CFR 668.22(a) (j) General Provisions Regulations
34 CFR 668.171(b)(4)(i) General Provisions Regulations
34 CFR 668.173 General Provisions Regulations

When a recipient of Title IV grant or loan assistance withdraws from an Institution during a payment period or period of enrollment in which the recipient began attendance, the Institution must determine the amount of Title IV grant or loan assistance (not including Federal Work-Study or the non-Federal share of FSEOG awards if an Institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date.

An Institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 30 days after the date of the Institution's determination that the student withdrew.

Financial responsibility regulation 34 CFR 668.171(b)(4)(i) states that making refunds to students as prescribed in regulation 34 CFR 668.22 is one of the standards the Secretary uses in determining whether an Institution is financially responsible. Further, 34 CFR 668.173 states that if an Institution is cited for not making timely refunds (as described below), it must submit an irrevocable letter of credit (LOC), acceptable and payable to the Secretary, equal to 25 percent of the total dollar amount of Title IV, HEA program refunds that the Institution should have paid during the most recently completed fiscal year. In the case where the auditor makes the untimely refund finding in a compliance audit, the letter of credit is automatically due 30 days after the date the Institution is required to submit its compliance audit to the Secretary. In

the case where the Secretary or the State or guaranty agency conducts the review with the finding, the letter of credit is automatically due 30 days after the Secretary, or the State or guaranty agency notifies the Institution of this finding.

Under 34 CFR 668.173(b)(1), an Institution demonstrates that it makes required refunds within the time permitted under 34 CFR 668.22(j)(4) if the auditor(s) who conducted the Institution's compliance audits for the Institution's two most recently completed fiscal years, or the Secretary or a State or guaranty agency that conducted a review of the Institution covering those fiscal years-

1) Finds in the sample of student records audited or reviewed for each of those fiscal years that –

i) Less than five percent (5%) of the refunds that the Institution made within that sample were late (for purposes of determining the percentage of late refunds under this paragraph, the auditor or reviewer must include in the sample only those title IV, HEA program recipients who received or should have received a refund under Section 668.22); or

ii) The Institution made only one late refund within that sample (regardless of the percentage of the refunds within that sample represented by the one refund); and

2) Did not note for either of those fiscal years a material weakness or a reportable condition in the Institution's report on internal controls that is related to refunds.

The Department has received documentation that the Institution has submitted the required LOC due to late/unpaid refunds (LOC # 7411971, expiring on July 30, 2004). This LOC must be renewed at least ten days prior to the date of expiration. The Institution's two subsequent compliance audits must demonstrate an absence of late/unpaid refunds finding before the LOC requirement can be revoked. See federal regulations, 34 CFR 668.173.

The Institution must monitor its procedures to ensure that all return of Title IV funds will be made timely in order to prevent this finding from recurring in future audits.-

Finding No. 02-7 Incomplete Verification

Of the 75 files tested, the file of 1 student selected for verification contained incomplete information. The file contained conflicting information related to taxes paid. The student received a $1900 Federal Pell Grant.

The Institution recalculated the need analysis for the student using the accurate data. The CPAs reviewed the corrected documents and determined that the student was ineligible for the Federal Pell Grant in the amount of $1900.

Institution's Response

In its Corrective Action Plan, the Institution concurs with the finding. The Institution stated that it, "Recalculated the need analysis for the student using the accurate data. The student was ineligible for the funds. The funds were returned and no further action is required. The Institution will follow its procedures for obtaining and reviewing documentation for verified student files. In addition, the campus has enhanced its procedures."

In the Institution's April 5, 2004 response, Tina Newman, Director of Compliance stated that, "The College made the $1900 adjustment to the student's 2002-03 Pell Award. A copy of the COD record reflecting this adjustment is included."

Final Audit Determination

34 CFR, Subpart E, General Provisions Regulations
34 CFR, 668.16(f), General Provisions Regulations

An Institution shall establish and use written policies and procedures for verifying information contained in the student aid application in accordance with the provisions of Subpart E, General Provisions regulations.

An Institution is responsible for verifying the information that is used to calculate an applicant's Expected Family Contribution (EFC) as part of the determination of need for student financial assistance. Information is verified by securing additional documentation or, in some cases, a signed statement attesting to the accuracy of the information provided. The regulations also require an Institution to identify and resolve discrepancies in information received from different sources regarding a student's application for financial aid under the Title IV programs.

An Institution shall require each applicant whose application is selected for verification to verify all of the applicable items specified in Section 668.56. If an applicant is selected to verify the information on his/her application, the.

Institution shall require the applicant to verify the information as specified on each additional application he/she submits for that award year, except for information already verified under a previous application submitted for the applicable award year.

The Institution must monitor its procedures to ensure that this finding will not recur in future audits.

The Institution must provide the original refund documentation of this Pell adjustment to the CPA who will conduct the next scheduled audit. The CPA must review the adjustment documentation and comment on the satisfactory resolution of this finding regarding the appropriate amount paid on behalf of the appropriate student.

Finding No. 02-8 Untimely Return of Ineligible Funds

Of the 75 files tested, ineligible funds for 2 students were not returned. The students received the following ineligible funds:

Student #1 - $1697 Federal Subsidized Stafford Loan
Student #2 - $1273 Federal Subsidized Stafford Loan and
$1,175 Federal Unsubsidized Stafford Loan

Upon learning of this finding, the Institution returned the funds for Student #1 to the Title IV Program. The CPAs reviewed the documentation of the return of funds.

Institution's Response

In its Corrective Action Plan, the Institution concurs with the finding. The Institution stated that it has made the noted refund and no further action is required. The Institution also stated that the Controller, and the Director of Financial Aid have enhanced procedures to ensure procedures for processing Return of Title IV fund payments are closely followed. Further, the Controller has implemented internal quality control procedures to monitor the return of ineligible disbursements and ensure funds are returned and cleared within the requisite time frame."

In the Institution's April 5, 2004 response, Tina Newman, Director of Compliance stated that, "The student consolidated her Federal Family Education Loan Program loans with her spouse, causing the college's two attempts to make the noted refunds to be rejected. The school was able to finally access the student's account information directly through the student, and obtain the correct lender and account number information to make the refunds. A copy of the refunds and correspondence made to the current consolidation loan holder is included as documentation of the refunds, however the school does not yet have cancelled checks."

Final Audit Determination

34 CFR 668.167(b), Student Assistance General Provisions Regulations

An Institution must return FFEL Program funds to a lender if the Institution does not disburse those funds to a student or parent for a payment period within—

-Three business days following the date the Institution receives the funds if the lender provides those funds to the Institution by EFT and master check, or

-Thirty days after the Institution receives the funds if a lender provides those funds by a check payable to the borrower or copayable to the borrower and the Institution.

If the Institution does not disburse the loan funds as specified above, the Institution must return those funds to the lender promptly but no later than 10 business days after the date the Institution is required to disburse the funds.

If an Institution must return loan funds to the lender and the Institution determines that the student is eligible to receive the loan funds, the school may disburse the funds to the student or parent rather than return them to the lender provided the funds are disbursed prior to the end of the applicable timeframe.

An Institution may delay returning FFEL program funds to a lender for—

-Ten business days after the date set forth above if—

-The Institution does not disburse FFEL Program funds to a borrower because the student did not complete the required number of clock or credit hours in a preceding payment period; and

-The Institution expects the student to complete required hours within this 10-day period; or

-The student has not met all the FFEL Programs eligibility requirements; and

-The Institution expects the student to meet those requirements within this 10-day period; or

-Thirty days after the date set forth above for funds a lender provides by EFT or master check if the Secretary places the Institution on the reimbursement payment method.

It appears that the Institution has established appropriate procedures to monitor the return of ineligible disbursements and to ensure funds are returned and cleared within the requisite time frame.

A review of the repayment information provided by Ms. Newman indicated that the refunds paid on behalf of Student #2, were made on April 2, 2004. The Institution must provide the original refund documentation of $1273 Federal Subsidized Stafford Loan and $1,175 Federal Unsubsidized Stafford Loan paid on behalf of Student #2, to the CPA who will conduct the next scheduled audit. The CPA must review the refund documentation and comment on the satisfactory resolution of this finding regarding the appropriate amount paid on behalf of the appropriate student.

Finding No. 02-9 Student Status Confirmation Report (SSCR) Not Filed Timely

Of the 6 SSCRS required to be filed by the Institution during the audit period, 1 SSCR was not filed in a timely manner. The report was submitted 18 days late.

