





December 17, 2013

Stanley B. Dawson  
Executive Director  
Academy of Somatic Healing Arts  
685 Winnmark Drive  
Roswell, GA 30076

UPS Next Day Air  
1ZA879640293945842

**RE: Final Program Review Report**  
OPE ID: 04126800  
PRCN: 201310428130

Dear Dr. Dawson:

The U.S. Department of Education's (Department's) School Participation Division – Atlanta issued a program review report on March 26, 2013 covering the Academy of Somatic Healing Arts' (ASHA's) administration of 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), for the 2011-2012 and 2012-2013 award years. A copy of the program review report is attached (**Appendix A**). ASHA failed to respond to the program review report. The Department has made final determinations based on information obtained during the program review. This Final Program Review Determination (FPRD) and related attachments 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.

According to the Georgia Nonpublic Postsecondary Education Commission, ASHA ceased operations on February 24, 2013. Therefore, the enclosed FPRD is being mailed to the (above) address provided by the Executive Director, Dr. Stanley Dawson.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of the program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Atlanta School Participation Division  
61 Forsyth St., SW, Room 18T40  
Atlanta, GA 30303-8918

Due to the serious nature of one or more of the enclosed findings, in the normal course, this FPRD would have been referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action (e.g., a fine). Since ASHA is no longer participating in the Title IV programs, this FPRD will not be referred at this time; however, should ASHA apply for reinstatement in the future, in addition to meeting all other requirements, this FPRD will need to be addressed. Please note that the appeal instructions contained herein apply only to the appeal of the financial liabilities established in this FPRD.

The program review report contained one or more findings regarding ASHA's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liability due from the institution from this program review is **\$481,499**. This FPRD contains detailed information about the liability determination for all findings.

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

Personally Identifiable Information (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 findings in the report do not contain any student PII. Instead, each finding references students by the Appendices attached to this report.

#### **Appeal Procedures:**

This constitutes the Department's FPRD with respect to the findings identified from the March 26, 2013 program review report. If ASHA wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than *45 from the date ASHA receives this FPRD*. An original and four copies of the information ASHA submits must be attached to the request. The request for an appeal must be sent to:

Ms. Mary E. Gust, Director  
Administrative Actions and Appeals Service Group  
U.S. Department of Education  
Federal Student Aid/PC  
830 First Street, NE - UCP3, Room 84F2  
Washington, DC 20002-8019

ASHA's appeal request must:

- (1) indicate the findings, issues and facts being disputed;

- (2) state the institution's position, together with pertinent facts and reasons supporting its position;
- (3) include all documentation it believes the Department should consider in support of the appeal. Any documents relative to the appeal that include PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and,
- (4) include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to ASHA's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

**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).

The Department expresses its appreciation for the courtesy extended during the review. If the institution has any questions regarding this letter, please contact Lisa Lancaster at (404) 974-9296. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6); (b)(7)(C)

Charles L. Engstrom, Director

Enclosure: Final Program Review Determination  
Appendix A - I

cc: Commission on Massage Therapy Accreditation  
Georgia Nonpublic Postsecondary Education Commission

Prepared for:  
**Academy of Somatic Healing Arts**

---

OPE ID: 04126800  
PRCN: 201310428130

Prepared by:  
**U.S. Department of Education  
Federal Student Aid  
School Participation Division - Atlanta**

**Final Program Review Determination  
December 17, 2013**

## **Table of Contents**

**A. Institutional Information**

**B. Scope of Review**

**C. Findings and Final Determinations**

1. Lack of Administrative Capability
4. Incorrect Method to Award Title IV Funds for a Clock Hour Program
5. Title IV Funds Disbursed to Students Not in Attendance
6. Unmade Returns / Calculations Not Performed for Withdrawals
7. Funds Not Timely Returned for Withdrawals
8. Errors in Return of Title IV Funds Calculations
9. Conflicting Attendance Records and Withdrawal Dates
10. Incorrect Use of Leave of Absence Policy
12. Unpaid Credit Balance Payments to Students
14. Missing High School Diploma or GED – Ineligible Students
15. Incomplete Verification and Conflicting Applicant Data
16. Failure to Adequately Use Professional Judgment
17. Ineligible Unsubsidized Loan Amounts for Dependent Students
20. Missing and Late Submission of Annual Audit and Financial Statement

**D. Summary of Liabilities**

**E. Payment Instructions**

Appendix A: Program Review Report

Appendix B: Funding Summary

Appendix C: COF Calculation (Non-Loan)-Non-Response (All Findings)

Appendix D: COF Calculation (Non-Loan)-Findings 5 and 14-16

Appendix E: COF Calculation (Loans)- Findings 5 and 14-16

Appendix F: EAL Calculation-Non-Response (All Findings)

Appendix G: EAL Calculation-Findings 14-17

Appendix H: FEDWIRE Instructions

Appendix I: PII Instructions

**A. Institutional Information**

Academy of Somatic Healing Arts (former address)  
6251 Smithpointe Drive  
Building A  
Norcross, GA 30092-1024

Type: Private, For-Profit

Highest Level of Offering: Non-Degree, 1-Year

Accrediting Agency: Commission on Massage Therapy Accreditation

Student Enrollment: 86 students (11 on Leave of Absence as of December 2012)

% of Students Receiving Title IV: 84% (as of December 2012)

Title IV Participation (Per Institution or EDCAPS-G5):

<u>Title IV Program</u>	<u>2012-2013 (to date)</u>
Federal Direct Loan	\$377,363
Federal Pell Grant	\$126,727
Default Rate FFEL/DL:	2011 13.6%
	2010 11.7%
	2009 9.5%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at the Academy of Somatic Healing Arts (ASHA) from December 10, 2012 through December 14, 2012. The review was conducted by Lisa Lancaster and Angelique James.

The focus of the review was to determine ASHA's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV programs. The review consisted of, but was not limited to, an examination of ASHA'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 2011-2012 and 2012-2013 (year to date) award years. The 2011-2012 files were selected from a list of withdrawals provided by ASHA, and the 2012-2013 files were selected randomly from a statistical sample of the total population students receiving Title IV, HEA program funds for the award year. An attached appendix to the program review report listed the names and social security numbers of the students whose files were examined during the program review.

Personally Identifiable Information (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 findings in the report do not contain any student PII. Instead, each finding references students by the Appendices attached to this report.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning ASHA'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 ASHA of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

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

### **Closed Findings**

As noted, the institution lost its participation in the Title IV programs and closed effective February 24, 2013. Finding 1 (Lack of Administrative Capability) reports that ASHA did not provide a response to the program review report. The following findings are considered closed given there are no monetary liabilities associated with the specific finding. If ASHA should reapply to participate in the Title IV, HEA programs, it will need to address the required actions for these findings:

- Finding 2: Financial Aid Records Not Maintained
- Finding 3: Personal Identification Information Obtained From Applicants
- Finding 11: Errors in Reporting Student Enrollment Status
- Finding 13: Untimely Credit Balance Payments to Students
- Finding 18: Loan Counseling Documentation Missing
- Finding 19: Failure to Report Change in Address
- Finding 21: Consumer Information Incomplete
- Finding 22: Crime Requirements Not Met / Annual Security Report Not Developed
- Finding 23: Failure to Comply with Drug and Alcohol Prevention Program

### **Findings With Final Determinations**

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of ASHA's response<sup>1</sup> to the finding, and the Department's final determination for that finding. A copy of the program review report issued on March 26, 2013, including the sampled students, is attached as to this letter as **Appendix A**.

#### **Finding 1: Lack of Administrative Capability**

*Citation Summary: 34 C.F.R. § 668.16 of the Student Assistance General Provisions states that to begin and to continue to participate in the Title IV programs, an institution shall demonstrate to the Secretary that it is capable of adequately administering each program. The Secretary considers an institution to have that administrative capability under the following standards if the institution—*

- A. *Administers the Title IV programs in accordance with all statutory provisions;*
- B. *Designates a capable individual to be responsible for administering the programs in which it participates;*
- C. *Uses an adequate number of qualified persons to administer the programs;*
- D. *Has written procedures for indicating the responsibilities of the various offices to ensure a system of checks and balances and internal controls;*
- E. *Divides the functions of authorizing payments and disbursing funds so that no one office has responsibility for both functions;*
- F. *Establishes and maintains systematically organized records;*
- G. *Establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program;*
- H. *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;*
- I. *Refers fraud or false claims to the Department's Office of Inspector General (OIG) for investigation;*

---

<sup>1</sup> As stated in the FPRD, ASHA did not respond to the program review report.

- J. Provides adequate financial aid counseling to eligible students;
- K. Provides reports, audits and financial statements required for compliance in a timely manner;
- L. Shows no evidence of significant problems that affect the institution's ability to administer the Title IV programs as identified in reviews conducted by the Secretary, the Department's OIG, nationally recognized accrediting agencies, State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or any other law enforcement agency; or findings made in any criminal, civil, or administrative proceeding;
- M. Is not, and does not have any principal or affiliate of the institution that is debarred or suspended under Executive Order 12549 (3 C.F.R., 1986 Comp.);
- N. Does not otherwise appear to lack the ability to administer the Title IV programs competently;
- O. Participates in the electronic processes that the Secretary provides; and,
- P. Develops and follows procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that a high school diploma is not valid or was not obtained from an entity that provides secondary school education.

**Noncompliance Summary:** Significant areas of non-compliance and problems reflected ASHA's inability to administer the Title IV programs. Findings identified by a review of institutional records are:

- Financial Aid Records Not Maintained
- Personal Identification Information Obtained From Applicants
- Incorrect Method to Award Title IV Funds for a Clock Hour Program
- Title IV Funds Disbursed to Students Not in Attendance
- Unmade Returns / Calculations Not Performed for Withdrawals
- Funds Not Timely Returned for Withdrawals
- Errors in Return of Title IV Funds Calculations
- Conflicting Attendance Records and Withdrawal Dates
- Incorrect Use of Leave of Absence Policy
- Errors in Reporting Student Enrollment Status
- Unpaid Credit Balance Payments to Students
- Untimely Credit Balance Payments to Students
- Missing High School Diploma or GED – Ineligible Students
- Incomplete Verification and Conflicting Applicant Data
- Failure to Adequately Use Professional Judgment
- Ineligible Unsubsidized Loan Amounts for Dependent Students
- Loan Counseling Documentation Missing
- Missing and Late Submission of Annual Audit and Financial Statement
- Failure to Report Change in Address
- Consumer Information Incomplete

- *Crime Requirements Not Met / Annual Security Report Not Developed*
- *Failure to Comply with Drug and Alcohol Prevention Program*

**Required Action Summary:** *In signing the Program Participation Agreement with the Secretary, ASHA agreed to comply with all applicable policies and regulations, and to administer the Title IV programs with the highest standards of care and diligence expected of a fiduciary. As noted, the institution closed and lost its participation in the Title IV programs effective February 24, 2013.*

*Despite its closure, ASHA was required to provide a response for each finding noted in the March 26, 2013 program review report. ASHA was also required to engage an Independent Public Accountant (IPA) to test the reviews completed by the institution for Findings 4, 5, 8 and 12. The school was required to have the auditor's agreed upon procedures approved by our office within 30 days of receipt of the program review report.*

**ASHA's Response:**

ASHA did not submit a response to any of the findings contained in the program review report.

**Final Determination:**

The March 26, 2013 program review report was mailed to the institution's address in Norcross, GA, but it was returned to our office as undeliverable. The report was then mailed to the address on this letter as well as by email to Dr. Dawson, at his request. Dr. Dawson acknowledged receipt of the program review report on April 11, 2013. On July 10, 2013, he requested an extension of time (until the end of August 2013) to submit a response to the program review report. On July 18, 2013, our office sent a reply to Dr. Dawson. Dr. Dawson was asked to provide an assurance that progress was being made on the response to the program review report by submitting the auditor's suggested procedures for testing the accuracy and completeness of the school's review. The Department requested a copy of those procedures no later than August 2, 2013. Our July 18, 2013 letter also explained that ASHA's failure to respond would result in the identification of liabilities for all Title IV funds received by the institution for the award years covered by the file review requirements.

To date, ASHA has failed to submit any documentation related to the program review report. Additionally, our office did not receive agreed-upon procedures from an IPA in relation to the attestation of ASHA's file reviews.

As indicated previously, the institution lost its participation in the Title IV, HEA programs; the school closed effective February 24, 2013. Therefore, this finding is closed.

#### **Finding 4: Incorrect Method to Award Title IV Funds for a Clock Hour Program**

**Citation Summary:** For Title IV purposes, 34 C.F.R. § 668.8 (k) states that an academic program is required to measure a student's progress in clock hours for a program when—

- Receiving Federal or state approval or licensure to offer the program;
- Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;
- The credit hours awarded for the program are not in compliance with the definition of a credit hour; or,
- The school does not provide the clock hours that are the basis for the credit hours awarded for the program (except for excused absences), and requires attendance in the clock hours that are the basis for the credit hours awarded.

*If a program measures progress in clock hours, it is always treated as a non-term program. The standard for coursework earned by a full-time student in an academic year in an undergraduate educational program offered in clock hours is a minimum of 26 weeks of instructional time and 900 clock hours. An academic year is made up of payment periods as defined by the institution. The academic year and payment period definitions are integral to requirements for the administration of Title IV funds because program disbursements must be made on a payment period basis. A student must successfully complete the clock-hours and weeks of instructional time in a payment period to progress to the next payment period.*

*If a program is one academic year or less, the academic year or program is divided into two payment periods. (The first payment period is the period in which the student successfully completes half of the clock hours and half of the weeks of instructional time in the program. The second payment period is the period in which the student completes the remainder of the program.) If a program is more than one academic year in length, the first academic year is divided into two payment periods, and, for any remaining portion of a program that is half of an academic year or less, the remaining portion is treated as a single payment period. (For any remaining portion of a program that is more than half of an academic year, but less than a full academic year, the remaining portion is divided into two payment periods). 34 C.F.R. § 685.203 and 34 C.F.R. § 690.63.*

#### **Determination of Federal Pell Grant Payment:**

*For clock-hour programs, a school must perform a Pell Grant calculation for each payment period in the student's program. The calculation for the payment period prorates a student's Scheduled Pell Grant Award based on the number of clock hours in the payment period as they compare to the clock hours in the defined academic year or the number of weeks of instructional time in the payment period as they compare to the weeks of instructional time in the academic*

year. To determine the payment for a payment period, the school must multiply the student's Scheduled Award by the lesser of:

$$\frac{\text{Number of clock hours in the payment period}}{\text{Number of clock hours in the program's academic year}}$$

or

$$\frac{\text{Number of weeks in the payment period}}{\text{Number of weeks in the program's academic year}}$$

**Determination of Federal Direct Loan (FDL) Payment:**

The annual maximum loan amount for an undergraduate student must be prorated for students enrolled in a program shorter than an academic year, or, in a remaining period of study shorter than an academic year. This circumstance can occur when a student is enrolled in a program that is one academic year or more in length, but the remaining period of study needed to complete the program is shorter than an academic year.

Where there is a remaining portion less than an academic year, the annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

$$\frac{\text{Remaining number of clock hours in the program}}{\text{Number of clock hours in the program's academic year}}$$

**Noncompliance Summary:** ASHA did not properly calculate and disburse Title IV funds to its Massage Therapy (MT) students. Specifically, the school did not measure progress for the MT program in clock hours as required. Instead, ASHA treated the MT program as a credit hour term-based program, thus awarding students either 50% or 33% of their award for the remaining period of study<sup>2</sup> rather than prorating aid (for the remaining number of clock hours in the student's program). This led to Pell Grant, Subsidized (Sub) and Unsubsidized (Unsub) FDL overpayments which must be returned to the Department.

For example, the MT is a 927 clock-hour program. Assuming ASHA defined the academic year for the MT program as 900 clock hours and 30 weeks of instructional time<sup>3</sup>, a student's Title IV aid for the first academic year would be based on:

<sup>2</sup> ASHA defined its academic year as 30 weeks of instructional time but changed its method of having two payment periods per academic year to three payment periods per academic year. Therefore, some students received 50% of their award in a payment period and others received 33%.

<sup>3</sup> An academic year for a clock-hour program must be defined as at least 26 weeks of instructional time but it may be up to 30 weeks of instructional time. ASHA did not have a defined academic year in clock hours.

**Payment Periods for First Year of MT Program: 900 clock hours/30 weeks**

- First payment period: 0-450 clock hours/15 weeks
- Second payment period: 451-900 clock hours/15 weeks

The remaining period of enrollment would be determined by multiplying the annual Pell Grant or FDL award amount by the remaining number of clock hours in the program (27 hours) divided by the number of clock hours in the program's academic year (900).

The maximum Title IV aid for a second-year MT student's remaining period of study with a Schedule Pell Grant Award of \$5550 would be as follows (depending on the number of clock hours per the student's enrollment agreement/contract):

Title IV Program	Remaining Period (Examples)	Payment for Remaining Period
\$5550 Pell	$\$5550 \times \text{Lesser of } 21/900 \text{ hrs. or } 1/30 \text{ wks.}$	\$129.50
\$5550 Pell	$\$5550 \times \text{Lesser of } 27/900 \text{ hrs. or } 1/30 \text{ wks.}$	\$166.50
\$4500 Sub FDL	$\$4500 \times 21/900 \text{ hrs.}$	\$105.00
\$4500 Sub FDL	$\$4500 \times 27/900 \text{ hrs.}$	\$135.00
\$6000 Unsub FDL	$\$6000 \times 27/900 \text{ hrs.}$	\$180.00

The following students were over awarded and paid Title IV aid based on the use of incorrect payment periods.

INCORRECT AMOUNTS DISBURSED TO STUDENTS					
Student	Hours per Contract	Award Year	Pell Grant	Sub FDL	Unsub FDL
6	921	2011-12	--	\$1500	\$2000
7	921	2011-12	\$1100	\$1125	\$ 500
12	921	2011-12	--	\$1500	\$2000
15	921	2011-12	--	\$1500	\$2000
18	921	2011-12	--	--	\$3500
20	926	2012-13	--	\$2250	\$3000
21	927	2012-13	--	\$1500	\$2000
22	920	2011-12	--	\$2250	\$3000
23	920	2011-12	--	\$2250	\$3000
25*	921	2011-12	--	\$1500	\$ 667
25*	921	2012-13	\$1850	--	--
27	927	2012-13	--	\$ 512	\$ 572
29	927	2012-13	\$1600	\$1500	\$2000
30	921	2012-13	\$1850	\$1500	\$2000

\*Aid was disbursed from two different award years for student 25.

