



May 6, 2015

Mr. Thomas H. Gillenwater, President  
Academy of Radio & TV Broadcasting  
16052 Beach Boulevard, Suite 263  
Huntington Beach, CA 92647

Certified Mail  
Return Receipt Requested  
# 70070710000106743933

RE: **Final Program Review Determination**  
OPE ID: 02342400  
PRCN: 201240928040

Dear Mr. Gillenwater:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on December 3, 2012 covering Academy of Radio & TV Broadcasting's (The Academy'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 2010-2011 and 2011-2012 (year to the program review date) award years. The Academy's final response was received on June 28, 2013. A copy of the program review report (and related attachments) and The Academy's responses are attached. Any supporting documentation submitted with the responses is being retained by the Department and is available for inspection by The Academy upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

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

The total liabilities due from the institution from this program review are \$20,521.09. Please note, however, that \$313.00 of these liabilities are due to the Federal Supplemental Educational Grant (FSEOG) Program and will be paid via the submission of a revised Fiscal Operations Report and Application to Participate (FISAP). Therefore, the amount due to the Department, as noted in the attached report, is \$20,208.29.

This FPRD contains detailed information about the liability determination for all findings.

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

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample.

**Appeal Procedures:**

This constitutes the Department's final program review determination with respect to the liabilities identified from the December 3, 2012 program review report. If The Academy wishes to appeal to the Secretary for a review of financial 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 days from the date The Academy receives this FPRD. An original and four copies of the information The Academy submits must be attached to the request. The request for an appeal must be sent to:

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

The Academy'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. An institution may provide detailed liability information from a complete file review to appeal a projected liability amount. 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 final program review determination. The program review control number (PRCN) must also accompany the request for review.

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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 The Academy'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 and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Kimberly Wu, Institutional Review Specialist, at (415) 486-5619. Questions relating to any appeal of the final program review determination should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

A black rectangular redaction box covers the signature of Martina Fernandez-Rosario. A thin black line extends from the right side of the box.

Martina Fernandez-Rosario  
Division Director  
San Francisco/Seattle School Participation Division

cc: Accrediting Council for Continuing Education & Training  
California Bureau for Private Postsecondary Education  
Department of Defense, ([osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil](mailto:osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil))  
Department of Veterans Affairs ([INCOMING.VBAVACO@va.gov](mailto:INCOMING.VBAVACO@va.gov))  
Consumer Financial Protection Bureau ([CFPB\\_ENF\\_Students@cfpb.gov](mailto:CFPB_ENF_Students@cfpb.gov))

Enclosures: Protection of Personally Identifiable Information  
Final Program Review Determination

Prepared for  
**Academy of Radio & TV Broadcasting**

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OPE ID: 02342400  
PRCN: 201240928040

Prepared by:  
U.S. Department of Education  
Federal Student Aid  
San Francisco/Seattle School Participation Division

**Final Program Review Determination**  
May 6, 2015

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**A. Institutional Information**

Academy of Radio & TV Broadcasting  
16052 Beach Boulevard, Suite 263  
Huntington Beach, CA 92647

Type: Proprietary

Highest Level of Offering: Non-Degree 1 year (900 – 1799 hours)

Accrediting Agency: Accrediting Council for Continuing Education & Training

Current Student Enrollment: 54 in 2012-13

% of Students Receiving Title IV: 96% in 2012-13

Title IV Participation per U.S. Department of Education Records:

	<u>2010-2011</u>
Federal Pell Grant (FPG) Program	\$ 499,385
Federal Direct Subsidized Loan (FDSL) Program	\$ 388,018
Federal Direct Unsubsidized Loan (FDUL) Program	\$ 500,894
Federal Direct PLUS Program	\$ 30,592
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	\$ 11,715

Default Rate FFEL/DL:      2011 – 20.3% (3-year Cohort Default Rate)  
   2010 – 10.5%  
   2009 – 13.1%  
   2008 – 29.4%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted an off-site focused program review of Academy of Radio & TV Broadcasting (The Academy) from August 20, 2012 to August 31, 2012. The review was conducted by Kimberly Wu and Hyun Jhong Yi.