Institution's Response

In its Corrective Action Plan, the Institution concurs with the finding and stated that it has completed the SSCR filings and no further action is required. The Institution also stated that it, "Will follow its procedures to ensure that SSCRs are filed in a timely manner and that copies are available for review. In addition, to ensure the timeliness of the reporting, the Institution will designate one individual who is responsible for processing the SSCR, validating the accuracy of the information, and resolving any issue or discrepancies within the 60 day timeframe."

Final Audit Determination

34 CFR, 682.610(c), Federal Family Education Loan (FFEL) Program Regulations
34 CFR, 668.14(b)(1)(4)(7), Student Assistance General Provisions Regulations

Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, the Institution must complete and return that report within 30 days of receipt to the Secretary or the guaranty agency.

By entering into a program participation agreement, an Institution agrees to certain requirements specified in the Federal regulations. These requirements include that the Institution will -

1. Comply with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the Higher Education Act (HEA);
2. Establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs, together with assurances that the Institution will provide, upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the Institution to the Secretary;

3. Submit reports to the Secretary and, in the case of an Institution participating in the Federal Stafford Loan, Federal PLUS, or the Federal Perkins Loan Program, to holders of loans made to the Institution's students under that program at such times and containing such information as the Secretary may reasonably require to carry out the purpose of the Title IV, HEA programs.

The Institution must monitor its procedures to assure that it will file all required SSCRs in a timely manner.

DEFICIENCY DATA INPUT FORM

1. INSTITUTION: Collins College
2. STATE: AZ
3. OPE-ID: 02174900
4. AUDIT CONTROL NO.: 9-2002-31147

5. ASSIGN DATE	5A. REV-BEG-DATE	6. COMPLETION DATE	7. LEAD SPEC.	7A. RESPON. SPEC.
3/5/2004	3/18/2004	4/19/2004	MAH	

8. TYPE OF ENTRY	9. ORIG CODE	10. REVISED CODE	11. SPECIALIST LIABILITY	12. REPAYMENT METHOD	11A. SPECIALIST LIABILITY	12A. REPAYMENT METHOD

TYPE OF ENTRY
A- Add Code C-Change Code D-Delete Code E-Establish Liability U-Update Liability

Note: Enter only new codes, revised codes, or codes that have an established or updated liability

13. CORRES. TYPE	14. SENDER DATE	15. SENDER ORG.	16. RECEIVER DATE	17. RECEIVER ORG.	18. REPLY DUE DATE	19. ACN
X	5/4/04	CMO	5/7/04	SCH		9-2002-31147

PAYMENT METHODS
A-Applied Against Future Cash Requests
C-Cash Returned to Federal Account at Institution
D-Funds to Direct Loan Origination/Servicing Center
E-Education Finance Accounts Receivable
L-Not Required to Pay Assessed Liability Amt<$1000
N-Check to NDSL/Perkins
O-Check to Operations
P-Payment to Institution
R-Repayment to Lender
S-Repayment to Student
T-Fine to Treasury (Used by AAAD)
V-Paid to ED (Liability already recovered by ED Finance)

CORRESPONDENCE TYPE
6-Phone Call
A-Additional Information
C-Closure
I-Institutional Response
O-Missing Close Out Audit Report Letter
P-Approved 3070 Request
Q-Denied 3070 Request
R-Appeal Resolution
S-Special
T-Transmittal
X-Transmittal and Closure
Z-Solicit 3070 Documents

AUDIT CLEARANCE DOCUMENT

☑ Original ☐ Amended ☐ Revised ACD ☐ Revised FAD ☐ Compromise Settlement

Audit Control #: 9-2002-31147 Mgmt. Imp. Rpt. #: Ord. Date: 5/4/04 Date:

Auditee Name: Collins College State: AZ OPE ID: 02174900 TIN:

SECTION 1 SUMMARY OF RESOLUTION ACTIONS

	Finding Numbers:	Amount Recommended by Audit	Management Decision Original ACD	Management Decision Amended ACD
Questioned Costs:		$2,448	$0	
Unsupported Costs:				
Other Recoveries:				
Non-Monetary:	1,2,3,4,5,6,7,8,9	Total $2,448	Total $0	Total
Deduct: AMOUNT NOT RECOVERABLE			$0	
Add: ADDT'L AMOUNT RECOMMENDED BY ACTION OFFICIAL			$0	
TOTAL AMOUNT RECOVERABLE:			$0	
Total # of Findings: 9	List Open Finding #s: 0		DEDUCT	
Amounts Already Recovered			$0	
Adjustments at Auditee Site			$0	
Other: [Explain Below]			$0	
TOTAL DEDUCTIONS:			$0	
NET AMOUNT TO BE COLLECTED (MUST EQUAL AMOUNT SHOWN IN SECTION 3)			$0	

SECTION 2 BETTER USE OF FUNDS

SECTION 3 ACCOUNTING INFORMATION

DUNS Number	Category	Fund Code	Object Class	Amount to be Collected
				$0
				$0
NET AMOUNT TO BE COLLECTED (MUST EQUAL AMOUNT SHOWN IN SECTION 1)				$0

Reviewing Official:	Date	Approving Official:	Date	OGC Clearance (If needed):
Hollins, Maryann	5/3/2004	LINDA HENDERSON	5-4-04	

Comments:

CT/01/98

AUDIT CLEARANCE DOCUMENT			
[X] Original [] Amended [] Revised ACD [] Revised FAD [] Compromise Settlement			
Audit Control #: 09-2003-43736	Mgmt. Imp. Rpt. #:	Original Date: 12/03/2004	Date: 12/03/2004
Auditee Name Collins College	State: AZ	OPE ID: 02174900	TIN: 860752105

Section 1 - Summary of Resolution Actions			
Finding #:	Amount Recommended by Audit	Management Decision	
		Original ACD	Amended ACD
Questioned Cost:	$	$	$
Unsupported Cost:	$	$	$
Other Recoveries:	$	$	$
Non-Monetary:	Total: $0	Total: $0	Total: $
Deduct Amount Not Recoverable:		($)	($)
Add Additional Amount Recommended by Action Official:		$	$
TOTAL AMOUNT RECOVERABLE:		$0	$
Total # of Findings: 2	List Open Findings #'s: 0	DEDUCT	
Amounts Already Recovered:		$	$
Adjustment at Auditee Site:		$	$
Other (Explain Below):		$	$
TOTAL DEDUCTIONS:		$0	$
NET AMOUNT TO BE COLLECTED: (Must equal amount shown in section 3)		$0	$

Section 2 - Better Use Funds			
	$	$	$

Section 3 - Accounting Information						
DUNS #	DOCUMENT #	FUND CODE	PROJECT CODE	OBJECT CLASS	Amount to be Collected	Amount to be Deobligated
					$	$
					$	$
Net Amount to be Collected (Must equal Amount shown in section 1)					$	$

Reviewing Official: Rick Allen	Approving Official: Linda Henderson	OGC Clearance (if needed):
Comments.		

OPE ID: 02174900	
Institution Name: Collins College	

Deficiency Data Input Form (DDIF)	
State. AZ	Revision Begin Date: 12/03/2004
Audit Control Number: 09-2003-43736	Completion Date: 12/03/2004
Assign Date: 11/19/2004	Lead Specialist: Rick Allen
Responsible Specialist: Rick Allen	

Type of Entry:				
A - Add Code	C - Change Code	D - Delete Code	E - Establish Liability	U - Update Liability
Note: Enter only new codes, revised codes, or codes that have an established or updated liability				

Repayment Methods:
C - Cash Returned to Federal Account at Institution
D - Funds to Direct Loan Organization Center
E - Education Finance Accounts Receivable
L - Not Required to Pay Assessed Liability Amt < $1000
N - Check to Perkins Loan Fund
R - Repayment to Lender
S - Repayment to Student
T - Fine (Used by AAAD)
V - Paid to ED (Liability already recovered by ED Finance)

UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
SCHOOLS CHANNEL/CASE MANAGEMENT AND OVERSIGHT
CASE MANAGEMENT TEAM, SOUTHWEST-SAN FRANCISCO TEAM
50 UNITED NATIONS PLAZA, ROOM 266, S.F., CA 94102
(415) 556-4295

DEC 07 2004

Mr. John Larson, President
Collins College
1140 South Priest Drive
Tempe, AZ 85281-5206

Final Audit Determination Letter (FADL)
Audit Control Number (ACN): 09-2003-43736
OPE ID Number: 02174900

Dear Mr. Larson:

This letter advises you of the Department of Education ("Department")'s final audit determination concerning the audit report of Collins College ("Institution")'s administration of the Title IV Federal Student Aid Programs. This report prepared by Almich & Associates, Certified Public Accountants, covers the period January 01, 2003 through December 31, 2003. We have also reviewed the Institution's Corrective Action Plan provided with the audit report.