**Required Action Summary:** In response to this finding, ASHA was required to establish an academic year definition in units of clock hours and weeks of instructional time for all programs eligible for Title IV aid. Using this academic year definition, ASHA was then required to recalculate the 2011-2012 and 2012-2013 Federal Pell Grant and FDL disbursement for each

*recipient's final period of study and identify what was paid versus what should have been paid. This review was to be conducted and reported by award year.*

*ASHA was also required to engage an Independent Public Accountant (IPA) to test the review completed by the institution. The school was required to have the auditor's agreed upon procedures approved by our office within 30 days of receipt of the program review report.*

**ASHA's Response:**

As indicated, ASHA did not submit a response to any of the findings contained in the program review report.

**Final Determination:**

Because it did not submit a response, ASHA is required to repay the Title IV funds received for the sampled Massage Therapy (MT) students for whom it failed to properly calculate and disburse Title IV funds. ASHA is also responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. Please refer to **Appendix B** (Funding Summary) for a complete listing of funding by student.

Below is a summary of the funding received by ASHA for each award year under review:

	<b>2011-2012</b>	<b>2012-2013</b>	<b>Total</b>
<b>Pell Grant</b>	\$ 301,991	\$ 126,727	\$ 428,718
<b>Sub FDL</b>	\$ 329,948	\$ 137,086	\$ 467,034
<b>Unsub FDL</b>	\$ 566,198	\$ 226,636	\$ 792,834
<b>PLUS FDL</b>	\$ 19,150	\$ 13,641	\$ 32,791
<b>Total</b>	\$1,217,287	\$ 504,090	\$1,721,377

The total liability due back to the Department for Federal Pell Grants is \$428,718, plus the cost of funds (COF) of \$5,044 (see **Appendix C**) for a total of \$433,762.

The total amount of Federal Direct Loans (FDLs) that ASHA improperly disbursed during the 2011-2012 and 2012-2013 years for all findings is \$1,292,659. In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder, the Department has asserted a liability not for the loan amounts, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loans. The estimated actual loss (EAL) to the Department that has resulted or will result from those ineligible loans is based on the most recent sector cohort default rate available. The EAL that ASHA must pay to the Department for the ineligible loans is \$47,737. A copy of the results of that calculation is included as **Appendix F**.

**Finding 5: Title IV Funds Disbursed to Students Not in Attendance**

**Citation Summary:** 34 C.F.R. § 668.21 states that if an institution cannot document a student's attendance, the Secretary considers the student to have dropped out before the first day of classes. If a student does not begin attendance in a payment period or period of enrollment, the institution must return all Title IV funds that were credited to the student's account or disbursed directly to the student for that payment period or period of enrollment. The institution must return those funds for which it is responsible to the respective program as soon as possible, but no later than 30 days after the date it becomes aware that the student has not begun attendance.

**Noncompliance Summary:** Of the 30 files tested, ASHA improperly drew down and retained Title IV funds for six students as follows:

**Student 1:** The student began classes in July 2011 but withdrew from ASHA in September 2011; she did not complete the first payment period, and never began the second period scheduled to begin November 17, 2011. Regardless, the institution drew down and disbursed Pell Grant and FDL funds for the student's second payment period as follows.

<b>Date of Ineligible Aid</b>	<b>Pell</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
12/1/2011	\$2775	\$1750	\$3000

**Student 4:** The student began classes in October 2011 but she did not begin the second payment period scheduled to start in February 2012. Regardless, the institution drew down and disbursed her Unsub FDL for the second payment period as follows.

<b>Date of Ineligible Aid</b>	<b>Pell</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
2/8/2012	\$0	\$0	\$4750

**Student 5:** The student began classes in July 2011 but he did not begin the second payment period scheduled to start September 27, 2011. Regardless, the institution drew down and disbursed Pell Grant and FDL funds for the second payment period as follows.

<b>Date of Ineligible Aid</b>	<b>Pell</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
9/28/2011	\$1850	\$1167	\$2000

**Student 10:** The student began her second payment period on June 25, 2012 but withdrew after her last day of attendance on July 17, 2012. Although the student never began her third payment period, the institution drew down and disbursed Pell funds for the third payment period:

<b>Date of Ineligible Aid</b>	<b>Pell</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
6/27/2012	\$1033	\$0	\$0

**Student 11:** The student began classes in June 2012 and she withdrew on August 30, 2012. She never began the second payment period scheduled to start September 12, 2012. Regardless, the institution drew down and disbursed FDLs for the second payment period as follows.

<b>Date of Ineligible Aid</b>	<b>Pell</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
9/12/2012	\$0	\$950	\$2000

**Student 19:** The student began classes in June 2012 but was placed on a leave of absence for the period of September 6, 2012 through March 5, 2013; therefore she never began classes in the second payment period. Regardless, the institution drew down and disbursed Pell Grant and FDL funds for the student's second payment period. It is not permissible to disburse FDL during a student's leave of absence.

<b>Date of Ineligible Aid</b>	<b>Pell</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
9/12/2012	\$1850	\$1167	\$2000

**Required Action Summary:** Due to the error rate noted by this finding, ASHA officials were required to review the records of all students who received Title IV funds from the 2010-2011; 2011-2012; and, the 2012-2013 award years and identify those students who received aid for a payment period in which he or she never began attendance. Once these students were identified, ASHA was required to provide a listing of all ineligible aid by program.

ASHA was also required to engage an IPA to test the review completed by the institution. The school was required to have the auditor's agreed upon procedures approved by our office within 30 days of receipt of the program review report.

**ASHA's Response:**

As indicated in the above findings, ASHA did not submit a response to any of the findings contained in the program review report.

**Final Determination:**

The institution did not provide a file review or other documentation to support that the below-listed students were in attendance at the time applicable Title IV funds were drawn down and disbursed. Therefore, ASHA is responsible for returning \$5,658 in Pell; \$3,867 in Sub FDL and \$11,750 in Unsub FDL funds to the Department as follows:

Student	Pell	Sub FDL	Unsub FDL
1	\$2775	\$1750	\$3000
4	\$0	\$0	\$4750
5	\$1850	\$1167	\$2000
10	\$1033	\$0	\$0
11	\$0	\$950	\$2000
Total	\$5658	\$3867	\$11,750

ASHA is also responsible for the \$292 in COF (Appendix D and E) on the ineligible disbursements.

However, as established in Finding 4 (Incorrect Method to Award Title IV Funds for a Clock Hour Program), ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. The liability established in this FPRD includes the students involved in this finding.

**Finding 6: Unmade Returns / Calculations Not Performed for Withdrawals**

**Finding 7: Funds Not Timely Returned for Withdrawals**

*Citation Summary: 34 C.F.R. § 668.22 states that when a Title IV recipient 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 that the student earned as of the student's withdrawal date. The institution must have a system to accurately determine the withdrawal date because that date is used to determine the percentage of time completed, therefore, the amount of aid the student earned.*

*For a student who ceases attendance at an institution that is required to take attendance such as ASHA, including a student who does not return from an approved leave of absence, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records.*

*An institution must return the correct amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of determination that the student withdrew.*

*Institutional charges and aid that was disbursed are also factors used to determine the amount of unearned Title IV aid that the school (or student) is responsible for returning to the Department.*

*Noncompliance Summary: For most students tested, the institution failed to calculate and return applicable funds for withdrawn students. Additionally, in August 2012, staff of the Atlanta School Participation Division (SPD) received several complaints from withdrawn students whose refunds were not made to the Department.*

During the week of the program review, ASHA's Executive Director performed Return of Title IV Funds (R2T4) calculations for students in the sample as noted below. Unpaid and/or late returns were identified as follows:

<b>UNMADE AND LATE RETURNS / R2T4 NOT PERFORMED</b>					
<b>Student</b>	<b>W/D Date</b>	<b>Date R2T4 Performed</b>	<b>% of Aid Earned</b>	<b>Return Amount Due</b>	<b>Status</b>
1	9/19/11	Missing	Undetermined	Undetermined	Not paid
2	5/3/12	Missing	Undetermined	Undetermined	Not paid
3	6/20/12	Not dated	17.5%	\$3845	Not paid
4	1/31/12	8/28/2012 (5 mos. late)	12.6%	\$4132	Not paid
6	5/9/12	Performed Onsite (6 mos. late)	100%	\$0	N/A
7	10/24/11	Performed Onsite (12 mos. late)	100%	\$0	N/A
8	10/20/11	Performed Onsite (12 mos. late)	39.6%	\$2017	Not paid
9	2/15/12	Performed Onsite (9 mos. late)	68%	\$0	N/A
10	7/17/12	Performed Onsite (4 mos. late)	34.3%	\$1357	Not paid
11	8/30/12	Performed Onsite (2 mos. late)	100%	\$0	N/A
13	9/29/11	12/22/2011(39 days late)	4.6%	\$3322	Not paid
14	12/7/11	Missing	Undetermined	Undetermined	Not paid

**Required Action Summary:** This finding was deferred to the following finding (Finding 8) whereas ASHA was required to correct return calculations prior to returning applicable funds.

**ASHA's Response:**

ASHA did not submit a response to any of the findings contained in the program review report.

**Final Determination:**

Because it did not submit a response, ASHA is required to repay the Title IV funds received for the sampled students for whom it failed to make returns to the Department. The liability established in this FPRD includes the students involved in this finding.

**Finding 8: Errors in Return of Title IV Funds Calculations**

**Citation Summary:** As stated above, when a Title IV recipient 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 assistance that the student earned as of the withdrawal date. The withdrawal date for a student who withdraws from an institution that is required to take attendance is the last date of academic attendance as determined by the institution from its attendance records. An institution must have a system to accurately determine this date because it is the date used to determine the percentage of time completed, therefore, the amount of aid a student earned as described in 34 C.F.R § 668.22 (e)(2).

**Noncompliance Summary:** Also noted in the above finding, the institution failed to calculate and return applicable funds for most of the withdrawn students tested. In addition, the reviewers noted calculation errors for the following students:

**Student 3:** The school calculated and disbursed Title IV aid on a term-basis, but it completed an R2T4 worksheet for students who withdraw from clock-hour programs.

**Student 4:** A school official confirmed that the student's last day of attendance (LDA) was January 31, 2012. Even though the student's aid for the second payment period was ineligible (see Finding 5), the school performed an R2T4 calculation using an incorrect withdrawal date. In addition, the school calculated and disbursed Title IV aid on a term-basis but completed an R2T4 worksheet for students who withdraw from clock-hour programs.

**Student 13:** The school used incorrect dates (for the payment period) to determine the percentage of Title IV earned by the student. However, it appears the school did use the correct number of days in the calculation of amount of aid earned by the student.

**Required Action Summary:** Due to the error rate noted by this finding, ASHA officials were to review and correct the R2T4 calculations for all Title IV recipients who withdrew between July 1, 2011 and the date the school closed (February 24, 2013) in order to identify those students and funds that were under refunded. All withdrawn students were to be included in the review unless the student withdrew from a payment period in which (100% of the) funds were ineligible due to the student never beginning attendance in that payment period (defer to Finding 5).

ASHA was also required to engage an IPA to test the review completed by the institution. The school was required to have the auditor's agreed upon procedures approved by our office within 30 days of receipt of the program review report.

**ASHA's Response:**

As indicated, ASHA did not submit a response to any of the findings contained in the program review report.

**Final Determination:**

Because it did not submit a response, ASHA is required to repay the Title IV funds received for the sampled students for whom it either failed to correct and/or make returns to the Department. The liability established in this FPRD includes the students involved in this finding.

### **Finding 9: Conflicting Attendance Records and Withdrawal Dates**

**Citation Summary:** 34 C.F.R. § 668.14 (b) states that by entering into a program participation agreement, an institution agrees that it will, amongst other requirements, establish and maintain such administrative and fiscal procedures and records necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV 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.

An institution must establish and maintain systematically organized records for each Title IV program. 34 C.F.R. § 668.16 (d).

34 C.F.R. § 668.22 states that when a Title IV recipient 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 assistance that the student earned as of the withdrawal date. The withdrawal date for a student who withdraws from an institution that is required to take attendance is the last date of academic attendance as determined by the institution from its attendance records. An institution must have a system to accurately determine this date because it is the date used to determine the percentage of time completed, therefore, the amount of aid a student earned.

**Noncompliance Summary:** ASHA's attendance records were insufficient as described:

**Student 4:** The attendance portal (a record of attendance) implied the student began classes in her second payment period (February 2012), but instructor sign-in sheets as well as a school official confirmed that the student's LDA was January 31, 2012. (This student is noted in Findings 5 and 6.)

**Student 5:** The attendance portal implied the student attended one day of class in her second payment period (September 28, 2011), but actual attendance records reported the student's LDA as September 14, 2011. (This student is noted in Finding 5.)

**Student 6:** Records showed the LDA as May 9, 2012. The student completed exit loan counseling on May 10, 2012. However, the LDA reported by the Change of Status Form was October 9, 2012. (This student is noted in Findings 6 and 11.)

**Student 7:** Due to confusing records, it appeared the student took first-term courses beginning in October 2010; January 2011; and again in April 2011. Therefore, the reviewers were unable to determine the date the student began the program, and if he was eligible for all Title IV aid disbursed to his account.

**Student 8:** The file contained conflicting documentation with respect to the dates of the student's LOA. This resulted in the R2T4 calculation taking place more

than a year after the student's withdrawal. (This student is also noted in Findings 6 and 10.)

**Student 10:** The R2T4 calculation and Change of Status Form confirmed the student's LDA as July 17, 2012. During the week of the program review, the Dean of Students provided the reviewers with an instructor's attendance sign-in sheet (that was not in the student's file at the time) showing the student as 'absent' as of August 1, 2012, thereby revising the LDA to July 31, 2012. However, the LDA was already established as July 17, 2012. July 17, 2012 was also the LDA used in the R2T4 calculation which was not performed until the week of the review. (This student is noted in Findings 5 and 6.)

**Student 12:** School officials confirmed that the student was not in compliance with the attendance policy. In August 2011, he had low attendance plus incomplete and failing grades; however ASHA continued to disburse Title IV loans to him.

**Student 14:** ASHA's attendance policy stated that "Students cannot be absent for more than 10% of the total classroom hours. Students are required to make up work missed." However, this student missed 24% of her attendance and it did not appear that she was required to make up any hours. (This student is noted in Findings 2 and 6.)

**Student 15:** Page 14 of ASHA's Policies and Procedures Manual states that "A student who misses 10 consecutive days of class without a leave of absence will be terminated unless the student indicates a clear intention to complete the program in which the student is enrolled." Although this student was absent for 12 consecutive days between July 26 and August 15, 2011, there were no records to indicate ASHA took any action for this student's excessive absences.

**Required Action Summary:** Clock-hour institutions are required to take daily attendance to measure students' academic progress in clock hours. Attendance has a direct effect on the timing of when students are eligible for their Title IV disbursements or the percentage of aid the school must return to the Department if a student withdraws.

An IPA was required to confirm the correct dates of attendance for students 5, 6, 7, 8, 10, 12, 15 and 15 prior to completing the file reviews as required by Findings 5, 6, 7 and 10.

### **ASHA's Response:**

As indicated in the above, ASHA did not submit a response to any of the findings contained in the program review report.

### **Final Determination:**

As established in Finding 4 (Incorrect Method to Award Title IV Funds for a Clock Hour Program), ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. The liability established in this FPRD includes the students involved in this finding.

### **Finding 10: Incorrect Use of Leave of Absence Policy**

*Citation Summary: Per 34 C.F.R. § 668.22, a leave of absence (LOA) is an approved leave of absence if—*

- *The institution has a formal policy regarding LOAs;*
- *The student followed the institution's policy in requesting the LOA;*
- *The institution determines that there is a reasonable expectation that the student will return to the school;*
- *The institution approved the student's request in accordance with its policy;*
- *The LOA does not involve additional charges by the institution;*
- *The number of days in the approved LOA, when added to the number of days in all other LOAs, does not exceed 180 days in any 12-month period;*
- *Except for a clock hour or non-term credit hour program, upon the student's return from the LOA, the student is permitted to complete the coursework he or she began prior to the leave; and*
- *If the student is a Title IV loan recipient, the institution explains that prior to granting the LOA, the effects that the student's failure to return (from the LOA) may have on his or her loan repayment terms, including the exhaustion of the student's grace period.*

*An institution's LOA is a "formal policy" if the policy is in writing and publicized to students; and, if it requires students to provide a written, signed, and dated request that includes the reason for the LOA prior to the request. An institution may not grant a student an LOA merely to delay the return of unearned Title IV funds.*

*If a student does not resume attendance at the institution at or before the end of a LOA, the institution must treat the student as a withdrawal. 34 C.F.R. § 668.22 (d)(2).*

**Noncompliance Summary:** ASHA's use of the LOA policy was abused for these reasons:

**Student 8:** It appears that the student was placed on a LOA without her knowledge. Per a Change of Status form, completed and signed by the Dean of Students (the Dean) on October 30, 2011, the student was planning to take a LOA due to "financial stress". A second Change of Status form, also signed by the Dean, reported that the student did not show up to sign her LOA form so the student was withdrawn (also October 30, 2011). However, a Leave of Absence Request form found in the file reported that the student was approved for a LOA from October 30, 2011 until April 28, 2012 due to "personal / family complications". This form was signed by the Dean and the student. But on November 30, 2011 a notation was made to the file stating that "the student did not sign a LOA and has withdrawn". The last Change of Status form, signed by the Dean on April 28, 2012, said the student did not return from her LOA so she was withdrawn at that time.

**Student 11:** Records show the student was placed on a LOA on September 6, 2012 per the Change of Status form completed by the Dean. The form reported the reason for the leave as "The student is joining the Asian Body Program on October 8, 2012". The student did not make the request or sign this form. The file also contained a LOA Request form. This form was signed by the student on September 17, 2012, and, stated that she was switching to another area of study and would return in 180 days (on March 6, 2013.) However, the student was no longer enrolled on September 17, 2012; she withdrew from ASHA on August 30, 2012. (This student is also noted in Finding 5.)

**Student 14:** Records show that the student was placed on a LOA on October 11, 2011, per the Change of Status form completed by the Dean. The form reports the reason for the leave as "repeating courses and personal growth". The file also contained an LOA Request form reporting "financial hardship" as a conflicting reason for the leave request.

