



November 27, 2012

Timothy T. Schutz, Interim President  
ATI-Career Training Center  
6351 Boulevard 26, Suite 100  
North Richland Hills, TX 76180-1599

Certified Mail  
Return Receipt Requested  
7012 1010 0002 6534 1106

RE: **Final Program Review Determination**  
OPE ID: 02596500  
PRCN: 201220627851

Dear Mr. Schutz:

The U.S. Department of Education's (Department's) Dallas School Participation Division issued a program review report on June 13, 2012, covering ATI-Career Training Center's (ATI) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 (year to date of review) award years. ATI's responses were received on August 8, 2012, September 28, 2012, and October 19, 2012. A copy of the program review report (and related attachments) and ATI's responses are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by ATI upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to identify the steps that must be taken in order to close the program review.

**Protection of Personally Identifiable Information (PII):**

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the finding in the attached report does not contain any student PII. The student numbers were assigned in Appendix A, Student Sample.

**Record Retention:**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

**Federal Student Aid**

An OFFICE of the U.S. DEPARTMENT of EDUCATION

DALLAS SCHOOL PARTICIPATION DIVISION

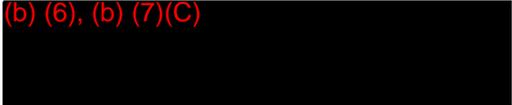
1999 BRYAN STREET, SUITE 1410, DALLAS, TX 75201-6817

**ATI-Career Training Center**  
**OPE ID 02596500**  
**PRCN 201220627851**  
**Page 2 of 2**

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Jackie Shipman at 214.661.9489.

Sincerely,

(b) (6), (b) (7)(C)



Cynthia Thornton  
Director, Dallas School Participation Division

Enclosure:  
Protection of Personally Identifiable Information

cc: Dena Hewitt-Director, Federal Regulatory Affairs  
Texas Workforce Commission-Division of Proprietary School & Veterans Education  
Texas Department of State Health Services  
OK Board of Private Vocational Schools  
Accrediting Commission of Career Schools and Colleges



Prepared for  
**ATI-Career Training Center**

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OPE ID 02596500  
PRCN 201220627851

Prepared by  
**U.S. Department of Education  
Federal Student Aid  
Dallas School Participation Division**

# Final Program Review Determination

November 27, 2012

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION  
DALLAS SCHOOL PARTICIPATION DIVISION  
1999 BRYAN STREET, SUITE 1410, DALLAS, TX 75201-6817

## Table of Contents

<b>A. Institutional Information</b> .....	<b>2</b>
<b>B. Scope of Review</b> .....	<b>3</b>
<b>C. Findings and Final Determinations</b> .....	<b>3</b>
Resolved Findings.....	3
Finding with Final Determination.....	3
Finding 1. Account Records Inadequate/ Not Reconciled .....	3
<b>D. Appendices</b> .....	<b>5</b>
Appendix A - Student Sample .....	5
Appendix B- ATI's Written Responses .....	5
Appendix C - Program Review Report .....	5

**A. Institutional Information**

ATI Career Training Center  
6351 Boulevard 26, Suite 100  
North Richland Hills, TX 76180-1599

Type: Less Than Two years, Private, For-Profit

Highest Level of Offering: One but Less than Two Year Certificate

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: 1021

% of Students Receiving Title IV: 93%

Title IV Participation:

	<u>2010-2011 Award Year</u>
Federal Pell Grant Program (Pell)	\$17,355,618
William D Ford Federal Direct Loan Program (Direct Loan)	
Stafford Subsidized	13,043,176
Stafford Unsubsidized	16,865,063
PLUS	963,447
Federal Supplemental Education Opportunity Grant (SEOG)	176,847

Default Rate FFEL/DL:       2009 -19.6%  
                                  2008 - 15.0%  
                                  2007 - 21.9%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at ATI Career Training Center (ATI) from March 26, 2012 through March 30, 2012. The review was conducted by Jackie Shipman, MaEsther Francis, and Shereé Porter.

