

DC-ERM



July 22, 2014

Mr. Alex Brnilovich
President
Antonelli College
124 East 7th Street
Cincinnati, OH 45202-2592

Certified Mail Return Receipt Requested
7011 1570 0000 7489 9025

RE: **Final Program Review Determination**
OPE ID: 01289100
PRCN: 201040527239

Dear President Brnilovich,

The U.S. Department of Education's (Department's) School Participation Team – Chicago/Denver issued a program review report on April 4, 2012 covering Antonelli College's (Antonelli's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2008-2009 and 2009-2010 award years. Antonelli's response was received on August 20, 2012. Antonelli failed to address adequately 2 of the 9 findings, as detailed in the attached report. A copy of the program review report (and related attachments) and the institution's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Antonelli upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by Antonelli. 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 of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

This FPRD contains one or more findings regarding Antonelli's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations at 34 C.F.R. §§ 668.41, 668.46, and 668.49. Because a *Clery Act* finding does not result in a financial liability, such a finding may not be appealed. If an adverse administrative action is initiated, additional information about Antonelli's appeal rights will be provided under separate cover.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Chicago/Denver

500 West Madison Street, Suite 1576, Chicago, IL 60661

StudentAid.gov

The total liabilities due from the institution from this program review are **\$406,263.20** (\$264,324.00 to the Department; \$139,923.20 to the holders of student loans; and \$2,016.00 to students).

This final program review determination 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. Appendices A, B, C, E and G contain PII. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the April 4, 2012 program review report. If Antonelli 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. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date Antonelli receives this FPRD. An original and four copies of the information Antonelli 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

Antonelli'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 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 Antonelli'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).

If the institution has any questions regarding this letter, please contact Mark Kreutzer, Institutional review Specialist at 312-730-1722. 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)

Douglas Parrott
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Marie Leconte, Financial Aid Administrator
Accrediting Commission of Career Schools and Colleges
Ohio State Board of Career Colleges and Schools
Mississippi Commission on Proprietary School & College Registration
Great Lakes Higher Education Corporation

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).

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.

Prepared for
Antonelli College

Federal Student Aid
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OPE ID 01289100
PRCN 201040527239

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Chicago/Denver

Final Program Review Determination July 15, 2014

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A. Institutional Information

Antonelli College
124 East 7th Street
Cincinnati, Ohio 45202-2592

Type: Proprietary

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment (Source: IPEDS):

2012-2013 Award Year

Cincinnati	266
Hattiesburg	332
Jackson	575

Percentage of Students Receiving Title IV (Source: IPEDS):

2011-2012 Award Year

Cincinnati	97%
Hattiesburg	93%
Jackson	44%

Title IV Participation (Source: PCNet):

2012-2013 Award Year

William D. Ford Federal Direct Loan (Direct Loan) Program- Unsubsidized	\$8,323,452.00
Direct Loan – Subsidized	\$5,570,147.00
Direct Loan – PLUS	\$364,596.00
Federal Pell Grant	\$5,944,107.00
Federal Supplemental Education Opportunity Grant	\$144,749.00
Federal Work Study	\$201,683.00

Default Rate (Source: PEPS):

2011	– 16.8%
2010	– 18.6%
2009	– 21.9%

B. Scope of Review

The U.S. Department of Education (Department) conducted a program review at Antonelli College (Antonelli) from July 12 through July 15, 2010. The review was conducted by Clare Barger, Mark Holland, and Briget Jans.

The focus of the review was to determine Antonelli's compliance with the statutes and federal regulations as they pertain to Antonelli's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Antonelli'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 47 files was identified for review from the 2008-2009 and 2009-2010 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 E 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 April 4, 2012.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Findings #4, #5, and #6

Antonelli has taken the corrective actions necessary to resolve Findings #4, #5, and #6 of the program review report (PRR). Therefore, these findings are closed. Findings requiring further action by Antonelli are discussed below.

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 Antonelli's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on April 4, 2012 is attached as Appendix F.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, and unearned administrative cost allowance are not included in individual findings, but instead are in the summary of liabilities table in Section D of the report.

Finding #1: Return to Title IV (R2T4) Errors

***Citation Summary:** As specified in 34 C.F.R § 668.22, when a recipient of Title IV funding 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 funding that the student earned as of the student's withdrawal date.*

***Noncompliance Summary:** Antonelli failed to correctly perform the Return of Title IV (R2T4) calculation for 18 students. During the program review, it was determined that the institution's software for their R2T4 calculations contained an error whereupon the software was not programmed properly to round the calculations correctly even though it did not appear to do so on the final print out. This error in the software caused the school to return too much in some cases and too little in other cases. This was a systemic error that caused a problem with all of the R2T4 calculations.*

***Required Action Summary:** Antonelli was required to make all of the required returns identified in the noncompliance section of the PRR and provide proof to the Department that it has done so. In addition, Antonelli was required to review its policies and procedures to ensure, that in the future, the institution is in compliance with Federal Title IV, HEA regulations. Finally, due to the extent of the R2T4 errors, Antonelli was required to perform a full file review on all students that withdrew during the 2008-2009 and 2009-*

2010 award years. For all student files reviewed, Antonelli was required to provide to all supporting documentation requested by the Department.

Antonelli's Response: In its response submitted on August 20, 2012, Antonelli acknowledged the error in its R2T4 software and that the error has been corrected. The institution also noted that no required action regarding over returned Title IV funds was specified in the PRR. Antonelli's response indicated that R2T4 calculation corrections have been made for students #42, #45, and #46, and that refund checks for these students had been generated and sent. The response included evidence that the returns for these three students had been paid.

In regards to students #37 and #47, supporting documentation corroborates that Federal Stafford Loan funds have been returned for student #47; however, Federal Pell Grant funds for this student, as well as student #37 have not yet been returned, as the institution requested assistance in returning funds to a closed award year.

In response to the full file review, Antonelli submitted the requested spreadsheets and additional documentation. However, upon review of the documentation, it was determined that Antonelli failed to include the "Class Listing" forms with student signatures. A "Resubmission Requirement to Program Review Response" letter was sent by the Department on October 19th, 2012 (see Appendix H) instructing Antonelli to submit all missing information to the Department within 30 calendar days of the letter. Antonelli's response to the "Resubmission Requirement to Program Review Response" was received by the Department on December 10, 2012, but was still missing "Class Listing" forms with student signatures for multiple students in the file review.

Final Determination:

Students reviewed in PRR:

Students #1, #3, #4, #9, #15, #16, #20, #26, #27, #33, and #44: Antonelli's R2T4 software error caused an over return of Title IV funding for each of these students. As the institution has corrected the software error, no further action is required concerning these students at this time.

Students #42, #45, #46, and #47: Although the Federal Stafford Loan funds have been returned for each of these students, Antonelli is liable for the interest costs associated with the incorrect returns. The interest calculations are included reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

Students #8 and #35: Antonelli's R2T4 software error caused the institution to under return subsidized loan funds for these students, by \$1.05 and \$0.85, respectively. The

Department considers these amounts to be de minimis, so no demand for payment is made at this time.

Students #37 and #47: Antonelli is liable for the Federal Pell Grant funds still owed on behalf of these students in the amount of \$81.93 and \$683.00, respectively. Antonelli is also liable for the interest costs associated with these incorrect returns. The interest calculations are included on the Cost of Funds (Finding 1) worksheet in Appendix B.

File Review¹:

Antonelli submitted documentation for 875 withdrawn students from the 2008-2009 and 2009-2010 award years; however, 337 were determined to not be subject to the R2T4 calculation requirement (these students simply did not return to the institution after completion of a term).

The Department's analysis of the full file review that was completed for all students who withdrew during the 2008-2009 and 2009-2010 award years revealed a multitude of R2T4 calculation errors, which are described below:

IA. Incorrect Tuition and Fees in R2T4 Calculation:

For the 206 students listed below, Antonelli incorrectly included a \$100 "administration fee" in the "institutional charges for the period" section of the R2T4 calculation (Step 5L). Pursuant to 34 C.F.R. § 668.22(g)(2): "institutional charges" are tuition, fees, room and board and other educationally-related expenses assessed by the institution. Furthermore, DCL-GEN-00-24 explains, "the institutional charges used in the calculation are always the institutional charges that were initially assessed the student for the payment period or period of enrollment, unless the institution adjusted the student's institutional charges prior to the student's withdrawal (for example, for a change in enrollment status)." As these charges were not initially assessed, but were assessed as a result of a student's withdrawal from the institution, they cannot be considered "institutional charges" thus, they should not have been included in the R2T4 calculation:

A8, A11, A13, A18, A19, A20, A29, A30, A35, A44, A47,A48, A50, A52, A54, A55, A59, A67, A69, A78, A85, A88, A91, A93, A94, A95, A98, A108, A109, A110, A113, A119, A120, A125, A131, A133, A142, A143, A148, A149, A162, A163, A178, A183, A184, A187, A200, A205, A216, A220, A223, A227, A234, A239, A240, A244, A248, A254, A256, A263, A278, A279, A280, A281, A282, A289, A290, A292, A293, A298, A299, A315, A316, A320, A323, A329, A338, A346, A349, A351, A353, A364, A365, A367, A379, A384, A393, A395, A397, A398, A405, A409, A412, A413, A415, A421,

¹ A description of the system utilized to assign student identification numbers is located in Appendix A.

B11, B14, B15, B17, B18, B21, B26, B31, B33, B34, B35, B36, B39, B42, B44, B49, B50, B55, B58, B60, B62, B63, B66, B68, B77, B98, B105, B106, B113, B118, B120, B122, B125, B126, B127, B142, B145, B150, B159, B163, B164, B173, B174, B180, B182, B187, B189, B191, B197, B198, B200, B201, B205, B207, B208, B224, B225, B226, B229, B230, B236, B244, B256, B257, B259, B261, B269, B275, B280, B283, B284, B287, B292, B305, B307, B311, B317, B319, B327, B329, B338, B340, B341, B351, B356, B359, B360, B366, B381, B382, B387, B388, B389, B392, B399, B402, B404, B410, B415, B417, B418, B422, B427, B435, B441, B454, B455, B457, B458, and B459.