In addition, all students who were approved for a LOA were granted the leave for exactly 180 days. Improperly-keeping students 'enrolled but on LOA' may artificially expand a student's withdrawal date. Accurate enrollment reporting is critical for effective administration of the Title IV loan programs. A student's enrollment status determines his or her eligibility for in-school status, deferments, grace periods, repayment, and the Government's payment of interest subsidies.

**Required Action Summary:** ASHA was required to review the above and all other students who were on a LOA at the time of the school closure and identify the last day of attendance prior to the LOA. The IPA was required to attest to the results of this review in order to establish correct LDAs prior to testing the results of Finding 6 (Unmade Returns / Calculations Not Performed for Withdrawals).

**ASHA's Response:** ASHA did not submit a response to any of the findings contained in the program review report.

Because it did not submit a response, ASHA is required to repay the Title IV funds received for the sampled students for whom it did not properly obtain a LOA request from. The liability established in this FPRD includes the students involved in this finding.

**Finding 12: Unpaid Credit Balance Payments to Students**

**Citation Summary:** 34 C.F.R. § 668.164 (d) and (e) state that an institution may use Title IV program funds to credit a student's account to satisfy current year charges for—

- Tuition and fees;
- Room and board, if the student contracts with the school for room and board; and
- With an authorization from the student or parent, other educationally related charges incurred by the student.

*Title IV funds may also be used to pay educationally related expenses from the prior year as long as the charges do not exceed \$200 and the institution obtains a student's or parent's authorization (under 34 C.F.R. § 668.165 [b]) to use funds to pay these charges.*

*If current year Title IV funds credited to a student's account exceed the amount of current year tuition, fees, and other authorized charges, the institution must pay the resulting credit balance directly to the student or parent (for a Federal Parent Loan for Undergraduate Students [PLUS]) as soon as possible but no later than 14 days after the credit balance occurred if it occurred after the first day of class. If the credit balance occurred on or before the first day of class, it must be returned no later than 14 days after the first day of class.*

**Noncompliance Summary:**

*The institution did not have a practice to retain Title IV credit balances on an individual's account ledger, so it was required to pay Title IV credit balances to applicable students within the 14 days as described. However, student account records indicated that Title IV credit balance funds were not paid for five of 30 students as follows:*

<b>Student</b>	<b>Date Created</b>	<b>Due to Student</b>	<b>Unpaid Amount</b>	<b>Comments</b>
1	12/1/2011	12/15/2011	\$2254	Credit balance based on ineligible aid/Finding 5.
2	5/1/2012	5/15/2012	\$1127	Student withdrew; defer to Finding 6.
5	9/28/2011	10/12/2011	\$2505	Credit balance based on ineligible aid/Finding 5.
11	9/12/2012	9/26/2012	\$2579	Credit balance based on ineligible aid/Finding 5.
19	9/12/2012	9/26/2012	\$1111	Credit balance based on ineligible aid/Finding 5.

**Required Action Summary:** *Including the five students noted by this finding, ASHA officials were required to identify all students with Title IV credit balances due to them as of the date of the school closure. ASHA was required to separate and identify:*

- *Ineligible funds disbursed to students for a payment period in which they were not in attendance (refer to Finding 5); and,*
- *Outstanding funds to be returned to the Department for withdrawn students (refer to Finding 6).*

*ASHA was also required to engage an IPA to test the review completed by the institution. The school was required to have the auditor's agreed upon procedures approved by our office within 30 days of receipt of the program review report.*

**ASHA's Response:**

ASHA did not submit a response to this or any of the findings contained in the program review report.

**Final Determination:**

In as much as ASHA failed to pay \$9,576 in Title IV credit balances to the students noted above, the excess Title IV (FDL) funds were not eligible to be disbursed to the applicable students' accounts due to Findings 5 and 6 (Title IV Funds Disbursed to Students Not in Attendance and Unmade Returns). Therefore, \$9,576 must be returned to the Department.

In addition, ASHA is responsible for the \$131 in COF (**Appendix E**) on the improperly disbursed and retained funds.

Finally, as established in Finding 4 (Incorrect Method to Award Title IV Funds for a Clock Hour Program), ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. The liability established in this FPRD includes the students involved in this finding.

**Finding 14: Missing High School Diploma or GED – Ineligible Students**

**Citation Summary:** *To receive Title IV funds, a student must be qualified to study at the postsecondary level. A student qualifies if he or she has a high school diploma, the recognized equivalent of a high school diploma, typically a general education development or GED certificate, or completed home schooling. 34 C.F.R. § 668.32.*

**Noncompliance Summary:** *The institution's admission policy required all applicants for enrollment to have a high school diploma or a GED. However, the reviewers identified three students without the required admission documentation as follows:*

**Student 8:** The student enrolled at ASHA in July 2011 and received Title IV aid for the 2011-2012 award year. The student withdrew in October 2011. The student's ISIR reported that she had a GED. However, ASHA officials did not have documentation of the student's GED or a high school diploma.

**Student 12:** The student enrolled at ASHA in January 2011 and received Title IV aid for the 2010-2011 and 2011-2012 award years. (As of the date of the program review, the student had not yet graduated; had low attendance; and had incomplete and failing grades.) The student's ISIRs reported that he had a GED. However, ASHA officials confirmed that they did not have documentation of the student's GED or high school diploma.

**Student 17:** The student enrolled at ASHA in June 2012 and received Title IV aid for the 2012-2013 award year. (As of the date of the review, the student had not yet graduated.) The student's ISIR reported that she had a high school diploma. However, ASHA officials did not have documentation of a GED or a high school diploma for the student.

**Required Action Summary:** In response to this finding, the institution was required to obtain a valid high school diploma or GED for **students 8, 12 and 17** or return their Title IV funds to the Department.

**ASHA's Response:**

ASHA did not submit a response to this or any of the findings contained in the program review report.

**Final Determination:**

The institution did not provide a valid high school diploma or GED for students 8, 12 and 17. Therefore, ASHA is responsible for repaying \$14,985 in Pell; \$10,833 in Sub FDL and \$18,000 in Unsub FDL funds for the years in which it drew down and disbursed funds to students without the required documentation as follows:

<b>Student/Year</b>	<b>Pell</b>	<b>Sub</b>	<b>Unsub</b>
#8 (2011-12)	\$ 3,700	\$ 2,333	\$ 4,000
#12 (2010-11)	\$ 5,550	\$ 3,500	\$ 6,000
#12 (2011-12)	\$ 185	\$ 1,500	\$ 2,000
#17 (2012-13)	\$ 5,550	\$ 3,500	\$ 6,000
<b>Total</b>	<b>\$14,985</b>	<b>\$10,833</b>	<b>\$18,000</b>

ASHA is also responsible for the \$261 (132 + \$129) in COF (**Appendix D**) and the \$1,127 (\$248+\$879) EAL (**Appendix G**) on the ineligible disbursements.

As noted in Finding 4, ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. The liability established in this FPRD includes the students involved in this finding. ***In addition, ASHA is liable for the funds it disbursed student 12 for the 2010-2011 award year.***

#### **Finding 15: Incomplete Verification and Conflicting Applicant Data**

***Citation Summary:*** An institution must establish procedures to request, receive, and verify applicant data for students selected by the CPS each award year. The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount (34 C.F.R. §§ 668.16 [f], 668.51 through 668.61, and the Department's Application and Verification Guide). Students are selected for verification on the basis of application edits specified by the Secretary. Supporting documentation obtained from an applicant is compared to the information reported on the student's ISIR. Documentation must be retained in the student's file as evidence that the verification process was completed.

*In addition to reviewing applications selected for verification by the CPS, a school must have an adequate system to identify conflicting information - regardless of the source and regardless of whether the student is selected for verification - that would affect a student's eligibility, such as information from the financial aid, admissions, or any other office.*

***Noncompliance Summary:*** Several files contained either discrepant or incomplete applicant data.

***Student 5:*** The student's 2011-2012 ISIR reported that he earned no income during the 2010 tax year, but that his parents had an Adjusted Gross Income (AGI) of \$7700. The student was selected for verification, yet ASHA could not provide required documentation to support the student's non-filing status; the parent's income; or, the number of family members in the household.

***Student 14:*** The ISIR reported that she had an AGI of \$17,273 as well as untaxed income of \$400 in the 2010 tax year. The student was selected for verification, yet ASHA could not provide the required documentation to support the student's income or the number of family members.

***Student 15:*** The ISIR reported that she had no income in the 2010 tax year, but that her father had a 2010 AGI of \$24,000 with \$0 taxes paid. However, the student's father's 1040 tax return reports the AGI as \$17,582, with \$189 in taxes. The student was selected for verification, yet ASHA could not provide required documentation to support the student's non-filing status; the father's income and tax information; or, the number of family members.

***Required Action Summary:*** In response to this finding, the institution was required to obtain the required documentation and recalculate the EFC for students 5, 14 and 15 and report the

revised EFC figures along with any changes to the students' Pell Grant and/or Sub loan amount (if applicable).

**ASHA's Response:**

ASHA did not submit a response to this or any of the findings contained in the program review report.

**Final Determination:**

The institution did not provide the required documentation and recalculate the EFC for students 5, 14 and 15. Therefore, ASHA is responsible for repaying the students' *need-based* aid (\$14,800 in Pell and \$10,666 in Sub FDL) for the year in which it drew down and disbursed funds to students without the required verification documentation as follows:

Student/Year	Pell	Sub
#5 (2011-12)	\$ 3,700	\$ 2,333
#14 (2011-12)	\$ 5,550	\$ 2,333
#15 (2011-12)	\$ 5,550	\$ 6,000
Total	\$14,800	\$10,666

ASHA is also responsible for \$203 the COF (**Appendix D**) and the \$1,279 EAL (**Appendix G**) on the ineligible disbursements.

As noted in Finding 4, ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. The liability established in this FPRD includes the students involved in this finding.

**Finding 16: Failure to Adequately Use Professional Judgment**

*Citation Summary: An aid administrator may use professional judgment (PJ), on a case-by-case basis only, to alter the data used to calculate a student's EFC. The institution must submit a PJ change electronically, via FAA Access to CPS Online or third-party software, and may do it without a signature from the student or parent. The reason for the adjustment must be documented in the student's file, and it must relate to the special circumstances that the student has encountered. (§ 479A of the HEA).*

*When an administrator makes adjustments related to a student's (or the student's family's) income, it is appropriate to use information that realistically reflects the current and near-term economic situation. For example, for an individual who has lost a job or has taken a significant salary cut beginning in November of 2012, you may choose to project income for the next 12-month period and use that projected figure instead of the base-year income (2011) that was initially used in the calculation of the student's EFC.*

*An institution must complete verification for a selected student before it exercises PJ to adjust any values that are used to calculate the EFC. (The Department's Application and Verification Guide.)*

**Noncompliance Summary:** *The institution failed to accurately calculate changes in the income of two students for whom it used PJ.*

**Student 6:** *According to the student's file, PJ was used to change the student's applicant data for the 2011-2012 award year. Although the name and date of the school official who completed the PJ Form are unclear, it appears that ASHA documented that the student was laid off from work, and that she anticipated collecting an estimated \$11,600 in unemployment benefits between March 2011 and December 2011. However, there are two conflicts with the student's anticipated income shown on the ISIR. First, the student/claimant's Unemployment Compensation Benefits Form reported slightly different dates for the collection of benefits. Next, the student's ISIR reported an adjusted income of \$6230, not \$11,600 as calculated per the PJ Form. These discrepancies could not be explained by school officials.*

*ASHA disbursed \$5550 in Pell; \$5000 in Sub; and, \$8000 in Unsub loans funds between July 2011 and May 2012, without resolving these discrepancies. (This student was also cited in Finding 4.)*

**Student 9:** *The student began classes at ASHA in October 2011. Her file did not contain a PJ Form, but PJ was used to change her 2010 income from \$59,825 to \$0. However, the student/claimant's Unemployment Compensation Benefits Form reported that she would receive \$330 as a weekly benefit (beginning September 29, 2011); therefore that information should have been used when projecting income for the student (under the PJ guidelines).*

*Despite the conflicting data, ASHA disbursed \$3700 in Pell; \$258 in Sub; and, \$6075 in Unsub loans funds between October 2011 and January 2012. (This student was also cited in Finding 6.)*

**Required Action Summary:** *In response to this finding, ASHA was required to resolve the above discrepancies for students 6 and 9; recalculated their EFCs; and, report the results to include revised EFCs and any Pell Grant or Sub loan overpayments.*

#### **ASHA's Response:**

As stated, ASHA did not submit a response to this or any of the findings contained in the program review report.

### Final Determination:

The institution did not resolve the above discrepancies for students 6 and 9 and recalculate their EFCs. Therefore, ASHA is responsible for repaying \$9250 in Pell; \$5258 in Sub FDL and \$14,075 in Unsub FDL funds which it drew down and disbursed to students without the required PJ documentation as follows:

Student/Year	Pell	Sub	Unsub
#6 (2011-12)	\$ 5,550	\$ 5,000	\$ 8,000
#9 (2011-12)	\$ 3,700	\$ 258	\$ 6,075
Total	\$ 9,250	\$ 5,258	\$14,075

ASHA is also responsible for \$127 the COF (**Appendix D**) and the \$630 EAL (**Appendix G**) on the ineligible disbursements.

As noted in Finding 4, ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review. The liability established in this FPRD includes the students involved in this finding.

### Finding 17: Ineligible Unsubsidized Loan Amounts for Dependent Students

**Citation Summary:** *Dependent students whose parents are denied a PLUS loan may receive additional Unsub loan amounts for the same amount as independent undergraduate students. However, 34 C.F.R. § 685.203 (c) states that in order for a dependent undergraduate student to receive additional Unsub loan funds, the financial aid administrator must determine that the student's parent likely will be precluded by exceptional circumstances from borrowing under the PLUS program. Exceptional circumstances under this section include, but are not limited to: circumstances in which the student's parent receives only public assistance or disability benefits, the parent is incarcerated, the parent has an adverse credit history, or, the parent's whereabouts are unknown. A parent's refusal to borrow a PLUS loan does not constitute "exceptional circumstances."*

*The financial aid administrator must base the determination on a review of the family's financial information provided by the student, and consideration of the student's debt burden. The school must document the determination in the student's file. The parent's denial of a PLUS loan based on adverse credit in one year does not support the dependent's eligibility in subsequent years.*

**Noncompliance Summary:** *ASHA was unable to provide documentation to support the eligibility for a \$4000 Unsub loan amount for a dependent student (student 25) who received Unsub loans at the same level as an independent undergraduate student.*

**Required Action Summary:** *ASHA was required to provide documentation of a PLUS denial, or documentation of exceptional circumstances that would have precluded the student's parent from borrowing under the PLUS program.*

### **ASHA's Response:**

As stated, ASHA did not submit a response to this or any of the findings contained in the program review report.

### **Final Determination:**

The institution did not provide documentation of a PLUS denial, or documentation of exceptional circumstances that would have precluded the student's parent from borrowing under the PLUS program. The 2011-2012 Unsub loan was not eligible without proper documentation.

The Department's EAL formula results in no loss for this loan (**Appendix G**), therefore no liability will be specified for this finding. However, as noted in Finding 4, ASHA is responsible for returning all Title IV funds disbursed during the 2011-2012 and 2012-2013 award years for which it failed to provide a proper accounting through submission of the required file review.

### **Finding 20: Missing and Late Submission of Annual Audit and Financial Statement**

**Citation Summary:** *An institution that participates in the Title IV programs must have an independent auditor conduct a compliance audit of its administration and an audit of the institution's general purpose financial statements. The audit must be conducted on an annual basis. 34 C.F.R. § 668.23 (a) and (b).*

*Institutions audited under the Department's Audit Guide – Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers (Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers-- January 2000) must submit, to the Secretary, its annual compliance audit and its audited financial statements no later than six months after the last day of the institution's fiscal year.*

*34 C.F.R. § 668.26 (b)(ii) requires that if an institution's participation in the Title IV programs ends, the institution shall submit to the Department, within 45 days, a "Letter of Engagement" for an independent audit of all funds that the institution received under each program. The audit report must be submitted to the Secretary within 45 days after the date of the engagement letter. Therefore, the close-out audit report is due to the Department within 90 days after the institution ceases to participate in the Title IV programs.*

**Noncompliance Summary:** *ASHA's compliance audit and audited financial statements for the year ended December 31, 2011 were due to the Department by June 30, 2012. However, the Department did not receive the reports until the week following the program review (on December 15, 2012). In addition, ASHA's compliance audit and audited financial statements for the year ended December 31, 2010 were due to the Department by June 30, 2011 but the Department did not receive the required reports until August 1, 2011.*

**Required Action Summary:** *As noted above, the institution lost its participation in the Title IV programs and closed effective February 24, 2013. Therefore, ASHA was reminded of its*

*obligations as identified in its signed Program Participation Agreement. The regulations at 34 C.F.R. § 668.26, stipulate the following obligations to the Secretary with regard to the close-out of student financial aid programs:*

*When an institution ceases to be certified to participate in the Title IV programs, it shall:*

- 1. Submit to the Secretary within 45 days after the date the participation ends—
  - o All financial, performance and other reports required by appropriate Title IV HEA program regulations, and,*
  - o A letter of engagement for an independent audit of all funds that the institution received under the Title IV, HEA programs, the report of which shall be submitted within 45 days after the date of the engagement letter;**
- 2. Return to the Federal government, or otherwise dispose of under instructions from the Secretary, any unexpended funds that the institution has received under the Title IV programs, less the institution's administrative allowance, if applicable; and return to the Department, any FDL program proceeds that the institution received but did not delivered to, or credited to the accounts of, students attending the institution;*
- 3. Inform the Secretary of the arrangements that the institution has made for the proper retention and storage, for a minimum of three years, of all records concerning the administration of the Title IV programs; and,*
- 4. Continue to comply with the requirements of 34 C.F.R. § 668.22 for the treatment of Title IV program funds when a student withdraws.*

**ASHA's Response:**

ASHA was required to submit an annual compliance audit of its administration and an audit of the institution's general purpose financial statements.

The institution did not respond to this finding.

**Final Determination:**

ASHA failed to provide its annual audit and financial statements for the period of January 1, 2012 to December 31, 2012, due by June 30, 2013. As of the date of this letter, the Department has no record of receiving either of these documents.