The focus of the review was to determine ATI's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of ATI's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date of review) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on June 13, 2012.

### **Disclaimer:**

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

## **C. Findings and Final Determinations**

### **Resolved Findings**

**Findings 2 and 3:** ATI has taken the corrective actions necessary to resolve these findings in the program review report. Therefore, these findings may be considered closed. Appendix B contains ATI's written responses related to the findings. Findings requiring further action by ATI are discussed later in this letter.

### **Finding with Final Determination**

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of ATI's response to the finding and the Department's final determination for that finding. A copy of the program review report, issued on June 13, 2012, is attached as Appendix C.

#### **Finding 1. Account Records Inadequate/ Not Reconciled**

*Citation Summary: Institutions are required to 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. 34 C.F.R. § 668.14(b)(4)*

*Program regulations require institutions to maintain, on a current basis, financial records which reflect all program transactions. Accepted accounting procedures dictate that those transactions be reconciled. 34 C.F.R. § 668.24(b), and 34 C.F.R. § 685.309(d)*

*Reconciliation of Title IV, HEA program awards and disbursements is an internal control procedure that helps to ensure that an institution has met its fiduciary responsibility to use its Title IV, HEA program funds in the manner and for the purpose prescribed by regulations. 34 C.F.R. § 668.82*

*Noncompliance Summary: Three locations were selected to test the ATI owned schools' compliance with fiscal/accounting procedure regulations. Fiscal records for the 2010-2011 award year were reviewed for the following campus locations (Dallas Nursing Institute - 03416500, South Texas Vocational Technical – 02549400, and North Richland Hills – 02596500). Discrepancies were identified at each location pertaining to the amount drawn down from G5 and the amount posted by the institutions to the student ledgers in the Federal Direct Loan Program.*

*Required Action Summary: ATI was required to review its Common Origination & Disbursement System (COD) disbursement records, its G5 account, the students account ledgers, and institutional ledgers for all campus locations (nine) under common ownership to ensure accurate reconciliations. ATI was required to provide documentation of the resolution for all campus locations with the institutional response to the ATI program review report. In addition, ATI was required to review its current policies and procedures to strengthen controls over fiscal administration of the Title IV, HEA programs and ensure compliance with regulatory requirements.*

**ATI's Response:** ATI's response dated August 8, 2012, attached as Appendix B, included the required policies and documentation from COD, G5, and ledgers that demonstrated the 2010-2011 award year records for the Federal Direct Loan Program had been reconciled for the schools identified by the following OPEIDs:

02548800  
02596600  
02549400  
01084700  
02215900

Additional information provided via email on September 28, 2012, indicated the reconciliation of the Federal Direct Loan Program for the 2010-2011 award year had been completed for OPEID 03416500 and OPEID 01248200. An email dated October 19, 2012 stated that the reconciliation process for OPEID 02596500 and OPEID 02293200 was ongoing. The email stated that a ticket had been opened with COD (#466694) for OPEID 02596500 to resolve the \$1,990.00 balance. The email also stated that ATI was working with the Atlanta School Participation Division to resolve the un-reconciled amount for OPEID 02293200 that occurred after the institution was placed on Heightened Cash Monitoring 2.

**Final Determination:** Information in COD confirms that the reconciliation for OPEID 02596500 has now been completed. Reconciliation of the Federal Direct Loan Program has been completed for all the institutions, as required, except for OPEID 02293200. ATI must provide a status update within 45 days of the date of this letter to Jackie Shipman regarding the reconciliation for OPEID 02293200.

ATI-Career Training Center

OPE ID 02596500

PRCN 201220627851

Page 5

**D. Appendices**

**Appendix A - Student Sample**

**Appendix B- ATI's Written Responses**

**Appendix C - Program Review Report**

## **PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION**

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip and are encrypted with AES encryption.