As explained in the 2008-2009 FSA Handbook (p. 5-37) and 2009-2010 FSA Handbook (p. 5-41), "Noninstitutional charges (not included in a Return calculation) include charges for any required course materials that a school can document a student had a real and reasonable opportunity to purchase elsewhere. Per an e-mail from Barb Lorincz, the resource contact for the Antonelli file review, "Students always had the option of purchasing their books from alternative sources, other colleges bookstores were in close proximity" (see Appendix I). Consequently, as students have a real and reasonable opportunity to purchase their books and supplied outside of the institution, these charges may not be included in the R2T4 calculation, and therefore Antonelli is not compliant with the conditions mandated in 34 C.F.R § 668.22(g)(2).

Finally, students A222, and A330 had incorrect fee amounts included in the R2T4 calculation and student A82 had incorrect tuition and fee amounts included in the R2T4 calculation.

Antonelli is liable for the additional funds owed as a result of the incorrect return calculations as well as the interest costs associated with the additional funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1B. Incorrect number of total calendar days in the period:

34 C.F.R §§ 668.22(f)(1)(i) and (2)(i) explains that, for programs measured in credit-hours, when performing a R2T4 calculation, the percentage of the payment period completed is determined by dividing the total number of calendar days in the payment period into the number of calendar days completed in that period as of the student's withdrawal date, excluding scheduled breaks of at least five consecutive days. For the 98 students listed below, Antonelli utilized the incorrect number of total calendar days in the period in the "Percentage of Title IV Aid Earned" section of the R2T4 calculation (Step 2H), resulting in calculation errors:

A23, A42, A59, A69, A70, A79, A82, A93, A95, A109, A116, A122, A127, A175, A176, A191, A205, A212, A216, A217, A218, A220, A223, A227, A239, A243, A249, A254, A256, A258, A263, A279, A280, A284, A289, A290, A292, A298, A303, A315, A327, A334, A338, A340, A341, A346, A354, A359, A367, A379, A388, A393, A407, A410, A414, A415, B31, B42, B49, B55, B62, B66, B76, B103, B108, B113, B114, B129, B139, B207, B209, B221, B228, B250, B252, B253, B258, B264, B277, B284, B305, B307, B316, B321, B340, B342, B381, B390, B396, B406, B410, B411, B418, B427, B431, B447, B450, and B459.

Antonelli is liable for the additional funds owed as a result of the incorrect return calculations as well as the interest costs associated with the additional funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1C. Incorrect Date of Withdrawal:

For the five students listed below, according to the attendance documentation provided, Antonelli utilized the incorrect date of withdrawal in the R2T4 calculation (Step 2):

For student A122, the date of withdrawal should be 10/30/2008; however, Antonelli used 10/27/2008 in its R2T4 calculation.

For student A136, the date of withdrawal should be 11/5/2008; however, Antonelli used 10/29/2008 in its R2T4 calculation.

For student B114, the date of withdrawal should be 10/5/2009; however, Antonelli used 10/12/2009 in its R2T4 calculation.

For student B221, the date of withdrawal should be 11/13/2009; however Antonelli institution used 11/19/2009 its R2T4 calculation.

For student B331, the date of withdrawal should be 9/24/2009; however, Antonelli used 9/21/2009 its R2T4 calculation.

Antonelli is liable for the additional funds owed as a result of the incorrect return calculations as well as the interest costs associated with the additional funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1D. Return of Title IV Funds Made Late:

For students A70, A71, A88, A176, A303, B34, B40, B63, B122, B143, B174, B177, B180, B209, B258, B307, B316, B318, B346, B387, and B431, Antonelli failed to return

the amount of Title IV funds owed within the regulatory timeframe. 34 C.F.R. § 668.22(j) mandates that Title IV funds must be returned to the appropriate program accounts within 45 days of the date that the student officially withdrew, was expelled, or the institution determined that the student unofficially withdrew.

Antonelli is liable for the interest costs associated with the late returns. The interest calculations are included on the Cost of Funds (Finding 1) worksheet in Appendix B

1E. Title IV funds not included in R2T4 calculation:

As explained in 34 C.F.R. § 668.164(a), an institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with funds received from the Secretary, funds received from a lender under the FFEL programs, institutional funds used in advance of receiving Title IV, HEA program funds. For students A9, A178, A243, A303, A313, A330, A343, A365, A407, A421, B103, B113, B250, B321, B351, B406, B411, and B437, Stafford loan funds that were previously disbursed but subsequently returned were incorrectly omitted from the R2T4 calculation.

In addition, for students A52, B68, B252, B288, B307, B340, B390, B396, and B450, Antonelli did not include Federal Supplemental Educational Opportunity Grant (FSEOG) program funds in the R2T4 calculation.

Finally, the Federal PLUS loan was not included in the R2T4 calculation for student A52, Federal Pell Grant funds were not included in the R2T4 calculation for student A286, and Academic Competitiveness Grant (ACG) funds were not included in the R2T4 calculation for student B103.

Antonelli is liable for the additional funds owed as a result of the incorrect return calculations as well as the interest costs associated with the additional funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1F. Ineligible Disbursements:

For the 90 students below, Antonelli disbursed Title IV, HEA funds to students who were no longer enrolled; and hence, were ineligible for the disbursement of these funds. Federal regulations require that before disbursing Title IV, HEA funds, an institution must first confirm that a student is eligible to receive them. The Student Assistance General Provisions regulations provide that, in order to be eligible for Title IV, HEA funds, a recipient must be a regular student enrolled in an eligible program at an eligible institution, as described in 34 C.F.R. §§ 668.32(a)(1)(i) and (a)(2).

Further, 34 C.F.R. § 668.164(g)(i) notes that for Federal Family Education Loan (FFEL) program purposes, an otherwise eligible student becomes ineligible to receive Title IV, HEA program funds on the date that the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended. In addition, 34 C.F.R. § 668.164(g)(ii) asserts that for Federal Pell Grant, ACG, and FSEOG purposes, a student becomes ineligible to receive Title IV, HEA program funds on the date that the student is no longer enrolled at the institution for the award year:

A13, A47, A48, A87, A88, A98, A119, A127, A143, A149, A162, A167, A170, A178, A182, A183, A206, A211, A212, A213, A216, A217, A227, A243, A256, A280, A281, A282, A307, A313, A316, A334, A343, A346, A353, A354, A356, A364, A365, A387, A397, A407, A408, A421, B17, B21, B42, B58, B62, B66, B74, B98, B103, B106, B113, B114, B412, B143, B159, B163, B173, B191, B197, B207, B208, B209, B224, B225, B229, B230, B252, B259, B275, B284, B288, B305, B307, B316, B318, B338, B342, B351, B381, B396, B404, B406, B411, B417, B450, B457, and B459.

Antonelli is liable for the ineligible Title IV disbursements as well as the interest costs associated with the ineligible disbursements. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1G. Post-Withdrawal Disbursements/Inadvertent Overpayments:

For students A9, A18, A33, A42, A59, A85, A142, A164, A191, A223, A284, A293, A299, A359, A395, A398, A409, A412, A414, B31, B36, B40, B49, B52, B108, B122, B177, B180, B203, B250, B277, B292, B321, B328, B329, B340, B341, B358, B389, B392, B427, B447, and B454, Antonelli incorrectly included Title IV funds in the “amount disbursed” rather than in the “amount that could have been disbursed” section of the R2T4 calculation (Step 1). As a result, these students would have been eligible for a Post-Withdrawal Disbursement (in Step 4, the amount in Box I was greater than the amount in Box E; therefore, the calculation proceeds to Step 4J). As detailed in Section IV, “Allocation of Post-withdrawal Disbursements” on the Post-Withdrawal Disbursement Tracking Sheet, after grant funds, Unsubsidized Federal Stafford Loans are to be credited to the students account prior to Subsidized Federal Stafford Loans (which is in contrast to Step 6 of the R2T4 calculation, wherein the institution would return disbursed Subsidized Federal Stafford Loans after disbursed Unsubsidized Federal Stafford Loans). As a result of the errors, Subsidized return amounts were incorrectly returned to the Unsubsidized loan program and vice versa.

Antonelli is liable for the amounts still owed as a result of the errors identified above as well as the interest costs associated with the amounts still owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

To participate in any Title IV, HEA program, an institution must demonstrate to the Department that it has the administrative capability outlined in 34 C.F.R. § 668.16. More specifically, as addressed in the 2008-2009 FSA Handbook (5-63) and 2009-2010 FSA Handbook (p.5-66), "Institutions are expected to have the administrative capability to prevent inadvertent overpayments on a routine basis. Specifically, an institution is expected to have in place a mechanism for making the necessary eligibility determinations prior to the disbursement of any Title IV, HEA program funds — for example, a process by which withdrawals are reported immediately to those individuals at the institution who are responsible for making Title IV, HEA program disbursements." Due to the volume of inadvertent overpayments, Antonelli demonstrated a lack of administrative capability and therefore must increase its internal controls and strictly enforce procedures, to combat errors, as well as ineligible disbursement errors.

1H. Unmade Returns:

As a result of the systemic error with Antonelli's R2T4 software, many R2T4 calculations required revision, and after the revisions were finalized, Antonelli, in certain cases, was required to return additional Title IV funds to the Department. However, the institution has not yet made the required returns; therefore, these funds are considered unpaid for the nine students below:

For student A110, Antonelli did not return the additional Federal Pell Grant funds owed as a result of the revised R2T4 calculation.

For student B11, Antonelli did not return the additional Federal Pell Grant funds owed as a result of the revised R2T4 calculation.

For student B287, Antonelli did not return the additional Federal Pell Grant and Federal Subsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student B327, Antonelli did not return the additional Federal Pell Grant and Federal Subsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student B200, Antonelli did not return the additional Federal Subsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student B346, Antonelli did not return the additional Federal Subsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student B317, Antonelli did not return the additional Federal Unsubsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student A182, Antonelli did not return the additional Federal Subsidized and Unsubsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student B65, Antonelli did not return the additional Federal Subsidized and Unsubsidized Stafford Loan funds owed as a result of the revised R2T4 calculation.

For student B394, Antonelli incorrectly returned Federal Subsidized Stafford Loan funds rather than Federal Unsubsidized Stafford Loan funds as required by the R2T4 calculation.

Antonelli is liable for the additional funds owed as a result of the incorrect return calculations as well as the interest costs associated with the additional funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

II. Other R2T4 Calculation Errors:

For students A374, A407, B21, B77, B113, and B457, incorrect Federal Pell Grant amounts were utilized in the R2T4 calculation.

