



FILE COPY

November 30, 2012

Ms. Cille Bishop
President
Charzanne Beauty College
1549 Highway 72 East
Greenwood, South Carolina 29649-8520

UPS Tracking Number
1ZA5467Y0196303808

RE: Final Program Review Determination
OPE ID: 02338600
PRCN: 2012-3-04-27885

Dear Ms. Bishop:

The U.S. Department of Education's (Department's) School Participation Team – Atlanta issued a program review report on July 17, 2012 covering Charzanne Beauty College's (CBC'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 2010-2011 and 2011-2012 award years. CBC's final response was received on September 20, 2012. A copy of the program review report (and related attachments) and CBC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CBC upon request. Additionally, this Final Program Review Determination Letter (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, (3) notify the institution of its right to appeal and (4) close the review.

The total liabilities due from the institution from this program review are \$16,332.04. This FPRD contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the

Federal Student
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School Participation Division -- Atlanta
61 Forsyth Street, Room 18T40
Atlanta, Georgia 30303-8918
www.FederalStudentAid.gov

findings in the attached report do not contain any student PII. Instead, the findings reference students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the July 17, 2012 program review report. If CBC wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date CBC receives this FPRD. An original and four copies of the information CBC 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

CBC'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 CBC's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Jon Finkelstein at 404-974-9341. 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)

Charles Engstrom
Director

cc: Ms. Melissa Murray, Financial Aid Administrator
South Carolina State Board of Cosmetology
Council on Occupational Education

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
Charzanne Beauty College

Federal Student Aid
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OPE ID 02338600
PRCN 2012-3-04-27885

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

Final Program Review Determination

November 30, 2012

Federal Student Aid, Atlanta School Participation Division
61 Forsyth Street Room 18T40
Atlanta, Georgia 30303-8918
www.FederalStudentAid.ed.gov

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A. Institutional Information

Charzanne Beauty College
1549 Highway 72 East
Greenwood, South Carolina 29649-8520

Type: Proprietary

Highest Level of Offering: Certificate

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 68 (2011)

% of Students Receiving Title IV: 89.70% (2011)

Title IV Participation – Postsecondary Education Participants System (PEPS):

2010-2011

Federal Pell Grant Program (Pell)	\$297,303
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 8,399

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Charzanne Beauty College (CBC) from April 30, 2012 to May 4, 2012. The review was conducted by Jon Finkelstein and Charles Thompson.

The focus of the review was to determine CBC'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 CBC'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(15) and 2011/2012 (15) 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. In addition, 1 file was selected based on additional information provided from school officials. 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 July 17, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning CBC'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 CBC 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 with Comments

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the findings.

Finding 11-1: Return to Title IV (R2T4) Calculation Errors

Citation: 34 C.F.R. § 668.22 (a) (f) states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment 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.

34 C.F.R. § 668.22 (e)(2) states the percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date.

34 C.F.R. § 668.22 (f) (ii) states for purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined—

In the case of a program that is measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date.

(B) The scheduled clock hours used must be those established by the institution prior to the student's beginning class date for the payment period or period of enrollment and must be consistent with the published materials describing the institution's programs, unless the schedule was modified prior to the student's withdrawal.

34 C.F.R. § 668.22 (i) states the total amount of unearned Title IV assistance to be returned is equal to the total amount of institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.

34 C.F.R. § 668.22 (g) states that the institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An 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 grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

(2) For purposes of this section, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution.

Noncompliance: During the course of the review, 2 students were identified with an incorrect R2T4 calculation. For the first student, the federal share of the FSEOG disbursement was not included in Step 1 and the hours scheduled to complete was incorrect in Step 2. For the second student, the hours scheduled to complete in Step 2 was incorrect and the institution erroneously completed the Post Withdrawal Disbursement section in Step 4 instead of the Title IV Aid to be Returned section.

The second student was not included in the Department's sample. The information regarding the second student was voluntarily provided by CBC. The table below provides the student specific information.