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

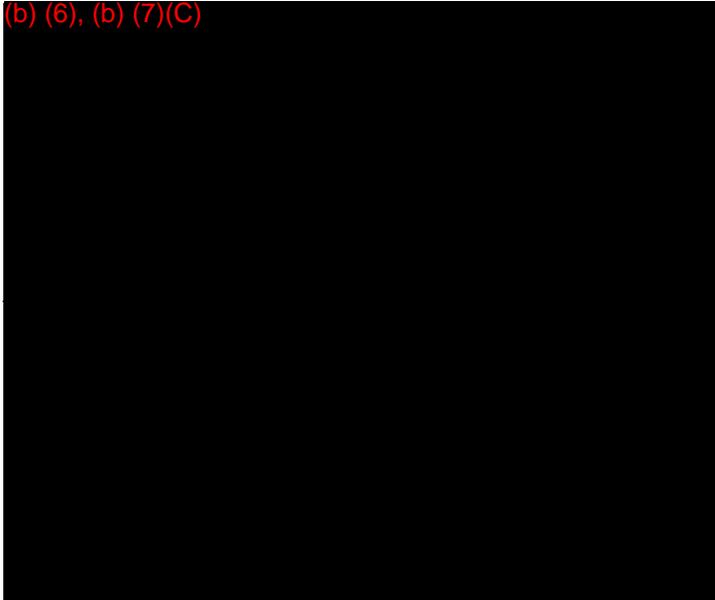
PII data cannot be sent via fax.

# APPENDIX A

Appendix A

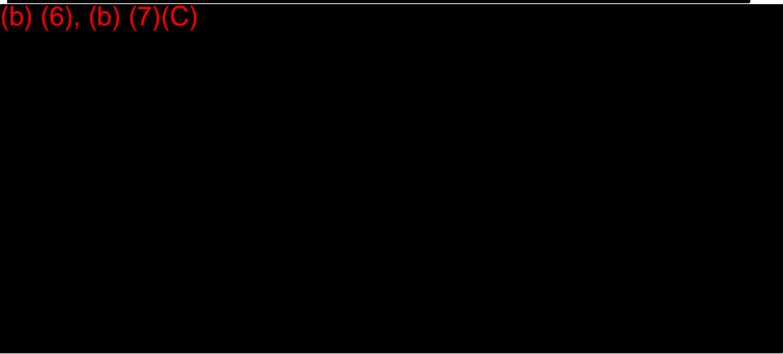
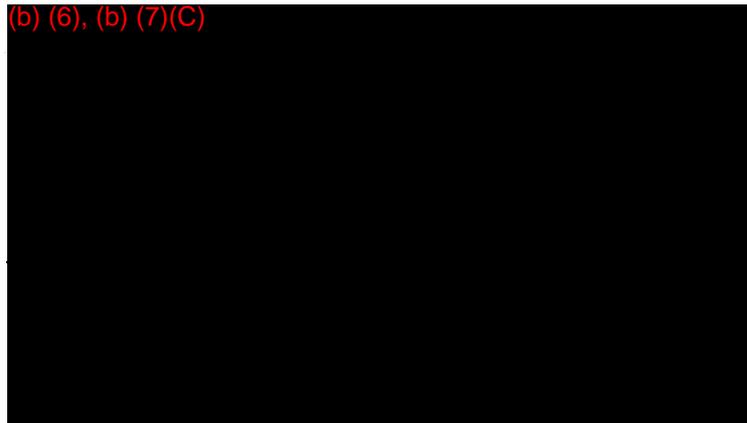
2010-2011

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2011-2012

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# APPENDIX B



ATI Enterprises, Inc.  
6331 Boulevard 26, Suite 275  
North Richland Hills, TX 76180  
(817) 557-3337 • (817) 284-0177

August 8, 2012

Federal Student Aid  
School Participation Team – Dallas  
1999 Bryan Street, Suite 1410  
Dallas, TX 75201  
ATTN: Ms. Jackie Shipman

RE: Response to Program Review Report  
OPE ID: 02596500  
PRCN: 201220627851

Dear Ms. Shipman,

ATI Enterprises, Inc. and ATI Career Training Center (OPE ID 02596500) would like to thank you and your team for the professionalism, courtesy and assistance you extended during our recent program review the week of March 26, 2012. ATI is in receipt of the Program Review Report dated June 13, 2012. ATI conducted a review of the Program Review Report and agrees to the findings as outlined in the report.