Your response satisfactorily addressed all of the auditor's findings. The auditor must comment on all the actions taken by the Institution to correct each finding noted in the audit report, in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

The Institution is advised that repeat findings in future audits may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 CFR Part 668 Subpart G.

The auditor noted in the "Other Reviews" section that the Institution underwent a Program Review in February, 2003, however it had not as of the date the audit report was written, received a Program Review Determination Letter. On July 14, 2004, the Department issued a Program Review Report. Once the Department has processed the response from the Institution, it will issue a Final Program Review Determination Letter.

Program records relating to the period covered by this audit are subject to the normal record retention requirements outlined in program regulations.

Your continued cooperation throughout the audit resolution process is appreciated. If you have any questions about our review, please call Rick Allen, Institutional Review Specialist at (415) 556-4295.

Sincerely,

Linda Henderson, Team Leader
Western Regional Team
School Participation Team Northwest
School Participation Management Division
School Eligibility Channel
Application, School Eligibility and Delivery Services
Federal Student Aid

cc: Carol Clapp, Financial Aid Director – Collins College

AUDIT CLEARANCE DOCUMENT			
[X] Original [] Amended [] Revised ACD [] Revised FAD [] Compromise Settlement			
Audit Control #: 09-2003-43736	Mgmt. Imp. Rpt. #:	Original Date: 12/03/2004	Date: 12/03/2004
Auditee Name Collins College	State: AZ	OPE ID: 02174900	TIN: 860752105

Section 1 - Summary of Resolution Actions

Finding #:	Amount Recommended by Audit	Management Decision	
		Original ACD	Amended ACD
Questioned Cost:	$	$	$
Unsupported Cost:	$	$	$
Other Recoveries:	$	$	$
[illegible]	Total: $0	Total: $0	Total: $
[illegible]		($)	($)
[illegible] Amount Recommended by Action Official:		$	$
TOTAL AMOUNT RECOVERABLE:		$0	$
Total # of Findings: 2	List Open Findings #'s: 0	DEDUCT	
Amounts Already Recovered:		$	$
Adjustment at Auditee Site:		$	$
Other (Explain Below):		$	$
TOTAL DEDUCTIONS:		$0	$
NET AMOUNT TO BE COLLECTED: (Must equal amount shown in section 3)		$0	$

Section 2 - Better Use Funds

	$	$	$

Section 3 - Accounting Information

DUNS #	DOCUMENT #	FUND CODE	PROJECT CODE	OBJECT CLASS	Amount to be Collected	Amount to be Deobligated
					$	$
					$	$
Net Amount to be Collected (Must equal Amount shown in section 1)					$	$

Reviewing Official: Rick Allen	Approving Official: Linda Henderson	OGC Clearance (if needed):
Comments.		

OPE ID: 02174900
Institution Name: Collins College

Deficiency Data Input Form (DDIF)	
State. AZ	Revision Begin Date: 12/03/2004
Audit Control Number: 09-2003-43736	Completion Date: 12/03/2004
Assign Date: 11/19/2004	Lead Specialist: Rick Allen
Responsible Specialist: Rick Allen	
Type of Entry:	
[illegible] Liability	[illegible] - Update Liability
[illegible]	[illegible]

Repayment Methods:
C - Cash Returned to Federal Account at Institution
D - Funds to Direct Loan Organization Center
E - Education Finance Accounts Receivable
L - Not Required to Pay Assessed Liability Amt < $1000
N - Check to Perkins Loan Fund
R - Repayment to Lender
S - Repayment to Student
T - Fine (Used by AAAD)
V - Paid to ED (Liability already recovered by ED Finance)

COLLINS COLLEGE

TEMPE, ARIZONA

EIN NUMBER: 860752105

OPE ID NUMBER: 02174900

DUNS NUMBER: (b)(2) [redacted]

COMPLIANCE ATTESTATION EXAMINATION OF THE TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

at TEMPE, ARIZONA

FEDERAL PELL GRANT PROGRAM (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM (84.007)
FEDERAL WORK STUDY PROGRAM (84.033)
FEDERAL FAMILY EDUCATION LOAN PROGRAM (84.032)

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003

ALMICH & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

COLLINS COLLEGE
TEMPE, ARIZONA

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Schedule of Findings and Questioned Costs (including population and sample summaries and definition of material non-compliance)	5
Summary Schedules A, B and C	9
Auditors' Comments on Resolution Matters Relating to Prior Audit Findings	12

AUDITOR INFORMATION SHEET

COLLINS COLLEGE
1140 SOUTH PRIEST DRIVE
TEMPE, ARIZONA 85281
EIN NUMBER: 860752105
OPE ID NUMBER: 02174900
DUNS NUMBER: (b)(2) [redacted]
TEL. NO.: 480-966-3000
FAX NO.: 480-966-2599
PRESIDENT: John Calman
CONTACT PERSON & TITLE: Tina Newman
Director of Compliance

LEAD AUDITOR	:	John F. Woll
LICENSE NUMBER	:	Home State: 51024 Out of State(s): CPA 10087-R
ENGAGEMENT PARTNER	:	Linda H. Cooley
FIRM'S NAME	:	Almich & Associates
ADDRESS	:	19000 MacArthur Blvd., Suite 610 Irvine, CA 92612
TEL. NO.	:	(949) 475-5410
FAX NO.	:	(949) 475-5412

Programs Examined:

FSEOG	84.007	X
FFELP	84.032	X
FWS	84.033	X
FPL	84.038	
Pell	84.063	X
FDLP	84.268	

For the Award Year that ended during the institution's fiscal year, the percentage of:

Correspondence or telecommunication courses to total courses	N/A
Regular students enrolled in correspondence courses	N/A
Regular students that are incarcerated	N/A
Regular students enrolled based on ability to benefit	N/A
For short term programs:	
Completion	N/A
Placement	N/A

The campuses/locations considered as part of this entity and covered or excluded by this examination are:

All Locations	>50% of Program Offered @ Site	Location On Eligibility Letter	Notice to ED Prior to Offering Instruction	Date Opened	Date Closed	Date Of CPA's Last Visit	Exclusion Reason
Tempe, AZ Main Campus	Yes	Yes	Yes	10/1/78	N/A	3/15/04 – 3/17/04	N/A
Phoenix, AZ Additional location	Yes	Yes	Yes	8/6/03	N/A	6/14/04	N/A

Institution's Primary Accrediting Organization: Accrediting Commission of Career Schools and Colleges of Technology

Other Accrediting Organizations: N/A

Records for the accounting and administration of the SFA programs are located at:

Main Campus:
Collins College
1140 South Priest Drive
Tempe, AZ 85281

Additional Location:
Collins College – West
9630 North 25th Avenue, Suite 132
Phoenix, AZ 85021-2740

Servicer Information:

The Institution did not utilize a third-party servicer during the audit period. As such, the servicer information section of this report is not applicable.

REPORT ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE SFA PROGRAMS

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Collins College:

We have examined management's assertions that Collins College complied with the specified compliance requirements, listed on the accompanying schedule, regarding Institutional Eligibility, Reporting, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting, Student Eligibility, Disbursements, Refunds/Return of Title IV Funds, GAPS and Cash Management, Perkins Loans, and Administrative Capability listed in Section II of the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, relative to participation in the Federal Student Financial Assistance Programs during the year ended December 31, 2003. Management is responsible for Collins College's compliance with those requirements. Our responsibility is to express an opinion on Collins College's compliance based on our examination.

Our examination was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; and the Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, issued by the U.S. Department of Education, Office of the Inspector General, 2000 Revision, and accordingly, included examining, on a test basis, evidence about Collins College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Collins College's compliance with specified requirements.

In our opinion, Collins College complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2003.

This report is intended solely for the information and use of the board of directors, management, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Almich & Associates

Irvine, California
June 14, 2004

19000 MacArthur Blvd • Suite 610 • Irvine, CA 92612 • (949) 475-5410 • Fax (949) 475-5412
website: www.almichcpa.com • email: info@almichcpa.com

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF MANAGEMENT'S ASSERTIONS REGARDING
SPECIFIED COMPLIANCE REQUIREMENTS [A]

1. Collins College complied with the Institutional Eligibility and Participation compliance requirements listed in Section II of the ED SFA Guide.

2. Collins College complied with the Reporting requirements, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting listed in Section II of the ED SFA Guide.

3. Collins College complied with the Student Eligibility compliance requirements listed in Section II of the ED SFA Guide.

4. Collins College complied with the Disbursements compliance requirements listed in Section II of the ED SFA Guide.

5. Collins College complied with the Refund/Return of Title IV Funds compliance requirements listed in Section II of the ED SFA Guide.