<u>Student Number and/or Name</u>	<u>Withdrawal Date</u>	<u>Reported Hours Scheduled to Complete</u>	<u>Correct Hours Scheduled to Complete</u>	<u>Reported Return of Funds</u>	<u>Correct Return of Funds</u>
5	7/26/2011	330	300	\$0	\$0
Johnson, Tara	3/6/2012	156	210	\$1,803.75 – Pell Grant	\$1,492.00 – Pell Grant

Required Action: The aid received in Step 1 of the R2T4 calculation must include all Title IV funds received by the student for the payment period. In addition, Step 2 must include an accurate determination of the hours scheduled to complete at the time of withdrawal. The instructions outlined within the steps must be adhered to in order to achieve an accurate calculation.

Based upon the error rate of this finding, the school had to conduct a 100% file review of students who withdrew during the 2010-2011 and 2011-2012 award years (including students identified in this Program Review Report). CBC had to identify any errors discovered in the file review and report the outcome to the Department as part of CBC's Program Review Report response. CBC was also required to revise its R2T4 policy/procedures to ensure future compliance. Finally, CBC was required to engage an Independent Public Accountant (IPA) to test the file review completed by CBC.

Institution's Response: The Department agreed with CBC's determination that the correct return of funds for student 5 is \$0.

CBC engaged an independent auditor (Elliott Davis, LLC) to attest to the file review that was required for finding 11-1. The auditor attested to the accuracy of all R2T4 calculations conducted in the 2011 and 2012 award years with the exception of Tara Johnson. In its report, the auditor incorrectly calculated the adjusted Pell Grant return amount for Tara Johnson as \$1,304.00. The Department's recalculation resulted in an adjusted Pell Grant return amount of \$1,480.00. CBC returned \$1,803.75 in Pell Grant funds to the Department on 3/23/2012. CBC is not liable to the Department as the Pell Grant returned amount (\$1,803.75) was greater than the required return (\$1,480.00).

Final Determination: The Department contacted CBC on November 16, 2012 to discuss the independent auditor's report and to provide guidance regarding CBC's revised R2T4 policy and procedures. The Institutional Review Specialist (IRS) provided additional information and training to ensure that CBC staff is fully proficient regarding R2T4 calculations and policy. Prior errors were thoroughly analyzed and corrective measures were provided.

Finding 11-2: Improper Disbursement – Federal Pell Grant Disbursed Prior to Completion of Payment Period

Citation: 34 C.F.R. § 690.63 (f) states that the institution may not disburse an amount that exceeds 50 percent of the student's annual Pell Grant award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time and clock hours, 50 percent of the weeks of instructional time and clock hours in the program's academic year.

The definition of a payment period is applicable to all FSA programs except Federal Work Study (FWS). The common definition is integral to requirements for the administration of FSA funds. For example, FSA program disbursements (except FWS disbursements) must be made on a payment period basis. For clock hour programs, the payment period is defined not only in clock hours but also in weeks of instructional time. A student must successfully complete the clock hours and weeks of instructional time in a payment period to progress to the next payment period.

If a student is paid prior to completing the required hours and weeks and subsequently completes the hours and weeks, no liability exists. If, however, the student receives the disbursement prior to completing the required hours and weeks and subsequently leaves the institution prior to completing the required hours and weeks, the institution is liable for the ineligible disbursement.

Noncompliance: During the course of the review, several instances of improper Pell Grant disbursements were identified. The students are listed in the following table.

Student Number	Pell Grant Disbursement Date per COD	Pell Grant Disbursement Amount	Hours Earned as of Disbursement Date
24	3/9/2012	\$2,775.00	197.25
26	3/9/2012	\$2,775.00	269
27	3/9/2012	\$2,775.00	132
29	3/9/2012	\$2,775.00	240

CBC offers a 1500 clock hour cosmetology program. The award year is defined as 900 clock hours. The payment periods are as follows:

- 1st Payment Period = 0 - 450 Clock Hours
- 2nd payment Period = 451 - 900 Clock Hours
- 3rd Payment Period = 901 – 1200 Clock Hours
- 4th payment Period = 1201 – 1500 Clock Hours

The four students identified in this finding were paid the second Pell Grant disbursement prior to earning 450 clock hours. Additionally, students 26 and 29 appear to have withdrawn from the program prior to completing the first 450 hours.