With respect to the institution's closing, our office issued a letter on February 28, 2013 to remind ASHA of the requirement for the submission of a close-out audit report. 34 C.F.R. § 668.26 (b) (ii) requires that if an institution's participation in a Title IV program ends, the institution shall submit to the Department, within 45 days, a letter of engagement for an independent audit. The

report must be submitted to the Secretary within 45 days after the date of the engagement letter. Therefore, the close-out audit report is due to the Department within 90 days after an institution ceases to participate in the Title IV programs.

The audit for the period ending December 31, 2012 as well as the close-out audit for the period of January 1, 2013 to the date the school ceased participation in the Title IV programs (February 24, 2013), will be addressed in a separate letter.

## **Finding 22: Crime Requirements Not Met / Annual Security Report Not Developed**

**Citation Summary:** *The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. § 668.46 (b).*

*The ASR must be prepared and actively distributed as a single document. Acceptable means of distribution include regular U.S. Mail, campus mail, hand delivery, or by posting the ASR on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and a link to its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41 (e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also inform interested parties about how to obtain a paper copy of the ASR. 34 C.F.R. § 668.41 (e)(4).*

*An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: (1) on campus; (2) on-campus student residential facilities; (3) certain non-campus buildings and property; and, (4) certain adjacent and accessible public property. 34 C.F.R. § 668.46 (c)(1).*

*The ASR also must include several mandated policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of crime prevention programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the ASR itself. Institutions are also*

*required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, the ASR must be published as a single comprehensive document. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements. § 485(f) of the HEA; 34 C.F.R. § 668.46(b).*

*Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. § 668.41 (e)(5).*

**Noncompliance Summary:** *ASHA failed to prepare, publish, and distribute an accurate and complete ASR in accordance with Federal regulations. Specifically, it was unable to produce any of its ASRs or supporting documentation evidencing that any ASRs were ever distributed in the required manner (such as e-mail records, affidavits, receipts, etc.). For these reasons, the Department has determined that this persistent violation constitutes a general failure to properly implement even the most basic requirements of the Clery Act since the institution was initially approved to participate in the Title IV programs.*

*Failure to publish an accurate and complete ASR and to actively distribute it to current students and employees in accordance with Federal regulations deprives the campus community of important security information.*

**Required Action Summary:** *As a result of these violations, ASHA would have normally been required to develop policies and procedures for preparing, publishing, and distributing an ASR. In addition, ASHA would have been directed to use those new policies as a guide for developing a compliant ASR that includes all of the consumer protection disclosures required by 34 C.F.R. § 668.46 (b) and to submit its draft ASR and policies to the Department for approval. Finally, ASHA would have been required to distribute the new ASR to its current students and employees and provide evidence of that distribution to the Department.*

**ASHA's Response:**

The institution was not required to respond to this finding.

**Final Determination:**

Because the institution has ceased operations and will no longer participate in the Title IV programs, no policy changes or enhancements to ASHA's ASR or its campus security operations will be required by the Department at this time. Notwithstanding this determination, ASHA officials are reminded that the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature, cannot be cured. As such, ASHA is advised that these violations would have to be addressed to the Department's satisfaction before any future application for reinstatement could be considered for approval.

**Finding 23: Failure to Comply with Drug and Alcohol Prevention Program**

**Citation Summary:** *The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations requires each participating institution of higher education to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.*

*On an annual basis, each institution must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:*

- 1) A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;*
- 2) A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;*
- 3) A description of the health risks associated with the use of illicit drugs and alcohol abuse;*
- 4) A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,*
- 5) A statement that the institution will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.*

*The distribution plan must make provisions for providing the drug and alcohol abuse education and prevention program disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.*

*In addition, each institution must conduct a biennial review to determine the effectiveness of its drug and alcohol abuse education and prevention program and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the institution and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.*

**Noncompliance Summary:** *ASHA violated multiple requirements of the DFSCA. Specifically, it failed to develop and implement a compliant drug and alcohol abuse prevention program. In addition, ASHA failed to conduct a Biennial Review (BR) to: (1) evaluate the effectiveness of its drug and alcohol abuse prevention program (2) identify areas requiring improvement or modification, and (3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. Moreover, ASHA failed to prepare a BR report of findings.*

*Failure to comply with the drug and alcohol abuse prevention program requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the BR requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.*

**Required Action Summary:** *ASHA would have normally been required to develop and implement a substantive drug and alcohol abuse prevention program that included all of the required elements set forth in the DFSCA and the Department's Part 86 regulations. In addition, ASHA would have been required to develop procedures for distributing the drug and alcohol abuse prevention program disclosure to all current students enrolled for academic credit and all current employees. Once the new program materials and policies were complete, ASHA would have been required to submit them to the Department for evaluation and approval, and then distribute them in accordance with the Part 86 regulations. Finally, ASHA would have been required to conduct a biennial review to measure the effectiveness of its drug and alcohol abuse prevention program and produce a detailed report of findings and recommendations for improvement.*

**ASHA's Response:**

The institution was not required to respond to this finding.

**Final Determination:**

Because the institution has ceased operations and will no longer participate in the Title IV programs, no policy changes or enhancements to ASHA's drug and alcohol programs will be required by the Department at this time. Notwithstanding this determination, ASHA officials are reminded that the exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. As such, ASHA is advised that these violations would have to be addressed to the Department's satisfaction before any future application for reinstatement could be considered for approval. No further action required at this time; however, if the institution were to ever apply for reinstatement, it would have to come into compliance with Clery and Part 86 as a precondition of regaining eligibility.

**D. Summary of Liabilities**

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects duplicated liabilities because some students appear in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. Duplicate liabilities have been removed in the second chart. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

**Actual Liabilities by Finding – Including Duplicate Liabilities**

FINDING	PELL	COF	FDL	EAL
Finding 4	\$428,718	\$5,044	*EAL	\$47,737
Finding 5	\$ 5,658	\$ 292 (78+161+53)	\$15,617	--
Finding 12	--	\$ 131	\$ 9,576	--
Finding 14 (10-11)	\$ 5,550	\$ 132	*EAL	\$ 248
Finding 14 (11-12)	\$ 9,435	\$ 129	*EAL	\$ 897
Finding 15	\$ 14,800	\$ 203	*EAL	\$ 1,279
Finding 16	\$ 9,250	\$ 127	*EAL	\$ 630
Finding 17	--	--	*EAL	\$ 0

\*= EAL is in lieu of FDL liability.

**Established Liabilities (2011-2012 and 2012-2013) – Duplicate Liabilities Removed**

FINDING	PELL	COF	FDL	EAL
Finding 4	\$428,718	\$ 5,044	*EAL	\$ 47,737

\*= EAL is in lieu of FDL liability.

**E. Payment Instructions**

**Liabilities Owed to the Department**

ASHA owes \$481,499 to the Department. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. ASHA must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If ASHA's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the

applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if applicable).

**Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form.**

### Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within **45 days** of the date of this letter. If payment is not received within the **45-day** period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. ASHA is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to ASHA's account representative.

If full payment cannot be made within **45 days** of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education  
OCFO Financial Management Operations  
Accounts Receivable Group  
550 12th Street, S.W., Room 6111  
Washington, DC 20202-4461

If within **45 days** of the date of this letter, ASHA has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due ASHA from the Federal Government. **ASHA may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, ASHA must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

## APPENDIX H

### FEDWIRE EFT MESSAGE FORMAT & INSTRUCTIONS

ABA Number 021030004	Type/Sub-Type	
Sender No.	Sender Ref. No.	Amount (1)

Sender Name (Automatically inserted by the Federal Reserve Bank)

Treasury Department Name/CTR/  
TREAS NYC/CTR/

BNF=ED/AC-91020001 OBI=

Name/City/State:  
(2)

EIN/PIN: AGENCY CODE:  
(3) 60

FOR:  
(4)

### INSTRUCTIONS

A. Complete items 1-4 in parentheses above as follows:

- (1) Indicate amount including cents digits.
- (2) Indicate Name, City and State.
- (3) Indicate DUNS and EIN.
- (4) Enter the reason for the remittance. (ACN or PRC)

B. Provide the sending bank with a copy of the completed form. This form contains other information the bank will need to transmit the FEDWIRE message.

## APPENDIX I

### 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 (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

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).

If applicable, 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**

**PROGRAM REVIEW REPORT**

## **APPENDIX A**

*Academy of Somatic Healing Arts (ASHA)*

OPE ID: 04126800

PRCN: 201310428130

Page 1

Prepared for

**Academy of Somatic Healing Arts**

---



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

OPE ID: 04126800

PRCN: 201310428130

Prepared by

**U.S. Department of Education**

**Federal Student Aid**

**School Participation Team - Atlanta**

**Program Review Report**  
**March 26, 2013**

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 2*

### **Table of Contents**

<b>A. Institutional Information</b>	<b>3</b>
<b>B. Scope of Review</b>	<b>4</b>
<b>C. Background</b>	<b>4</b>
<b>D. Findings</b>	<b>5</b>
1. Lack of Administrative Capability	5
2. Financial Aid Records Not Maintained	7
3. Personal Identification Information Obtained From Applicants	8
4. Incorrect Method to Award Title IV Funds for a Clock Hour Program	9
5. Title IV Funds Disbursed to Students Not in Attendance	14
6. Unmade Returns / Calculations Not Performed for Withdrawals	16
7. Funds Not Timely Returned for Withdrawals	16
8. Errors in Return of Title IV Funds Calculations	18
9. Conflicting Attendance Records and Withdrawal Dates	20
10. Incorrect Use of Leave of Absence Policy	22
11. Errors in Reporting Student Enrollment Status	24
12. Unpaid Credit Balance Payments to Students	26
13. Untimely Credit Balance Payments to Students	28
14. Missing High School Diploma or GED – Ineligible Students	29
15. Incomplete Verification and Conflicting Applicant Data	30
16. Failure to Adequately Use Professional Judgment	31
17. Ineligible Unsubsidized Loan Amounts for Dependent Students	33
18. Loan Counseling Documentation Missing	34
19. Failure to Report Change in Address	36
20. Missing and Late Submission of Annual Audit and Financial Statement	37
21. Consumer Information Incomplete	39
22. Crime Requirements Not Met / Annual Security Report Not Developed	40
23. Failure to Comply with Drug and Alcohol Prevention Program	42
<b>E. Appendix</b>	
Appendix A: Student Sample	

**APPENDIX A**

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 3*

**A. Institutional Information**

Academy of Somatic Healing Arts  
6251 Smithpointe Drive  
Building A  
Norcross, GA 30092-1024

Type: Private, For-Profit

Highest Level of Offering: Non-Degree, 1-Year

Accrediting Agency: Commission on Massage Therapy Accreditation

Current Student Enrollment: 86 students (11 on Leave as of December 2012)

% of Students Receiving Title IV: 84% (as of December 2012)

Title IV Participation (Per Institution or EDCAPS-G5):

<u>Title IV Program</u>	<u>2012-2013 (to date)</u>
Federal Direct Loan	\$954,979
Federal Pell Grant	\$126,727
Default Rate FFEL/DL:	2010 11.7%
	2009 9.5%

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 4*

### **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at the Academy of Somatic Healing Arts (ASHA) from December 10, 2012 through December 14, 2012. The review was conducted by Lisa Lancaster and Angelique James.

The focus of the review was to determine ASHA'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 ASHA'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 2011-2012 and 2012-2013 (year to date) award years. The 2011-2012 files were selected from a list of withdrawals provided by ASHA, and the 2012-2013 files were selected randomly from a statistical sample of the of total population students receiving Title IV; HEA program funds for the award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. Because Appendix A (Student Sample) contains personally identifiable information (PII), it is attached to this report.

#### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning ASHA'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 ASHA of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

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. Background**

According to the Georgia Nonpublic Postsecondary Education Commission, ASHA ceased operations. The last date of instruction was February 24, 2013. There were approximately 46 students affected by the closure. The school lost eligibility to participate in the Title IV programs also on February 24, 2013.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 5*

### **D. 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 ASHA to bring operations of the financial aid programs into compliance with the statutes and regulations.

#### **Finding 1: Lack of Administrative Capability**

**Citation:** 34 C.F.R. § 668.16 of the Student Assistance General Provisions states that to begin and to continue to participate in the Title IV programs, an institution shall demonstrate to the Secretary that it is capable of adequately administering each program. The Secretary considers an institution to have that administrative capability under the following standards if it —

- A. Administers the Title IV programs in accordance with all statutory provisions;
- B. Designates a capable individual to be responsible for administering the programs in which it participates;
- C. Uses an adequate number of qualified persons to administer the programs;
- D. Has written procedures for indicating the responsibilities of the various offices to ensure a system of checks and balances and internal controls;
- E. Divides the functions of authorizing payments and disbursing funds so that no one office has responsibility for both functions;
- F. Establishes and maintains systematically organized records;
- G. Establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program;
- H. 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;
- I. Refers fraud or false claims to the Department's Office of Inspector General (OIG) for investigation;
- J. Provides adequate financial aid counseling to eligible students;
- K. Provides reports, audits and financial statements required for compliance in a timely manner;
- L. Shows no evidence of significant problems that affect the institution's ability to administer the Title IV programs as identified in reviews conducted by the Secretary, the Department's OIG, nationally recognized accrediting agencies, State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or any other law enforcement agency; or findings made in any criminal, civil, or administrative proceeding;
- M. Is not, and does not have any principal or affiliate of the institution that is debarred or suspended under Executive Order 12549 (3 C.F.R., 1986 Comp.);

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 6*

- N. Does not otherwise appear to lack the ability to administer the Title IV programs competently;
- O. Participates in the electronic processes that the Secretary provides; and,
- P. Develops and follows procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that a high school diploma is not valid or was not obtained from an entity that provides secondary school education.

**Noncompliance:** Significant areas of non-compliance and problems reflected ASHA's inability to administer the Title IV programs. Findings identified by a review of institutional records are:

- Financial Aid Records Not Maintained
- Personal Identification Information Obtained From Applicants
- Incorrect Method to Award Title IV Funds for a Clock Hour Program
- Title IV Funds Disbursed to Students Not in Attendance
- Unmade Returns / Calculations Not Performed for Withdrawals
- Funds Not Timely Returned for Withdrawals
- Errors in Return of Title IV Funds Calculations
- Conflicting Attendance Records and Withdrawal Dates
- Incorrect Use of Leave of Absence Policy
- Errors in Reporting Student Enrollment Status
- Unpaid Credit Balance Payments to Students
- Untimely Credit Balance Payments to Students
- Missing High School Diploma or GED – Ineligible Students
- Incomplete Verification and Conflicting Applicant Data
- Failure to Adequately Use Professional Judgment
- Ineligible Unsubsidized Loan Amounts for Dependent Students
- Loan Counseling Documentation Missing
- Missing and Late Submission of Annual Audit and Financial Statement
- Failure to Report Change in Address
- Consumer Information Incomplete
- Crime Requirements Not Met / Annual Security Report Not Developed
- Failure to Comply with Drug and Alcohol Prevention Program

### **Required Action:**

In signing the Program Participation Agreement with the Secretary, ASHA agreed to comply with all applicable policies and regulations, and to administer the Title IV programs with the highest standards of care and diligence expected of a fiduciary. As

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 7*

noted, the institution closed and lost its participation in the Title IV programs effective February 24, 2013.

Despite its closure, the institution is required to respond to the findings contained in this program review report. Please refer to the Required Action section of each finding. Additionally, when an institution loses its eligibility; has its Program Participation Agreement end; or ceases to provide educational instruction, it is required to submit a close-out audit report. Please refer to Finding 20 for instructions regarding the close-out audit for the period of January 1, 2012 through December 31, 2012 to be submitted to the Department.

### **Finding 2: Financial Aid Records Not Maintained**

#### **Citation:**

34 C.F.R. § 690.61 of the Federal Pell Grant provisions states that an institution must disburse a Pell Grant to an eligible student who is otherwise qualified to receive that disbursement and electronically transmit Pell Grant disbursement data to the Secretary for that student if—

- The student submits a valid Student Aid Report (SAR) to the institution; or
- The institution obtains a valid Institutional Student Information Record (ISIR) for the student.

#### **Noncompliance:**

ASHA was missing financial aid files for two of 30 students in the sample. Both students were selected for verification, yet the school did not maintain the below records for **students 5 and 14** as required:

- SARs or ISIRs
- Documentation of Adjusted Gross Income (AGI)
- Documentation of taxes paid
- Documentation of untaxed income or benefits
- Documentation of household size
- Documentation of number of family members in college
- Required loan counseling documentation.

Via the Department's *FAA Access to CPS (Central Processing System) Online* (website), ASHA officials were able to reconstruct a portion of the missing student information.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 8*

### **Required Action:**

Please refer to Findings 15 and 18 for the required action the institution must take to resolve this finding.

### **Finding 3: Personal Identification Information Obtained From Applicants**

#### **Citation:**

As the first step to receiving a Pell Grant, a student shall apply and submit an approved application form to the Secretary to have his or her expected family contribution (EFC) calculated (34 C.F.R. § 690.12). Per the Department's *Application and Verification Guide*, students can complete a Free Application for Federal Student Aid (FAFSA) online (at [www.fafsa.gov](http://www.fafsa.gov)) and send it directly to the Department's Central Processing System (CPS). A student (and parent) is given a personal identification number (PIN). The PIN, along with other identifiers, gives students and parents Web access to their information in Federal Student Aid's (FSA's) systems. Applicants can then use the PIN to:

- Access and electronically sign a renewal FAFSA on the Web;
- Correct their FAFSA information online;
- View and print application data and ISIRs;
- Review financial aid history in the National Student Loan Data System;
- Access Federal Direct Loan (FDL) information and tools, including entrance counseling, exit counseling and loan consolidation; and,
- Electronically sign master promissory notes.

Students should not give their PIN to anyone. No person or entity may request, obtain, or use a student's PIN for submitting a FAFSA on behalf of the student. The unauthorized use of a PIN by anyone but the owner may result in the deactivation of the PIN or the invalidation of signed documents, including FAFSAs and promissory notes.

#### **Noncompliance:**

PINs were found on documents contained in the files of **student 2** and **student 15**.

**Student 2** was selected for verification but no changes were made to the applicant's data reported on the original FAFSA. (Note: The student is included in Findings 6 and 12 of this report).