6. Collins College complied with the Grant Administration and Payment System (GAPS) and Cash Management compliance requirements listed in Section II of the ED SFA Guide.

7. Collins College does not participate in the Federal Perkins Loan Program. As such, Collins College complied with the Federal Perkins Loan Collections, Due Diligence and NSLDS compliance requirements listed in Section II of the ED SFA Guide.

8. Collins College complied with the Administrative Capability compliance requirements listed in Section II of the ED SFA Guide.

[A] Reference to the ED SFA Guide refers to the *Audit Guide, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, prepared by the U.S. Department of Education, Office of Inspector General, 2000 Revision.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

POPULATION SUMMARY

Total population:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	$ 3,478,783	$ 20,437,575	$ -	$ 650,894	$ -	$ 153,232
Students	1,469	2,389	-	665	-	85

Enrolled, graduated or students on an approved leave of absence:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	$ 2,905,665	$ 18,359,014	$ -	$ 511,479	$ -	$ 148,760
Students	1,162	1,998	-	483	-	80
Sample -						
Dollars	$ 76,129	$ 435,413		$ 11,775	$ -	$ 2,425
Students	27	48	-	10	-	4

Withdrew, dropped or terminated students:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	$ 573,118	$ 2,078,561	$ -	$ 139,415	$ -	$ 4,472
Students	307	391	-	182	-	5
Dollars Refunded	$ 174,841	$ 808,948	$ -	$ 23,843	$ -	$ -
Students with Refunds	194	298		57	-	-
Sample -						
Dollars	$ 27,251	$ 118,303	$ -	$ 5,000	$ -	$ 1,960
Students	17	21	-	7	-	1
Dollars Refunded	$ 9,941	$ 45,470		$ 1,655	$ -	$ -
Students with Refunds	10	12	-	4	-	-

Benchmark withdrawal rate calculation and sample criteria:

Total students in universe	2,584
Enrolled, graduated or students on an approved leave of absence	2,090
Withdrew, dropped or terminated students	494
Benchmark withdrawal rate	19.12%
Sample criteria	Approach 1
Number of students selected from enrolled, graduated or students on approved leave of absence	50
Number of students selected from withdrew, dropped or terminated students	25
Total number of students with refunds paid in universe	384
Total number of students with refunds paid in sample	17

Summary of questioned costs from noncompliance (See accompanying findings):

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Dollars	$ 1,367	$ 4,686	$ -	$ -	$ -	$ -
Students	1	1	-	-	-	-

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

DEFINITION OF MATERIAL NON-COMPLIANCE

The following thresholds, in relation to management's assertions, have been established with respect to material non-compliance. If the instances of non-compliance exceed these thresholds of materiality, the exceptions are considered material requiring appropriate further action:

	Percent instances of non-compliance
1. Institutional Eligibility and Participation	0%
2. Reporting	10%
3. Student Eligibility	10%
4. Disbursements	10%
5. Refund Compliance (except timeliness as to which the percentage is 5% - see Refund Timeliness discussion below)	10%
6. Cash Management	5% of federal Title IV funds
7. Perkins Collections and Due diligence	10%
8. Administrative Capability	0%

Refund Timeliness

With respect to refund timeliness, all instances of non-compliance are reported in the schedules of findings and questioned costs when the refund check clearance date exceeds the required timeframe prescribed in regulation. Expanded samples are performed based on the following criteria:

(a) If more than 5% (and more than two student refunds) of refunds are *issued and cleared* the bank after the required timeframe.

(b) If more than 5% (and more than two student refunds) of refunds are *issued prior* to their due date but *clear* the bank more than 15 days after the required timeframe.

(c) A combination of (a) and (b) above which yields more than 5% (and more than two student refunds) late refunds based on this definition of material non-compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-1 (Repeat Finding)

Statement of Condition

In one student's file, verification was not completed prior to disbursement of funds.

Criteria

Federal regulations require that institutions verify certain need analysis data for students selected for verification by the U.S. Department of Education and for any student whose file contains conflicting data. Under certain conditions for the Federal Pell and campus-based programs, the institution may make initial payment to the student for the first payment period while verification is being completed. If the student graduates or withdraws prior to completing verification, the institution is liable for the amount(s) disbursed.

Effect

Of the 75 files tested, the file of 1 student selected for verification contained missing information. The file contained no verification documents. The student received a Federal Pell Grant in the amount of $1,367 and Federal Subsidized Stafford Loan funds in the amount of $4,686.

Cause

In this isolated instance, the Institution did not apply its procedures for obtaining and reviewing complete documentation with respect to verification.

Recommendation

The Institution should follow its procedures for obtaining and reviewing documentation for verified student files.

Additional Information

Upon learning of this finding, the Institution contacted the student in the finding and obtained the documents necessary to complete verification. The Institution provided us with copies which we have reviewed. There are no remaining questioned costs associated with this finding.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule A.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-2 (Repeat Finding)

Statement of Condition

Ineligible funds were not returned for one student.

Criteria

Ineligible disbursements credited to student accounts are to be returned to the appropriate Title IV program within 30 days of the later of the determination date or the date the funds were delivered to the student account.

Effect

Of 75 files tested, ineligible funds for 1 student were not returned. The student received $2,450 in Federal Unsubsidized Stafford Loan funds for an ineligible term.

Cause

Procedures to ensure timely returns of ineligible funds were not followed in this isolated instance.

Recommendation

The Institution's control procedures for processing returns of ineligible funds should be closely followed.

Additional Information

Upon learning of this finding, the Institution returned the funds for the student to the appropriate Title IV program. We reviewed the documentation of the return of funds.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule B.

COLLINS COLLEGE
TEMPE, ARIZONA
FOR THE YEAR ENDED DECEMBER 31, 2003

Summary Schedule A: STUDENT ELIGIBILITY

								Missing Statements			If Applicable						Questioned Costs					
Student/ Number	Student File Not Found	Not A Regular Student	Enrolled < 1/2 Time	Non-Eligible Citizen	Invalid SSN	No Financial Need	SFA Exceeds Need	Under Compulsory HS Age	ED Purpose	On Overpayments & Defaults	Incomplete Verification	Not Making SAP	Failed ATB Test	ATB Not Documented	Missing FATs	FFELP	FDLP	PELL	FSEOG	FWS	FPL	Total
A1											X					$4,686		$1,367				$6,053
Total											1					$4,686		$1,367				$6,053

COLLINS COLLEGE
TEMPE, ARIZONA
FOR THE YEAR ENDED DECEMBER 31, 2003

Summary Schedule B: DISBURSEMENTS

Student/ Number	Credited Student's acct more than 10 days before the start of classes			Paid student directly more than 10 days before the 1st day of classes					Release funds to student on a LOA		Delivered 1st Installment Before 30 days after the 1st day of classes		Failed to conduct counseling				Untimely ineligible returns and/or Untimely paid credit balance		Made 2nd payment prior to the completion of 1st payment period		Incorrect OPE # on loan app	Missing signed prom note
													Entrance		Exit							
	PELL	SEOG	Perkins	Pell	SEOG	Perkins	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	Perkins
B1																	X					
Total																	1					

COLLINS COLLEGE
TEMPE, ARIZONA
FOR THE YEAR ENDED DECEMBER 31, 2003
THERE WERE NO FINDINGS ASSOCIATED WITH REFUNDS

Summary Schedule C: REFUNDS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
						FFEL						Pell/FDLP/SEOG				
Student/ Number	Last Day of Attendance	Withdrawal Date	Total School Refund Amount	Total IPA Refund Amount	Balance Refund Over-paid/Due (D-C)	Refund Amount	① Refund Due Date (B + 45) Days	Refund Check Cleared Date	# of Days Late (H - G)	Excess Interest Paid by ED (F(I/365)*Int)	Not Reported on SSCR	Amount of Refund	Refund Due Date (B + 45) Days	Refund Check Cleared Date	# of Days Late (N-M)	Imputed Interest To ED (L(O/365)*Int)
Total																

COLLINS COLLEGE
TEMPE, ARIZONA

AUDITORS' COMMENTS ON RESOLUTION MATTERS
RELATING TO PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2003

The Institution's compliance audit for the year ended December 31, 2002, dated April 8, 2003, was performed by Almich & Associates.

The Institution received a final audit determination letter dated May 4, 2004 from the U. S. Department of Education (ACN: 09-2002-31147). The audit determination letter requires the Institution to take the necessary actions to correct all of the deficiencies noted in the audit report. The auditor is required as part of the next audit report to comment on actions taken by the Institution to correct any findings noted in the audit report.