Required Action: Based upon the error rate of this finding, the school had to conduct a 100% file review of the timing of Pell Grant disbursements for students who attended CBC during the 2010-2011 and 2011-2012 award years (including students identified in program review sample). CBC had to report the outcome to the Department as part of CBC's Program Review Report response.

CBC was required to revise its awarding/disbursement policy/procedures to ensure future compliance. The revised policy/procedures document had to be submitted to the Department in response to this Program Review Report. CBC was also required to engage an Independent Public Accountant (IPA) to test the file review completed by CBC.

Institution's Response: CBC agreed with the finding. CBC engaged an independent auditor (Elliott Davis, LLC) to attest to the file review that was required for finding 11-2. The auditor attested to the timing of all Pell Grant disbursements in the 2011 and 2012 award years. The auditor identified 2 additional students that were paid Pell Grant funds prior to the completion of a payment period. In each instance, the student eventually reached the clock hour requirement, thereby earning the Pell Grant funds.

CBC provided the Department with a revised Policy for the Disbursement of Federal Pell Grant Funds that included the following:

"The first disbursement of Pell Grant funds is requested for a qualifying student shortly after the student begins instruction in the program. Subsequent Pell Grant disbursements are requested when the student has achieved the required total amount of earned hours to move into the next payment period. The student must continue to remain in good standing and be deemed to be making satisfactory progress.

Per Federal Guidelines for the disbursement of Pell Grant funds, the institution may not disburse an amount that exceeds 50 percent of the student's annual Pell Grant award until the student has successfully completed the period of time in the payment period that equals, in terms of weeks of instructional time and clock hours, 50 percent of the weeks of instructional time and clock hours in the program's academic year.

For any remaining portion of a program that is more than one half of an academic year, but less than a full academic year, the remaining portion of the Pell Grant Award is divided into two equal payments and disbursed to the student on that basis."

Final Determination: The Department contacted CBC on November 16, 2012 to discuss the independent auditor's report and to provide guidance regarding CBC's

revised Pell Grant disbursement policy and procedures. The IRS provided additional information and training to ensure that CBC staff is fully proficient regarding the timing of Pell Grant disbursements.

Finding 11-3: Federal Supplemental Educational Opportunity Grant (FSEOG) Matching Requirement Not Met

Citation: 34 C.F.R. § 676.21 (a)(c) states that except as provided in paragraph (b) of this section, the Federal share of the FSEOG awards made by an institution may not exceed 75 percent of the amount of FSEOG awards made by that institution.

The non-Federal share of FSEOG awards must be made from the institution's own resources, which include for this purpose—

- (1) Institutional grants and scholarships;
- (2) Tuition or fee waivers;
- (3) State scholarships; and
- (4) Foundation or other charitable organization funds.

Noncompliance: CBC did not calculate the non-federal share of its SEOG awards correctly for several students. These students are identified in the following table:

<u>Student Number</u>	<u>Federal Share Awarded</u>	<u>Institutional Match Awarded</u>	<u>Proposed Federal Share (FS) and Institutional Match (IM) Amounts</u>
3	\$63.00 – 5/2/10 \$62.00 – 6/10/10	\$25.00	\$112.5 (FS) \$37.50 (IM)
4	\$125.00 – 5/12/10	\$0	\$112.5 (FS) \$37.50 (IM)

5	\$71.00 – 7/13/11	\$24.00	\$71.25 (FS) \$23.75 (IM)
6	\$71.00 – 7/13/11	\$24.00	\$71.25 (FS) \$23.75 (IM)
8	\$71.00 – 7/13/11	\$24.00	\$71.25 (FS) \$23.75 (IM)
11	\$71.00 – 7/13/11	\$24.00	\$71.25 (FS) \$23.75 (IM)
12	\$63.00 – 5/12/10 \$62.00 – 5/12/10	\$31.25	\$112.5 (FS) \$37.50 (IM)

Required Action: Based upon the error rate of this finding, the school had to conduct a 100% file review of students who received FSEOG awards during the 2011-2012 award year (including students identified in this Program Review Report) to identify incorrect institutional matches. CBC was required to identify any errors discovered in the file review and report the outcome to the Department as part of CBC's Program Review Report response.