For student B14, an incorrect Federal Subsidized Stafford amount was utilized in the R2T4 calculation.

For students A113, A220, A234, and A313 incorrect Federal Unsubsidized Stafford Loan amounts were utilized in the R2T4 calculation.

For student A292, incorrect Federal Subsidized and Unsubsidized Stafford Loan and FSEOG amounts were utilized in the R2T4 calculation.

For student A323, Federal Pell Grant funds were incorrectly included in the "amount disbursed" rather than "amount that could have been disbursed" section of the R2T4 calculation (Step 1).

For student B18, Federal Pell Grant funds were incorrectly included in the "amount that could have been disbursed" rather than the "amount disbursed" section of the R2T4 calculation (Step 1).

For student B410, Federal Pell Grant was incorrectly included in the "amount disbursed" section of the R2T4 calculation (Step 1).

For student A364, Federal Pell Grant was incorrectly listed in both the "amount disbursed" and "amount that could have been disbursed" sections of the R2T4 calculation (Step 1).

For students A78 and A95, the Federal Subsidized Stafford Loan and Federal Unsubsidized Stafford Loan amounts were incorrectly switched on the of the R2T4 calculation (Step 1).

For student A418, Federal Stafford Loan funds were incorrectly identified as unsubsidized, rather than subsidized on the of the R2T4 calculation (Step 1).

Antonelli is liable for the additional funds owed as a result of the incorrect return calculations as well as the interest costs associated with the additional funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1J. Missing Attendance Documentation:

In contrast to the instructions detailed in the PRR as well as the "Resubmission Requirement to Program Review Response" letter, Antonelli did not submit all attendance records (i.e. "Class Attendance Report" and "Class-Listing" forms with student signatures) for the payment period/term during which students withdrew from the institution. As described in 34 C.F.R. § 668.24(c)(iii), institutions participating in the Title IV, HEA programs are required to retain documentation of each student's eligibility to receive said funds.

Due to the absence of class attendance documentation for the 151 students below, the Department was unable to corroborate student attendance for the term in which she/he withdrew. Accordingly, the lack of these data elements renders the institutions' response incomplete. As such, the Title IV funds disbursed to these students are considered ineligible and must be returned to the Department in their entirety:

A10, A22, A24, A27, A28, A31, A32, A36, A37, A46, A58, A62, A63, A65, A68, A71, A80, A81, A83, A99, A105, A107, A111, A129, A135, A139, A140, A141, A150, A165, A168, A171, A179, A199, A208, A209, A201, A214, A225, A235, A245, A247, A253, A259, A267, A272, A273, A285, A288, A294, A295, A302, A305, A306, A308, A314, A319, A324, A328, A345, A347, A350, A352, A360, A361, A370, A371, A375, A376, A380, A381, A382, A391, A401, A406, A416, A471, B7, B8, B9, B28, B46, B47, B54, B59, B61, B83, B88, B92, B102, B107, B121, B132, B133, B140, B141, B146, B148, B156, B157, B162, B175, B178, B179, B183, B184, B194, B199, B204, B212, B214, B215, B216, B222, B233, B238, B239, B240, B247, B255, B266, B267, B293, B294, B298, B308, B339, B350, B361, B363, B364, B368, B369, B370, B375, B377, B384, B398, B405, B409, B412, B416, B419, B420, B428, B430, B439, B439, B445, B465, and B466.

As a result of these omissions, Antonelli is liable for the ineligible Title IV funds as well as the interest costs associated with the ineligible funds. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1K. Failure to complete R2T4 calculation:

For students A138, A177, A138, A331, A403, B82, B115, B227, B231, B289, B299, B300, B323, and B433, Antonelli failed to complete an R2T4 calculation. As explained in 34 C.F.R. § 668.22(a)(1): When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date.

Antonelli is liable for the Title IV funds owed as a result of its failure to complete an R2T4 calculation for the students identified above. Antonelli is also liable for the interest costs associated with the Title IV funds owed. The liabilities and interest costs are reflected on the Cost of Funds (Finding 1) worksheet in Appendix B.

1L. Withdrawal not determined timely/Calculation not completed timely:

For students A70, A71, A164, A220, A239, A248, A249, A284, A290, A338, A354, A393, A413, and B271, Antonelli failed to make a determination, within the required regulatory timeframe, that these students had withdrawn and therefore also failed to complete the R2T4 calculation in a timely manner. 34 C.F.R. § 668.22(j)(2)(i) notes that an institution must determine the withdrawal date for a student who withdraws no later than 30 days after the end of the payment period or period of enrollment.

The interest costs associated with the returns that were paid late as a result of Antonelli's failure to determine withdraws within the regulatory timeframe have already been established under parts 1D, 1H, and/or 1K as applicable.

1M. R2T4 calculations performed in error:

For students A7, A53, A134, A136, B10, B19, B20, B24, B27, B37, B38, B41, B53, B57, B85, B88, B89, B96, B99, B110, B111, B119, B218, B144, B149, B152, B171, B188, B202, B206, B218, B220, B223, B235, B241, B265, B269, B304, B306, B309, B320, B330, B347, B354, B362, B373, B376, B395, B397, B401, B423, B426, B460, B461, B463, and B464, Antonelli performed R2T4 calculations in error, and many times incorrectly returned funds as a result of these calculations. Predominantly, this occurred when a student completed a course within the term, including after completion of a course in one module within the term. Pursuant to 34 C.F.R. § 668.22(a)(1)², "when a recipient of

² Since the 2009-2010 award year, 34 C.F.R. § 668.22 has been amended.

Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV loan or grant assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of this section." Moreover, the 2009-2010 FSA Handbook (p, 5-79) states: If a student withdraws from an institution after completing at least one course in one module within the term, the student is not considered to have withdrawn and the requirements of 34 § C.F.R. 668.22 for the Return of Title IV funds does not apply. If a student withdraws from the institution before completing at least one course in one module, the student is considered to have withdrawn and the requirements for the Return of Title IV funds apply³. Although there are no liabilities associated with this error, the error resulted in Title IV funds being incorrectly returned for students that had earned these funds.

1N. Over return of Title IV funds:

For the 249 students below, Antonelli incorrectly over-returned some form of Title IV funding (such as Federal Pell Grant and/or Stafford Loans). Beyond the systemic errors involving the institution's R2T4 calculation software, a variety of other errors discussed in this finding resulted in a significant number of over-returns of Title IV funds during the 2008-2009 and 2009-2010 award years, including incorrect tuition and fees in the R2T4 calculation, incorrect total number of calendar days utilized in the R2T4 calculation, incorrect date of withdrawal utilized in the R2T4 calculation, Title IV funding not included in the R2T4 calculation, Ineligible Disbursement of Title IV funds, incorrect/omitted Post-Withdrawal Disbursements of Title IV funds, and R2T4 calculations performed in error.

A7, A9, A11, A13, A19, A20, A29, A30, A35, A44, A47, A48, A50, A52, A53, A55, A67, A78, A82, A87, A88, A91, A93, A95, A98, A108, A109, A110, A113, A125, A127, A131, A133, A134, A135, A143, A148, A162, A164, A167, A170, A178, A183, A184, A186, A200, A205, A206, A211, A212, A213, A216, A220, A222, A227, A234, A239, A240, A243, A244, A248, A256, A258, A263, A278, A279, A280, A282, A289, A290, A292, A298, A303, A307, A315, A316, A320, A329, A331, A334, A338, A343, A349, A353, A364, A365, A367, A379, A384, A387, A393, A395, A397, A398, A403, A405, A407, A412, A413, A414, A415, A421, B10, B14, B15, B17, B18, B19, B20, B21, B24, B26, B27, B31, B36, B37, B38, B41, B42, B44, B49, B52, B53, B55, B57, B60, B62, B66, B74, B75, B82, B85, B88, B89, B96, B98, B99, B103, B105, B106, B108, B110, B111, B113, B114, B118, B119, B120, B122, B125, B128, B139, B142, B143, B144, B149, B150, B152, B159, B163, B173, B174, B177, B187, B188, B191, B197, B198, B202, B205, B206, B207, B208, B209, B218, B220, B221, B223, B224, B225, B226, B229, B230, B235, B241, B244, B250, B252, B257, B259, B261, B265, B269, B275, B280, B283, B284, B288, B292, B269, B299, B300, B304, B305, B306, B307, B309,

³ The Department issued additional guidance concerning this matter in DCL-GEN-00-24 (December, 2000).

B311, B316, B320, B321, B323, B239, B330, B338, B340, B341, B347, B351, B354, B360, B362, B373, B376, B381, B387, B388, B395, B396, B397, B401, B404, B406, B410, B411, B415, B417, B422, B423, B426, B427, B431, B455, B457, B459, B460, B461, B463, and B464.

The total amount of liabilities owed as a result of this finding are summarized below:

Late Federal Stafford Loan Returns:

Interest Owed to the Department	\$30.44
Interest Owed to Student/Lenders	\$459.43

Unpaid Federal Stafford Loan Returns:

Principle Owed to the Department	\$31,072.18
Interest Owed to the Department	\$505.21
Interest Owed to Student/Lenders	\$2,100.77

Late Returns (non-loan):

Interest Owed to the Department	\$20.19
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Unpaid Returns (non-loan):

Principle Owed to the Department	\$8,179.93
Interest Owed to the Department	\$305.93

Ineligible Disbursements (Federal Stafford Loan- Late Returns):

Interest Owed to the Department	\$3,886.07
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Ineligible Disbursements (Federal Stafford Loan- Unmade Returns):

Principle Owed to the Department	\$106,290.82
Interest Owed to the Department	\$11,507.87

Ineligible Disbursements (Non-Loan- Late Returns):

Interest Owed to the Department	\$134.72
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Ineligible Disbursements (Non-Loan- Unmade Returns):

Principle Owed to the Department	\$221,395.75
Interest Owed to the Department	<u>\$8,805.60</u>

Total Owed:	\$394,694.91
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In addition, due to the number of unpaid and late refunds, the institution is required to have on file with the Department an irrevocable Letter of Credit equal to 25% of the total refunds the institution made or should have made during the most recently closed fiscal

year (34 C.F.R. § 668.173(d)). However, the institution has an existing Letter of Credit in the amount of \$120,000.00 with an expiration date of 09/03/2015; therefore, an additional Letter of Credit will not be required at this time.

Payment instructions are provided in Section E.