**Student 15** was also selected for verification. It appears that one change was made to the applicant's data, yet verification was incomplete for this student as noted in Finding 15.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 9*

### **Required Action:**

The corrective action for **students 2 and 15** is deferred to other findings in this report as noted; please refer to Findings 6, 12 and 15 for applicable required action the institution must follow.

### **Finding 4: Incorrect Method to Award Title IV Funds for a Clock Hour Program**

#### **Citation:**

For Title IV purposes, 34 C.F.R. § 668.8 (k) states that an academic program is required to measure a student's progress in clock hours for a program when—

- Receiving Federal or state approval or licensure to offer the program;
- Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;
- The credit hours awarded for the program are not in compliance with the definition of a credit hour; or,
- The school does not provide the clock hours that are the basis for the credit hours awarded for the program (except for excused absences), and requires attendance in the clock hours that are the basis for the credit hours awarded.

If a program measures progress in clock hours, it is always treated as a non-term program. The standard for coursework earned by a full-time student in an academic year in an undergraduate educational program offered in clock hours is a minimum of 26 weeks of instructional time and 900 clock hours. An academic year is made up of payment periods as defined by the institution. The academic year and payment period definitions are integral to requirements for the administration of Title IV funds because program disbursements must be made on a payment period basis. A student must successfully complete the clock-hours and weeks of instructional time in a payment period to progress to the next payment period.

If a program is one academic year or less, the academic year or program is divided into two payment periods. (The first payment period is the period in which the student successfully completes half of the clock hours and half of the weeks of instructional time in the program. The second payment period is the period in which the student completes the remainder of the program.) If a program is more than one academic year in length, the first academic year is divided into two payment periods, and, for any remaining portion of a program that is half of an academic year or less, the remaining portion is treated as a single payment period. (For any remaining portion of a program that is more

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 10

than half of an academic year, but less than a full academic year, the remaining portion is divided into two payment periods). 34 C.F.R. § 685.203 and 34 C.F.R. § 690.63.

### Determination of Federal Pell Grant Payment:

For clock-hour programs, a school must perform a Pell Grant calculation for each payment period in the student's program. The calculation for the payment period prorates a student's Scheduled Pell Grant Award based on the number of clock hours in the payment period as they compare to the clock hours in the defined academic year *or* the number of weeks of instructional time in the payment period as they compare to the weeks of instructional time in the academic year. To determine the payment for a payment period, the school must multiply the student's Scheduled Award by the lesser of:

Number of clock hours in the payment period  
Number of clock hours in the program's academic year

*or*

Number of weeks in the payment period  
Number of weeks in the program's academic year

### Determination of Federal Direct Loan (FDL) Payment:

The annual maximum loan amount for an undergraduate student must be prorated for students enrolled in a program shorter than an academic year, or, in a remaining period of study shorter than an academic year. This circumstance can occur when a student is enrolled in a program that is one academic year or more in length, but the remaining period of study needed to complete the program is shorter than an academic year.

Where there is a remaining portion less than an academic year, the annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

Remaining number of clock hours in the program  
Number of clock hours in the program's academic year

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 11

### **Noncompliance:**

ASHA did not properly calculate and disburse Title IV funds to its Massage Therapy (MT) students. Specifically, the school did not measure progress for the MT program in clock hours as required. Instead, ASHA treated the MT program as a credit hour term-based program, thus awarding students either 50% or 33% of their award for the remaining period of study<sup>1</sup> rather than prorating aid (for the remaining number of *clock hours* in the student's program). This led to Pell Grant, Subsidized (Sub) and Unsubsidized (Unsub) FDL overpayments which must be returned to the Department.

For example, the MT is a 927 clock-hour program. *Assuming* ASHA defined the academic year for the MT program as 900 clock hours and 30 weeks of instructional time<sup>2</sup>, a student's Title IV aid for the *first* academic year would be based on:

### **Payment Periods for First Year of MT Program: 900 clock hours/30 weeks**

- First payment period: 0-450 clock hours/15 weeks
- Second payment period: 451-900 clock hours/15 weeks

The **remaining period of enrollment** would be determined by multiplying the annual Pell Grant or FDL award amount by the remaining number of clock hours in the program (27 hours) divided by the number of clock hours in the program's academic year (900).

The maximum Title IV aid for a second-year MT student's remaining period of study with a Schedule Pell Grant Award of \$5550 would be as follows (depending on the number of clock hours per the student's enrollment agreement/contract):

<b>Title IV Program</b>	<b>Remaining Period (Examples)</b>	<b>Payment for Remaining Period</b>
\$5550 Pell	$\$5550 \times \text{Lesser of } 21/900 \text{ hrs. or } 1/30 \text{ wks.}$	\$129.50
\$5550 Pell	$\$5550 \times \text{Lesser of } 27/900 \text{ hrs. or } 1/30 \text{ wks.}$	\$166.50
\$4500 Sub FDL	$\$4500 \times 21/900 \text{ hrs.}$	\$105.00
\$4500 Sub FDL	$\$4500 \times 27/900 \text{ hrs.}$	\$135.00
\$6000 Unsub FDL	$\$6000 \times 27/900 \text{ hrs.}$	\$180.00

<sup>1</sup>ASHA defined its academic year as 30 weeks of instructional time but changed its method of having two payment periods per academic year to three payment periods per academic year. Therefore, some students received 50% of their award in a payment period and others received 33%.

<sup>2</sup>An academic year for a clock-hour program must be defined as at least 26 weeks of instructional time but it may be up to 30 weeks of instructional time. ASHA did not have a defined academic year in clock hours.

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 12

The following students were over awarded and paid Title IV aid based on the use of incorrect payment periods.

<b>INCORRECT AMOUNTS DISBURSED TO STUDENTS</b>					
<b>Student</b>	<b>Hours per Contract</b>	<b>Award Year</b>	<b>Pell Grant</b>	<b>Sub FDL</b>	<b>Unsub FDL</b>
6	921	2011-12	--	\$1500	\$2000
7	921	2011-12	\$1100	\$1125	\$ 500
12	921	2011-12	--	\$1500	\$2000
15	921	2011-12	--	\$1500	\$2000
18	921	2011-12	--	--	\$3500
20	926	2012-13	--	\$2250	\$3000
21	927	2012-13	--	\$1500	\$2000
22	920	2011-12	--	\$2250	\$3000
23	920	2011-12	--	\$2250	\$3000
25*	921	2011-12	--	\$1500	\$ 667
25*	921	2012-13	\$1850	--	--
27	927	2012-13	--	\$ 512	\$ 572
29	927	2012-13	\$1600	\$1500	\$2000
30	921	2012-13	\$1850	\$1500	\$2000

\*Aid was disbursed from two different award years for student 25.

### **Required Action:**

In response to this finding, ASHA must establish an academic year definition in terms of clock hours and weeks of instructional time for all programs eligible for Title IV aid.

**Using this academic year definition, ASHA must recalculate the 2011-2012 and 2012-2013 Pell Grant and FDL disbursement for each recipient's final period of study and identify what was paid versus what should have been paid. Please include the above students noted by this finding. This review must be conducted and reported by award year.**

ASHA must engage an Independent Public Accountant (IPA) to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 13

exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

All overawards must be reported electronically in the following or similar format:

1. Student's last name, first name
2. Social security number (SSN)
3. Date of original disbursement
4. Incorrect disbursement amount paid
5. Correct payment amount
6. Difference / Overaward

<u>2011-2012 Federal Pell Grant</u>					
Name	SSN	Date of Disbursement	Incorrect Pell Paid	Correct Pell	Difference / Overaward
Sample	123456789	9/10/2012	\$1850	\$ 167	\$1683
Sample	123456789	9/15/2012	\$2775	\$ 167	\$2608

<u>2011-2012 Federal Subsidized Loans</u>					
Name	SSN	Date of Disbursement	Incorrect Sub Paid	Correct Sub	Difference / Overaward
Sample	123456789	9/10/2012	\$2250	\$ 135	\$2115
Sample	123456789	9/15/2012	\$1500	\$ 135	\$1365

<u>2011-2012 Federal Unsubsidized Loans</u>					
Name	SSN	Date of Disbursement	Incorrect Unsub Paid	Correct Unsub	Difference / Overaward
Sample	123456789	9/10/2012	\$2000	\$ 180	\$1820
Sample	123456789	9/15/2012	\$3000	\$ 180	\$2820

*Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at [lisa.lancaster@ed.gov](mailto:lisa.lancaster@ed.gov). See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from the institution's spreadsheet, ASHA must email an access password to Ms. Lancaster.*

Instructions regarding repayment for ineligible disbursements will be provided in the Final Program Review Determination letter.

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 14

### **Finding 5: Title IV Funds Disbursed to Students Not in Attendance**

#### **Citation:**

34 C.F.R. § 668.21 states that if an institution cannot document a student's attendance, the Secretary considers the student to have dropped out before the first day of classes. If a student does not begin attendance in a payment period or period of enrollment, the institution must return all Title IV funds that were credited to the student's account or disbursed directly to the student for that payment period or period of enrollment. The institution must return those funds for which it is responsible to the respective program as soon as possible, *but no later than 30 days* after the date it becomes aware that the student has not begun attendance.

#### **Noncompliance:**

Of the 30 files tested, ASHA improperly drew down and retained Title IV funds for six students as follows:

**Student 1:** The student began classes in July 2011 but withdrew from ASHA in September 2011; she did not complete the first payment period, and never began the second period scheduled to begin November 17, 2011. Regardless, the institution drew down and disbursed Pell Grant and FDL funds for the student's second payment period as follows.

Date of Ineligible Aid	Pell	Sub FDL	Unsub FDL
12/1/2011	\$2775	\$1750	\$3000

**Student 4:** The student began classes in October 2011 but she did not begin the second payment period scheduled to start in February 2012. Regardless, the institution drew down and disbursed her Unsub FDL for the second payment period as follows.

Date of Ineligible Aid	Pell	Sub FDL	Unsub FDL
2/8/2012	\$0	\$0	\$4750

**Student 5:** The student began classes in July 2011 but he did not begin the second payment period scheduled to start September 27, 2011. Regardless, the institution drew down and disbursed Pell Grant and FDL funds for the second payment period as follows.

Date of Ineligible Aid	Pell	Sub FDL	Unsub FDL
------------------------	------	---------	-----------

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 15

9/28/2011	\$1850	\$1167	\$2000
-----------	--------	--------	--------

**Student 10:** The student began her second payment period on June 25, 2012 but withdrew after her last day of attendance on July 17, 2012. Although the student never began her third payment period, the institution drew down and disbursed Pell funds for the third payment period:

Date of Ineligible Aid	Pell	Sub FDL	Unsub FDL
6/27/2012	\$1033	\$0	\$0

**Student 11:** The student began classes in June 2012 and she withdrew on August 30, 2012. She never began the second payment period scheduled to start September 12, 2012. Regardless, the institution drew down and disbursed FDLs for the second payment period as follows.

Date of Ineligible Aid	Pell	Sub FDL	Unsub FDL
9/12/2012	\$0	\$950	\$2000

**Student 19:** The student began classes in June 2012 but was placed on a leave of absence for the period of September 6, 2012 through March 5, 2013; therefore she never began classes in the second payment period. Regardless, the institution drew down and disbursed Pell Grant and FDL funds for the student's second payment period. It is not permissible to disburse FDL during a student's leave of absence.

Date of Ineligible Aid	Pell	Sub FDL	Unsub FDL
9/12/2012	\$1850	\$1167	\$2000

### **Required Action:**

Due to the error rate noted by this finding, ASHA officials are required to review the records of all students who received Title IV funds from the 2010-2011; 2011-2012; and, the 2012-2013 award years and identify those students who received aid for a payment period in which he or she never began attendance. Once these students are identified, ASHA must provide a listing of all ineligible aid, by program, for each of the three award years.

You must engage an IPA to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 16

of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Ineligible disbursements must be reported electronically in the following or similar format:

<u>2010-2011 Aid Disbursed to Students Not in Attendance</u>					
Name	SSN	Disbursement Date	Ineligible Pell Grant	Ineligible Sub FDL	Ineligible Unsub FDL
Sample	123456789	9/10/2012	\$1850	\$1167	\$2000

*Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at [lisa.lancaster@ed.gov](mailto:lisa.lancaster@ed.gov). See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from the institution's spreadsheet, ASHA must email an access password to Ms. Lancaster.*

Repayment instructions for ineligible disbursements will be provided in the Final Program Review Determination letter.

**Finding 6: Unmade Returns / Calculations Not Performed for Withdrawals**

**Finding 7: Funds Not Timely Returned for Withdrawals**

**Citation:**

34 C.F.R. § 668.22 states that when a Title IV recipient 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 that the student earned as of the student's withdrawal date. The institution must have a system to accurately determine the withdrawal date because that date is used to determine the percentage of time completed, therefore, the amount of aid the student earned.

*For a student who ceases attendance at an institution that is required to take attendance such as ASHA, including a student who does not return from an approved*

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 17

*leave of absence, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records.*

An institution must return the correct amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of determination that the student withdrew.

Institutional charges and aid that was disbursed are also factors used to determine the amount of unearned Title IV aid that the school (or student) is responsible for returning to the Department.

### **Noncompliance:**

For most students tested, the institution failed to calculate and return applicable funds for withdrawn students. Additionally, in August 2012, staff of the Atlanta School Participation Division (SPD) received several complaints from withdrawn students whose refunds were not made to the Department.

During the week of the program review, ASHA's Executive Director performed Return of Title IV Funds (R2T4) calculations for students in the sample as noted below. Unpaid and/or late returns were identified as follows:

<b>UNMADE AND LATE RETURNS / R2T4 NOT PERFORMED</b>					
<b>Student</b>	<b>W/D Date</b>	<b>Date R2T4 Performed</b>	<b>% of Aid Earned</b>	<b>Return Amount Due</b>	<b>Status</b>
1	9/19/11	Missing	Undetermined	Undetermined	Not paid
2	5/3/12	Missing	Undetermined	Undetermined	Not paid
3	6/20/12	Not dated	17.5%	\$3845	Not paid
4	1/31/12	8/28/2012 (5 mos. late)	12.6%	\$4132	Not paid
6	5/9/12	Performed Onsite (6 mos. late)	100%	\$0	N/A
7	10/24/11	Performed Onsite (12 mos. late)	100%	\$0	N/A
8	10/20/11	Performed Onsite (12 mos. late)	39.6%	\$2017	Not paid
9	2/15/12	Performed Onsite (9 mos. late)	68%	\$0	N/A

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)  
OPE ID: 04126800  
PRCN: 201310428130  
Page 18

10	7/17/12	Performed Onsite (4 mos. late)	34.3%	\$1357	Not paid
11	8/30/12	Performed Onsite (2 mos. late)	100%	\$0	N/A
13	9/29/11	12/22/2011 (39 days late)	4.6%	\$3322	Not paid
14	12/7/11	Missing	Undetermined	Undetermined	Not paid

### **Required Action:**

Defer to the Required Action section of the next finding (Finding 8).

### **Finding 8: Errors in Return of Title IV Funds Calculations**

#### **Citation:**

As stated above, when a Title IV recipient 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 assistance that the student earned as of the withdrawal date. The withdrawal date for a student who withdraws from an institution that is required to take attendance is the last date of academic attendance as determined by the institution from its attendance records. An institution must have a system to accurately determine this date because it is the date used to determine the percentage of time completed, therefore, the amount of aid a student earned as described in 34 C.F.R § 668.22 (e)(2).

#### **Noncompliance:**

Also noted in the above finding, the institution failed to calculate and return applicable funds for most of the withdrawn students tested. In addition, the reviewers noted calculation errors for the following students:

**Student 3:** The school calculated and disbursed Title IV aid on a term-basis, but it completed an R2T4 worksheet for students who withdraw from clock-hour programs.

**Student 4:** A school official confirmed that the student's last day of attendance (LDA) was January 31, 2012. Even though the student's aid for the second payment period was ineligible (see Finding 5), the school performed an R2T4 calculation using an incorrect withdrawal date. In addition, the school calculated and disbursed Title IV aid on a term-basis

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 19*

but completed an R2T4 worksheet for students who withdraw from clock-hour programs.

**Student 13:** The school used incorrect dates (for the payment period) to determine the percentage of Title IV earned by the student. However, it appears the school did use the correct number of days in the calculation of amount of aid earned by the student.

### **Required Action:**

Due to the error rate noted by this finding, ASHA officials must review and correct the R2T4 calculations for all Title IV recipients who withdrew between July 1, 2011 and the date the school closed (February 24, 2013) in order to identify those students and funds that were under refunded. All withdrawn students must be included in your review unless the student withdrew from a payment period in which (100% of the) funds were ineligible due to the student never beginning attendance in that payment period (defer to Finding 5).

ASHA must engage an IPA to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

ASHA's results for each incorrect R2T4 calculation must be provided electronically in the following spreadsheet format:

1. Student's last name, first name
2. Social security number (SSN)
3. Withdrawal date (W/D)
4. Total amount of unearned aid the school was required to return to Title IV
5. Total amount of funds already returned / paid
6. Amount that remains to be returned by loan or grant program.

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)  
OPE ID: 04126800  
PRCN: 201310428130  
Page 20

Name	SSN	W/D Date	Total Return Due	Total Funds Already Paid	Due to Unsub.	Due to Sub	Due to Pell
sample	123456789	5/15/12	\$3777	\$1142	\$2000	\$635	\$0

*Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at [lisa.lancaster@ed.gov](mailto:lisa.lancaster@ed.gov). See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from the institution's spreadsheet, ASHA must email an access password to Ms. Lancaster.*

Repayment instructions will be provided in the Final Program Review Determination letter.

### **Finding 9: Conflicting Attendance Records and Withdrawal Dates**

#### **Citation:**

34 C.F.R. § 668.14 (b) states that by entering into a program participation agreement, an institution agrees that it will, amongst other requirements, establish and maintain such administrative and fiscal procedures and records necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV 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.

An institution must establish and maintain systematically organized records for each Title IV program. 34 C.F.R. § 668.16 (d).

34 C.F.R. § 668.22 states that when a Title IV recipient 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 assistance that the student earned as of the withdrawal date. The withdrawal date for a student who withdraws from an institution that is required to take attendance is the last date of academic attendance as determined by the institution from its attendance records. An institution must have a system to accurately determine this date because it is the date used to determine the percentage of time completed, therefore, the amount of aid a student earned.