The findings noted in the independent auditors' report for the year ended December 31, 2002, and the corrective actions taken, are as follows:

Finding No. 02-1 (Repeat Finding)

The auditors found that in 1 of 75 files tested, the signed Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR) was not maintained in the student file. The student received $2,546 in Federal Subsidized Stafford Loan funds and $3,880 in Federal Unsubsidized Stafford Loan funds in the 2001-02 award year.

Action Taken

In its corrective action plan, the Institution concurred with the finding. The Institution stated that it would attempt to obtain the student's signature; if unsuccessful, refunds would be initiated. The Institution repaid the funds received by the student, as noted in the finding, on April 2, 2004 and we reviewed the documentation of the return of funds. There are no remaining questioned costs associated with this finding. We found no exceptions with respect to unsigned FAFSA/ISIR's during our file testing for the current audit period.

Finding No. 02-2 (Repeat Finding)

The auditors found that in 1 of 25 files tested for refund compliance, a Return of Title IV funds calculation was not completed properly. Upon learning of the finding, the Institution recalculated the refund using the correct data which was reviewed by the auditors. An additional refund in the amount of $1,819 due to the student's FFELP lender resulted from the corrected calculation. The Institution paid the refund via electronic funds transfer and the auditors confirmed the payment.

Action Taken

In its corrective action plan, the Institution concurred with the finding. The Institution stated that it has ensured that procedures are in place to comply with refund accuracy and timeliness requirements. We found no exceptions with respect to refund calculation accuracy during our file testing for the current audit period.

Finding No. 02-3

In 2 of 75 files tested, the auditors noted that second disbursements of Federal Stafford Loans were credited early to the respective students' tuition accounts. The auditors added that the students went on to complete the required credit hours and became eligible for the funds received.

Action Taken

In its corrective action plan, the Institution concurred with the finding. The Institution stated that procedures are in place to ensure that student enrollment status and progress is reviewed prior to disbursement of Title IV funds. We found no exceptions with respect to early disbursements during our file testing for the current audit period.

Finding No. 02-4 (Repeat Finding)

Of 25 files tested for refund compliance, the auditors noted that the Return of Title IV funds for 1 student was paid 11 days late.

Action Taken

In its corrective action plan, the Institution concurred with the finding. The Institution stated that the appropriate procedures are in place to ensure return of Title IV funds takes place within the required 30-day timeframe. In the final determination letter, U.S.D.E. noted that the Institution had submitted a letter of credit (LOC) due to late refunds, expiring on July 30, 2004. The Institution is required to renew the LOC at least ten days prior to the expiration date in order to comply with the requirements that two subsequent compliance audits must demonstrate an absence of late/unpaid refunds before the LOC requirement can be revoked. We found no exceptions with respect to refund timeliness compliance requirements during our file testing for the current audit period.

Finding No. 02-5

The auditors found that, of 25 files tested for refund compliance, the Return of Title IV funds payment for 1 student had not been paid. The refund, in the amount of $1,589, was due to the student's FFELP lender. Upon learning of the finding, the Institution paid the refund and the auditors reviewed the documentation of the electronic funds transfer.

Action Taken

In its corrective action plan, the Institution concurred with the finding. The Institution stated that it will ensure that the appropriate process is in place to monitor the return of Title IV funds within the required 30-day timeframe. We found no exceptions with respect to unpaid refunds during our file testing for the current audit period.

Finding No. 02-6

The auditors found that, of 75 files tested, a credit balance for 1 student, in the amount of $102, had not been paid. Upon learning of the finding, the Institution paid the credit balance to the student's FFELP lender and the auditors reviewed documentation of the payment.

Action Taken

In its corrective action plan, the Institution concurred with the finding. The Institution stated that it will follow its procedures to ensure that credit balances on student accounts are refunded within 14 days. We found no exceptions with respect to payment of Title IV credit balances during our file testing for the current audit period.

Finding No. 02-7

Of 75 files tested, the auditors noted that the file of 1 student selected for verification contained conflicting information with respect to taxes paid. Upon learning of the finding, the Institution recalculated the need analysis for the student using the correct data. As a result of the revised calculation, the student was ineligible for Federal Pell Grant funds in the amount of $1,900.

Action Taken

In its corrective action plan, the Institution concurred with the finding and the stated that the ineligible funds were being returned. In the final determination letter, U.S.D.E. requested that the Institution provide the auditors with documentation of the return of funds. We noted that the Institution returned $1,900 to the Federal Pell Grant Program for the student in this finding on August 6, 2003. There are no remaining questioned costs associated with this finding. As noted in Finding No. 03-1, the Institution needs to continue to monitor its procedures with respect to completion of verification prior to disbursement of Title IV funds.

Finding No. 02-8

The auditors found that, of 75 files tested, ineligible funds for 2 students in the total amount of $4,145, had not been returned to the respective Title IV programs. Upon learning of the finding, the Institution returned the funds for 1 of the 2 students and the auditors reviewed documentation of the return of funds. Remaining questioned costs for the finding were $2,448 due for the second student.

Action Taken

In its corrective action plan, the Institution concurred with the finding. In the final determination letter, U.S.D.E. requested that the Institution provide the auditors with documentation of the return of funds for Student No. 2. The Institution provided us with cancelled checks for repayment of the funds, in the amounts of $508 to the student's Federal Subsidized Stafford Loan and $1,940 to the student's Federal Unsubsidized Stafford Loan, for a total of $2,448. The amounts shown here reflect the accurate loan amounts for Student No. 2. There are no remaining questioned costs associated with this finding. As noted in Finding No. 03-2, the Institution's control procedures for processing returns of ineligible funds should be closely followed.

Finding No. 02-9

Of 6 Student Status Confirmation Reports (SSCR's) required to be filed during the audit period, the auditors noted that 1 SSCR was filed 18 days late.

Action Taken

In its corrective plan, the Institution concurred with the finding. The Institution stated that it would follow its procedures to ensure that SSCR's are filed in a timely manner. We found no exceptions with respect to timely SSCR filing during our testing of reporting for the current audit period.

Other Reviews

In February 2003, the Institution underwent a U.S. Department of Education program review of its administration of the Title IV Federal Student Assistance Programs. The Institution has not received a program determination letter.

COLLINS COLLEGE
A School of Design and Technology

Collins College
EIN: 860752105
OPE ID: 02174900
Audit Firm: Almich and Associates
Corrective Action Plan for Fiscal Year Ended December 31, 2003

Finding 03-1
The school concurs with the finding.

As the school obtained the necessary documents and completed verification, no further action was taken.

The Director of Financial Aid has strengthened internal procedures to ensure that verification is completed before Title IV funds are disbursed.

Finding 03-2
The school concurs with the finding. The finding is unusual and not consistent with school policy.

As the school returned the ineligible Title IV funds disbursed, no further action was taken.

The Vice President of Finance has strengthened internal procedures to ensure that ineligible disbursements are returned on a timely basis for students no longer enrolled.

John Calman
President

6.21.2004
Date

1140 South Priest Drive, Tempe, Arizona 85281 • (480) 966.3000, (800) 876.7070 • Fax (480) 902.0663 • www.collinscollege.edu

COLLINS COLLEGE

TEMPE, ARIZONA

EIN NUMBER: 860752105

OPE ID NUMBER: 02174900

DUNS NUMBER: (b)(2) [redacted]

COMPLIANCE ATTESTATION EXAMINATION OF THE TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

at TEMPE, ARIZONA

FEDERAL PELL GRANT PROGRAM (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM (84.007)
FEDERAL WORK STUDY PROGRAM (84.033)
FEDERAL FAMILY EDUCATION LOAN PROGRAM (84.032)

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002

ALMICH & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

COLLINS COLLEGE
TEMPE, ARIZONA

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AUDITOR INFORMATION SHEET

COLLINS COLLEGE
1140 SOUTH PRIEST DRIVE
TEMPE, ARIZONA 85281
EIN NUMBER: 860752105
OPE ID NUMBER: 02174900
DUNS NUMBER: (b)(2) [redacted]
TEL. NO.: 480-966-3000
FAX NO.: 480-966-2599
PRESIDENT: Joan Spencer
CONTACT PERSON & TITLE: Tina Newman
Financial Aid Director

LEAD AUDITOR	:	John F. Woll
LICENSE NUMBER	:	Home State: 51024 Out of State(s): CPA 10087-R
ENGAGEMENT PARTNER	:	Linda H. Cooley
FIRM'S NAME	:	Almich & Associates
ADDRESS	:	19000 MacArthur Blvd., Suite 610 Irvine, CA 92612
TEL. NO.	:	(949) 475-5410
FAX NO.	:	(949) 475-5412

Programs Examined:

FSEOG	84.007	X
FFELP	84.032	X
FWS	84.033	X
FPL	84.038	
Pell	84.063	X
FDLP	84.268	

For the Award Year that ended during the institution's fiscal year, the percentage of:

Correspondence or telecommunication courses to total courses	N/A
Regular students enrolled in correspondence courses	N/A
Regular students that are incarcerated	N/A
Regular students enrolled based on ability to benefit	N/A
For short term programs:	
Completion	N/A
Placement	N/A

The campuses/locations considered as part of this entity and covered or excluded by this examination are:

All Locations	>50% of Program Offered @ Site	Location On Eligibility Letter	Notice to ED Prior to Offering Instruction	Date Opened	Date Closed	Date Of CPA's Last Visit	Exclusion Reason
Tempe, AZ Main Campus	Yes	Yes	Yes	10/1/78	N/A	4/3/03 - 4/8/03	N/A

Institution's Primary Accrediting Organization: Accrediting Commission of Career Schools and Colleges of Technology

Other Accrediting Organizations: N/A

Records for the accounting and administration of the SFA programs are located at:

Main Campus:
Collins College
1140 South Priest Drive
Tempe, AZ 85281

Servicer Information:

The Institution did not utilize a third-party servicer during the audit period. As such, the servicer information section of this report is not applicable.