The focus of the review was on the institution's compliance with the verification process and the associated reporting requirements. For each Federal Pell Grant recipient selected for verification by the Central Processing System (CPS), the institution must report a verification status code of "V" (verified) or "S" (selected) and must not report a blank. The institution must report the student's verification status through the Common Origination and Disbursement (COD) system even if he/she was not selected for verification. The review also consisted of an examination of The Academy's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on December 3, 2012.

### **Disclaimer:**

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

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

### **Resolved Findings**

- Finding 5. Entrance Counseling Deficiencies
- Finding 6. Early Disbursement of Title IV Funds
- Finding 7. Inaccurate Award Notifications/Missing Award Notifications
- Finding 8. Inadequate FSEOG Policies and Procedures
- Finding 9. Failure to Meet FSEOG Non-Federal Share Requirement
- Finding 10. Failure to Provide Adequate/Accurate Student Consumer Information

The Academy has taken the corrective actions necessary to resolve the findings listed above. Therefore, these findings may be considered closed. Appendix B includes the institution's written response related to the resolved findings. Findings requiring further action by The Academy are discussed below.

### **Findings with Final Determinations**

The Program Review Report (PRR) findings requiring further action are summarized below. At the conclusion of each finding is a summary of The Academy's response to the finding, and the Department's final determination for that finding. A copy of the PRR issued on December 3, 2012 is attached as Appendix D.

#### **Finding 1: Incorrect/Incomplete Verification**

*Citation Summary: 34 C.F.R. Part 668, Subpart E, Verification of student aid application information, specifically §§ 668.53, 668.54, 668.55, 668.56, 668.57, and 668.61, states that in order to be eligible to receive a Federal Pell Grant, one of the requirements is that a student must have a valid Institutional Student Information Record (ISIR) or Student Aid Report (SAR). A valid ISIR or SAR is one in which all the information used in calculating the applicant's expected family contribution is accurate and complete as of the date the application is signed.*

*An institution must require each applicant whose application is selected for verification on the basis of edits specified by the Secretary to verify all of the applicable items specified in 34 C.F.R. § 668.56. The institution must require the applicant to submit acceptable documentation as described in 34 C.F.R. § 668.57 that will verify or update the information listed in 34 C.F.R. § 668.56. Copies of student and parent tax returns, signed by the student and parent, as applicable, must be obtained and reviewed to accurately verify the adjusted gross income, tax payments, and tax filing status. The tax returns may reveal other untaxed items that must appear on the ISIR, such as KEOGH contributions.*

*Until all information is verified with required documentation, students whose applications are selected for verification:*

- (i) may only receive one disbursement of any combination of Federal Pell Grant, ACG, or FSEOG funds for the applicant's first payment period; and*
- (ii) may employ or allow an employer to employ an eligible student under the Federal Work-Study Program for the first 60 consecutive days after the student's enrollment in that award year; and*
- (iii) may originate the Direct Subsidized Loan provided that the institution does not disburse Direct Subsidized Loan proceeds.*

*If an institution fails to obtain the necessary verification documentation, any disbursements made to the student must be returned. In this case, the institution is liable for any overpayment to the extent that the overpayment is not recovered from the student.*

*If an institution has reason to believe that the information included on the application is inaccurate, or if there is discrepant information in a student's file, the institution may not disburse Title IV funds until the applicant verifies or corrects the information included on his or her application. 34 C.F.R. § 668.58(a)(1).*

*With respect to the 30% limit, institutions had the flexibility to define "applicant." For example, an applicant could be anyone who applied to the school (i.e., they need not be enrolled), anyone who was enrolled, or, even more narrowly, anyone enrolled who was also eligible to receive an aid award. Whatever definition the institution uses, the students counted toward the 30% limit must have met that definition. (See the 2011-2012 Federal Student Aid Handbook, Application and Verification Guide (AVG), Chapter 4.)<sup>1</sup>*