CBC had to revise its FSEOG awarding policy/procedures to ensure future compliance. The revised policy/procedures document had to be submitted in response to this Program Review Report. CBC was also required to engage an Independent Public Accountant (IPA) to test the file review completed by CBC.

Institution's Response: CBC has historically worked with its third party servicer in administering the Federal Supplemental Educational Opportunity Grant Program (FSEOG). Federal and matching award amounts have been provided by the third party servicer and CBC has used these amounts to adjust student ledgers. The third party servicer advised CBC that the 75/25 match was done on an aggregate level (total FSEOG

funding). Based on Finding 11-3, the third party servicer will begin calculating the match based on each individual student. CBC has incorporated this revised policy into its Policy for Administering and Matching FSEOG Funds.

Final Determination: The Department reviewed the revised ledger of each student named in this finding to confirm that the appropriate correction to the federal/institutional match was made. CBC successfully corrected all errors identified from the program review sample. In addition, the independent auditor (Elliott Davis, LLC) tested the remaining FSEOG recipients to confirm accuracy. The auditor attested to the accuracy of the match for each student that was awarded FSEOG funds in the 2010-2011 and 2011-2012 award years.

Finding 11-4: Account Records Inadequate/Not Reconciled

Citation: 34 C.F.R. § 668.24 (b) states an institution shall account for the receipt and expenditure of title IV, HEA program funds in accordance with generally accepted accounting principles.

(2) An institution shall establish and maintain on a current basis—

- (i) Financial records that reflect each HEA, title IV program transaction; and
- (ii) General ledger control accounts and related subsidiary accounts that identify each title IV, HEA program transaction and separate those transactions from all other institutional financial activity.

34 C.F.R. § 668.19 states in administering its FSEOG program, an institution shall establish and maintain an internal control system of checks and balances that insures that no office can both authorize payments and disburse funds to students.

(2) An institution shall maintain funds received under this part in accordance with the requirements in §668.163.

(b) *Records and reporting.* (1) An institution shall follow the record retention and examination provisions in this part and in 34 C.F.R. § 668.24.

(2) An institution shall establish and maintain program and fiscal records that are reconciled at least monthly.

(3) Each year an institution shall submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.

Noncompliance: CBC provided a ledger listing from its third party servicer of all FSEOG disbursements for the current award year. In reviewing this information, the reviewers noted that several of the disbursements did not match the student ledgers. In addition, CBC had not reconciled the FSEOG account.

Required Action: Fiscal accounts must be reconciled on a monthly basis. CBC was required to complete a reconciliation of the 2011-2012 FSEOG account and provide the results to the Department. In addition, CBC had to adjust all incorrect student ledgers and submit copies of the corrected student ledgers to the Department.

CBC was required to revise its awarding/disbursement policy/procedures to ensure future compliance. The revised policy/procedures document had to be submitted in response to the Program Review Report.

Institution's Response: CBC conducted a full review of FSEOG recipients and identified one incorrect student ledger. This ledger was corrected and submitted to the Department for review. Additionally, CBC completed a full reconciliation of the 2011-2012 FSEOG account, and included the following statement regarding monthly reconciliation in its Policy for Administering Federal Supplemental Educational Opportunity Grant Funds –

“Student ledgers and institutional financial records will be reconciled on a monthly basis to ensure that all disbursements are accurately coded on the student’s ledger and that all records of disbursements correctly match institutional records and student ledgers. This monthly reconciliation will be conducted, reviewed and signed off on by the Assistant Director and the Director.”

Final Determination:

The Department has reviewed CBC’s response to this finding and has deemed the response acceptable.

Finding 11-6: Return of Title IV Funds (R2T4) Not Made

Citation: 34 C.F.R. § 668.22 states that 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 (not including Federal Work Study or the non-Federal share of Federal Supplemental Educational Opportunity Grant (FSEOG) awards if the institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student’s withdrawal date.