Finding #2: Pell Underaward

***Citation Summary:** Per 34 C.F.R. § 690.62(a), the amount of a student's Federal Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.*

***Noncompliance Summary:** Antonelli under awarded Federal Pell Grant funds to six students.*

***Required Action Summary:** Antonelli was required to provide the Pell Grant funds due to the students identified in the noncompliance section of this finding in the PRR and provide proof to the Department that they have done so. Furthermore, Antonelli was required to review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.*

Antonelli's Response: In its response, dated August 20, 2012, Antonelli acknowledged the Federal Pell Grant under awarding cited in the PRR. The institution stated that it has corrected their Federal Pell Grant proration procedure so that Pell Grant award adjustments are based on enrollment status.

Antonelli has not yet transmitted Pell Grant funds to the six students identified in the finding, as it has requested assistance in returning funds for a closed award year.

Final Determination: Based on their response, it appears that Antonelli has reviewed and revised its Federal Pell Grant awarding policy to ensure accurate proration based on enrollment.

Concerning the outstanding Pell Grant funds owed to the students cited in the PRR, the School Participation Division has contacted the Pell Operations Division and requested administrative relief on behalf of Antonelli so that it may pay the additional Federal Pell Grant funds owed to students #3, #6, #8, #17, #20, and #29, totaling **\$2,016.00**. Payment instructions are provided in Part E under Section V - Liabilities Owed to Students.

Finding #3: Satisfactory Academic Progress Policy Not Adequately Monitored

Citation Summary: *Institutions are required to establish, publish and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program, as described in 34 C.F.R. § 668.16(e) (The citation is that which is prior to the July 1, 2011 version as that is what was in effect for the award years under review).*

Noncompliance Summary: *Antonelli failed to adequately monitor their Satisfactory Academic Progress Policy, resulting in three students receiving Title IV funds, in which they were ineligible.*

Required Action Summary: *Antonelli was required to return all Title IV funds for which the students were not eligible to receive for all students identified in the noncompliance section of the PRR and provide proof to the Department that they have done so. Furthermore, Antonelli was required to review its policies and procedures to ensure future compliance with federal Title IV, HEA regulations.*

Antonelli's Response: The institution's response indicated that it concurs with the Department's finding that its Satisfactory Academic Progress Policy was not adequately monitored. Antonelli included copies of Federal Subsidized and Unsubsidized Stafford Loan refund checks for students #12 and #23.

Federal Pell Grant funds for students #12, #23, and #42 have not yet been returned, as the institution requested assistance in returning funds for a closed award year. In addition, FSEOG funding for student #23 has also not yet been returned.

In their response to the PRR, Antonelli also included a copy of their Satisfactory Academic Progress Policy and Satisfactory Academic Progress Administration Process.

Final Determination: A review of Antonelli's Satisfactory Academic Progress Policy and Satisfactory Academic Progress Administration Process revealed that both documents elaborate on more comprehensive internal controls designed to more consistently monitor the academic progress of its student population. Antonelli must adhere to these policies and procedures to ensure this finding does not recur and request that an analysis of the effectiveness of these controls be performed during its next non-federal audit.

Although the Federal Subsidized and Unsubsidized Stafford Loan funds for students #12 and #23 have been returned, Antonelli is still liable for the interest costs associated with these ineligible loan disbursements (the interest calculations are included as Appendix C).

The institution is also liable for the ineligible Federal Pell Grant funds disbursed to students #12, #23, and #42, as well as the ineligible FSEOG funds disbursed to student

#23. Antonelli is also liable for the interest costs associated with these ineligible grant disbursements (the interest calculations are included as Appendix C).

The total amount of liabilities owed as a result of this finding are summarized below:

<u>Ineligible Disbursements (Federal Stafford Loan- Late Returns):</u>	
Interest Owed to the Department	\$1,706.34
<u>Ineligible Disbursements (Non-Loan- Unmade Returns):</u>	
Principle Owed to the Department	\$7,422.00
Interest Owed to the Department	<u>\$423.70</u>
Total Owed:	\$9,552.04

Finding #7: Crime Awareness Requirements Not Met

Citation: An institution must prepare an annual security report that contains, at a minimum, the following information:

- (1) The crime statistics described in paragraph (c) of this section.*
- (2) A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include the institution's policies concerning its response to these reports, including—*
 - (i) Policies for making timely warning reports to members of the campus community regarding the occurrence of crimes described in paragraph (c)(1) of this section;*
 - (ii) Policies for preparing the annual disclosure of crime statistics; and*
 - (iii) A list of the titles of each person or organization to whom students and employees should report the criminal offenses described in paragraph (c)(1) of this section for the purpose of making timely warning reports and the annual statistical disclosure. This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics, and, if so, a description of those policies and procedures.*

(3) A statement of current policies concerning security of and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities.

(4) A statement of current policies concerning campus law enforcement that—

(i) Addresses the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals;

(ii) Encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies; and

(iii) Describes procedures, if any, which encourage pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics.

(5) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

(6) A description of programs designed to inform students and employees about the prevention of crimes.

(7) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution, including student organizations with off-campus housing facilities.

(8) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws.

(9) A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws.

(10) A description of any drug or alcohol-abuse education programs, as required under section 120(a) through (d) of the HEA. For the purpose of meeting this requirement, an

institution may cross-reference the materials the institution uses to comply with section 120(a) through (d) of the HEA.

(11) A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include—

(i) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and nonforcible sex offenses;

(ii) Procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported;

(iii) Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel;

(iv) Notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses;

(v) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available;

(vi) Procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that—

(A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and

(B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense. Compliance with this paragraph does not constitute a violation of the Family Educational Rights and Privacy Act (20 U.S.C. 1232g). For the purpose of this paragraph, the outcome of a disciplinary proceeding means only the institution's final determination with respect to the alleged sex offense and any sanction that is imposed against the accused; and

(vii) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or nonforcible sex offenses.

(12) Beginning with the annual security report distributed by October 1, 2003, a statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(j)), concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.

34 C.F.R. § 668.46(b)(1) – (12).

Noncompliance: *Antonelli's annual security report failed to include sections 668.46 (b)(11)(vi)(A) and (B), which requires that Antonelli have procedures for campus disciplinary action in cases of an alleged sex offense, which include clear statements that: both accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and that they both must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense.*

Required Action: *Antonelli must add the statements noted above to their annual security report and its policies and procedures, and continue to ensure that, in the future, the institution is in compliance with federal Title IV, HEA regulations.*

Antonelli's Response: *In its response, Antonelli concurred with the finding and stated that the 2012 ASR was revised to include the College's campus disciplinary procedures that are used to adjudicate alleged sex offenses.*

Final Determination: *Finding #7 of the program review report cited Antonelli for its failure to include certain required statements of policy and procedure in its 2012 ASR. Specifically, the College did not publish disclosures required by 34 C.F.R. § 668.46 (b)(11)(vi)(A) and (B), a part of the law commonly referred to as the Campus Sexual Assault Victim's Bill of Rights. The Department has determined that Antonelli's 2012 ASR omitted a statement that both accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and that they both must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense. As a result of this violation, Antonelli was required to revise its ASR and redistribute the report to enrolled students and current employees. In its response, Antonelli concurred with the finding and stated that remedial action was taken and submitted documentation in support of its claims.*

The Department carefully examined Antonelli's narrative response and supporting documentation. The review team's examination showed that the identified violations were satisfactorily addressed in the modified 2012 ASR. Based on that review and the College's admission of noncompliance, the violations identified in the finding are sustained. The Department has also determined that Antonelli's corrective action plan meets minimum requirements. For these reasons, the Department has accepted Antonelli's response and considers this finding to be closed.

Although the finding is now closed, Antonelli is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. The College was required to initiate all necessary remedial measures and in doing so, has begun to remediate the conditions that led to these violations. Antonelli has stated that it has brought its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement. Nevertheless, the College is advised that such actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result.

Because of the serious consequences of such violations, the Department strongly recommends that Antonelli officials re-examine its campus safety and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal requirements. To that end, Antonelli officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide on *Clery Act* compliance. The Handbook is online at: www2.ed.gov/admins/lead/safety/handbook.pdf. The Department also provides a number of other *Clery Act* training resources. The College can access these materials at: www2.ed.gov/admins/lead/safety/campus.html. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Finally, Antonelli officials are specifically advised to review the accuracy and completeness of its Drug and Alcohol Abuse Prevention Program (DAAPP) as required by the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. FSA is now responsible for monitoring compliance with the *DFSCA*. Therefore, it is essential that the College makes sure that it has developed and implemented a comprehensive DAAPP and that it conducts substantive biennial reviews and completes its biennial review reports on the proper schedule. For assistance or more information on the *Clery Act* and/or the *DFSCA*, please contact the program review team or another member of the Chicago/Denver School Participation Division.

**Finding #8: Federal Supplemental Educational Opportunity Grant (FSEOG)
Selection Policy Inadequate**

Citation Summary: *In selecting among eligible students for FSEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. 34 C.F.R. § 676.10(a)(1). If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution shall award the remaining FSEOG funds to those eligible students with the lowest expected family contributions who will not receive Federal Pell Grants. 34 C.F.R. § 676.10(a)(2). If an institution's allocation of FSEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students. 34 C.F.R. § 676.10(b).*

Noncompliance Summary: *At the time of the review, Antonelli was unable to produce an FSEOG selection policy for its Title IV recipients.*

Required Action Summary: *Antonelli must develop and implement FSEOG selection and awarding policies and procedures that are in compliance with program requirements. A copy of those policies must be submitted to the Department in response to this report.*

Antonelli's Response: Antonelli included a copy of its FSEOG awarding policy as part of its August 20, 2012 response to the PRR.

Final Determination: Antonelli's FSEOG awarding policy effectively addressed the requirements specified in 34 C.F.R. §§ 676.10(a)(1) and (2). However, the institution failed to include an allocation of a reasonable portion of FSEOG funds to students attending the institution as less-than-full-time or independent students, as mandated by 34 C.F.R. § 676.10(b) in its revised selection policy. Antonelli must amend its policy to include less-than-full-time and independent students in its FSEOG awarding methodology and a copy of this amended policy must be submitted to Mark Kreutzer, Institutional Review Specialist, **within 45 days of the date of this letter.**

Antonelli is reminded that 34 C.F.R. § 668.16 states that a participating Title IV institution must demonstrate that it is capable of properly administering the Title IV programs. The institution's inability or unwillingness to resolve a deficiency may represent a lack of administrative capability on the part of the institution as well as a possible lack of control over Title IV funds. Failure to correct this deficiency in the time period stated above may result in the institution being referred to the Department's Administrative Actions and Appeals Division (AAASG) for possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if

provisional), or, if the institution has an application pending for renewal of its certification, denial of that application.