Below is our detailed response regarding the recently issued Program Review Report. Should you have any questions or need any additional information, please contact me directly at [dhewitt@atienterprises.edu](mailto:dhewitt@atienterprises.edu) or by phone at 817-846-7122.

Sincerely,

A handwritten signature in cursive script that reads "Dena Hewitt".

Dena Hewitt  
Director – Federal Regulatory Affairs

**Finding 1: Account Records Inadequate/Not Reconciled**

ATI reviewed each of the three reconciliation items noted in the Program Review Report for three of our campuses. In each of the three instances, the discrepancy noted pertained to the amount reported to the Common Origination and Disbursement System (COD), the amount drawn down from G5, and the amount posted by the institution on the subsidiary ledgers for the Direct Loan program.

Regarding Dallas Nursing Institute, the current amount reported to COD is \$12,116,881, the current amount posted on the subsidiary ledgers is \$12,116,881 and the net drawdown amount from G5 is \$12,116,458. There is a difference of \$0.00 between disbursements reported to COD and the drawdown amounts the subsidiary ledger. There is also a difference of \$423.00 between COD and the disbursements reported to G5. The \$423.00 difference is due to an additional drawdown that will need to be completed through G5.

Please note the amounts listed above also differ from the amounts cited for the Ledger, COD and G5 in the Program Review Report due to continued refunds, adjustments and disbursements. ATI has requested extended processing for the 2010-11 award year. The award year will remain open until August 31, 2012.

**Exhibit A includes the DNI Campus Vue Cash Receipts Summary, the COD balance print screen and the G5 balance print screen which supports the amounts reflected above.**

For the North Richland Hills campus, the current amount reported to COD is \$29,442,542, the current amount posted on the subsidiary ledgers is \$29,393,840, the net drawdown amount is \$29,436,892, and the G5 net amount is \$29,387,692. This yields a difference of (\$5,650.00) between the disbursements reported to COD and the subsidiary ledgers. There is an additional difference of \$54,849 difference between COD and the net drawdowns in G5. Both differences are due to student refunds and additional drawdowns that will need to be completed through G5.

Please note the amounts listed above also differ from the amounts cited for the Ledger, COD and G5 in the Program Review Report due to continued refunds, adjustments and disbursements. ATI has requested extended processing for the 2010-11 award year. The award year will remain open until August 31, 2012.

**Exhibit B includes the North Richland Hills Campus Vue Cash Receipts Summary, the COD balance print screen and the G5 balance print screen which supports the amounts reflected above.**

In the last instance noted, which is South Texas Vocational Technical Institute, the current amount reported to COD is \$18,331,059, the current amount posted on the subsidiary ledgers is \$18,321,509, and the net drawdown amount from G5 is \$18,329,078. This yields a difference of \$0.00 between the disbursements reported to COD and the subsidiary ledgers. There is an additional difference of (\$8,019) difference between COD and the net drawdowns in G6. The (\$8,019) difference is due to student refunds where funds will be returned through G5.

Please note the amounts listed above also differ from the amounts cited for the Ledger, COD and G5 in the Program Review Report due to continued refunds, adjustments and disbursements. ATI has requested extended processing for the 2010-11 award year. The award year will remain open until August 31, 2012.

**Exhibit C includes the STVT Campus Vue Cash Receipts Summary, the COD balance print screen and the G5 balance print screen which supports the amounts reflected above.**

ATI expanded its reconciliation process in December 2011 to ensure all accounts are reconciled monthly and that the monthly reconciliation consists of a full reconciliation between Campus Vue (our internal system of record), our Method of Payment (MOP) spreadsheets for all HCM1 and HCM2 submissions, COD, G5, Federal Funds account and operating accounts. Many of the reconciliation issues identified by ATI are the result of transitioning to and from different payment methods and what was requested on our Method of Payment spreadsheets under HCM2 and what was approved in COD and G5.