#### **Noncompliance:**

ASHA's attendance records were insufficient as described:

**Student 4:** The attendance portal (a record of attendance) implied the student began classes in her second payment period (February 2012), but

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 21

instructor sign-in sheets as well as a school official confirmed that the student's LDA was January 31, 2012. (This student is noted in Findings 5 and 6.)

**Student 5:** The attendance portal implied the student attended one day of class in her second payment period (September 28, 2011), but actual attendance records reported the student's LDA as September 14, 2011. (This student is noted in Finding 5.)

**Student 6:** Records showed the LDA as May 9, 2012. The student completed exit loan counseling on May 10, 2012. However, the LDA reported by the *Change of Status Form* was October 9, 2012. (This student is noted in Findings 6 and 11.)

**Student 7:** Due to confusing records, it appeared the student took first-term courses beginning in October 2010; January 2011; and again in April 2011. Therefore, the reviewers were unable to determine the date the student began the program, and if he was eligible for all Title IV aid disbursed to his account.

**Student 8:** The file contained conflicting documentation with respect to the dates of the student's LOA. This resulted in the R2T4 calculation taking place more than a year after the student's withdrawal. (This student is also noted in Findings 6 and 10.)

**Student 10:** The R2T4 calculation and *Change of Status Form* confirmed the student's LDA as July 17, 2012. During the week of the program review, the Dean of Students provided the reviewers with an instructor's attendance sign-in sheet (that was not in the student's file at the time) showing the student as 'absent' as of August 1, 2012; thereby revising the LDA to July 31, 2012. However, the LDA was already established as July 17, 2012. July 17, 2012 was also the LDA used in the R2T4 calculation which was not performed until the week of the review. (This student is noted in Findings 5 and 6.)

**Student 12:** School officials confirmed that the student was not in compliance with the attendance policy. In August 2011, he had low attendance plus incomplete and failing grades; however ASHA continued to disburse Title IV loans to him.

**Student 14:** ASHA's attendance policy stated that "Students cannot be absent for more than 10% of the total classroom hours. Students are required to make up work missed." However, this student missed 24% of

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 22*

her attendance and it did not appear that she was required to make up any hours. (This student is noted in Findings 2 and 6.)

**Student 15:** Page 14 of ASHA's Policies and Procedures Manual states that "A student who misses 10 consecutive days of class without a leave of absence will be terminated unless the student indicates a clear intention to complete the program in which the student is enrolled." Although this student was absent for 12 consecutive days between July 26 and August 15, 2011, there were no records to indicate ASHA took any action for this student's excessive absences.

### **Required Action:**

Clock-hour institutions are required to take daily attendance to measure students' academic progress in clock hours. Attendance has a direct effect on the timing of when students are eligible for their Title IV disbursements or the percentage of aid the school must return to the Department if a student withdraws.

The IPA must establish correct dates of attendance for students prior to completing the file reviews as required by Findings 5, 6, 7 and 10.

### **Finding 10: Incorrect Use of Leave of Absence Policy**

#### **Citation:**

Per 34 C.F.R. § 668.22, a leave of absence (LOA) is an approved leave of absence if—

- The institution has a formal policy regarding LOAs;
- The student followed the institution's policy in requesting the LOA;
- The institution determines that there is a reasonable expectation that the student will return to the school;
- The institution approved the student's request in accordance with its policy;
- The LOA does not involve additional charges by the institution;
- The number of days in the approved LOA, when added to the number of days in all other LOAs, does not exceed 180 days in any 12-month period;
- Except for a clock hour or non-term credit hour program, upon the student's return from the LOA, the student is permitted to complete the coursework he or she began prior to the leave; and
- If the student is a Title IV loan recipient, the institution explains to the student prior to granting the LOA, the effects that the student's failure to return (from the LOA) may have on his or her loan repayment terms, including the exhaustion of the student's grace period.

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 23

An institution's LOA is a "formal policy" if the policy is in writing and publicized to students; and, if it requires students to provide a written, signed, and dated request that includes the reason for the LOA prior to the request. **An institution may not grant a student an LOA merely to delay the return of unearned Title IV funds.**

If a student does not resume attendance at the institution at or before the end of a LOA, the institution must treat the student as a withdrawal. 34 C.F.R. § 668.22 (d)(2).

### **Noncompliance:**

ASHA's use of the LOA policy was abused for these reasons:

**Student 8:** It appears that the student was placed on a LOA without her knowledge. Per a *Change of Status* form, completed and signed by the Dean of Students (the Dean) on October 30, 2011, the student was planning to take a LOA due to "financial stress". A second *Change of Status* form, also signed by the Dean, reported that the student did not show up to sign her LOA form so the student was withdrawn (also October 30, 2011). However, a *Leave of Absence Request* form found in the file reported that the student was approved for a LOA from October 30, 2011 until April 28, 2012 due to "personal / family complications". This form was signed by the Dean and the student. But on November 30, 2011 a notation was made to the file stating that "the student did *not* sign a LOA and has withdrawn". The last *Change of Status* form, signed by the Dean on April 28, 2012, said the student did not return from her LOA so she was withdrawn at that time.

**Student 11:** Records show the student was placed on a LOA on September 6, 2012 per the *Change of Status* form completed by the Dean. The form reported the reason for the leave as "The student is joining the Asian Body Program on October 8, 2012". The student did not make the request or sign this form. The file also contained a *LOA Request* form. This form was signed by the student on September 17, 2012, and, stated that she was switching to another area of study and would return in 180 days (on March 6, 2013.) However, the student was no longer enrolled on September 17, 2012; she withdrew from ASHA on August 30, 2012. (This student is also noted in Finding 5.)

**Student 14:** Records show that the student was placed on a LOA on October 11, 2011, per the *Change of Status* form completed by the Dean. The form reports the reason for the leave as "repeating courses and personal growth". The file also contained an *LOA Request* form reporting "financial hardship" as a conflicting reason for the leave request.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 24*

In addition, all students who were approved for a LOA were granted the leave for exactly 180 days. Improperly keeping students 'enrolled but on LOA' may artificially expand a student's withdrawal date. Accurate enrollment reporting is critical for effective administration of the Title IV loan programs. A student's enrollment status determines his or her eligibility for in-school status, deferments, grace periods, repayment, and the Government's payment of interest subsidies.

### **Required Action:**

ASHA must review the above and all other students who were on a LOA at the time of the school closure and identify the last day of attendance prior to the LOA. The IPA must go over the results of this review in order to establish correct LDAs prior to testing the results of Finding 6 (Unmade Returns / Calculations Not Performed for Withdrawals).

In addition, ASHA officials are required to correct the enrollment status for all FDL recipients with a *LOA* status via the Department's National Student Loan Data System (NSLDS). Specifically, students reported with an 'A' (currently enrolled but on LOA) must be changed to an enrollment status of 'W' (voluntary or involuntary withdrawn). The institution must do this immediately. The enrollment status effective date will be the date the school closed (February 24, 2013).

### **Finding 11: Errors in Reporting Student Enrollment Status**

#### **Citation:**

Schools are required to confirm and report the enrollment status of students who receive loans under the FDL program. This process is called Enrollment Reporting (or the Student Status Confirmation Report [SSCR]). Enrollment information is updated in the NSLDS database and reported to guarantors, lenders, and servicers of student loans. 34 C.F.R. § 685.309 and The Higher Education Act of 1965 (the HEA), as amended.

The accuracy of Title IV student loan records depends on the accuracy of the enrollment information reported by schools. Schools must review, update, and verify student enrollment statuses, effective dates of the enrollment status, and, the anticipated completion dates that appear on the Enrollment Reporting roster file or on the Enrollment Maintenance page of the NSLDSFAP Web site.

An institution must have administrative and fiscal controls to timely report data. Upon receipt of an SSCR, the institution must complete and return that report to the Secretary within 30 days of receipt; or unless it expects to submit its next SSCR within the next 60 days, notify the Secretary within 30 days if it discovers that a FDL has been made to or on behalf of a student who:

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 25*

- Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
- Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- Has changed his or her permanent address.

### **Noncompliance:**

ASHA did not always timely and accurately report changes in students' enrollment status to NSLDS. Errors were found for several students tested as follows:

**Student 6:** Records showed the student's LDA as May 9, 2012.

However, on November 9, 2012 the institution reported the student's LDA as October 20, 2012. Enrollment status reporting was not only late; it is incorrect.

**Student 9:** The student's LDA was February 15, 2012. The institution reported the student's information correctly to NSLDS, but it did not report her change in enrollment status until August 31, 2012. This information was reported late.

**Student 12:** The student's did not graduate from ASHA and yet, on April 30, 2012, the institution reported the student as graduating on September 29, 2011. Enrollment status reporting was not only late; it is incorrect.

**Student 25:** The student graduated on August 9, 2012 but the student's enrollment status was not reported to NSLDS until November 1, 2012. This information agreed with the graduation date reported by ASHA's Financial Aid Director to Great Lakes Educational Loan Services, Inc. In the meantime however, on November 5, 2012 (three months after the student graduated), the Dean of Students notified Great Lakes - Status Processing Unit that the student would be enrolled as a full-time student from October 10, 2012 to September 26, 2013. These dates of enrollment are false.

### **Required Action:**

Due to its closure, ASHA must update the roster file for all students who were enrolled as of the date the school closed. All students need to be updated to the appropriate non-active enrollment status, such as 'G', 'W', 'X', or 'Z' (see below). The enrollment status effective date will be the date the school closed (February 24, 2013).

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 26*

- A) 'G' (graduated): Provide the status effective date of the student's graduation.
- B) 'W' (withdrawn): The status effective date should match the date the student withdrew or the effective date of school's closure.
- C) 'X' (never attended): The status effective date should match the date the student was first reported on the roster.
- D) 'Z' (no record found): The status effective date should match the date the student was first reported on the roster.

Your response must confirm that enrollment status has been accurately updated for all students one final time.

### **Finding 12: Unpaid Credit Balance Payments to Students**

#### **Citation:**

34 C.F.R. § 668.164 (d) and (e) state that an institution may use Title IV program funds to credit a student's account to satisfy current year charges for—

- Tuition and fees;
- Room and board, if the student contracts with the school for room and board; and
- With an authorization from the student or parent, other educationally related charges incurred by the student.

Title IV funds may also be used to pay educationally related expenses from the prior year as long as the charges do not exceed \$200 and the institution obtains a student's or parent's authorization (under 34 C.F.R. § 668.165 [b]) to use funds to pay these charges.

If current year Title IV funds credited to a student's account exceed the amount of current year tuition, fees, and other authorized charges, the institution must pay the resulting credit balance directly to the student or parent (for a Federal Parent Loan for Undergraduate Students [PLUS]) as soon as possible but no later than 14 days after the credit balance occurred if it occurred after the first day of class. If the credit balance occurred on or before the first day of class, it must be returned no later than 14 days after the first day of class.

#### **Noncompliance:**

The institution did not have a practice to retain Title IV credit balances on an individual's account ledger, so it was required to pay Title IV credit balances to applicable students within the 14 days as described. However, student account records indicated that Title IV credit balance funds were not paid for five of 30 students as follows:

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 27

Student	Date Created	Due to Student	Unpaid Amount	Comments
1	12/1/2011	12/15/2011	\$2254	Credit balance based on ineligible aid/Finding 5.
2	5/1/2012	5/15/2012	\$1127	Student withdrew after three weeks of starting.
5	9/28/2011	10/12/2011	\$2505	Credit balance based on ineligible aid/Finding 5.
11	9/12/2012	9/26/2012	\$2579	Credit balance based on ineligible aid/Finding 5.
19	9/12/2012	9/26/2012	\$1111	Credit balance based on ineligible aid/Finding 5.

### Required Action:

Including the five students noted by this finding, ASHA officials are required to identify all students with Title IV credit balances due to them as of the date of the school closure. From that list, the school must separate out:

- Ineligible funds disbursed to students for a payment period in which they were not in attendance (refer to Finding 5); and,
- Outstanding funds to be returned to the Department for withdrawn students (refer to Finding 6).

**The remaining students must be identified by name, social security number, mailing address and any Title IV credit balance amount due to the student.**

ASHA must engage an IPA to test the review completed by the institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the accounting. The suggested procedures must be provided to Lisa Lancaster within 30 days of the institution's receipt of the Program Review Report. Ms. Lancaster will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the accounting completed by the institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all accounting elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with the institution's response to this Program Review Report.

Title IV credit balance amounts must be reported electronically in the following or similar format:

Title IV Credit Balance Amount Due To Students			
Name	SSN	Mailing Address	Amount Due

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 28

--	--	--	--

Please send the file review summary report (spreadsheet) to Lisa Lancaster by e-mail at [lisa.lancaster@ed.gov](mailto:lisa.lancaster@ed.gov). See the enclosure Protection of Personally Identifiable Information for instructions regarding electronic submissions to the Department for data containing PII. Separate from the institution's spreadsheet, ASHA must email an access password to Ms. Lancaster.

Payment instructions will be provided in the Final Program Review Determination letter.

### **Finding 13: Untimely Credit Balance Payments to Students**

#### **Citation:**

As stated in the above finding, if Title IV funds exceed the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible, but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164.

#### **Noncompliance:**

Student account records indicated that credit balance funds were paid late or held on the student's account for more than 14 days as follows:

<b>Student</b>	<b>Amount</b>	<b>Date Created</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Days Late</b>
17	\$2222	7/25/2012	8/8/2012	10/3/2012	56 days
19	\$1111	8/8/2012	8/22/2012	8/29/2012	7 days
25	\$ 628	2/1/2012	2/15/2012	2/28/2012	13 days
28	\$1696*	10/17/2012	10/31/2012	11/26/2012	26 days
30	\$1252	10/12/2011	10/26/2011	12/1/2011	35 days

\*Applied to charges for the next payment period.

#### **Required Action:**

The institution is required to ensure that all Title IV credit balances have been identified and returned to applicable students as noted in Finding 12.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 29*

### **Finding 14: Missing High School Diploma or GED – Ineligible Students**

#### **Citation:**

To receive Title IV funds, a student must be qualified to study at the postsecondary level. A student qualifies if he or she has a high school diploma, the recognized equivalent of a high school diploma, typically a general education development or GED certificate, or completed home schooling. 34 C.F.R. § 668.32.

#### **Noncompliance:**

The institution's admission policy required all applicants for enrollment to have a high school diploma or a GED. However, the reviewers identified three students without the required admission documentation as follows:

**Student 8:** The student enrolled at ASHA in July 2011 and received Title IV aid for the 2011-2012 award year. The student withdrew in October 2011. The student's ISIR reported that she had a GED. However, ASHA officials did not have documentation of the student's GED or a high school diploma.

**Student 12:** The student enrolled at ASHA in January 2011 and received Title IV aid for the 2010-2011 and 2011-2012 award years. (As of the date of the program review, the student had not yet graduated; had low attendance; and had incomplete and failing grades.) The student's ISIRs reported that he had a GED. However, ASHA officials confirmed that they did not have documentation of the student's GED or high school diploma.

**Student 17:** The student enrolled at ASHA in June 2012 and received Title IV aid for the 2012-2013 award year. (As of the date of the review, the student had not yet graduated.) The student's ISIR reported that she had a high school diploma. However, ASHA officials did not have documentation of a GED or a high school diploma for the student.

#### **Noncompliance:**

In response to this finding, the institution must obtain a valid high school diploma or GED for **students 8, 12 and 17**. If ASHA is unable to provide this office with valid documentation to support its admission policy to obtain these documents prior to accepting students, all Title IV funds disbursed to **students 8, 12 and 17** must be returned to the Department.

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 30

If applicable, instructions regarding repayment of ineligible disbursements will be provided in the Final Program Review Determination letter.

### **Finding 15: Incomplete Verification and Conflicting Applicant Data**

#### **Citation:**

An institution must establish procedures to request, receive, and verify applicant data for students selected by the CPS each award year. The purpose of verification is to ensure that Title IV funds are awarded to student applicants in the correct amount (34 C.F.R. §§ 668.16 [f], 668.51 through 668.61, and the Department's *Application and Verification Guide*). Students are selected for verification on the basis of application edits specified by the Secretary. Supporting documentation obtained from an applicant is compared to the information reported on the student's ISIR. Documentation must be retained in the student's file as evidence that the verification process was completed.

In addition to reviewing applications selected for verification by the CPS, a school must have an adequate system to identify conflicting information - regardless of the source and regardless of whether the student is selected for verification - that would affect a student's eligibility, such as information from the financial aid, admissions, or any other office.

#### **Noncompliance:**

Several files contained either discrepant or incomplete applicant data.

**Student 5:** The student's 2011-2012 ISIR reported that he earned no income during the 2010 tax year, but that his parents had an Adjusted Gross Income (AGI) of \$7700. The student was selected for verification, yet ASHA could not provide required documentation to support the student's non-filing status; the parent's income; or, the number of family members in the household.

**Student 14:** The ISIR reported that she had an AGI of \$17,273 as well as untaxed income of \$400 in the 2010 tax year. The student was selected for verification, yet ASHA could not provide the required documentation to support the student's income or the number of family members.

**Student 15:** The ISIR reported that she had no income in the 2010 tax year, but that her father had a 2010 AGI of \$24,000 with \$0 taxes paid. However, the student's father's 1040 tax return reports the AGI as \$17,582, with \$189 in taxes. The student was selected for verification, yet

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 31

ASHA could not provide required documentation to support the student's non-filing status; the father's income and tax information; or, the number of family members.

### **Required Action:**

In response to this finding, the institution must obtain the required documentation and recalculate the EFC for **students 5, 14 and 15**.

Please report the students' revised EFC figures along with any changes to the students' Pell Grant and/or Sub loan amount (if applicable). Additional records may be requested if necessary.

If the institution cannot obtain the required income documentation, it may be instructed to return funds to the Department. If necessary, repayment instructions will be provided in the Final Program Review Determination letter.

### **Finding 16: Failure to Adequately Use Professional Judgment**

#### **Citation:**

An aid administrator may use professional judgment (PJ), on a case-by-case basis only, to alter the data used to calculate a student's EFC. The institution must submit a PJ change electronically, via *FAA Access to CPS Online* or third-party software, and may do it without a signature from the student or parent. The reason for the adjustment must be documented in the student's file, and it must relate to the special circumstances that the student has encountered. (§ 479A of the HEA).

When an administrator makes adjustments related to a student's (or the student's family's) income, it is appropriate to use information that realistically reflects the current and near-term economic situation. For example, for an individual who has lost a job or has taken a significant salary cut beginning in November of 2012, you may choose to project income for the next 12-month period and use that projected figure instead of the base-year income (2011) that was initially used in the calculation of the student's EFC.