Finding #9: Student Credit Balance Deficiencies

***Citation Summary:** When the total amount of Title IV funds credited to a student's account exceeds the amount of tuition, fees and other assessed charges to the student, an institution must pay the resulting credit balance to the student or parent as soon as possible, but no later than 14 days after the balance occurred, as specified in 34 C.F.R. § 668.164(e). Further, an institution may retain a student's or parent's Title IV funds that exceed the institution's charges if authorized by the student or parent, but must follow the authorization regulations mandated in 34 C.F.R. § 668.165.*

***Noncompliance Summary:** Antonelli's credit balance authorization form fell short on several of the requirements listed in 34 C.F.R. § 668.165 and Volume 4 of the 2011-2012 Federal Student Aid Handbook. In addition, because their form simply asked for the student's signature and did not provide the choice to opt in or out of the credit balance policy, the form's terms appeared to be a "requirement."*

***Required Action Summary:** A copy or copies of Antonelli's credit balance authorization form(s) must be submitted to the Department.*

Antonelli's Response: Antonelli included a copy of its revised credit balance authorization as part of its August 20, 2012 response to the PRR.

Final Determination: Antonelli's revised credit balance authorization remains noncompliant, as it does not adhere to making conspicuous all of the elements of a credit balance authorization specified at 34 C.F.R. § 668.165. The authorization fails to explain what specific Title IV funds are covered by the document and the time period covered, and does not inform the student or parent that he or she may refuse to authorize any individual item. Consequently, the authorization does not provide the student or parent with the information he or she needs to make an informed decision.

Moreover, the student form contains the statement "your payment plan assumes that you will provide the school with authorization to hold Title IV credit balances..." and the parent form contains the statement "the student's payment plan assumes that you will provide the school with authorization to hold Federal PLUS loan funds to meet the cost of attendance..." Both these statements appear to require that students/parents wishing to participate in a payment plan must authorize Antonelli to hold Title IV credit balances, which violates 34 C.F.R. § 668.165(b)(2)(i). Antonelli must bring its credit balance policy and authorization forms into compliance with the above-cited regulations and a copy of the amended policy and authorization forms must be submitted to Mark Kreutzer, **within 45 days of the date of this letter.**

The institution is reminded that 34 C.F.R. § 668.16 states that a participating Title IV institution must demonstrate that it is capable of properly administering the Title IV programs. The institution's inability or unwillingness to resolve a deficiency may represent a lack of administrative capability on the part of the institution as well as a possible lack of control over Title IV funds. Failure to correct this deficiency in the time period stated above may result in the institution being referred to the Department's Administrative Actions and Appeals Division (AAASG) for possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification, denial of that application.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows:

Liabilities⁴	Pell Principal	Pell Interest	FSEOG Principal	FSEOG Interest	ACG Principal	ACG Interest	FFEL Principal	FFEL Interest	Totals
Finding #1	\$220,237.93	\$8,983.18	\$8,212.75	\$247.39	\$1,125.00	\$35.87	\$137,363.00	\$18,489.79	\$394,694.91
Finding #2	\$2,016.00	--	--	--	--	--	--	--	\$2,016.00
Finding #3	\$7,272.00	\$415.85	\$150.00	\$7.85	--	--	--	\$1,706.34	\$9,552.04
Total	\$229,525.93	\$9,399.03	\$8,362.75	\$255.24	\$1,125.00	\$35.87	\$137,363.00	\$20,196.13	\$406,262.95
Payable To:									
Department (Rounded)	\$227,510.00	\$9,399.00	\$8,363.00	\$255.00	\$1,125.00	\$36.00	--	\$17,636.00	\$264,324.00
Students/Lenders	\$2,016.00	--	--	--	--	--	\$137,363.00	\$2,560.20	\$141,939.20
Total (with rounding)	\$229,526.00	\$9,399.00	\$8,363.00	\$255.00	\$1,125.00	\$36.00	\$137,363.00	\$20,196.20	\$406,263.20

⁴ Interest charges in the liability determinations are calculated using the applicable Current Value Funds Rate (CVFR) published in the Federal Register by the U.S. Department of the Treasury. For each CVFR utilized in the liability determinations, please see Appendices B and C.

E. Payment Instructions

Section I – Liabilities owed to the Department

Antonelli owes to the Department **\$255,961.00⁵**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FED-WIRE. Antonelli must make this transfer within **45 days of the date of this letter**. This repayment through FED-WIRE is made via the Federal Reserve Bank in New York. If Antonelli'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 FED-WIRE. Instructions for completing the electronic fund transfer message format are included on the FED-WIRE form (see Section F).

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FED-WIRE. 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 Program for Liabilities Owed to the Department (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award.

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. Antonelli 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 Antonelli'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:

⁵ Instructions for repayment of the remaining \$150,302.20 in liabilities owed (\$406,263.20 less \$255,961.00) are explained in Sections III – V.

U.S. Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street, S.W., Room 6114
Washington, DC 20202-4461

If within 45 days of the date of this letter, Antonelli 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 from the Federal Government. **Antonelli may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Antonelli 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.

The following identification data applies to this repayment and must be written on the FED-WIRE form and any other documents submitted related to this liability:

Amount⁶: **\$255,961.00**
TIN: **341634835**
DUNS: **103556197**

Instructions for repayment of the remaining amount of the total liabilities owed (**\$150,302.20**) are described in Sections III – V:

- The process for repayment of **\$8,363.00** in FSEOG principal is described in Section III – Payment Instructions – FISAP Corrections (FSEOG principal).
- The process to refund **\$139,923.20** to FFEL lenders is described in Section IV – Liabilities owed to FFEL lenders.
- The process to pay liabilities of **\$2,016.00** to students is described in Section V – Liabilities owed to Students.

The total amount of liabilities owed from the findings in the program review determination (described in Sections II – V) is **\$406,263.20**.

⁶ Additional steps are required in order to complete the payment process for this amount. These additional steps are detailed in Sections IIA – IID.

Section II – Instructions by Title IV Program for Liabilities owed to the Department

Section IIA: Payment Instructions – Grant Closed Award Year

Findings: #1 and #3
 Appendices A, B, C, and E

Antonelli must repay (rounded):

Pell and ACG- Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$93,147.00	\$6,119.00	Pell Grant	2008-2009
\$134,363.00	\$3,280.00	Pell Grant	2009-2010
\$875.00	\$21.00	ACG	2009-2010
Total Principal	Total Interest		
\$228,385.00	\$9,420.00		

The disbursement record for each student identified in Appendices A and E to the applicable findings must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in Appendices B and C.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via FED-WIRE, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student’s COD record must be sent to Mark Kreutzer, within 45 days of the date of this letter.

Section IIB: Payment Instructions – Grant Cancelled Award Year

Findings: #1
Appendices: A and B

Antonelli must repay (rounded):

ACG - Cancelled Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$250.00	\$15.00	ACG	2008-2009
Total Principal	Total Interest		
\$250.00	\$15.00		

Student adjustments in the Common Origination and Disbursement (COD) system for the liabilities above are no longer possible. Instead, the funds (principal and interest) will be returned to the general program fund for the applicable Title IV program.

Section IIC: Payment Instructions – FFEL interest owed to the Department

Findings: #1 and #3
Appendices A, B, C, and E

Antonelli must repay (rounded):

FFEL	
Amount (Interest)	Award Year
\$10,933.00	2008-2009
\$6,703.00	2009-2010
Total Interest	
\$17,636.00	

FFEL interest as a result of these findings will be returned to the general program fund.

Note: Principle and interest owed to the holders of individual student FFEL loans is detailed in “Section IV – Liabilities owed to FFEL Lenders.”

Section IID: Payment Instructions – FSEOG interest owed to the Department

Findings: #1 and #3
Appendices A, B, C, and E

Antonelli must repay (rounded):

FSEOG	
Amount (Interest)	Award Year
\$106.00	2008-2009
\$149.00	2009-2010
Total Interest	
\$255.00	

FSEOG interest as a result of these findings will be returned to the general program fund.

Note: FSEOG principle owed to the Department is detailed in “Section III – Payment Instructions – FISAP Corrections (FSEOG principal)” found on the next page.

Section III – Payment Instructions – FISAP Corrections (FSEOG principal)

Findings: #1 and #3

Appendices: A, B, and C

Antonelli must return **\$8,363.00** in FSEOG funds utilizing the FISAP correction process. **Depending on the results of the FISAP correction process, Antonelli will be required to return some or all of the liabilities via G5 in accordance with the third bullet point of the instructions below:**

Antonelli must make corrections to its FISAP for award years 2008-2009 and 2009-2010 as follows:

- Log into eCB and make changes to the Working Copy, click on Submit and choose “Change Request”. Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number (201040527239).
- Once the request is approved, submit the changes within 5 days. **Prior to submitting the change, Antonelli should contact eCB Call Center at (877) 801-7168 to confirm that the FISAP changes are correct** (changes to the FISAP may result in changes to subsequent FISAPS. The eCB Call Center will assistance in making this determination as well).
- If the recalculation of the school’s funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, **return those funds via G5 in accordance with the automated notification from eCB**. If the school has not drawn down its full authorization, the authorization will be reduced.

Antonelli must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation to Mark Kreutzer **within 45 days of the date of this letter**.

Section IV – Liabilities owed to FFEL Lenders

Payment Instructions – FFEL

Finding: #1
 Appendices: A and B

FFEL		
Amount (Principal)	Amount (Interest)	Award Year
\$68,426.59	\$1,508.63	2008-2009
\$68,936.41	\$1,051.57	2009-2010
Total Principal	Total Interest	
\$137,363.00	\$2,560.20	

Antonelli must pay the amount above to the holders of the FFEL loans on behalf of the students identified in Appendix A, plus any interest that has accrued since the date of this letter and the day the school pays the holder. Appendix B lists each of the applicable students and the corresponding amount owed to the student's FFEL loan, except for the interest that continues to accrue. Antonelli must access The National Student Loan Data System (NSLDS) to determine if the FFEL loans have been purchased and/or are serviced by the Department. Refer to Chapter 4, Volume 4 (Returning funds from FFEL loans purchased/serviced by the Department) of the 2013-2014 FSA Handbook for additional guidance.