*When an institution disburses a Pell Grant, the institution must report through COD the student's verification status even if the student wasn't selected for verification. The applicable verification codes are:*

*V—The institution verified the student. This includes students selected by the CPS and those your institution chose to verify based on its own criteria.*

*W—The student was selected for verification by the CPS or your institution, and your institution chose to pay a first disbursement of Pell without documentation. This code must be updated once verification is complete, or COD will reduce the Pell Grant to zero.*

*S—The CPS selected the student for verification, but the institution did not verify the student because the institution already reached the 30% verification threshold, because the student satisfied one of the exclusions under 34 C.F.R. § 668.54(b), or because your institution participates in the Quality Assurance Program and the student's application did not meet your institution's verification criteria.*

*Blank—Report a blank if you have not performed verification because neither the CPS nor your school selected the student.*

*(See the Federal Student Aid Handbook, 2011-2012 Application and Verification Guide (AVG), Chapter 4.)*

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<sup>1</sup> Please note that there is no longer a 30% limit option, per the verification regulations beginning with the 2012-13 award year.

**Noncompliance Summary:** *The Academy failed to properly complete verification and/or resolve discrepant information for the following students:*

*Student #1: The Academy reported to COD that it completed verification for the 2010-2011 award year; however, there were no 2009 tax documents in the file to support that verification was completed. In addition, the 2010-2011 Verification Worksheet shows that the student reported a household size of two, but the student's 2010-2011 ISIR, transaction 01 reported the number in the household as three. There was no documentation to show this issue had been resolved.*

*Student #2: The Academy reported to COD that it completed verification for the 2010-2011 award year; however, there were no documents in the file to support that verification was completed.*

*Student #4: The Academy reported to COD that it completed verification for the 2010-2011 award year; however, there were no documents in the file to support that verification was completed.*

*Student #6: The 2010-2011 Verification Worksheet shows that the student reported the household size as six, but the student's 2010-2011 ISIR, transaction 02 reported a household size of four.*

*Student #9: The student reported the number in the student's household as five on the 2010-2011 ISIR transaction 03; however, the dependent student failed to include the student's parents on the 2010-2011 Verification Worksheet.*

*Student #11: The 2010-2011 Verification Worksheet shows that the student reported a household size of one but reported the number in household as three on the student's 2010-2011 ISIR, transaction 03.*

*Student #14: The Academy reported to COD that it completed verification for the student for the 2010-2011 award year; however, there were no 2009 tax documents in the file to support that verification was completed.*

*Student #15: The Academy reported to COD that it completed verification for the 2010-2011 award year; however, there were no documents in the file to support that verification was completed.*

*Student #16: The Academy provided a listing of students to the Department for which the verification process was completed for the 2011-2012 award year. The student was identified as having been verified; however, there were no documents in the file to support that verification was completed.*

*Student #17: The 2011-2012 Verification Worksheet shows that the student reported the household size as two and the student's 2011-2012 ISIR, transaction 01 reported the number in household as six. There was no documentation to support the resolution of this discrepancy.*

*Student #18: The student's 2011-2012 ISIR, transaction 03 states that the student is married; however, there was no spouse reported on the student's "Personal Data Sheet," 2011-2012 Verification Worksheet, or 2010 taxes. The student included his mother and sister in his household on the 2011-2012 Verification Worksheet; however, the student's "Personal Data Sheet" states that his mother and sister live in Mexico.*

*Student #19: The Academy did not update the verification status from "S" to "V" in COD to indicate that the 2011-2012 verification process had been completed.*

*Student #20: The student reported his adjusted gross income (AGI) as \$4,200 and taxes paid as \$408 on his 2011-2012 ISIR, transaction 01. However, the AGI reported on the student's 2010 1040 EZ income tax form was reported as \$7,107 and taxes paid were \$0.*

