



October 31, 2013

Mr. James R. Bilney
President
Award Beauty School
26 East Antietam Street
Hagerstown, MD 21740

UPS Tracking # 1ZA879640197311084

RE: Final Program Review Determination
OPE ID: 00826300
PRCN: 201240327986

Dear Mr. Bilney:

The U.S. Department of Education's (Department's) School Participation Team - Philadelphia issued a program review report on October 16, 2012 covering Award Beauty School's (ABS) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. ABS's final response was received on December 12, 2012. A copy of the program review report (and related attachments) and ABS's written responses are attached. Any supporting documentation submitted with the responses is being retained by the Department and is available for inspection by ABS upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

ABS's response has resolved all findings. In addition ABS has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, ABS may consider the program review closed with no further action required.

Appendix A of the program review report contains personally identifiable information and will be emailed to ABS as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

Federal Student
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

School Participation Division – Philadelphia
The Wanamaker Building, 100 Penn Square East, Suite 511
Philadelphia, PA 19107
StudentAid.gov

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Ms. Bartges at 215.656.5953.

Sincerely,

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

Nancy P. Gifford 
Division Director

cc: Ms. Donna Stephens, Financial Aid Administrator
Ms. Mary Ellen Sommerfeld, School Director
Maryland Higher Education Commission
Pennsylvania Bureau of Professional & Occupational Affairs
National Accrediting Commission of Cosmetology Arts and Sciences

Prepared for

Award Beauty School

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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Philadelphia

Final Program Review Determination

October 31, 2013

Philadelphia School Participation Division
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107

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A. Institutional Information

Award Beauty School
26 East Antietam Street
Hagerstown, MD 21740-5624

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year Program

Accrediting Agency: National Accrediting Commission of Cosmetology Arts and Sciences

Current Student Enrollment: 164 (Per Institution's records as of May 18, 2012)

% of Students Receiving Title IV: 99% (Per Institution's records as of May 18, 2012)

Title IV Participation, per PC Net: (as of September 6, 2012):

2010-2011 Award Year	
Federal Pell Grant Program	\$1,179,148.00
William D. Ford Federal Direct Loan (Direct) Program	\$1,601,405.00

Default Rate FFEL/DL: 2009: 4.3%
 2008: 0%
 2007: 1.5%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Award Beauty School (ABS) from July 9-13, 2012. The review was conducted by Ms. Katherine Bartges and Ms. Diane Sarsfield.

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

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on October 16, 2012.

Disclaimer

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

C. Findings and Final Determinations:

Resolved Findings

ABS has taken the corrective actions necessary to resolve Findings 1, 2, 3, 6, 7 and 8 of the program review report. Therefore, these findings may be considered closed.

Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of each finding is a summary of ABS's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on October 16, 2012 is attached.

Finding #4: Inaccurate / Untimely Enrollment Status Reporting

Citation Summary: Federal regulation, 34 CFR 685.309 (b), requires participating institutions to confirm and report the enrollment status of students receiving Title IV loans. This reporting process is called Student Status Confirmation Reporting (SSCR) and the enrollment data reported is maintained in the National Student Loan Data System (NSLDS).

Noncompliance Summary: ABS reported inaccurate and untimely enrollment status change information to NSLDS. Specifically, ABS reported inaccurate information for six students, and untimely information for 15 students.

Required Action Summary: ABS was required to conduct a review of all data previously reported in NSLDS for students enrolled at the institution during the 2010-2011 and 2011-2012 award years. In addition, ABS was required to review its NSLDS reporting policies and procedures to ensure that accurate and timely information is reported to NSLDS.

ABS's Response Summary: ABS's response to the program review report was dated December 12, 2012. In its response, ABS provided revised procedures for reporting information to NSLDS.

In addition, ABS provided the results of its file review of all students who attended the institution during the 2010-2011 and 2011-2012 award years, which included a total of 292 students. ABS's file review disclosed that inaccurate enrollment information had been reported for eight additional students. ABS corrected the information in NSLDS for these students.

Final Determination: The Department reviewed the results of the file review ABS submitted in response to this finding. The Department did not identify any additional discrepancies with the information reported in NSLDS

The institution must follow its revised procedures to ensure that accurate enrollment data will be reported timely for all students in NSLDS.

Finding #5: COD Reporting Deficiencies

Citation Summary: Federal Regulations require that participating institutions report any change, condition, or event that causes a change in the amount of Federal Pell Grant funds for which the student qualifies. The institution must report these changes to the Secretary according to the schedule and deadline established in the Federal Register. 34 C.F.R. § 690.83 (b)(1). The Federal Register published May 26, 2010 established this reporting deadline as 30 days after making a disbursement or becoming aware of the need for a change for the 2010-2011 award year (Federal Register, Volume 75, # 101).

An institution is required to follow the processes and timelines established by federal regulations for reporting the disbursement of Federal Direct Loan funds to the Secretary. An institution that participates under school origination option 1 or standard origination must submit the initial disbursement record for a loan to the Secretary no later than 30 days following the date of the initial disbursement. The school must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment, or cancellation is made. 34 C.F.R. § 685.301 (e)(2).

The Secretary accepts a student's payment data that is submitted in accordance with procedures established through publication in the Federal Register, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution. 34 C.F.R. § 685.301 (e)(1).

Noncompliance Summary: ABS failed to update or adjust disbursement records reported to COD within the required timeframes for 13 students.

Required Action Summary: ABS was required to correct the disbursement records for each student identified in this finding. In addition, ABS was required to conduct a file review of the disbursement records for all students who withdrew from the institution during the 2010-2011 and 2011-2012 award years. The institution was also required to revise its policies and procedures to ensure that all disbursement information is reported to COD in an accurate and timely manner.

ABS's Response Summary: In response to this finding, ABS conducted a file review of the disbursement records reported to COD for all students who withdrew from the institution during the 2010-2011 and 2011-2012 award years. The institution also provided revised policies and procedures to ensure that accurate and timely disbursement data is reported to COD with the regulatory timeframe.

Final Determination: The Department reviewed ABS's file review results spreadsheet and written response. ABS corrected the disbursement records for the 13 students identified in this finding. The institution's file review included a total of 134 disbursement and adjustment records reported to COD. The Department found several additional late COD adjustments while cross-checking the institution's file review results spreadsheet with COD records.

The revised policies and procedures that the institution submitted in response to the Program Review Report stated that, refunds will be directly inputted into COD. This additional procedure should eliminate any future reporting issues between EDEExpress and COD.

ABS is also advised that as of to April 1, 2013, disbursement records must be updated in COD within 15 days. (Federal Register, Volume 78, No. 40). The institution should continue to monitor its COD reporting in order to ensure that the revised policies and procedures have resolved this finding.