As proof of payment, a copy of the front and back of the canceled checks, or proof of electronic transfer of the funds, must be provided to Mark Kreutzer **within 45 days of the date of this letter.**

In the event that the student has paid off the loan to the lender or owes less than the liability, Antonelli must make a good faith effort to pay the student the appropriate amount of loan funds. If Antonelli cannot locate a student, payment must be made to the account of the program from which the award was made. If that cannot be determined, the funds must be paid in the order required for the return of funds specified in 34 C.F.R. § 668.22(i):

- Unsubsidized Federal Stafford loans
- Subsidized Federal Stafford loans

Section V – Liabilities owed to Students

Payment Instructions – Students

Finding: #2

Appendices: E and F⁷

Students- Federal Pell Grant		
Amount (Principle)	Amount (Interest)	Award Year
\$678.00	\$0.00	2008-2009
\$1,338.00	\$0.00	2009-2010
Total Principle	Total Interest	
\$2,016.00	\$0.00	

Antonelli must make a good faith effort to pay the amount listed above to the students listed in the above Appendices. Upon receipt of the additional Federal Pell Grant funds, the institution must pay the underpayment amounts **directly** to those students who do **not** have an outstanding balance with the institution. As proof that this payment was made, the institution must submit a copy of the **student's account ledger** and a copy of the cancelled check (front and back) if all or a portion of it was paid directly to the student. Proof of payment must be provided to Mark Kreutzer within **45 days of the date of this letter**.

For those students that have an outstanding balance with Antonelli, the institution must apply the underpayment amounts against any outstanding balance that the student still owes. If a credit balance exists after the funds are applied against any outstanding balance then the institution must make a good faith effort to locate the student and pay the credit balance directly to the student. As proof that this payment was made the institution must submit a copy of the **student's account ledger** and a copy of the cancelled check (front and back) if all or a portion of it was paid directly to the student. Proof of payment must be provided to Mark Kreutzer within **45 days of the date of this letter**.

In the event the student cannot be located, does not cash a check that has been mailed, and the institution is unable to initiate an EFT to the student's or parent's bank account, Antonelli must return the funds to the appropriate Title IV program account via G5 and make the corresponding downward adjustments to the applicable disbursements in COD. Antonelli must document its attempts to contact the student and provide proof of payment to the applicable Title IV program to Mark Kreutzer within **45 days of the date of this letter**.

⁷ Appendix F, Program Review Report, Dated April 4, 2012, indicates the Federal Pell Grant amounts due to each individual student.

F. FED-WIRE Form and Instructions

DEPARTMENT OF EDUCATION FED-WIRE 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		
DUNS / TIN: 3		
FOR: 4		
INSTRUCTIONS		
A. Complete circled items 1-4 above as follows:		
1 Indicate amount including cents digits.		
2 Indicate Name, City, and State.		
3 Indicate DUNS Number and Taxpayer Identification Number (TIN).		
4 Enter the reason for the remittance; Bill Number / Document Number / Other.		
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.		

G. Appendices

Appendices A, B, C, E, and G contain personally identifiable information and will be emailed to Antonelli as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendices D, F, H, and I are attached to this report.

Appendix A:

Appendix A contains personally identifiable information and will be emailed to Antonelli as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix B:

Appendix B contains personally identifiable information and will be emailed to Antonelli as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix C:

Appendix C contains personally identifiable information and will be emailed to Antonelli as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix D:

Methodology for determining "Return Paid Date" used for unmade returns in Cost of Funds calculations for Findings #1 (Appendix B) and Finding #3 (Appendix C):

Program Review Report composition was scheduled to begin on July 20, 2010.

Number of days Program Review Report (PRR) was to be sent to Antonelli (per standard procedures) is 75 days.

75 days after July 20, 2010 is October 3, 2010.

Number of days from date Antonelli received Program Review Report (April 6, 2012) and date in which Antonelli responded to PRR (August 20, 2012) equals 136 days

Number of days from the date Antonelli received "Resubmission Requirement to Program Review Response" letter (October 24, 2012) to date in which Antonelli responded to "Resubmission Requirement to Program Review Response" letter (December 10, 2012) equals 48 days.

136 days plus 48 days equals 184 days.

184 days after October 3, 2010 is April 5, 2011.

As a result, April 5, 2011 was used as the "Return Paid Date" used for unmade returns in Cost of Funds calculations for Findings #1 (Appendix B) and Finding #3 (Appendix C).

Appendix E:

Appendix E, contains personally identifiable information and will be emailed to Antonelli as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix F:

**Program Review Report
April 4, 2012**

Note: Appendix A was removed from the program review report. For a list of students in the program review sample see Appendix E in the final program review determination.

Antonelli College
OPE ID 01289100
PRCN 201040527239
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START HERE
GO FURTHER
FEDERAL STUDENT AID

Prepared for
Antonelli College

OPE ID: 01289100
PRCN: 201040527239

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Team – Chicago/Denver

Program Review Report

April 4, 2012

500 West Madison Street, Room 1576, Chicago, Illinois 60661

www.FederalStudentAid.ed.gov

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A. Institutional Information

Antonelli College
124 East 7th Street
Cincinnati, Ohio 45202-2592

Type: Proprietary

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Commission of Career Schools and Colleges

Current Student Enrollment:

2009-2010 Award Year (Spring Term)

Cincinnati	362
Hattiesburg	449
Jackson	699

Percentage of Students Receiving Title IV:

2009-2010 Award Year (Spring Term)

Cincinnati	95.03%
Hattiesburg	95.77%
Jackson	95.28%

Title IV Participation: PCNet

2009-2010 Award Year

Federal Family Education Loan Program (FFELP) – Unsubsidized	\$11,844,114
FFELP – Subsidized	7,753,956
FFELP – PLUS	665,311
Pell Grant	5,900,006
Federal Supplemental Education Opportunity Grant	197,653
Federal Work Study	186,284
Academic Competitiveness Grant	52,188

Default Rate FFEL:	2006 – 16.5%
	2007 – 15.4%
	2008 – 10.2%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Antonelli College (Antonelli) from July 12 through July 15, 2010. The review was conducted by Clare Barger, Mark Holland and Briget Jans.

The focus of the review was to determine Antonelli's compliance with the statutes and federal regulations as they pertain to Antonelli's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Antonelli'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 47 files was identified for review from the 2008-2009 and 2009-2010 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Antonelli'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 Antonelli 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. 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 Antonelli to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding #1: Return to Title IV (R2T4) Errors

Citation: When a recipient of Title IV funding 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 funding that the student earned as of the student's withdrawal date. *34 C.F.R. § 668.22(a)(1)*.

For a student who ceases attendance at an institution that is not required to take attendance, the student's withdrawal date is:

- The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;
- The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;
- If the student ceases attendance without providing official notification to the institution of his or her withdrawal, the mid-point of the payment period (or period of enrollment, if applicable); or
- If the institution determines that a student did not begin the institution's withdrawal process or otherwise provide official notification (including notice from an individual acting on the student's behalf) to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the date that the institution determines is related to that circumstance.

34 C.F.R § 668.22(c)(1)(i)-(iv).

The amount of title IV grant or loan assistance that is earned by the student is calculated by:

- Determining the percentage of Title IV grant or loan assistance that has been earned by the student; and
- Applying this percentage to the total amount of title IV grant or loan assistance that was disbursed and that could have been disbursed to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date.

34 C.F.R § 668.22(e)(1).

The institution must return the lesser of:

- The total amount of unearned Title VI funding as calculated by subtracting the amount of Title IV funding earned by the student from the amount of Title IV aid that was disbursed as of the date of the institution's determination that the student withdrew; or
- The amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV funding that has not been earned by the student.

34 C.F.R § 668.22(g)(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. *34 C.F.R § 668.22(j)(1).*

Noncompliance: During the program review, it was determined that Antonelli's software for their R2T4 calculations contained an error whereupon the software was not programmed properly

to round the calculations correctly even though it did not appear to do so on the final print out. This error in the software caused the school to return too much in some cases and too little in other cases. This was a systemic error that caused a problem with all of the R2T4 calculations. All other R2T4 errors are listed separately for each student.

For student #1, Antonelli returned \$0.49 too much in Pell funds.

For student #3, Antonelli returned \$0.91 too much in subsidized loan funds.

For student #4, Antonelli returned \$0.62 too much in unsubsidized loan funds.

For student #8, Antonelli returned \$1.05 too little in subsidized loan funds.

For student #9, Antonelli returned \$0.22 too much in Pell funds.

For student #15, Antonelli returned \$1.26 too much in subsidized loan funds. Antonelli also used 68 days as opposed to 66 days for the total amount of days in the payment period.

For student #16, Antonelli completed the R2T4 calculation incorrectly by listing all funds as disbursed; however, the subsidized loan funds were disbursed after the student withdrew and the Pell funds were never disbursed. The subsidized loans funds and Pell funds should have been included as funds that "could have been disbursed" in the R2T4 calculation. This error caused Antonelli to return \$634.46 more in PLUS loan funds than required by a correct calculation.

For student #20, Antonelli returned \$59.00 too much in unsubsidized loan funds. Antonelli also used 68 days as opposed to 66 days for the total amount of days in the payment period.

For student #26, Antonelli returned \$0.58 too much in subsidized loan funds.

For student #27, Antonelli returned \$66.52 too much in subsidized loan funds. Antonelli also used 68 days as opposed to 66 days for the total amount of days in the payment period.

For student #33, Antonelli returned \$39.56 too much in unsubsidized loan funds. Antonelli also used 68 days as opposed to 66 days for the total amount of days in the payment period.

For student #35, Antonelli returned \$0.85 too little in subsidized loan funds.

For student #37, Antonelli completed the R2T4 calculation using October 20, 2009 as the student's last date of attendance (LDA). The attendance records revealed that the student's LDA was actually October 7, 2009. Based upon the recalculation of R2T4, Antonelli's return amount should have been \$330.93 in Pell funds. Antonelli returned \$294.00; therefore, \$81.93 is still owed by Antonelli for this student.