*Student #22: The Academy provided a listing to the Department of students for whom the verification process was completed for the 2011-2012 award year. The student was identified as having had the verification process completed; however, there were no supporting documents in the student's file.*

*Student #23: The Academy provided a listing of students to the Department of students for whom verification was completed in the 2011-2012 award year. The student was identified as having had verification completed; however, there were no 2009 tax documents in the file to support that verification was completed.*

*Student #24: The student provided a 2010 Federal Tax Summary to The Academy as documentation to support the reported AGI on the 2011-2012 ISIR. The document was not provided by or obtained from the Internal Revenue Service, but rather a summary generated from an income tax software program. The form does not meet the Department's requirement to properly document the student's AGI. Therefore, verification was not completed for this student.*

*Student #26: The student's 2011-2012 ISIR, transaction 01 shows that the student reported taxes paid as \$1,145 and a household size of five. However, the amount of taxes paid as shown on the student's 2010 1040A tax form was \$145 and a household size of two appears on the 2011-2012 Verification Worksheet.*

*Student #27: The Academy reported to COD that it completed verification for the student for the 2011-2012 award year; however, there were no documents in the file to support that verification was completed.*

**Required Action Summary:** *The Academy was required to review the files of students who were selected for verification during the 2010-2011 and 2011-2012 award years to determine if verification requirements have been met for the students selected. If The Academy used the 30% verification option, a description of The Academy's method of determining that 30% of student applicants were verified, along with supportive documentation, was required to be submitted in response to this Program Review Report (PRR).*

*In addition, a spreadsheet was required to be prepared and include all students selected for verification for the 2010-2011 and 2011-2012 award years, including those not verified because The Academy determined that the 30% threshold had been met. The spreadsheet was required to include the following information for each student selected for verification:*

- 1) Student's Name*
- 2) Student's Social Security Number (SSN)*
- 3) Included within 30% (Y/N)*
- 4) Tax Return or other appropriate document (e.g., data retrieved from IRS and not changed, or tax transcript) on file (Y/N)*
- 5) Verification Worksheet on file (Y/N)*
- 6) Verification is Complete (Y/N)*
- 7) Verification Status Reported to COD Correctly (Y/N)*
- 8) Change in EFC, if any, resulting from Verification*
- 9) Title IV, HEA Original Disbursed Amount, by Title IV Program and award year*
- 10) Title IV, HEA Revised Disbursed Amount, by Title IV Program and award year*
- 11) Funds due to the Department, if any, by Title IV program and award year, as a result of changes to EFCs or verification incomplete*

*The students from the program review sample noted above were required to be included on the spreadsheet. The Academy was allowed to attempt to complete verification on students for whom verification documents were not present but for whom verification was required.*

*The spreadsheet was required to include an auditor's attestation to the accuracy of the information provided. For any students for whom verification was not completed or where disbursements were made to students with unresolved, inconsistent information on their ISIRs, liabilities to the Department would be identified. Instructions on the repayment of liabilities would be provided in the FPRD.*

**The Academy's Response:** *The results of a file review of 104 students, who were selected for verification during the 2010-2011 and 2011-2012 award years, included on both The Academy's and its auditor's spreadsheets, indicated that all verifications issues have been resolved and the auditor stated that no errors in the school's resolution of these issues were found.*

In addition, The Academy provided documentation to resolve all of the noncompliance issues identified in this finding. For Student #11, The Academy recalculated a new EFC and the student's eligibility using the household size of 2. As a result of the new EFC of 4578, The Academy is liable for the amount of \$724 in FPG funds, the difference between the total amount of \$1,900 ( $\$950 \times 2$ ) in FPG funds to which the student was improperly disbursed and the total amount of \$1,176 ( $\$588 \times 2$ ) in FPG funds for which the student was eligible.

**Final Determination:** The Academy must pay the total amount of \$724 in FPG funds for Student #11, and update the verification status from "S" to "V" in COD for Student #19, so that the 2011-2012 verification process is completed.