### **Finding 2: Late Student Status Confirmation Reporting**

During the program review, the reviewers noted seven students whose enrollment information reported to the National Student Loan Data System (NSLDS) was not reported within 30 days of the enrollment, nor was it reported within the next student status confirmation report within 60 days of the change in status.

ATI was instructed to correct the records for students # 22 and # 23. **Exhibit D contains the corrected NSLDS enrollment record for student # 22. Exhibit E contains the corrected NSLDS enrollment record for student # 23.**

The Program Review Report also instructed ATI to review the NSLDS records for all students who withdrew after July 1, 2011; students with an initial enrollment after January 1, 2012, and students who re-entered at ATI after January 1, 2012 to ensure students are reported accurately to NSLDS.

#### Withdrawn Students:

**Exhibit F1 contains the spreadsheet which contains the full file review and individual student results.**

For the students who withdrew after July 1, 2011, ATI reviewed a total of 1,184 student enrollment records on NSLDS. Below is a summary of the findings of our review. Please note that ATI reports the SSCR information on a 45 day reporting cycle which falls within the regulations which require updates for less than half time or out of school students within 30 days of the status change or within 60 days based on the next SSCR reporting requirement. If a student rejects within the SSCR file, the school receives a Student Status Confirmation Error (SSCE) file, which can extend the effective reporting date by another 30 to 60 days.

For the students who withdrew after July 1, 2011, ATI reviewed 1172 student enrollment records on NSLDS. Of the 1172 students reviewed, ATI noted 716 students were reported within 75 days of the status change. Of the 1172 students reviewed, ATI noted that 303 students were report at 76 days or greater. In addition, of the 1172 students 153 either did not receive aid or will be reported in the next cycle.

As ATI utilizes the automatic SSCR processing component within Campus Vue, our internal system of record, ATI is unsure of how the late or not reported students are occurring. The NSLDS Enrollment Reporting Guide, Final, October 2010, states NSLDS adds students with loans, or students with grants who also have loans, to the roster of the school that certified the loan or awarded the grant. ATI is continuing to review each SSCR file to determine when and if NSLDS added these students to the roster for update reporting.

Initial Enrollment or Re-Entering Students:

**Exhibit F2 contains the spreadsheet which contains the full file review and individual student results.**

ATI utilizes a 45 day SSCR reporting cycle. As a result of the cycle, SSCR files are received every 45 days and allow 30 days for processing. Based on this cycle, ATI is considering any student reported after the 75<sup>th</sup> day as late in our analysis below.

This timeframe does not account for students who may reject on the SSCR file and be contained or updated on the SSCE file which includes another 30 day reporting window. If the student rejects, the update would occur 105 days later.

For the students who began their initial enrollment or re-entered after January 1, 2012, ATI reviewed 394 student enrollment records on NSLDS. Of the 394 students reviewed, ATI noted 277 students were reported within 75 days of the status change. Of the 394 students reviewed, ATI noted that 54 students were report at 76 days or greater. In addition, of the 394 students 63 either did not receive aid or recently have begun enrollment.

To ensure ATI accurately and timely reports all necessary enrollment status changes to NSLDS, ATI will:

1. Drop Students- Report the students status directly on NSLDS during the process of calculating the state and or federal refund of which will be within 30 days of the students last date of attendance.
2. Graduate and Active Students- ATI will develop a compliance report in conjunction with the its internal reporting system and the NSLDS student status change report file using a compare function every 45 days.

**Finding 3: Satisfactory Academic Progress Policy Not Adequately Developed/Monitored**

During the program review, and through the help of the Program Review Team, ATI discovered the existing Satisfactory Academic Progress (SAP) Policy did not meet all of the requirements of the federal SAP policy. The issue with the prior policy is allowing two consecutive payment periods for which a student can remain on financial aid probation and receive Title IV funds. ATI, in creating the policy, tried to remain in compliance with the federal and state requirements for SAP.

As a result of the program review and the program review report, ATI has reviewed its SAP policy and made the necessary changes to ensure compliance with the federal regulations.