For student #42, Antonelli completed the R2T4 calculation using November 13, 2009 as the student's LDA. The attendance records revealed that the student's LDA was actually October 29, 2009. Based upon the recalculation of R2T4, Antonelli's return amount should have been

\$1400.83 in unsubsidized loan funds. As no loan funds were returned for this student, the entire amount is still owed by Antonelli for this student.

For student #44, Antonelli returned \$2.10 too much in subsidized loan funds.

For student #45, Antonelli completed the R2T4 calculation using October 21, 2009 as the student's LDA. The attendance records revealed that the student's LDA was actually October 15, 2009. Based upon the recalculation of R2T4, Antonelli's return amount should have been \$1970.00 in unsubsidized loan funds and \$1024.10 in subsidized loan funds. Antonelli returned \$1970.00 and \$663.33 respectively; therefore, \$360.77 in subsidized loan funds is still owed by Antonelli for this student.

For student #46, Antonelli completed the R2T4 calculation using November 3, 2009 as the student's LDA. The attendance records revealed that the student's LDA was actually October 5, 2009. Based upon the recalculation of R2T4, Antonelli's return amount should have been \$1970.00 in unsubsidized loan funds and \$310.35 in subsidized loan funds. As no loan funds were returned for this student, the entire amount is still owed by Antonelli for this student.

For student #47, a student status change form in the student's file revealed that the student's LDA was October 27, 2009, but Antonelli failed to complete an R2T4 calculation. The Department completed the R2T4 calculation and determined that Antonelli owes \$1135.56 in unsubsidized loan funds and \$683.00 in Pell funds.⁸

Required Action: Antonelli must make all of the required returns identified above in the noncompliance section and provide proof to the Department that they have done so.⁹

Due to the extent of the R2T4 errors, Antonelli must perform a full file review on all students¹⁰ that withdrew during the 2008-2009 and 2009-2010 award years. Antonelli must compile the results of its file review in an Excel spreadsheet as detailed below.

1. Student's name
2. Student's SSN
3. Student's LDA
4. Student's withdrawal date
5. Date of determination of withdrawal
6. Amount of return made by Antonelli by Title IV program and date of return (e.g. Pell - \$400 - 2/12/10)
7. Amount of any "unpaid" returns by Title IV program

⁸ Pell funds were disbursed to the student's account on November 25, 2009; nearly a month after the student withdrew. The Pell funds in the R2T4 calculation were listed in the "Amount that Could Have Been Disbursed" column and since the student was not eligible for a post-withdrawal disbursement, those funds are required to be returned.

⁹ Upon request, the Department will provide additional information on calculation determinations.

¹⁰ Antonelli need not include those students identified in the noncompliance section as the liabilities have already been determined for these students. Antonelli, however, will be liable for any late fees and interest associated with these students and those figures will be included in the final program review determination.

On the Excel spreadsheet, place all the information on the student in one row. If the student withdrew from more than one term in the award year, create a new row for the subsequent withdrawal. The file review must also be broken down by award year; one Excel spreadsheet for each year.¹¹

In addition to the information required above, for all student files reviewed, Antonelli must provide to the Department all supporting documentation including but not limited to: Student account ledgers, R2T4 calculation forms, student academic transcripts, withdrawal forms or documents indicating withdrawal date, all attendance records (i.e. Antonelli's "Class Attendance Report" and "Class Listing" forms with student signatures)¹² and proof of any funds previously returned to the Department.

Antonelli must review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.

Finding #2: Pell Underaward

Citation: The amount of a student's Federal Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year. *34 C.F.R. § 690.62(a)*.

Noncompliance: For student #3, Antonelli initially disbursed \$1527.00 in Pell funds to the student, but when the student's enrollment status changed Antonelli returned funds, but too much. For half-time attendance the student was eligible for \$766.00, but received only \$739.00.

Student #6 enrolled in and completed six credit hours for Fall 2008. Even though the student was enrolled at least half-time, Antonelli awarded the student for less than half-time enrollment, or \$257.00. The student was eligible for \$514.00 for the Fall 2008 term. Student #8 enrolled in and completed six credit hours for Fall 2008. Even though the student was enrolled at least half-time, Antonelli awarded the student for less than half-time enrollment, or \$394.00. The student was eligible for \$788.00 for the Fall 2008 term. Students #17, 20 and 29 enrolled in and completed six credit hours for Summer 2009. Even though the students were enrolled at least half-time, Antonelli awarded them for less than half-time enrollment, or \$446.00. The students were eligible for \$892.00 for the Summer 2009 term.

Required Action: Antonelli must exercise due diligence in its effort to provide the Pell funds due to the students identified above in the noncompliance section of this finding and provide proof to the Department that they have done so. Furthermore, Antonelli must review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.

¹¹ The Excel spreadsheets should be password protected and sent via e-mail to clare.barger@ed.gov. Flash drives and CDs are also acceptable.

¹² Include only those forms for the payment period/term during which the student withdrew.

Finding #3: Satisfactory Academic Progress Policy Not Adequately Monitored

Citation: Institutions are required to establish, publish and apply reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program. *34 C.F.R. § 668.16(e)*.¹³ The Secretary considers an institution's standards to be reasonable if the standards:

- Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving Title IV funds
- Include the following elements:
 1. A qualitative component which consists of grades (student must maintain at least a 2.0), work projects completed, or comparable factors that are measurable against a norm.
 2. A quantitative component that consists of a maximum timeframe (no longer than 150% of the published length of the program) in which a student must complete his or her program.

34 C.F.R. § 668.16(e)(1) and (2).

Noncompliance: Student #12's grade point average (GPA) fell below 2.0 at the end of the Fall 2007 term and Antonelli placed the student on probation. After completion of the subsequent Winter 2008 term the student's GPA remained below 2.0. The student did not attend the Spring and Summer terms and then enrolled for the Fall 2008 term. At that point the student was ineligible for financial aid due to the failure to meet satisfactory academic progress (SAP) standards. The student, however, continued to receive Title IV funds for the Fall 2008, Winter 2009 and Spring 2009 terms. The student received \$3943.00 in Pell funds, \$3500.00 in subsidized loan funds and \$5000.00 in unsubsidized loan funds for the 2008-2009 award year and for which the student was not eligible to receive.

Student #23's GPA fell below 2.0 at the end of the Summer 2008 term. The student should have been placed on probation for Fall 2008, but there was nothing in the student's file that indicated that the student was placed on probation. The student's GPA remained below 2.0 for the Fall 2008 term and therefore, the student was ineligible for financial aid for the subsequent term. The next term the student attended was the Summer 2009 term and the student received \$1393.00 in Pell funds, \$200.00 in SEOG funds, \$1148.51 in subsidized and \$1970.00 in unsubsidized loan funds for which the student was not eligible to receive. In that term the student's cumulative GPA remained below 2.0. The student attended the Fall 2009 term and received \$1784.00 in Pell funds,

¹³ The citation is that which is prior to the July 1, 2011 version as that is what was in effect for the award years under review.

\$1148.51 in subsidized loan and \$1970.00 in unsubsidized loan funds for which the student was not eligible to receive.

Student #42's GPA fell below 2.0 at the end of the Summer 2009 term. The student should have been placed on probation for the Fall 2009 term, but there was nothing in the student's file that indicated that the student was placed on probation. The student's GPA remained below 2.0 at the end of the Fall 2009 term and therefore, the student was ineligible for financial aid for the subsequent term. The student enrolled for the next term, Winter 2010 and originally received \$733.00 in Pell funds, \$1148.51 in subsidized and \$1970.00 in unsubsidized loan funds for which the student was not eligible to receive. Subsequent to the original Pell disbursement, Antonelli refunded \$581.00 in Pell funds reducing the final disbursement to \$152.00. The student withdrew during the term and Antonelli returned the full amount of both loans, leaving only the \$152.00 in Pell funds as the funds the student was not eligible to receive.

Required Action: Antonelli must return all Title IV funds for which the students were not eligible to receive for all students identified above in the noncompliance section of this finding and provide proof to the Department that they have done so. Furthermore, Antonelli must review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.

Finding #4: Exit Counseling Deficiencies

Citation: Institutions are required by 34 C.F.R. § 682.604(g)(1) to conduct exit counseling with each Federal Stafford borrower either in person, by audiovisual presentation, or by interactive electronic means. The school must ensure that the counseling is conducted shortly before the borrower ceases enrollment or at least half-time study at the institution, and that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. If the borrower withdraws/graduates without the institution's prior knowledge or fails to attend an exit counseling session as scheduled, the institution must mail written counseling material to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to attend the scheduled session.

The 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 Federal Stafford Loans for attendance at Antonelli or in the same programs at Antonelli. The counseling must review for the student borrower available repayment options, including standard, graduated, extended, and income-sensitive repayment plans and loan consolidation. The seriousness and obligation of the student's repayment obligation must be emphasized, and likely consequences of default, including adverse credit reports, federal offset and litigation must be described. The counseling must suggest debt management strategies that would facilitate repayment. The conditions under which the borrower may defer or forbear repayment, or obtain a full or partial discharge of a loan must be reviewed. 34 C.F.R. § 682.604(g)(2).

If exit counseling is conducted by electronic interactive means the school must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the counseling. *34 C.F.R. § 682.604(g)(3)*. Schools must maintain documentation substantiating that required counseling has been conducted for each student. *34 C.F.R. § 682.204(g)(4)*.

Noncompliance: Students #3 and #16 both withdrew from Antonelli and Antonelli was unable to provide proof that exit counseling had been performed for these students.

Required Action: Antonelli must perform the required exit counseling for the students identified above in the noncompliance section of this finding and provide proof to the Department that they have done so. Certified mail receipts will be considered acceptable documentation. If the exit counseling materials are emailed to the students, an email delivery receipt will also be considered acceptable documentation. Antonelli must review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title.IV,.HEA.regulations.

Finding #5: Student Status Confirmation Report Errors

Citation: Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, an institution must complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days:

- If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis;
- If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended;
- If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or
- If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address.

34 C.F.R. § 682.610(c).

Noncompliance: The R2T4 form in student #16's file indicates that the withdrawal date was May 21, 2009, but the information reported to the National Student Loan Data System (NSLDS) was that the student withdrew on May 15, 2009.

Required Action: Antonelli must ensure that information contained in their records is consistent with the information they report to NSLDS. Antonelli must review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.