A Summary of Liabilities can be found in Section D and Instructions for Repayment in Section E of this Final Program Review Determination (FPRD). The liability includes charges assessed on the amount due.

**Finding 2. Return to Title IV (R2T4) Calculation Errors/R2T4 Calculation Not Performed**

**Citation Summary:** *Per 34 C.F.R. § 668.22(b), Withdrawal date for a student who withdraws from an institution that is required to take attendance, (1) For purposes of this section, for a student who ceases attendance at an institution that is required to take attendance, 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. (2) An institution must document a student's withdrawal date and maintain the documentation as of the date of the institution's determination that the student withdrew. (3)(i) An institution is required to take attendance if (A) An outside entity (such as the institution's accrediting agency or a state agency) has a requirement that the institution take attendance; (B) The institution itself has a requirement that its instructors take attendance; or (C) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program.*

*Relative to the **date of determination** that a student withdrew, per the 2011-2012 Federal Student Aid Handbook, institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring a determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records.*

*According to 34 C.F.R. § 668.22(i), Order of Return of Title IV Funds - (1) Loans. Unearned funds returned by the institution or the student, as appropriate, must be credited to outstanding balances on Title IV loans made to the student or on behalf of the student for the payment period or period of enrollment for which a return of funds is required. Those funds must be credited to outstanding balances for the payment period or period of enrollment for which a return of funds is required in the following order:*

- (i) Unsubsidized Federal Stafford Loans.*
- (ii) Subsidized Federal Stafford Loans.*
- (iii) Unsubsidized Federal Direct Stafford Loans.*
- (iv) Subsidized Federal Direct Stafford Loans.*
- (v) Federal Perkins Loans.*
- (vi) Federal PLUS Loans received on behalf of the student.*
- (vii) Federal Direct PLUS Loans received on behalf of the student.*

*(2) Remaining funds. If unearned funds remain to be returned after repayment of all outstanding loan amounts, the remaining excess must be credited to any amount awarded for the payment period or period of enrollment for which a return of funds is required in the following order:*

- (i) Federal Pell Grants.*
- (ii) Academic Competitiveness Grants.*
- (iii) National SMART Grants.*
- (iv) FSEOG Program aid.*
- (v) TEACH Grants.*

*According to 34 C.F.R. § 668.22(j), Timeframe for the Return of Title IV Funds, (1) An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. The timeframe for returning funds is further described in 34 C.F.R. § 668.173(b).*

***Noncompliance Summary:*** *There were several instances in which The Academy either failed to return funds to federal programs or failed to calculate R2T4s correctly.*

*Additionally, the funds returned to the FSEOG program should be returned after the FPG funds, but were returned prior to returning FPG funds. There were four students' files, from the 2011-2012 award year, in which funds were returned improperly, representing a 27% error rate. The high error rate demonstrates a lack of administrative capability with regard to appropriately administering R2T4.*

*Student #19: The R2T4 calculation resulted in The Academy having to return \$4,441 in FDSL and FDUL funds and \$299.77 in FPG funds. However, The Academy returned \$4,441 in FDSL and FDUL funds but there is no evidence that the FPG funds were returned.*

*Student #23: There was no evidence that The Academy perform an R2T4 calculation. The student started attending classes on April 12, 2012 and withdrew on April 18, 2012. The termination form in the student's file indicates that the student completed 6% of the program during the payment period. The FPG funds of \$2,775 were disbursed on April 24, 2012. Based on R2T4 calculations, The Academy should have returned \$2,608.50.*

*Student #27: A corrected R2T4 calculation resulted in The Academy having to return \$6,305.91 in Title IV funds. The school should have returned \$2,175.91 to the FPG program and \$4,130 to the FDSL and FDUL programs, respectively. However, The Academy returned \$4,130 in FDSL and FDUL funds, \$1,781 in FPG funds, and \$125 in FSEOG funds. Therefore, the \$394.91 in FPG funds is owed to the Department and \$125 in FSEOG funds must be credited back to the student account.*