ALMICH & ASSOCIATES
AN ACCOUNTANCY CORPORATION
• Certified Public Accounting and Business Services •

REPORT ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE SFA PROGRAMS

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Collins College:

We have examined management's assertions that Collins College complied with the specified compliance requirements, listed on the accompanying schedule, regarding Institutional Eligibility, Reporting, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting, Student Eligibility, Disbursements, Refunds/Return of Title IV Funds, GAPS and Cash Management, Perkins Loans, and Administrative Capability listed in Section II of the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, relative to participation in the Federal Student Financial Assistance Programs during the year ended December 31, 2002. Management is responsible for Collins College's compliance with those requirements. Our responsibility is to express an opinion on Collins College's compliance based on our examination.

Our examination was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; and the Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, issued by the U.S. Department of Education, Office of the Inspector General, 2000 Revision, and accordingly, included examining, on a test basis, evidence about Collins College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Collins College's compliance with specified requirements.

In our opinion, Collins College complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2002.

This report is intended solely for the information and use of the board of directors, management, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Almich & Associates

Irvine, California
April 8, 2003

19000 MacArthur Blvd • Suite 610 • Irvine, CA 92612 • (949) 475-5410 • Fax (949) 475-5412
website: www.almichcpa.com • email: info@almichcpa.com

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF MANAGEMENT'S ASSERTIONS REGARDING
SPECIFIED COMPLIANCE REQUIREMENTS [A]

1. Collins College complied with the Institutional Eligibility and Participation compliance requirements listed in Section II of the ED SFA Guide.

2. Collins College complied with the Reporting requirements, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting listed in Section II of the ED SFA Guide.

3. Collins College complied with the Student Eligibility compliance requirements listed in Section II of the ED SFA Guide.

4. Collins College complied with the Disbursements compliance requirements listed in Section II of the ED SFA Guide.

5. Collins College complied with the Refund/Return of Title IV Funds compliance requirements listed in Section II of the ED SFA Guide.

6. Collins College complied with the Grant Administration and Payment System (GAPS) and Cash Management compliance requirements listed in Section II of the ED SFA Guide.

7. Collins College does not participate in the Federal Perkins Loan Program. As such, Collins College complied with the Federal Perkins Loan Collections, Due Diligence and NSLDS compliance requirements listed in Section II of the ED SFA Guide.

8. Collins College complied with the Administrative Capability compliance requirements listed in Section II of the ED SFA Guide.

[A] Reference to the ED SFA Guide refers to the *Audit Guide, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, prepared by the U.S. Department of Education, Office of Inspector General, 2000 Revision.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

POPULATION SUMMARY

Total population:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	$ 3,372,150	$ 19,040,072	$ -	$ 417,914	$ -	$ 53,410
Students	1,325	2,471	-	454	-	34

Enrolled, graduated or students on an approved leave of absence:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	$ 2,896,199	$ 16,457,792	$ -	$ 332,423	$ -	$ 50,769
Students	1,036	2,034	-	343	-	31
Sample -						
Dollars	$ 86,451	$ 398,639	$ -	$ 10,500	$ -	$ 11,700
Students	26	49	-	8	-	4

Withdrew, dropped or terminated students:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	$ 475,951	$ 2,582,280	$ -	$ 85,491	$ -	$ 2,641
Students	289	437	-	111	-	3
Dollars Refunded	$ 100,786	$ 1,105,796	$ -	$ 13,038	$ -	$ -
Students with Refunds	120	354		29	-	-
Sample -						
Dollars	$ 32,792	$ 156,982	$ -	$ 4,650	$ -	$ -
Students	16	22	-	7	-	-
Dollars Refunded	$ 4,595	$ 66,141	$ -	$ 722	$ -	$ -
Students with Refunds	8	18	-	2	-	-

Benchmark withdrawal rate calculation and sample criteria:

Total students in universe	2,568
Enrolled, graduated or students on an approved leave of absence	2,095
Withdrew, dropped or terminated students	473
Benchmark withdrawal rate	18.42%
Sample criteria	Approach 1
Number of students selected from enrolled, graduated or students on approved leave of absence	50
Number of students selected from withdrew, dropped or terminated students	25
Total number of students with refunds paid in universe	397
Total number of students with refunds paid in sample	20

Summary of questioned costs from noncompliance (See accompanying findings):

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Dollars	$ 1,900	$ 10,571	$ -	$ -	$ -	$ -
Students	1	3	-	-	-	-

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

DEFINITION OF MATERIAL NON-COMPLIANCE

The following thresholds, in relation to management's assertions, have been established with respect to material non-compliance. If the instances of non-compliance exceed these thresholds of materiality, the exceptions are considered material requiring appropriate further action:

	Percent instances of non-compliance
1. Institutional Eligibility and Participation	0%
2. Reporting	10%
3. Student Eligibility	10%
4. Disbursements	10%
5. Refund Compliance (except timeliness as to which the percentage is 5% - see Refund Timeliness discussion below)	10%
6. Cash Management	5% of federal Title IV funds
7. Perkins Collections and Due diligence	10%
8. Administrative Capability	0%

Refund Timeliness

With respect to refund timeliness, all instances of non-compliance are reported in the schedules of findings and questioned costs when the refund check clearance date exceeds the required timeframe prescribed in regulation. Expanded samples are performed based on the following criteria:

(a) If more than 5% (and more than one student refund) of refunds are *issued and cleared* the bank after the required timeframe.

(b) If more than 5% (and more than one student refund) of refunds are *issued prior* to their due date but *clear* the bank more than 21 days after the required timeframe.

(c) A combination of (a) and (b) above which yields more than 5% (and more than one student refund) late refunds based on this definition of material non-compliance.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-1 (Repeat Finding)

Statement of Condition

A copy of a signed Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR) was not maintained in one student file.

Criteria

Title IV recipients, and at least 1 parent of dependent students, must sign either the FAFSA or the ISIR verifying the accuracy of the data reported to obtain an official EFC for Pell purposes and to demonstrate that the student has successfully completed the match processes with the other agencies and is therefore eligible to receive Title IV funds.

Effect

In 1 of the 75 files tested, the FAFSA/ISIR was not signed by the student. The student received $2,546 in a Federal Subsidized Stafford Loan and $3,880 in a Federal Unsubsidized Stafford Loan in the 2001-02 award year.

Cause

In this isolated instance, the Institution did not follow its operational procedures with respect to FAFSA/ISIR processing.

Recommendation

The Institution should follow its procedures to ensure that a student signature, and a parent signature for dependent students, is obtained on either the FAFSA or ISIR for each Title IV recipient.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule A.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-2 (Repeat Finding)

Statement of Condition

A Return of Title IV funds calculation was not completed correctly when a student withdrew from an instructional program.

Criteria

Refunds for withdrawn students are to be properly calculated in accordance with applicable refund policies.

Effect

Of 25 files tested for refund compliance, 1 student's file contained an incorrect refund calculation.

Cause

Procedures to ensure the proper completion of refund calculations and appropriate payment of resulting refunds due were not followed in this isolated instance.

Recommendation

Due diligence and care must be exercised in completing refund calculations in accordance with SFA program requirements.

Additional Information

The Institution recalculated the refund using the correct data and we reviewed the calculation for accuracy. An additional refund in the amount of $1,322 is due to the Federal Stafford Unsubsidized Loan and $497 is due to the Federal Stafford Subsidized Loan. The Institution paid the refunds via electronic funds transfer and we confirmed that the payments were made.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule C.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-3

Statement of Condition

Subsequent disbursements of Federal Stafford Loan proceeds were made prior to completion of the first payment period for certain students.