**Exhibit G contains the revised SAP Satisfactory Academic Progress policy which outlines the necessary federal requirements.**

# APPENDIX C



June 13, 2012

Mr. Michael Gries, President  
ATI – Career Training Center  
6331 Boulevard 26  
Suite 275  
North Richland Hills, TX 76180

**Certified Mail**  
**Return Receipt Requested**

No. 7011 2000 0000 8054 2925

RE: **Program Review Report**  
OPE ID: 02596500  
PRCN: 201220627851

Dear Mr. Gries:

From March 26, 2012 through March 30, 2012, Jackie Shipman, MaEsther Francis, and Shereé Porter conducted a review of ATI – Career Training Center’s (ATI) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by ATI. The response should include a brief, written narrative for each finding that clearly states ATI’s position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, ATI must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A (b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report<sup>1</sup> and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution’s response in any final program review report or audit determination, and include in the report or determination –
  - a. A written statement addressing the institution’s response;
  - b. A written statement of the basis for such report or determination; and
  - c. A copy of the institution’s response.

<sup>1</sup> A “preliminary” program review report is the program review report. The Department’s final program review report is the Final Program Review Determination (FPRD).

Federal Student Aid, School Participation Team - Dallas  
1999 Bryan Street, Suite 1410  
Dallas, TX 75201-6817  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

FEDERAL STUDENT AID  START HERE. GO FURTHER.

ATI – Career Training Center  
02596500  
201220627851  
Page 2 of 2

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by ATI upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Jackie Shipman of this office within 60 calendar days of receipt of this letter.

**Protection of Personally Identifiable Information (PII):**

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the finding in the attached report does not contain any student PII. Instead, the finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

**Record Retention:**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Jackie Shipman at 214-661-9489 or jackie.shipman@ed.gov.

Sincerely,

(b) (6), (b) (7)(C)

Kim Peeler  
Compliance Manager

Enclosure:  
Protection of Personally Identifiable Information

cc: Deana Echols, Vice President of Federal Regulatory Affairs  
Nichole Crowley, Financial Aid Administrator

Prepared for

**ATI - Career Training Center**

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START HERE  
GO FURTHER  
FEDERAL STUDENT AID

OPE ID 02596500

PRCN 201220627851

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Team - Dallas

## Program Review Report

June 13, 2012

Federal Student Aid, School Participation Team - Dallas  
1999 Bryan Street, Suite 1410  
Dallas, TX 75201-6817  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

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## Table of Contents

<b>A. Institutional Information</b> .....	2
<b>B. Scope of Review</b> .....	3
<b>C. Findings</b> .....	3
Finding 1. Account Records Inadequate/Not Reconciled.....	3
Finding 2. Late Student Status Confirmation Reporting .....	5
Finding 3. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored ....	6
<b>D. Appendix</b> .....	6
Appendix A. Student Sample (sent via e-mail) .....	7

ATI - Career Training Center  
OPE ID 02596500  
PRCN 201220627851  
Page 2

**A. Institutional Information**

ATI - Career Training Center  
6351 Boulevard 26, Suite 100  
North Richland Hills, TX 76180-1599

Type: Proprietary

Highest Level of Offering: Non-degree 1 Year

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment: 1021 (2010-2011)

% of Students Receiving Title IV: 93% (2010-2011)

Title IV Participation: School Participation Team Funding Report

Federal Pell Grant Program (Pell)	2010-2011 \$17,355,618
William D Ford Federal Direct Loan Program (Direct Loan)	
Stafford Subsidized	\$13,043,176
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	2007 - 21.9%

## **B. Scope of Review**

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The focus of the review was to determine ATI's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of ATI's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

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This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

## **C. Findings**

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by ATI to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding 1. Account Records Inadequate/Not Reconciled**

**Citation:** The General Provisions regulations require institutions to 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. *34 C.F.R. § 668.14(b)(4)*

Program regulations require institutions to maintain, on a current basis, financial records which reflect all program transactions. Accepted accounting procedures dictate that those transactions be reconciled. 34 C.F.R. § 668.24(b), and 34 C.F.R. § 685.309(d)