*Student #29: A corrected R2T4 calculation resulted in The Academy having to return \$6,438.39 in Title IV funds. The school should have returned \$2,208.39 to the FPG program and \$4,230 to the FDSL and FDUL programs, respectively. However, The Academy returned \$1,653 in FPG funds, \$4,230 in FDSL and FDUL funds, and \$125 in FSEOG funds. Therefore, \$555.39 in FPG funds is owed to the Department and \$125 in FSEOG funds must be credited back to the student's account.*

*In addition, the student's last date of attendance was February 16, 2012, and the student's withdrawal date should have been determined within 14 days (except in unusual circumstances, as explained in the Federal Student Aid Handbook); however, The Academy determined the student's withdrawal date on April 17, 2012. Subsequently, The Academy returned \$1,778 to the FPG program and \$4,230 to the FDSL and FDUL programs on May 31, 2012, resulting in a late return.*

**Required Action Summary:** *The Academy was required to process a R2T4 calculation for each student who was withdrawn, dropped, or otherwise ceased attendance without completing a payment period during the 2011-2012 award year. The Academy was required to prepare an Excel spreadsheet, accompanied by an auditor's attestation as to the accuracy of the information provided (per the instructions provided in the required*

*action to Finding #1), and submit it along with a copy of the R2T4 calculations, in response to this PRR. The spreadsheet was required to include the following information:*

- 1) Student's Name*
- 2) Student's SSN*
- 3) Date of Determination of withdrawal*
- 4) First Date of Attendance (first half program of study)*
- 5) Last Date of Attendance (first half program of study)*
- 6) First Date of Attendance (second half program of study)*
- 7) Last Date of Attendance (second half program of study)*
- 8) Disbursements for Payment Period of Withdrawal (use one column for each Title IV program)*
- 9) Scheduled Days in Payment Period*
- 10) Number of Days Attended for Payment Period*
- 11) Original Title IV, HEA Funds Returned, by Title IV Program*
- 12) Additional Title IV, HEA Funds to be Returned, by Title IV Program*

*Instructions for repayment of additional Title IV, HEA funds to be returned would be provided in the FPRD.*

*The Academy was also required to establish and implement a procedure to ensure that R2T4 calculations were completed timely and correctly and returned per regulatory requirements. A copy of the procedure was required to be provided with your response to this PRR.*

**The Academy's Response:** The Academy performed a file review of 21 students who withdrew during the 2011-2012 award year, and found one error so that \$303 of FPG funds needs to be returned. Its auditor also reviewed the 21 files, and found 11 errors. The errors resulted in additional amounts of \$4,237 in FPG funds, \$4,636 in Direct Loan funds (\$2,894 in FDSL and \$1,742 FDUL), and \$63 in FSEOG funds to be returned to the appropriate programs. Per the auditor, one of the refund amounts to be paid to the FDSL program for one of the 11 students needs to be corrected from \$106 to \$190, which was a typo mistake. Therefore, an additional \$84 of FDSL funds needs to be returned to the Department for this student.

The Academy in its response stated that \$300 in institutional charges, which included \$200 in a registration fee and \$100 in an administrative drop fee, was not posted to any of its student accounts; therefore, no FPG refunds were due to the Department for Student #19. For Student #23, all Title IV funds were returned to the appropriate programs.

**Final Determination:** On December 23, 2013, the Department issued a Final Audit Determination Letter (FADL) to The Academy, indicating that The Academy paid the liabilities to the appropriate programs for all questioned students identified in the R2T4

finding cited in the Fiscal Year Ended 12/31/2012 Compliance Audit. Three of the students identified in the audit are also identified in the program review. These three students are: (1) Student #A11 (\$405 of FPG funds paid) identified in the audit is one of the 11 questioned students mentioned above, and (2) Students #A22 and #A24 identified in the audit are Students #27 and #29 identified in the above "Noncompliance Summary" section. Liabilities on behalf of these students have been paid.