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but not later than 45 days after the date of the institution's determination that the student withdrew.

Noncompliance: Students 10 and 20 withdrew during a payment period in which they began attendance. An R2T4 calculation was not performed to determine the amount of aid that the student earned. CBC returned the full Pell Grant award to the Department

Required Action: CBC had to perform a R2T4 calculation for all students that began a payment period and subsequently withdrew before completing the payment period. In addition, CBC was required to complete an R2T4 calculation for students 10 and 20 to determine the amount of Title IV aid that each student earned. A copy of the R2T4 calculation worksheets and a copy of the corrected student ledgers had to be submitted in CBC's response to the Program Review Report.

CBC also had to revise its R2T4 policy/procedures to ensure future compliance. A copy of the revised R2T4 policy/procedures document had to be submitted to the Department in response to the Program Review Report.

Institution's Response: CBC stated that the 2 students identified in this finding were enrolled for an extremely brief period of time. As such, CBC returned the full Pell Grant disbursements to the Department. CBC returned the full Pell Grant payment to prevent the withdrawals from being included in the institution's completion rate calculation. The institution is in agreement that this practice was incorrect. Going forward, CBC will administer a R2T4 calculation for any student that attends at least one day of the payment period.

Final Determination: The Department contacted CBC on November 16, 2012 to discuss the independent auditor's report and to provide guidance regarding CBC's revised R2T4 policy and procedures. The Institutional Review Specialist (IRS) provided additional information and training to ensure that CBC staff is fully proficient regarding R2T4 calculations and policy. The Director and Assistant Director have been advised that R2T4 calculations must be performed for any student that attends at least one day in a payment period.

Finding 11-7: Records Not Maintained Three Years

Citation: 34 C.F.R. § 668.24 (d) (e) states that unless otherwise directed by the Secretary—

An institution shall maintain required records in a systematically organized manner, and;

An institution shall make its records readily available for review by the Secretary or the Secretary's authorized representative at an institutional location designated by the Secretary or the Secretary's authorized representative, and;

An institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, Federal Pell Grant, ACG, National SMART Grant, or TEACH Grant Program for three years after the end of the award year for which the aid was awarded and disbursed under those programs, and;

The Fiscal Operations Report and Application to Participate in the Federal Perkins Loan, FSEOG, and FWS Programs (FISAP), and any records necessary to support the data contained in the FISAP, including "income grid information," for three years after the end of the award year in which the FISAP is submitted.

Noncompliance: During the course of the program review, several student files were missing timecards. Each of the identified students had graduated or withdrawn from the cosmetology program. CBC staff had routinely discarded timecards for students that were no longer enrolled.

Required Action: The institution had to discontinue its practice of discarding timecards for students that have graduated or withdrawn. Timecards are essential during the administration of an audit or program review to verify Title IV eligibility. Timecards must be retained for a minimum of three years after the end of the award year in which aid was awarded and disbursed.

CBC was required to revise its attendance policy/procedures to ensure future compliance. The revised policy/procedures document had to be submitted in response to the Program Review Report.

Institution's Response: CBC discarded attendance records as a result of guidance received from the South Carolina Board of Cosmetology (SCBC). The information from SCBC dictated that once a student has graduated or withdrawn and all monthly time sheets were verified and initialed, there was no requirement to maintain the records in an academic or financial aid file. CBC was unaware that this policy does not extend to Title IV regulations.

CBC has incorporated this Title IV requirement into its revised Policy Regarding Time Clock and Time Cards. More specifically, the policy states –

“The cards are maintained in the file for a minimum of three years beyond the student's graduation or withdrawal date.”

Final Determination: The Department has reviewed CBC's revised policy. The response and revised policy are acceptable.

Finding 11-8: Inaccurate Recordkeeping

Citation: 34 C.F.R. § 690.83 (2) states that the Secretary accepts a student’s payment data that is submitted in accordance with procedures established through publication in the federal register. The payment data contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and institution.