Criteria

Institutions are required to disburse Title IV funds in a minimum of two disbursements based on payment periods or terms corresponding to the institution's academic calendar. For non-term based programs the disbursements should be at the beginning of the program and the midpoint of the defined academic year or program length (whichever is less). For term based schools, payments can be made no sooner than ten (10) days prior to the beginning of the term.

Effect

In 2 of the 75 files tested, second disbursements of Federal Stafford Loans were credited early to the student's tuition account, prior to the beginning of the subsequent term. Early payments were disbursed for Student No. 1, in the amount of $1,940 in a Federal Unsubsidized Stafford Loan and $1,698 in a Federal Subsidized Stafford Loan. Student No. 2 received an early disbursement of $1,274 in a Federal Subsidized Stafford Loan. Total questioned costs are $4,912.

Cause

The Institution did not always follow its procedures for determining when students reached the appropriate point in the academic program to qualify for the subsequent disbursements of Title IV funds.

Recommendation

The Institution should follow its procedures for determining student enrollment status and progress prior to disbursement of Title IV funds.

Additional Information

The Institution provided us with documentation indicating that both students went on to complete the appropriate number of weeks and credit hours to qualify for the second disbursements. There are no questioned costs associated with this finding.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule B.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-4 (Repeat Finding)

Statement of Condition

A Return of Title IV funds was delayed when the student withdrew from the instructional program.

Criteria

The institution must return the amount of Title IV funds for which it is responsible no later than 30 days after the date of the institution's determination that the student withdrew.

Effect

Of 25 files tested for refund compliance, the refund for 1 student was paid late. The distribution of the late refund is as follows:

Student No.	Amount of Refund	Program Paid	LDA	Withdrawal Date	Check Issue Date	Due Date	Check Cancellation Date	Days Late
1	$ 73	FPELL	8/29/02	10/9/02	11/13/02	11/8/02	11/19/02	11

Cause

Procedures to ensure timely disbursement of refunds were not followed in this isolated case.

Recommendation

Due diligence and care must be exercised in making refunds in compliance with SFA Program requirements.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule C.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-5

Statement of Condition

A Return of Title IV funds was not made for one student.

Criteria

The U.S. Department of Education requires that payments made under the Return of Title IV funds provisions be returned within 30 days of a student's official withdrawal date. The U.S. Department of Education considers a refund to be paid when it clears the bank.

Effect

Of 25 files tested for refund compliance, a refund for 1 student was not paid. The distribution of the unpaid refund is as follows:

Student No.	Amount of Refund	Program Paid	LDA	Withdrawal Date
1	$1,589	FFELP	7/2/02	9/11/02

Cause

The Institution was unable to document a refund payment in this isolated case.

Recommendation

Due diligence and care must be exercised in making refunds in compliance with SFA Program requirements.

Additional Information

Upon learning of this finding, the Institution paid the refund for the student in the finding. We reviewed confirmation of the electronic funds transfer. There are no remaining questioned costs for this finding.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule C.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-6

Statement of Condition

A credit balance for one student was not paid following the appearance of the credit balance on the student's account.

Criteria

Federal regulations require that institutions must pay credit balances to students within 14 days.

Effect

Of the 75 files tested, a credit balance for one student was not paid.

Amount of Credit Balance	Source of Credit Balance
$102	FFEL

Cause

In this isolated case, the Institution did not follow its procedures to ensure that credit balances on student accounts were identified and properly settled, according to the student's wishes.

Recommendation

The Institution should follow its procedures to ensure the timely identification and payment of student credit balances.

Additional Information

Upon learning of this finding the Institution paid the credit balance to the Federal Stafford Loan Program and we reviewed the documentation of payment.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule B.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-7

Statement of Condition

In one student's file, verification was not completed prior to disbursement of funds.

Criteria

Federal regulations require that institutions verify certain need analysis data for students selected for verification by the U.S. Department of Education and for any student whose file contains conflicting data. Under certain conditions for the Federal Pell and campus-based programs, the institution may make initial payment to the student for the first payment period while verification is being completed. If the student graduates or withdraws prior to completing verification, the institution is liable for the amount(s) disbursed.

Effect

Of the 75 files tested, the file of 1 student selected for verification contained incomplete information. The file contained conflicting information related to taxes paid. The student received a Federal Pell Grant in the amount of $1,900.

Cause

In this isolated instance, the Institution did not apply its procedures for obtaining and reviewing complete documentation with respect to verification.

Recommendation

The Institution should follow its procedures for obtaining and reviewing documentation for verified student files.

Additional Information

The Institution recalculated the need analysis for the student using the accurate data. We reviewed the corrected documents and determined that the student was ineligible for the Federal Pell Grant in the amount of $1,900.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule A.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-8

Statement of Condition

Ineligible funds were not returned for certain students.

Criteria

Ineligible disbursements credited to student accounts are to be returned to the appropriate Title IV program.

Effect

Of 75 files tested, ineligible funds for 2 students were not returned. The students received the following ineligible disbursements:

Student No.	Award Year	Amount	Title IV Program
1	2001-02	$ 1,697	Federal Subsidized Stafford Loan
2	2001-02	1,273	Federal Subsidized Stafford Loan
		1,175	Federal Unsubsidized Stafford Loan
Total Net Ineligible Funds Disbursed:		$ 4,145	

Cause

Procedures to ensure timely returns of ineligible funds were not always followed.

Recommendation

The Institution's control procedures for processing Return of Title IV funds payments should be closely followed.

Additional Information

Upon learning of this finding, the Institution returned the funds for Student No. 1 to the appropriate Title IV programs. We reviewed the documentation of the return of funds.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule A.

COLLINS COLLEGE
TEMPE, ARIZONA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2002

FINDING NO. 02-9

Statement of Condition

One Student Status Confirmation Report (SSCR) was not filed in a timely manner.

Criteria

Institutions receiving SFA funds are required to ensure that reports contain reliable data, and are presented in accordance with the terms of applicable agreements. Copies should be available for auditor attestation testing procedures.

Effect

Of the 6 SSCRs required to be filed by the Institution during the audit period, 1 SSCR was not filed in a timely manner. The report was submitted 18 days late.

Cause

In this isolated instance, the Institution did not follow its procedures with respect to timely filing of SSCR reports.

Recommendation

The Institution should follow its procedures to ensure that SSCRs are filed in a timely manner, and documentation of the filing is maintained.

Summary Schedules A, B and C Reference

This finding is not included on the accompanying summary schedules A, B and C as there are no fields available for data entry.

COLLINS COLLEGE
TEMPE, ARIZONA
FOR THE YEAR ENDED DECEMBER 31, 2002

Summary Schedule A: STUDENT ELIGIBILITY

								Missing Statements			If Applicable						Questioned Costs					
Student/ Number	Student File Not Found	Not A Regular Student	Enrolled < 1/2 Time	Non-Eligible Citizen	Invalid SSN	No Financial Need	SPA Exceeds Need	Under Compulsory HS Age	ED Purpose	On Overpayments & Defaults	Incomplete Verification	Not Making SAP	Failed ATB Test	ATB Not Documented	Missing FATs	FFELP	FDLP	PELL	FSEOG	FWS	FPL	Total
A2									X							$ 6,426						$ 6,426
A3											X							1,900				1,900
B6		X														1,697						1,697
B7		X														2,448						2,448
Total		2							1		1					$ 10,571		$ 1,900		$ -		$ 12,471

COLLINS COLLEGE
TEMPE, ARIZONA
FOR THE YEAR ENDED DECEMBER 31, 2002

Summary Schedule B: DISBURSEMENTS

Student/ Number	Credited Student's acct more than 10 days before the start of classes			Paid student directly more than 10 days before the 1st day of classes					Release funds to student on a LOA		Delivered 1st Installment Before 30 days after the 1st day of classes		Failed to conduct counseling				Untimely paid credit balance		Made 2nd payment prior to the completion of 1st payment period		Incorrect OPE # on loan app	Missing signed prom note
													Entrance		Exit							
	PELL	SEOG	Perkins	Pell	SEOG	Perkins	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	FDLP	FFEL	Perkins
B2																			X			
A1																			X			
B5																	X					
Total																	1		2			

COLLINS COLLEGE
TEMPE, ARIZONA
FOR THE YEAR ENDED DECEMBER 31, 2002

Summary Schedule C: REFUNDS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
						FFEL						Pell/FDLP/SEOG				
Student/ Number	Last Day of Attendance	Withdrawal Date	Total School Refund Amount	Total IPA Refund Amount	Balance Refund Over-paid/Due (D-C)	Refund Amount	Refund Due Date (B + 30) Days	Refund Check Cleared Date	# of Days Late (H - G)	Excess Interest Paid by ED (F(I/365)*Int)	Not Reported on SSCR	Amount of Refund	Refund Due Date (B + 30) Days	Refund Check Cleared Date	# of Days Late (N-M)	Imputed Interest To ED (L(O/365)*Int)
B1	11/18/02	12/9/02	$ 618	$ 2,437	$ 1,819											
B3	8/29/02	10/9/02	73	73								73	11/8/02	11/19/02	11	$ 0.11
B4	7/2/02	9/11/02		1,589	1,589											
Total			$ 691	$ 4,099	$ 3,408	$ -				$ -		$ 73.00			11	$ 0.11

COLLINS COLLEGE
TEMPE, ARIZONA

AUDITORS' COMMENTS ON RESOLUTION MATTERS
RELATING TO PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2002

The Institution's compliance audit for the fiscal year ended December 31, 2001, dated May 22, 2002, was performed by Almich & Associates.