An institution must complete verification for a selected student before it exercises PJ to adjust any values that are used to calculate the EFC. (The Department's *Application and Verification Guide*.)

#### **Noncompliance:**

The institution failed to accurately calculate changes in the income of two students for whom it used PJ.

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 32

**Student 6:** According to the student's file, PJ was used to change the student's applicant data for the 2011-2012 award year. Although the name and date of the school official who completed the PJ Form are unclear, it appears that ASHA documented that the student was laid off from work, and that she anticipated collecting an estimated \$11,600 in unemployment benefits between March 2011 and December 2011. However, there are two conflicts with the student's anticipated income shown on the ISIR. First, the student/claimant's *Unemployment Compensation Benefits Form* reported slightly different dates for the collection of benefits. Next, the student's ISIR reported an adjusted income of \$6230, not \$11,600 as calculated per the PJ Form. These discrepancies could not be explained by school officials.

ASHA disbursed \$5550 in Pell; \$5000 in Sub; and, \$8000 in Unsub loans funds between July 2011 and May 2012, without resolving these discrepancies. (This student was also cited in Finding 4.)

**Student 9:** The student began classes at ASHA in October 2011. Her file did not contain a PJ Form, but PJ was used to change her 2010 income from \$59,825 to \$0. However, the student/claimant's *Unemployment Compensation Benefits Form* reported that she would receive \$330 as a weekly benefit (beginning September 29, 2011); therefore that information should have been used when projecting income for the student (under the PJ guidelines).

Despite the conflicting data, ASHA disbursed \$3700 in Pell; \$258 in Sub; and, \$6075 in Unsub loans funds between October 2011 and January 2012. (This student was also cited in Finding 6.)

### **Required Action:**

In response to this finding, the institution is required to resolve the above discrepancies for **students 6 and 9**, and recalculated their EFCs. You must report the results of your recalculations, including the revised EFCs and any Pell Grant or Sub loan overpayments. Additional records may be requested if necessary.

If the institution cannot obtain the required PJ or correct income documentation, it may be instructed to return funds to the Department. If necessary, repayment instructions will be provided in the Final Program Review Determination letter.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 33*

### **Finding 17: Ineligible Unsubsidized Loan Amounts for Dependent Students**

#### **Citation:**

Dependent students whose parents are denied a PLUS loan may receive additional Unsub loan amounts for the same amount as independent undergraduate students. However, 34 C.F.R. § 685.203 (c) states that in order for a dependent undergraduate student to receive additional Unsub loan funds, the financial aid administrator must determine that the student's parent likely will be precluded by exceptional circumstances from borrowing under the PLUS program. Exceptional circumstances under this section include, but are not limited to: circumstances in which the student's parent receives only public assistance or disability benefits, the parent is incarcerated, the parent has an adverse credit history, or, the parent's whereabouts are unknown. A parent's refusal to borrow a PLUS loan does not constitute "exceptional circumstances."

The financial aid administrator must base the determination on a review of the family's financial information provided by the student, and consideration of the student's debt burden. The school must document the determination in the student's file. The parent's denial of a PLUS loan based on adverse credit in one year does not support the dependent's eligibility in subsequent years.

#### **Noncompliance:**

ASHA was unable to provide documentation to support the eligibility for additional Unsub loan amounts for a dependent student who received Unsub loans at the same level as an independent undergraduate student as follows:

**Student 25:** The maximum Unsub loan amount the student was eligible for was \$2000, but ASHA approved and disbursed an Unsub loan for \$6000 for the student's first year of study. There was no record to explain why the additional \$4000 was approved for this dependent student.

#### **Required Action:**

ASHA is required to provide documentation of a PLUS denial, or documentation of exceptional circumstances that would have precluded the student's parent from borrowing under the PLUS program.

If the school is unable to obtain this documentation, further instructions will be provided in the Final Program Review Determination letter.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 34*

### **Finding 18: Loan Counseling Documentation Missing**

#### **Citation:**

Before a first-time FDL borrower takes out a loan, an institution must ensure that entrance loan counseling is conducted. In accordance with 34 C.F.R. §685.304, entrance counseling must provide the borrower with comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan.

This information may be provided to the borrower—

- During an entrance counseling session conducted in person;
- On a separate written form that the borrower signs and returns to the school; or
- Online or by interactive electronic means, with the borrower acknowledging receipt of the information.

A school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. The school must maintain documentation substantiating the school's compliance with this section for each student borrower.

A school must ensure that exit counseling is also conducted with each FDL borrower shortly before he or she ceases at least half-time study at the school.

Exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the borrower's questions. If a student withdraws from school without the school's prior knowledge, or fails to complete the counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at his or her last known address within **30** days after learning that the student has withdrawn from school or failed to complete the exit counseling as required.

The exit counseling must:

- Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers who have obtained FDLs at the same school or in the same program of study at the same school;
- Review available repayment plan options;

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 35*

- Explain to the borrower the options to prepay each loan, to pay each loan on a shorter schedule, and to change repayment plans;
- Provide information on the effects of loan consolidation;
- Include debt-management strategies that are designed to facilitate repayment;
- Explain how to contact the party servicing the borrower's loans;
- Describe the likely consequences of default, including adverse credit reports, delinquent debt collection procedures under Federal law, and litigation;
- Provide a general description of the terms and conditions under which a borrower may obtain full or partial forgiveness or discharge of principal and interest, defer repayment of principal or interest, or be granted forbearance on a Title IV loan;
- Review for the student information on the availability of the Department's Student Loan Ombudsman's office;
- Inform the borrower of the availability of loan information in NSLDS and how NSLDS can be used to obtain Title IV loan status information;
- Review a broad description of the types of tax benefits that may be available; and,
- Require the student borrower to provide current information concerning name, address, social security number, references, and driver's license number and State of issuance, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and the name and address of the student borrower's expected employer (if known).

If exit counseling is conducted through interactive electronic means, a school must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the exit counseling.

The school must maintain documentation substantiating the school's compliance with this section for each student borrower.

### **Noncompliance:**

Records for three students did not contain information showing that they received loan counseling as follows:

**Student 1:** The student enrolled at ASHA in July 2011 and received a Sub and Unsub loan. She withdrew in September 2011. School officials were unable to provide documentation to demonstrate that entrance or exit loan counseling was conducted, or that loan counseling material was mailed to the student. (This student is also noted in Finding 5.)

**Student 8:** The student enrolled at ASHA in July 2011 and received a Sub and Unsub loan. She withdrew in October 2011. School officials were unable to provide documentation to demonstrate that entrance or exit

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 36*

loan counseling was conducted, or that loan counseling material was mailed to the student. (This student is also noted in Finding 14.)

**Student 13:** The student also enrolled at ASHA in July 2011 and received a Sub and Unsub loan. She withdrew in September 2011. School officials were unable to provide documentation to demonstrate that entrance or exit loan counseling was conducted, or that loan counseling material was mailed to the student. (This student is noted in Finding 6.)

### **Required Action:**

In response to this finding, the institution must review the records of all students who received funds under the FDL program since July 1, 2011 and identify those who did not attend exit loan counseling or who were not sent exit loan counseling materials. Once those students have been identified, ASHA must immediately provide each borrower with the information noted above at his or her last known address, or via email.

Your response must provide an assurance that the appropriate counseling material was provided to all students.

### **Finding 19: Failure to Report Change in Address**

Amongst other reporting requirements, an eligible institution must report to the Secretary, no later than 10 days after the change occurs, of any change in the following:

- Its name, the name of a branch, or the name of a previously reported location;
- Its address, the address of a branch, or the address of a previously reported location;
- Its establishment of an accredited and licensed additional location at which it offers or will offer 50% or more of an educational program;
- The way it measures program length ( *e.g.*, from clock hours to credit hours, or from semester hours to quarter hours);
- The individual the institution designates as its Title IV administrator;
- Other requirements found in 34 C.F.R. § 600.21.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

OPE ID: 04126800

PRCN: 201310428130

Page 37

### **Noncompliance:**

ASHA did not notify the Department of its change of address as required. In 2011, the school moved the location of the institution from:

- *7094 Peachtree Industrial Boulevard, Norcross, Georgia 30071*

To its current location at:

- *6251 Smithpointe Drive, Norcross, GA 30092*

### **Required Action:**

Failure to meet reporting requirements is an indication that an institution does not have the capability to administer the Title IV programs adequately.

No further action is required. As noted, the institution closed on February 24, 2013.

### **Finding 20: Missing and Late Submission of Annual Audit and Financial Statement**

#### **Citation:**

An institution that participates in the Title IV programs must have an independent auditor conduct a compliance audit of its administration and an audit of the institution's general purpose financial statements. The audit must be conducted on an annual basis. 34 C.F.R. § 668.23 (a) and (b).

Institutions audited under the Department's Audit Guide – Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers (Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers--January 2000) must submit, to the Secretary, its annual compliance audit and its audited financial statements no later than six months after the last day of the institution's fiscal year.

34 C.F.R. § 668.26 (b)(ii) requires that if an institution's participation in the Title IV programs ends, the institution shall submit to the Department, within 45 days, a "Letter of Engagement" for an independent audit of all funds that the institution received under each program. The audit report must be submitted to the Secretary within 45 days after the date of the engagement letter. Therefore, the close-out audit report is due to the Department within 90 days after the institution ceases to participate in the Title IV programs.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 38*

### **Noncompliance:**

ASHA's compliance audit and audited financial statements for the year ended December 31, 2011 were due to the Department by June 30, 2012. However, the Department did not receive the reports until the week following the program review (on December 15, 2012).

In addition, ASHA's compliance audit and audited financial statements for the year ended December 31, 2010 were due to the Department by June 30, 2011. However, the Department did not receive the required reports until August 1, 2011.

### **Required Action:**

As noted above, the institution closed and lost its participation in the Title IV programs effective February 24, 2013. Therefore, ASHA is reminded of its obligations as identified in its signed Program Participation Agreement. The regulations at 34 C.F.R. § 668.26, stipulate the following obligations to the Secretary with regard to the close-out of student financial aid programs:

When an institution ceases to be certified to participate in the Title IV programs, it shall:

1. Submit to the Secretary within 45 days after the date the participation ends—
  - All financial, performance and other reports required by appropriate Title IV HEA program regulations, and,
  - A letter of engagement for an independent audit of all funds that the institution received under the Title IV, HEA programs, the report of which shall be submitted within 45 days after the date of the engagement letter;
2. Return to the Federal government, or otherwise dispose of under instructions from the Secretary, any unexpended funds that the institution has received under the Title IV programs, less the institution's administrative allowance, if applicable; and return to the Department, any FDL program proceeds that the institution received but did not delivered to, or credited to the accounts of, students attending the institution;
3. Inform the Secretary of the arrangements that the institution has made for the proper retention and storage, for a minimum of three years, of all records concerning the administration of the Title IV programs; and,
4. Continue to comply with the requirements of 34 C.F.R. § 668.22 for the treatment of Title IV program funds when a student withdraws.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 39*

If it has not done so already, ASHA must immediately submit a copy of the engagement letter for the close-out audit. The engagement letter must be submitted to the following address:

U.S. Department of Education  
Federal Student Aid  
Attention: Chris Miller  
61 Forsyth Street, S.W.  
Room 18T40  
Atlanta, GA 30303-8918

ASHA must submit within **45** days of the date of the engagement letter, a close-out audit covering the period of January 1, 2012 through December 31, 2012. The close-out audit must be submitted electronically through the U.S Department of Education's (Department) eZ-Audit database. If you have any questions regarding the electronic submission, please contact your institution's administrator or the eZ-Audit Help Desk at (877) 263-0780 for support. In the absence of a close-out audit, it is the Department's policy to assess a liability equal to the amount of Title IV funds drawn down and received by the institution (including FDL funds received by the institution) during the unaudited period.

If ASHA has received any Title IV funds which have not been expended, it **must** remit a check to this office for all monies held in its Federal account along with supporting documentation substantiating the amount returned to the Department.

Please advise the School Participation Division (Atlanta) of the arrangements made for proper record retention and storage. The date all outstanding refunds or unearned tuition and fees will be paid must also be provided to this office. Your response must be postmarked no later than **fifteen days from the date of this letter.**

### **Finding 21: Consumer Information Incomplete**

#### **Citation:**

34 C.F.R. § § 668.41 – 668.45 require institutions that participate in the Title IV programs to disclose certain information to prospective students, about the financial aid programs in which it participates, and its gainful employment (G.E.) programs.

Title IV institutions must also have a Net Price Calculator. The Net Price Calculator uses institutional data to provide estimated net price information to current and prospective students based on a student's (and family's) circumstances.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 40*

### **Noncompliance:**

ASHA did not have available, or publish the below disclosures—

- The occupations that the program(s) prepares students to enter (by occupation name and SOC code);
- The program length (the normal time to complete the program);
- The job placement rate for students completing the program(s); and,
- The median loan debt incurred by students who completed each program (separately by Title IV loans, private educational loans, and institutional financing plans, if applicable).

In addition, the institution's website did not provide a Net Price Calculator.

### **Required Action:**

Normally ASHA would be required to develop and publish a Net Price Calculator and other required disclosures related to G.E. programs. However, because the institution ceased operations and will no longer participate in the Title IV programs, it is not required to publish consumer information.

As noted in Finding 20, ASHA is reminded to advise the School Participation Division (Atlanta) of arrangements it has made for proper record retention and storage.

### **Finding 22: Crime Requirements Not Met / Annual Security Report Not Developed**

#### **Citation:**

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. § 668.46 (b).

The ASR must be prepared and actively distributed as a single document. Acceptable means of distribution include regular U.S. Mail, campus mail, hand delivery, or by posting the ASR on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and a link to its exact electronic address, a description of its contents,

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 41*

as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41 (e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also inform interested parties about how to obtain a paper copy of the ASR. 34 C.F.R. § 668.41 (e)(4).

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assault, burglary, motor vehicle theft, and arson. Statistics for certain hates crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs, illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: (1) on campus; (2) on-campus student residential facilities; (3) certain non-campus buildings and property; and, (4) certain adjacent and accessible public property. 34 C.F.R. § 668.46 (c)(1).

The ASR also must include several mandated policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of crime prevention programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the ASR itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings, emergency notifications, and evacuation procedures. As noted above, the ASR must be published as a single comprehensive document. With the exception of certain drug and alcohol program information, cross referencing to other publications is not sufficient to meet the publication and distribution requirements. § 485(f) of the HEA; 34 C.F.R. § 668.46(b).

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. § 668.41 (e)(5).

### **Noncompliance:**

ASHA failed to prepare, publish, and distribute an accurate and complete ASR in accordance with Federal regulations. Specifically, it was unable to produce any of its ASRs or supporting documentation evidencing that any ASRs were ever distributed in the required manner (such as e-mail records, affidavits, receipts, etc.). For these reasons, the Department has determined that this persistent violation constitutes a general failure to

## APPENDIX A

Academy of Somatic Healing Arts (ASHA)

OPE ID: 04126800

PRCN: 201310428130

Page 42

properly implement even the most basic requirements of the *Clery Act* since the institution was initially approved to participate in the Title IV programs.

Failure to publish an accurate and complete ASR and to actively distribute it to current students and employees in accordance with Federal regulations deprives the campus community of important security information.

### **Required Action:**

As a result of these violations, ASHA would have normally been required to develop policies and procedures for preparing, publishing, and distributing an ASR. In addition, ASHA would have been directed to use those new policies as a guide for developing a compliant ASR that includes all of the consumer protection disclosures required by 34 C.F.R. § 668.46 (b) and to submit its draft ASR and policies to the Department for approval. Finally, ASHA would have been required to distribute the new ASR to its current students and employees and provide evidence of that distribution to the Department.

However, because the institution has ceased operations and will no longer participate in the Title IV programs, ASHA will not be required to develop campus security policies and procedures or an ASR at this time. Notwithstanding this determination, ASHA officials are reminded that the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. As such, ASHA is advised that these violations would have to be addressed to the Department's satisfaction before any future application for reinstatement could be considered for approval.

In the event that ASHA were to ever seek reinstatement of its Title IV program eligibility, institutional officials are strongly encouraged to review the Department's "Handbook for Campus Safety and Security Reporting" (2011 Edition) prior to beginning the reinstatement application process. The Handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>

### **Finding 23: Failure to Comply with Drug and Alcohol Prevention Program**

#### **Citation:**

The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative Regulations requires each participating institution of higher education to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 43*

On an annual basis, each institution must provide the following information in writing to all current students (enrolled for any type of academic credit except for continuing education units) and all current employees:

- 1) A written statement about its standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 2) A written description of legal sanctions imposed under Federal, state, and local laws and ordinances for unlawful possession or distribution of illicit drugs and alcohol;
- 3) A description of the health risks associated with the use of illicit drugs and alcohol abuse;
- 4) A description of any drug or alcohol counseling, treatment, and rehabilitation/re-entry programs that are available to students and employees; and,
- 5) A statement that the institution will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

The distribution plan must make provisions for providing the drug and alcohol abuse education and prevention program disclosure annually to students who enroll at a date after the initial distribution and for employees who are hired at different points throughout the year.

In addition, each institution must conduct a biennial review to determine the effectiveness of its drug and alcohol abuse education and prevention program and to ensure consistent enforcement of applicable drug and alcohol-related statutes, ordinances, and institutional policies against students and employees found to be in violation. The biennial review materials must be maintained by the institution and made available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

### **Noncompliance:**

ASHA violated multiple requirements of the DFSCA. Specifically, it failed to develop and implement a compliant drug and alcohol abuse prevention program. In addition, ASHA failed to conduct a Biennial Review (BR) to: (1) evaluate the effectiveness of its drug and alcohol abuse prevention program (2) identify areas requiring improvement or modification, and (3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. Moreover, ASHA failed to prepare a BR report of findings.

Failure to comply with the drug and alcohol abuse prevention program requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse.

## APPENDIX A

*Academy of Somatic Healing Arts (ASHA)*

*OPE ID: 04126800*

*PRCN: 201310428130*

*Page 44*

Failure to comply with the BR requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime.