A disbursement date is defined as the date the institution:

- Credits funds to the student’s account, or;
- Pays funds directly to the student

Noncompliance: Disbursement dates reported to the Common Origination and Disbursement System (COD) did not always match dates that funds were credited to student ledgers.

During the course of the review, the following students were identified as having conflicting COD and account ledger disbursement dates.

<u>Student Number</u>	<u>Title IV Program</u>	<u>Disbursement Amount</u>	<u>Student Ledger Disbursement Date</u>	<u>COD Disbursement Date</u>	<u>Difference – Days Early/Late</u>
3	Pell Grant	\$1,850.00	2/23/2011	12/23/2010	60 Days Late
7	Pell Grant	\$1,850.00	11/1/2010	11/10/2010	9 Days Early
8	Pell Grant	\$2,775.00	9/8/2011	8/30/2011	9 Days Early

Required Action: The institution had to review its COD reporting procedures to determine the cause of the discrepancies. CBC was required to correct the COD disbursement dates for the before mentioned students to match the student ledger disbursement dates. Additionally, CBC was required to include a written update of its COD reporting procedures.

Institution’s Response: CBC contracts with a third party servicer for COD reporting. Upon inquiry to the third party servicer regarding this finding, CBC was advised that the reporting errors were valid. The third party servicer indicated that there has been a change in reporting procedures. CBC has been assured that these modifications will serve to eliminate future COD reporting errors.

Final Determination: Due to the fact that COD reporting is contracted to a third party servicer, CBC is not required to produce an internal COD reporting policy/procedure document. The Department, however, may request a policy/procedure document from the third party servicer if future instances of this finding occur.

Finding 11-9: Verification Policy Not Documented/Missing

Citation: 34 C.F.R. § 668.53 (a) states that an institution must establish and use written policies and procedures for verifying an applicant's FAFSA information in accordance with the provisions of this subpart. These policies and procedures must include—

(1) The time period within which an applicant must provide any documentation requested by the institution in accordance with §668.57;

(2) The consequences of an applicant's failure to provide the requested documentation within the specified time period;

(3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the title IV, HEA programs;

(4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and

(5) The procedures for making referrals under §668.16(g).

(b) An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of—

(1) The documentation needed to satisfy the verification requirements; and

(2) The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.

(c) An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC.

Noncompliance: CBC verifies students selected for verification by the Department. Applicable changes are transmitted through FAA Access to CPS On-Line. CBC does not, however; have a written verification policy.

Required Action: The institution had to draft a verification policy/procedures document that satisfies each of the requirements listed in 34 C.F.R. § 668.53. In response to this Program Review Report, CBC had to submit a written verification policy/procedures document to the Department.

Institution's Response: CBC drafted a Financial Aid Verification Policy document and submitted the results to the Department with its response. The Department requested edits to the document on 11/13/2012. These edits included the drafting of a written verification notification document, and revised language regarding the IRS retrieval process and IRS transcript requirement. These edits were provided 11/15/2012.

Final Determination: CBC staff worked diligently to draft a comprehensive and complete verification policy. After successfully adopting suggested edits from the Department, the policy was deemed acceptable.

Finding 11-10: Return to Title IV Policy (R2T4) Not Developed/Inadequate

Citation: 34 C.F.R. § 668.43 (a) states institutional information that must make readily available to enrolled and prospective students under this subpart includes, but is not limited to—

- (3) The requirements and procedures for officially withdrawing from the institution;
- (4) A summary of the requirements under §668.22 for the return of title IV grant or loan assistance;

The 2011-2012 Student Financial Aid Handbook, Volume 5, pp. 34 states in the consumer information a school must make available upon request to prospective and enrolled students, the school must include a statement of—

- any refund policy with which the school must comply;
- the requirements for the treatment of Title IV funds when a student withdraws and
- the requirements and procedures for officially withdrawing from the school.

A school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences of doing so. In addition, a student should be able to estimate how much Federal Student Aid

he or she will retain, and how much he or she may have to return upon withdrawing. Because the Return provisions do not affect institutional refund policies, a school must provide a student with information on both the school's refund policy and the federal return requirements, and explain the interaction between the two. The information should include a discussion of how a school might adjust a student's charges to take into account any return of FSA funds the school might be required to make. Finally, a student or prospective student should be informed that if he or she withdraws, school charges that were previously paid by FSA funds might become a debit that the student will be responsible for paying.