Reconciliation of Title IV, HEA program awards and disbursements is an internal control procedure that helps to ensure that an institution has met its fiduciary responsibility to use its Title IV, HEA program funds in the manner and for the purpose prescribed by regulations. An institution is subject to the highest standard of care and diligence in administering the programs and in accounting to the Secretary for the funds received under those programs. 34 C.F.R. § 668.82

**Noncompliance:** Three locations were selected to test the ATI owned schools' compliance with fiscal/accounting procedure regulations. Fiscal records for the 2010-2011 award year were reviewed for the following campus locations (Dallas Nursing Institute - 03416500, South Texas Vocational Technical – 02549400, and North Richland Hills – 02596500). Discrepancies were identified at each location pertaining to the amount reported to COD, the amount drawn down from G5, and, the amount posted by the institutions to the subsidiary ledgers in the Federal Direct Loan Program.

Location	Program	Ledger	COD	Discrepancy
Dallas Nursing Institute	Direct Loans	\$12,291,186	\$12,347,821	\$53,635
		Ledger	G5	
		\$12,291,186	\$9,872,141	\$2,419,045

Location	Program	Ledger	COD	Discrepancy
North Richland Hills	Direct Loans	\$29,485,911	\$29,694,724	\$208,813
		Ledger	G5	
		\$29,485,911	\$29,863,538	\$2,622,373

Location	Program	Ledger	COD	Discrepancy
South Texas Vocational Technical	Direct Loans	\$18,369,069	\$18,474,878	\$105,809
		Ledger	G5	
		\$18,369,069	\$17,301,428	\$1,067,641

**Required Action:** Although the discrepancies in the Federal Direct Loan program do not represent negative cash, ATI must review its COD disbursement records, its GS account, the students' account ledgers, and institutional ledgers for all campus locations (nine) under common ownership to ensure accurate reconciliations. ATI must provide documentation of the resolution for all locations in response to this program review report.

In addition, ATI must review its current policies and procedures to strengthen controls over its fiscal administration of the Title IV, HEA programs and ensure compliance with regulatory requirements.

## **Finding 2. Late Student Status Confirmation Reporting**

**Citation:** All institutions participating in the Federal Student Aid programs must have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS). Changes in enrollment to less than half-time, graduated, or withdrawn must be reported within 30 days unless an institution expects to submit its next student status confirmation report within 60 days. *34 C.F.R. § 685.309(b)*

**Noncompliance:** ATI did not report the enrollment status for students during the 2010-2011 and 2011-2012 award years in a correct and/or timely fashion.

- Student #2 – Enrolled full-time on April 25, 2011 but the status was not reported to NSLDS until August 15, 2011.
- Student #3 – Enrolled full-time on June 22, 2010 but the status was not reported to NSLDS until September 15, 2010.
- Student #20 – Enrolled full-time on May 17, 2011 but the status was not reported to NSLDS until August 15, 2011.
- Student #22 – Withdrew on June 16, 2011 and re-entered full-time on June 29, 2011. Both statuses were reported timely to NSLDS. However, on March 21, 2012 the student was reported to NSLDS as withdrawn on June 16, 2011.
- Student #23 – Reported to NSLDS as withdrawn on October 28, 2011. However, an enrollment date of October 20, 2011 and a re-entry date of February 20, 2012 were not reported to NSLDS.
- Student #28 – Enrolled full-time on September 28, 2011 but the status was not reported to NSLDS until February 3, 2012.
- Student #30 – Enrolled full-time on May 26, 2011 but the status was not reported to NSLDS until November 7, 2011.

**Required Action:** ATI must provide documentation that it has corrected the NSLDS records of Student #22 and Student #23. Furthermore, ATI must review the NSLDS records of students who withdrew after July 1, 2011; students with initial enrollment after January 1, 2012; and students re-entering after January 1, 2012 to determine if the enrollment status has been reported correctly to NSLDS. ATI must identify all students for whom corrective action was taken as a result of the review and provide documentation.