### **Required Action:**

As a result of this violation, ASHA would have normally been required to develop and implement a substantive drug and alcohol abuse prevention program that included all of the required elements set forth in the DFSCA and the Department's Part 86 regulations. In addition, ASHA would have been required to develop procedures for distributing the drug and alcohol abuse prevention program disclosure to all current students enrolled for academic credit and all current employees. Once the new program materials and policies were complete, ASHA would have been required to submit them to the Department for evaluation and approval, and then distribute them in accordance with the Part 86 regulations. Finally, ASHA would have been required to conduct a biennial review to measure the effectiveness of its drug and alcohol abuse prevention program and produce a detailed report of findings and recommendations for improvement.

However, because the institution has ceased operations and will no longer participate in the Title IV programs, ASHA will not be required to develop a drug and alcohol abuse prevention program, BR, or new policies and procedures at this time. Notwithstanding this determination, ASHA officials are reminded that the exceptions identified in this finding constitute serious violations of the DFSCA that by their nature cannot be cured. As such, ASHA is advised that these violations would have to be addressed to the Department's satisfaction before any future application for reinstatement could be considered for approval.

### **E. Appendix**

**Appendix A** (Student Sample) is attached to this report. This appendix contains personally identifiable information (PII).

## **APPENDIX B**

### **FUNDING SUMMARY**

**Appendix B: Funding Summary  
2011-12 Funding**

CURRENT SSN	LAST NAME	FIRST NAME	PELL GRANT	FDL STAFF SUB	FDL STAFF UNSUB	FDL GP PLUS PLUS
(b)(6); (b)(7(C))			0	250	0	0 0
(b)(6); (b)(7(C))			0	1167	2000	0 0
(b)(6); (b)(7(C))			1850	0	0	0 0
(b)(6); (b)(7(C))			5550	3500	6000	0 0
(b)(6); (b)(7(C))			0	0	2625	0 0
(b)(6); (b)(7(C))			0	1125	1500	0 0
(b)(6); (b)(7(C))			5550	5750	9000	0 0
(b)(6); (b)(7(C))			1850	1500	2000	0 0
(b)(6); (b)(7(C))			0	1167	2000	0 0
(b)(6); (b)(7(C))			0	0	11250	0 0
(b)(6); (b)(7(C))			5550	1285	7941	0 0
(b)(6); (b)(7(C))			0	1125	1500	0 0
(b)(6); (b)(7(C))			0	437	750	0 0
(b)(6); (b)(7(C))			0	250	0	0 0
(b)(6); (b)(7(C))			0	2667	4000	0 0
(b)(6); (b)(7(C))			3700	2334	4000	0 0
(b)(6); (b)(7(C))			5550	3500	6000	0 0
(b)(6); (b)(7(C))			5550	3500	6000	0 0
(b)(6); (b)(7(C))			600	1125	1500	0 0
(b)(6); (b)(7(C))			1850	0	0	0 0
(b)(6); (b)(7(C))			5550	3500	6000	0 0
(b)(6); (b)(7(C))			5550	4000	6000	0 0
(b)(6); (b)(7(C))			0	4250	2334	3650 0
(b)(6); (b)(7(C))			0	2667	4000	0 0
(b)(6); (b)(7(C))			4600	3500	2000	0 0
(b)(6); (b)(7(C))			1850	1167	2000	0 0
(b)(6); (b)(7(C))			0	0	9500	0 0
(b)(6); (b)(7(C))			0	4250	7000	0 0
(b)(6); (b)(7(C))			0	3500	6000	0 0
(b)(6); (b)(7(C))			0	0	9500	0 0
(b)(6); (b)(7(C))			0	3500	6000	0 0
(b)(6); (b)(7(C))			0	5000	8000	0 0
(b)(6); (b)(7(C))			0	250	0	0 0
(b)(6); (b)(7(C))			0	0	11250	0 0
(b)(6); (b)(7(C))			0	1670	0	0 0
(b)(6); (b)(7(C))			0	3500	6000	0 0
(b)(6); (b)(7(C))			1110	1124	1500	0 0
(b)(6); (b)(7(C))			5550	4250	6334	0 0
(b)(6); (b)(7(C))			0	1167	2000	0 0
(b)(6); (b)(7(C))			5550	3500	6000	0 0
(b)(6); (b)(7(C))			0	250	0	0 0
(b)(6); (b)(7(C))			980	1125	1500	0 0
(b)(6); (b)(7(C))			0	3500	2125	0 0
(b)(6); (b)(7(C))			4000	3500	6000	0 0

(b)(6); (b)(7)(C)

3700	2333	4000	0	0
0	3500	6000	0	0
334	0	0	0	0
0	2125	12000	0	0
3700	2333	4000	0	0
0	5750	9000	0	0
1850	0	0	0	0
0	687	750	0	0
0	250	0	0	0
5550	5000	8000	0	0
1850	0	0	0	0
0	1125	1500	0	0
0	3500	6000	0	0
1110	1125	500	0	0
0	4250	2334	8000	0
5550	3500	6000	0	0
5550	0	0	0	0
660	1114	1409	0	0
0	0	250	0	0
0	3500	2482	0	0
5550	3500	6000	0	0
5550	5750	9000	0	0
0	5750	9000	0	0
0	687	750	0	0
3700	2333	4000	0	0
0	3500	6000	0	0
5550	4625	7500	0	0
3700	2334	4000	0	0
1110	1125	1500	0	0
5550	5213	7787	0	0
5550	3500	6000	0	0
1110	1125	1500	0	0
2775	3500	6000	0	0
0	1125	500	2500	0
5550	5750	9000	0	0
5550	4250	7000	0	0
1850	0	0	0	0
5550	2667	4000	0	0
0	250	0	0	0
0	1125	500	0	0
5041	1500	2000	0	0
0	250	0	0	0
3700	258	6075	0	0
5550	4625	7500	0	0
3100	0	0	0	0
5550	5000	8000	0	0
2500	0	0	0	0
5550	4625	7500	0	0
185	1500	2000	0	0
0	250	0	0	0
5550	3435	3000	0	0
0	687	250	0	0

(b)(6); (b)(7)(C)

3700	2333	4000	0	0
0	1125	1500	0	0
5100	3500	6000	0	0
5550	0	0	0	0
5550	5000	8000	0	0
1850	0	0	0	0
5550	4250	.6334	0	0
5550	3500	6000	0	0
0	1125	1500	0	0
5550	3500	6000	0	0
5550	3500	6000	0	0
0	0	3500	0	0
0	1125	1500	0	0
5550	3500	6000	0	0
1834	0	0	0	0
0	682	750	0	0
5550	3500	6000	0	0
0	4625	7500	0	0
2800	4250	7000	0	0
0	437	750	0	0
4900	3500	6000	0	0
0	1125	1500	0	0
5550	3500	.6000	0	0
0	687	750	0	0
0	4625	7500	0	0
0	5750	9000	0	0
0	3500	6000	0	0
0	1125	1500	0	0
0	1125	1500	0	0
2775	3500	6000	0	0
0	2334	.1334	5000	0
3700	2333	4000	0	0
3667	2334	1334	0	0
0	1125	1500	0	0
0	1125	1500	0	0
0	0	2625	0	0
0	5750	9000	0	0
2800	3500	6000	0	0
0	5750	.9000	0	0
5550	5000	8000	0	0
5550	4250	7000	0	0
4700	5000	8000	0	0
5550	5750	9000	0	0
0	0	2625	0	0
0	1125	1500	0	0

-----  
301991 329948 566198 19150 0

11/12/2013

FDL Total= 915296

**Appendix B: Funding Summary  
2012-13 Funding**

CURRENT SSN	LAST NAME	FIRST NAME	PELL GRANT	FDL STAFF SUB	FDL STAFF UNSUB	FDL PLUS	FDL GP PLUS
(b)(6); (b)(7)(C)			3700	0	0	0	0
			1850	0	0	0	0
			1267	1167	2000	0	0
			3700	3500	6000	0	0
			1850	1167	2000	0	0
			1234	1167	2000	0	0
			3400	1167	2000	0	0
			1850	1167	2000	0	0
			1850	1167	2000	0	0
			5550	3500	6000	0	0
			0	0	1750	0	0
			3700	2334	1334	0	0
			1850	1167	2000	0	0
			1850	1167	281	0	0
			1850	1167	2000	0	0
			3700	1916	3000	0	0
			0	1167	2000	0	0
			1850	1500	2000	0	0
			1850	1500	2000	0	0
			1850	2334	4000	0	0
			1850	1500	2000	0	0
			0	750	333	3649	0
			0	3167	0	0	0
			1850	1167	2000	0	0
			0	2334	4000	0	0
			0	750	1000	0	0
			0	2250	3000	0	0
			3700	2334	4000	0	0
			0	1167	2000	0	0
			0	1500	2000	0	0
			0	0	1750	0	0
			0	2250	3000	0	0
			1567	750	1666	0	0
			0	1167	2000	0	0
			1850	1500	2000	0	0
			0	1500	1000	0	0
			1800	1500	2000	0	0
			0	0	5250	0	0
			0	3500	6000	0	0
			1850	2334	4000	0	0
0	3500	6000	0	0			
1850	1167	2000	0	0			
3700	3500	2000	3300	0			
0	2250	3000	0	0			

(b)(6); (b)(7)(C)

0	750	333	0	0
1834	1167	667	0	0
1850	1500	2000	0	0
0	1167	2000	0	0
0	12	3155	0	0
1850	1167	2000	0	0
2775	1125	1500	0	0
3700	1916	3000	0	0
2300	2250	3000	0	0
0	2334	3919	0	0
0	750	1000	0	0
1850	0	0	0	0
0	0	9500	0	0
0	1167	2000	0	0
2775	1125	1500	0	0
0	192	3475	0	0
0	1900	4000	0	0
3700	2334	4000	0	0
2775	1125	1500	0	0
1850	1167	2000	0	0
2775	2250	2569	0	0
0	2334	4000	0	0
967	1500	2000	0	0
0	0	6334	0	0
1850	2334	4000	0	0
1850	750	333	0	0
2775	1500	2000	0	0
2775	2250	3000	0	0
0	0	749	0	0
2775	2250	3000	0	0
933	3500	6000	0	0
1850	1500	2000	0	0
0	1125	1500	0	0
0	0	3167	0	0
3700	2334	4000	0	0
0	4500	6000	0	0
1850	1167	2000	0	0
1850	1167	667	1700	0
1200	750	1000	0	0
0	1500	2000	0	0
2250	2250	3000	0	0
0	1125	1500	0	0
0	750	1000	0	0
0	1678	1238	4992	0
0	1916	1666	0	0
1600	1500	2000	0	0
1850	750	1000	0	0
1850	1167	2000	0	0

=====  
126727 137086 226636 13641 0

11/12/2013

FDL Total= 377363

## **APPENDIX C - G**

**COF CALCULATION (NON-LOAN)-NON-RESPONSE (ALL FINDINGS)**

**COF CALCULATION (NON-LOAN)-FINDINGS 5 & 14-16**

**COF CALCULATION (LOANS)-FINDINGS 5 AND 14-16**

**EAL CALCULATION-NON-RESPONSE (ALL FINDINGS)**

**EAL CALCULATION-FINDINGS 14-17**



Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance

Name of Institution: ASHA: Findings 5 and 14-16

No.	Description/Name	Ineligible Disbrrmnt	Program	Disbursement Date	Return Paid Date	No. of Days	Imputed CVFR	Federal Share	To ED	To Inst Accounts
	F-5 (Not Attending)	\$5,658.00	Pell Grant	6/30/2012	11/12/2013	500	1.00%	\$ 5,658.00	\$ 77.51	\$ -
	F-14 (Missing HSD)	\$9,435.00	Pell Grant	6/30/2012	11/12/2013	500	1.00%	\$ 9,435.00	\$ 129.26	\$ -
	F-14 (Missing HSD)	\$5,550.00	Pell Grant	6/30/2011	11/12/2013	866	1.00%	\$ 5,550.00	\$ 131.69	\$ -
	F-15 (Verification)	\$14,800.00	Pell Grant	6/30/2012	11/12/2013	500	1.00%	\$ 14,800.00	\$ 202.76	\$ -
	F-16 (PJ)	\$9,250.00	Pell Grant	6/30/2012	11/12/2013	500	1.00%	\$ 9,250.00	\$ 126.73	\$ -

Total Ineligible \$344,693.00

Campus-Based Amounts Spent (from FISAP, Part VI, Section B)

Federal FWS	
Federal SEOG	
Federal Perkins	

Total C-B Spent \$

ACA Percentage Federal Share \$44,693.00

Pell	\$44,693.00
ACG	\$
SMART	\$
TEACH	\$
FWS	\$
FSEOG	\$
Perkins	\$
FWS-50% Match	\$
FWS-No Match	\$
FSEOG-No Match	\$
Perkins-No Match	\$

Total Campus-Based \$

Totals \$ 667.95

Interest Breakdown	\$ 667.95
Pell Grants	\$
ACG	\$
SMART	\$
TEACH	\$
FWS	\$
FSEOG	\$
Perkins	\$
FWS-50% Match	\$
FWS-No Match	\$
FSEOG-No Match	\$
Perkins-No Match	\$

ACA Liability	\$
FWS	\$
FSEOG	\$
Perkins	\$
FWS-50% Match	\$
FWS-No Match	\$
FSEOG-No Match	\$
Perkins-No Match	\$



Appendix F- Estimated Loss Formula

Estimated Loss Formula

9/16/2013

Enter Institution Name

ASHA: Non-Response (All Findings)

Select Institution Type

Proprietary 2 Yrs or Less

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	DL Subsidized	2011-2012	\$ 329,948.00	13.60%	11.99%	\$ 39,556.30
2	DL Unsubsidized	2011-2012	\$ 566,198.00	13.60%	-16.42%	\$ -
3	DL PLUS	2011-2012	\$ 19,150.00	13.60%	-33.86%	\$ -
	<b>Description</b>		\$ 915,296.00			\$ 39,556.30
4	DL Subsidized	2012-2013	\$ 137,086.00	13.60%	5.97%	\$ 8,180.54
5	DL Unsubsidized	2012-2013	\$ 226,636.00	13.60%	-17.60%	\$ -
6	DL PLUS	2012-2013	\$ 13,641.00	13.60%	-33.73%	\$ -
	<b>Description</b>		\$ 377,363.00			\$ 8,180.54
7						
8						
9						
	<b>Description</b>		\$ -			\$ -
10						
11						
12						
	<b>Description</b>		\$ -			\$ -
	<b>Original Ineligible Loan Liability</b>		\$ 1,292,659.00	<b>Total Estimated Loss</b>		\$ 47,736.84

Appendix G - Estimated Loss Formula

Estimated Loss Formula

9/16/2013

Enter Institution Name

ASHA: Findings 14 - 17

Select Institution Type

Proprietary 2 Yrs or Less

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	DL Subsidized	2010-2011	\$ 3,500.00	13.60%	7.08%	\$ 247.92
2	DL Unsubsidized	2010-2011	\$ 6,000.00	13.60%	-20.23%	\$ -
3	DL Subsidized	2011-2012	\$ 7,333.00	13.60%	11.99%	\$ 879.13
	<b>Description</b>		\$ 16,833.00			\$ 1,127.05
4	DL Unsubsidized	2011-2012	\$ 12,000.00	13.60%	-16.42%	\$ -
5	DL Subsidized	2011-2012	\$ 10,666.00	13.60%	11.99%	\$ 1,278.71
6	DL Subsidized	2011-2012	\$ 5,258.00	13.60%	11.99%	\$ 630.36
	<b>Description</b>		\$ 27,924.00			\$ 1,909.07
7	DL Unsubsidized	2011-2012	\$ 14,075.00	13.60%	-16.42%	\$ -
8	DL Unsubsidized	2011-2012	\$ 4,000.00	13.60%	-16.42%	\$ -
9						
	<b>Description</b>		\$ 18,075.00			\$ -
10						
11						
12						
	<b>Description</b>		\$ -			\$ -
	<b>Original Ineligible Loan Liability</b>		\$ 62,832.00	<b>Total Estimated Loss</b>		\$ 3,036.12

Appendix G - Estimated Loss Formula

To calculate estimated loss for a given ineligible loan amount, that amount is multiplied by the total subsidy rates calculated for the ineligible loans. Consolidation Loans will be obtained in the future to prepay some of the ineligible loans; the amount of Consolidation Loans divided by the ineligible Stafford/PLUS loans equals the "Consolidation prepayment rate" (H) for those loans.

The Department's Budget Office calculates, on an annual basis, the rate per dollar of loan of default subsidies (DSRs) and all other subsidies (OSRs) (D & F) for Stafford and PLUS Loans, by cohort year, program, loan type, and risk group (note that 2008-2010 FFEL loan costs are calculated only by cohort year).

	A	B	C	D	E	F	G	H	I	J
	School CDR	Sector CDR*	Ratio **	DSR ***	Adjusted DSR	OSR ***	Avg Cons Year	Cons Prepay %	Cons DSR ***	Cons OS ***
1	13.60%	12.00%	1.13	2.10%	2.37%	2.02%	2018	21.1%	2.64%	10.13%
2	13.60%	12.00%	1.13	5.02%	5.67%	-27.01%	2018	23.0%	3.07%	1.74%
3	13.60%	12.00%	1.13	0.94%	1.06%	7.94%	2019	21.1%	2.71%	11.46%
4	13.60%	12.00%	1.13	4.47%	5.05%	-23.23%	2019	23.7%	3.07%	4.34%
5	13.60%	12.00%	1.13	0.94%	1.06%	7.94%	2019	21.1%	2.71%	11.46%
6	13.60%	12.00%	1.13	0.94%	1.06%	7.94%	2019	21.1%	2.71%	11.46%
7	13.60%	12.00%	1.13	4.47%	5.05%	-23.23%	2019	23.7%	3.07%	4.34%
8	13.60%	12.00%	1.13	4.47%	5.05%	-23.23%	2019	23.7%	3.07%	4.34%
9										
10										
11										
12										

Federal Student Aid (FSA) calculates the cohort default rates (CDRs) of the institution (A), and the average CDR for the sector for that institution (B). FSA applies the CDR comparison ratio (C),  $[A/B = C]$  against the Budget Office's cohort loan DSR (D) to determine the default subsidy rate for the institution (E). The Budget Office estimates the default subsidy rate and other subsidy rate for the Consolidation Loans that will prepay some of these Stafford and PLUS Loans (I & J).

The total subsidy rate for the ineligible Stafford and PLUS Loans is  $((E+F) + ((I+J) \times H))$ .

The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.



## APPENDIX I

### 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 (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

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).

If applicable, 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.