However, The Academy still owes liabilities for this finding, for additional students, in the amounts of \$4,135 in FPG funds (\$303 + \$4,237 - \$405), \$2,978 in FDSL funds (\$2,894 + \$84), \$1,742 in FDUL funds, and \$63 in FSEOG funds. The Academy's R2T4 policy indicates that the refund must be accurately calculated and paid within forty five days of the withdrawal date.

A Summary of Liabilities can be found in Section D and Instructions for Repayment in Section E of this FPRD.

**Finding 3. Satisfactory Academic Progress (SAP) Not Adequately Monitored and SAP Evaluations Not Adequately Documented**

*Citation Summary: For purposes of determining student eligibility for assistance under a Title IV, HEA program, an institution establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program. These standards must be consistently applied. An institution's SAP policy must address the qualitative and quantitative requirements each student must follow to remain eligible for Title IV aid. 34 C.F.R. § 668.16(e) and 34 C.F.R. § 668.34.*

*34 C.F.R. § 668.34(d)(2), Satisfactory Academic Progress, states that the institution may place the student on financial aid probation and may disburse Title IV, HEA program funds to the student for the subsequent payment period if (i) The institution evaluates the student and determines that the student is not making satisfactory academic progress; (ii) The student appeals the determination; and (iii)(A) The institution determines that the student should be able to be make satisfactory academic progress during the subsequent payment period and meet the institution's satisfactory academic progress standards at the end of that payment period; or (B) The institution develops an academic plan for the student that, if followed, will ensure that the student is able to meet the institution's satisfactory academic progress standards by a specific point in time. A student on financial aid probation for a payment period may not receive Title IV, HEA program funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution determines that the student met the requirements specified by the institution in the academic plan for the student.*

*Noncompliance Summary: The Academy's SAP policy does not meet the regulatory requirements to properly evaluate and determine a student's adherence to SAP.*

*Specifically, The Academy's SAP policy states that a student must have a minimum numerical average of 70% and have successfully completed a minimum of 12 Quarter Credits at the midpoint of the program. A student not meeting SAP at the midpoint of the normal duration of the course (15 weeks) will be placed on Academic Probation for the next five weeks. Failure to maintain satisfactory progress after two consecutive or non-consecutive probationary periods will cause an automatic termination of enrollment. In addition, The Academy's attendance policy states that students who are frequently absent or whose attendance falls below 70% of their scheduled time are subject to probation and, if warranted, termination of enrollment. However, there is no documentation in the students' files indicating when and whether a student is on probation, even though it is clear certain students are not meeting the school's SAP standards.*

*The policy also fails to provide students with information on how to appeal a decision that a student fails to meet SAP, even though a student must appeal in order to be placed on probation, per federal regulations.*

*Further, The Academy uses an SAP form intended to record whether the student is making Satisfactory Academic Progress. It appears that the purpose of the form is to confirm that SAP has been reviewed, but often times there was no information completed on the form.*

*The following students failed to meet The Academy's SAP standards:*

*Student #3: The SAP evaluation form, at the program midpoint of 15 completed weeks, indicates that the academic average and attendance percentage were 58.00% and 69.58% respectively. At the completion of 20 weeks, the student's average was 58.50%. There is no documentation indicating that the student was determined to not be making SAP, appealed that determination, or was placed on probation. The student continued to receive Title IV funds.*

*Student #4: The SAP evaluation form, at the program midpoint of 15 completed weeks, indicates that the student's academic average and percentage of attendance were 52.00% and 61.25% respectively. At the completion of 20 weeks, the student's academic average and percentage of attendance were 47.50% and 63.38% respectively. The student's academic average and percentage of attendance after the completion of 25 weeks were 49.60% and 63.87% respectively. After 30 weeks of instruction, the student's attendance percentage was 59.24%. There is no documentation indicating the student was determined to not be making SAP, appealed that determination, or was placed on probation. The student continued to receive Title IV funds.*