Finding #6: Lack of Administrative Capability

Citation: To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the

institution's system is adequate, the Secretary considers whether the institution obtains and reviews:

- All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;
- Any documents, including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and
- Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs.

34 C.F.R. § 668.16(f).

Noncompliance: Student #32 enrolled for the Fall 2009 term and the student's Institutional Student Information Record contained a "C" code, which indicates there is a discrepancy in the student's information that must be resolved. Antonelli failed to resolve the discrepancy and disbursed Pell, Academic Competitive Grant, subsidized and unsubsidized loan funds to the student's account. The student subsequently withdrew during the term and based on the information in the student's file, Antonelli discovered the disbursement error and returned all Title IV funds that were previously disbursed.

Required Action: No action needs to be taken for student #32 as the correction was previously made; however, Antonelli must review its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.

Finding #7: Crime Awareness Requirements Not Met

Citation: An institution must prepare an annual security report that contains, at a minimum, the following information:

- (1) The crime statistics described in paragraph (c) of this section.
- (2) A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus. This statement must include the institution's policies concerning its response to these reports, including—

- (i) Policies for making timely warning reports to members of the campus community regarding the occurrence of crimes described in paragraph (c)(1) of this section;
 - (ii) Policies for preparing the annual disclosure of crime statistics; and
 - (iii) A list of the titles of each person or organization to whom students and employees should report the criminal offenses described in paragraph (c)(1) of this section for the purpose of making timely warning reports and the annual statistical disclosure. This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics, and, if so, a description of those policies and procedures.
- (3) A statement of current policies concerning security of and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities.
- (4) A statement of current policies concerning campus law enforcement that—
- (i) Addresses the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals;
 - (ii) Encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies; and
 - (iii) Describes procedures, if any, which encourage pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics.
- (5) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.
- (6) A description of programs designed to inform students and employees about the prevention of crimes.
- (7) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations, officially recognized by the institution, including student organizations with off-campus housing facilities.
- (8) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws.
- (9) A statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws.
- (10) A description of any drug or alcohol-abuse education programs, as required under section 120(a) through (d) of the HEA. For the purpose of meeting this requirement, an institution may cross-reference the materials the institution uses to comply with section 120(a) through (d) of the HEA.
- (11) A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses, and procedures to follow when a sex offense occurs. The statement must include—
- (i) A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and nonforcible sex offenses;
 - (ii) Procedures students should follow if a sex offense occurs, including procedures concerning who should be contacted, the importance of preserving evidence for the proof of a criminal offense, and to whom the alleged offense should be reported;

- (iii) Information on a student's option to notify appropriate law enforcement authorities, including on-campus and local police, and a statement that institutional personnel will assist the student in notifying these authorities, if the student requests the assistance of these personnel;
- (iv) Notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses;
- (v) Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes, if those changes are requested by the victim and are reasonably available;
- (vi) Procedures for campus disciplinary action in cases of an alleged sex offense, including a clear statement that—
 - (A) The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and
 - (B) Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense. Compliance with this paragraph does not constitute a violation of the Family Educational Rights and Privacy Act (20 U.S.C. 1232g). For the purpose of this paragraph, the outcome of a disciplinary proceeding means only the institution's final determination with respect to the alleged sex offense and any sanction that is imposed against the accused; and
 - (vii) Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape, or other forcible or nonforcible sex offenses.
- (12) Beginning with the annual security report distributed by October 1, 2003, a statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(j)), concerning registered sex offenders may be obtained, such as the law enforcement office of the institution, a local law enforcement agency with jurisdiction for the campus, or a computer network address.
34 C.F.R. § 668.46(b)(1) – (12).

Noncompliance: Antonelli's annual security report failed to include sections 668.46 (b)(11)(vi)(A) and (B), which requires that Antonelli have procedures for campus disciplinary action in cases of an alleged sex offense, which include clear statements that: that both accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding; and that they both must be informed of any institutional disciplinary proceeding brought alleging a sex offense.

Required Action: Antonelli must add the statements noted above to their annual security report and continue to ensure that its policies and procedures to ensure, that in the future, the institution is in compliance with federal Title IV, HEA regulations.

**Finding #8: Federal Supplemental Educational Opportunity Grant (FSEOG)
Selection Policy Inadequate**

Citation: In selecting among eligible students for FSEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. *34 C.F.R. § 676.10(a)(1)*. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal

Pell Grant recipients at the institution, the institution shall award the remaining FSEOG funds to those eligible students with the lowest expected family contributions who will not receive Federal Pell Grants. *34 C.F.R. § 676.10(a)(2)*. If an institution's allocation of FSEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students. *34 C.F.R. § 676.10(b)*.

Noncompliance: At the time of the review, Antonelli was unable to produce an FSEOG selection policy for its Title IV recipients.

Required Action: Antonelli must develop and implement FSEOG selection and awarding policies and procedures that are in compliance with program requirements. A copy of those policies must be submitted to the Department in response to this report.

Finding #9: Student Credit Balance Deficiencies

Citation: When the total amount of Title IV funds credited to a student's account exceeds the amount of tuition, fees and other assessed charges to the student, an institution must pay the resulting credit balance to the student or parent as soon as possible, but no later than 14 days after the balance occurred. *34 C.F.R. § 668.164(e)*. An institution may retain a student's or parent's Title IV funds that exceed the institution's charges if authorized by the student or parent. *34 C.F.R. § 668.165(b)(1)(ii)*. The institution must permit the student or parent to cancel or modify the authorization at any time and clearly explain how the institution will carry out this activity. *34 C.F.R. § 668.165(b)(2)(i and ii)*. In obtaining a recipient's authorization to retain Title IV credit balances, an institution may not require or coerce the student or parent to provide that authorization. *34 C.F.R. § 668.165(b)(2)(i)*. Notwithstanding this authorization, an institution that has retained Title IV credit balances on behalf of students or parents must pay any remaining balance on loan funds by the end of the loan period and any remaining other Title IV program funds by the end of the last payment period in the award year for which they were awarded. *34 C.F.R. § 668.165(b)(5)(iii)*. When a student withdraws from an institution, the institution may – with the student's authorization – use any credit balance on the student's account to reduce the student's Title IV loan debt.

Volume 4 of the 2011-2012 Federal Student Aid Handbook states that all elements of a credit balance authorization must be conspicuous. An authorization must include the following elements:

- An authorization must explain what FSA funds are covered by the document, and it must specify the time period covered.
- An authorization must clearly provide the student or parent with the information he or she needs to make an informed decision.

- The student or parent must be informed that he or she may refuse to authorize any individual item, that he or she may cancel such authorization at any time, and that a cancellation is not retroactive.
- The authorization must clearly explain how the school will carry out an activity. For example, a credit-balance authorization must provide detail that is sufficient to give the student or parent an idea of how the credit balance will be used.

Noncompliance: Antonelli's credit balance authorization form fell short on several of the requirements listed above. In addition, because their form simply asked for the student's signature and did not provide the choice to opt in or out of the credit balance policy, the form's terms appeared to be a "requirement." A copy or copies of Antonelli's credit balance authorization form(s) must be submitted to the Department in response to this report.

E. Appendices

Appendix A: Student Sample

The student sample reviewed during the program review will be password protected and sent via email as it contains personally identifiable information. The password will be sent in a separate email from the student sample.

Appendix G:

Appendix G contains personally identifiable information and will be emailed to Antonelli as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix H:



October 19, 2012

Mr. Alex Brnilovich, President
Antonelli College
124 East 7th Street
Cincinnati, OH 45202

Certified Mail
7012 1640 0000 0567 5145

RE: Resubmission Requirement to Program Review Response
OPE ID: 01289100
PRCN: 201040527239

Dear Mr. Brnilovich:

The Chicago/Denver School Participation Division has reviewed Antonelli College's (Antonelli's) August 20, 2012 response to the April 4, 2012 Program Review Report (PRR) issued by the Department and has identified errors in the response for the following findings. Antonelli must correct the errors as described below, and resubmit the response. The attachment to this letter includes the student information related to the findings.

For Finding #1: Return to Title IV (R2T4) Errors, in the PRR, the Department requested – in addition to other information and documents – the following (page 7, paragraph 4):

In addition to the information required above, for all student files reviewed, Antonelli must provide to the Department all supporting documentation including but not limited to: Student account ledgers, R2T4 calculation forms, student academic transcripts, withdrawal forms or documents indicating withdrawal date, all attendance records (i.e. Antonelli's "Class Attendance Report" and "Class Listing" forms with student signatures)¹ and proof of any funds previously returned to the Department.

Antonelli failed to include the "Class Listing" forms with student signatures in their response. The reason provided by Mary Ann Davis was that the school did not include any of them because Antonelli did not have all of them.

Federal regulation 34 C.F.R. § 668.24(c)(iii) requires participating institutions to retain documentation of each student's eligibility for Title IV program funds. Institutions must also retain reports and forms used in its participation in any Title IV programs, including any records needed to verify data that appear in those reports and forms. See 34 C.F.R. § 668.24(c)(vi). The

¹ Include only those forms for the payment period/term during which the student withdrew.

Federal Student Aid, Chicago/Denver School Participation Division
500 W. Madison St. Room 1576, Chicago, IL 60661
www.FederalStudentAid.ed.gov

FEDERAL STUDENT AID START HERE. GO FURTHER.

Antonelli College
OPE ID: 01289100
PRCN: 201040527239
Page 2 of 2

summary attendance record prepared by Antonelli to document attendance in class is an example of a form or report for which records needed to verify the data in the summary report should be maintained as the daily class sign-in sheets are the source documents for the summary rosters. If Antonelli failed to retain the daily class sign-in sheets upon which the summary attendance rosters were purportedly prepared, it is a violation of the requirement to retain records necessary to verify the data is the summary record. As noted in the PRR, there were numerous discrepancies between the daily sign-in sheets that were available and the summary records, raising further questions about the reliability of the summary attendance rosters.

Antonelli must submit the missing "Class Listing" forms as requested in the PRR. The resubmission (partial - Class Listing forms only) of Antonelli's response to these findings must be sent directly to Clare Barger of this office within 30 calendar days of the receipt date of this letter. If this corrected response is not received by that date, a Final Program Review Determination may be issued based upon information received by that date.

If you have any questions concerning this report, please call me at 312-730-1595.

Sincerely,

(b)(6)

Clare Barger
Senior Institutional Review Specialist