The Institution received a final audit determination letter from the U.S. Department of Education dated August 16, 2002 (ACN: 09-2001-27246). The audit determination letter requires the Institution to take the necessary actions to correct all of the deficiencies noted in the audit report. The auditor is required, as part of the next audit report to comment on actions taken by the Institution to correct any findings noted in the audit report.

The findings noted in the independent auditors' report for the year ended December 31, 2001, and the corrective actions taken are as follows:

Finding No. 01-1

The auditors found that a signed Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR) was not obtained in 1 of 75 student files tested. The Institution obtained the missing signature. The auditors reviewed the documentation and determined that the student remained eligible for the Title IV funds received.

Action Taken

In its corrective action plan, the Institution stated that it concurred with the finding. The Director of Financial Aid will provide training to ensure that all necessary signatures are obtained prior to disbursement of Title IV funds. Further, the Director of Financial Aid will implement internal quality control procedures to monitor that all signatures are obtained prior to disbursing Title IV funds. As noted in Finding No. 02-1 of the current audit report, the Institution should follow its procedures to ensure that the student signature, and a parent signature for dependent students, is obtained on either the FAFSA or ISIR for each Title IV recipient.

Finding No. 01-2

The auditors found that a refund calculation was not completed correctly when a student withdrew from an instructional program. The auditors recalculated the refund using the correct data. An additional refund in the amount of $441 was due to the Federal Pell Grant Program.

Action Taken

In its corrective action plan, the Institution stated that it concurred with the finding. The Institution paid the refund. The auditors reviewed the documentation and found it to be accurate. The Controller and Director of Financial Aid will provide additional training to ensure that Return of Title IV calculations are correctly completed and appropriate funds are returned. As noted in Finding No. 02-2 of the current audit report, the Institution must exercise due diligence in completing refund calculations in accordance with SFA program requirements.

Finding No. 01-3

The auditors found that refunds were delayed when students withdrew from the instructional program. Of 25 files tested for refund compliance, the refunds for 13 students were paid late. As required by the January 2000 Audit Guide, the sample was expanded by an additional 59 students to achieve a 95% confidence level with a confidence interval of ±5% for refund timeliness. The expanded sample testing resulted in the identification of 18 additional students with late refunds. Based on the original sample plus the expanded sample, refunds for 31 of 84 withdrawn students tested were paid late based on the cancelled check date.

Action Taken

In its corrective action plan, the Institution stated that it concurred with the finding. The Controller and the Director of Financial Aid will implement procedures to more effectively track those students who withdraw, to ensure return of Title IV funds calculations are completed and appropriate funds are returned in the requisite timeframe. The Institution posted a letter of credit (LOC) in the amount of $196,422, and we reviewed the documentation. As noted in Finding No. 02-4 of the current audit report, the Institution must exercise due diligence in making refunds in compliance with SFA program requirements.

COLLINS COLLEGE
A School of Design and Technology

Corrective Action Plan

Collins College
EIN Number: 860752105
OPE ID: 02174900
DUNS Number: (b)(2) [redacted]

Finding No. 02-1 – A copy of a signed Free Application for Federal Student Aid (FAFSA) or Institutional Student Information Record (ISIR) was not maintained in the student file.

The institution concurs with the finding.

The institution is attempting to obtain the appropriate signature on the ISIR. If the institution fails to obtain the appropriate signatures, the associated funds will be returned.

The Director of Financial Aid will provide additional training to ensure that all necessary signatures are obtained prior to disbursement of Title IV funds. Further, the Director of Financial Aid has implemented additional quality control procedures. Those procedures include a quality assurance review to ensure all documentation has been received and is complete prior to the disbursement of Title IV funds.

Finding No. 02-2 – A Return of Title IV funds calculation was not completed correctly when a student withdrew from an instructional program.

The institution concurs with the finding.

The institution recalculated the Return of Title IV funds and paid the refund via EFT. No further action is required.

The institution will ensure refunds are calculated in accordance with SFA program requirements. The institution will provide additional training as it relates to the return of Title IV funds calculation. Further, the institution will assign responsibility to one individual, and implement additional review procedures to ensure the refunds are calculated accurately, and returned within the required timeframe.

Finding No. 02-3 – Subsequent disbursements of Federal Stafford Loan proceeds were made prior to completion of the first payment period for certain students.

The institution concurs with the finding.

The institution provided documentation indicating the students completed the appropriate amount of weeks and were in fact eligible for the funds. No further action is required.

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The institution will provide training to ensure that student enrollment status and progress is reviewed prior to disbursement of Title IV funds. Further, the institution will implement quality control procedures to monitor that disbursements are only processed for students that meet the eligibility requirements.

Finding No. 02-4 – A return of Title IV funds was delayed when the student withdrew from the instructional program.

The institution concurs with the finding.

A check was issued to return the funds for the appropriate program. No further action is required.

The institution will ensure that the appropriate process is in place to monitor the return of the Title IV funds within the 30 day required time frame. The Controller, and Director of Financial Aid will monitor the process by incorporating bi-weekly meetings to discuss withdrawal and refund status. In addition, the campus will dedicate one person to ensure all refunds are processed according to the SFA Program requirements.

Finding No. 02-5 – A Return of Title IV funds was not made for one student.

The institution concurs with the finding.

The institution paid the refund. No further action is required.

The institution will ensure that the appropriate process is in place to monitor the return of the Title IV funds within the 30 day required time frame. The Controller, and Director of Financial Aid will monitor the process by incorporating bi-weekly meetings to discuss withdrawal and refund status. In addition, the campus will dedicate one person to ensure all refunds are processed according to the SFA Program requirements.

Finding No. 02-6: – A credit balance for one student was not paid following the appearance of the credit balance on the student's account.

The institution concurs with the finding.

The funds were returned to the student. No further action is required.

The institution will follow its procedures to ensure that credit balances on a students' account are refunded within 14 days. Those procedures include reviewing a credit balance report on a weekly basis with Student Accounts, and returning any money owed to the student.

Finding No. 02-7: – In one student's file, verification was not completed prior to disbursement of funds.

The institution concurs with the finding.

The institution recalculated the need analysis for the student using the accurate data. The student was ineligible for the funds. The funds were returned. No further action is required.

The institution will follow its procedures for obtaining and reviewing documentation for verified student files. In addition, the campus has enhanced its procedures:

1. A verification checklist within Campus 2000 is used to ensure that all verification documents are collected and verified prior to disbursement of funds.
2. The Financial Aid Advisor processes the student file. The file is than reviewed a second time for quality assurance by a certifying officer prior to certification of loans and disbursement of funds.

Finding No. 02-8: - Ineligible funds were not returned for certain students.

The institution concurs with the finding.

The institution has made the noted refund. No further action is required.

The Controller, and the Director of Financial Aid have enhanced procedures to ensure procedures for processing Return of Title IV fund payments are closely followed. Further, the Controller has implemented internal quality control procedures to monitor the return of ineligible disbursements and ensure funds are returned and cleared within the requisite timeframe.

Finding No. 02-9: – One Student Status Confirmation Report (SSCR) was not filed in a timely manner.

The institution concurs with the finding.

The institution completed the SSCR filings. No further action is required.

The institution will follow its procedures to ensure that SSCRs are filed in a timely manner and that copies are available for review. In addition, to ensure the timeliness of the reporting, the institution will designate one individual who is responsible for processing the SSCR, validating the accuracy of the information, and resolving any issue or discrepancies within the 60-day timeframe.

Joan Spencer
President

6/25/03
Date