As a part of the institution's disclosure of the procedures for officially withdrawing, the school must identify the office or offices that it has designated to accept notification of official withdrawals.

Noncompliance: CBC does not have a R2T4 or withdrawal policy. Additionally, the institutional refund policy appears twice in the 2012 school catalog (page 7 and page 20). The institutional refund policies are not identical.

Required Action: CBC had to draft a R2T4 policy and withdrawal policy. Since the R2T4 policy is mutually exclusive from the institutional refund policy, CBC also had to explain the interaction between the two. In addition, CBC was required to consolidate the two institutional refund policies that are currently listed in the 2012 school catalog. Finally, CBC was required to draft a withdrawal policy that addresses both official and unofficial withdrawals.

In its response to this Program Review Report, CBC was required to submit a written R2T4 and withdrawal policies to the Department.

Institution's Response: CBC drafted a Refund Policies and Unofficial and Official Withdrawal policy document and submitted the results to the Department with its response. The Department requested a series of two edits to the document on 11/15/2012 and 11/16/2012. These edits included contextual revisions regarding scheduled hours, post withdrawal disbursements and unofficial withdrawals. The Department also requested a revision to CBC's Withdrawal Form. These edits were provided 11/16/2012.

Final Determination: CBC staff worked diligently to draft comprehensive and compliant Refund and Withdrawal policies. After successfully adopting suggested edits from the Department, the policies were deemed acceptable.

Finding 11-11: Admissions Policy Not Followed/Documented

Citation: 34 C.F.R. § 668.32 (a) states that a student is eligible to receive Title IV funds if he or she is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution and;

- (e)(1) Has a high school diploma or its recognized equivalent;
- (2) Has obtained a passing score specified by the Secretary on an independently administered test in accordance with subpart J of this part;
- (3) Is enrolled in an eligible institution that participates in a State "process" approved by the Secretary under subpart J of this part;
- (4) Was home-schooled, and either—
 - (i) Obtained a secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law; or
 - (ii) If State law does not require a home-schooled student to obtain the credential described in paragraph (e)(4)(i) of this section, has completed a secondary school education in a home school setting that qualifies as an exemption from compulsory attendance requirements under State law; or
- (5) Has been determined by the institution to have the ability to benefit from the education or training offered by the institution based on the satisfactory completion of 6 semester hours, 6 trimester hours, 6 quarter hours, or 225 clock hours that are applicable toward a degree or certificate offered by the institution.

Noncompliance: CBC's admission requirements as stated on page 6 of the 2012 School catalog reads as follows:

- "Documentation must first be provided by the student evidencing a high school graduation, acceptable GED or Ability to Benefit testing results".

The files for students, 4, 7, 10, 16 and 29 were missing acceptable documentation. Student 29 claims to be home schooled, but did not have State certification or exemption documentation.

CBC must adhere to its admissions policy that requires documentation of a valid high school diploma, GED, or passing ATB test results. Additionally, CBC's admission requirements should be updated to exclude any reference to the Ability to Benefit test option. This option is no longer acceptable for Title IV as of 7/1/2012.

Required Action: Based upon the error rate of this finding, the school was required to conduct a 100% file review of students who received Title IV aid during the 2010 -2011 and 2011-2012 award year (including students identified in this Program Review Report) to confirm that admissions requirements were met. CBC had to identify any omission of a valid high school diploma, GED certificate or passing ATB test results and report the outcome to the Department as part of CBC's Program Review Report response. CBC was also required to engage an Independent Public Accountant (IPA) to test the file review completed by CBC

In response to this Program Review Report, CBC was required to submit a written update of its Admissions Requirements document to the Department.

Institution's Response: CBC was able to locate valid documentation evidencing a high school graduation, acceptable GED or ATB testing results for each student cited in this finding. In addition, an independent auditor (Elliott Davis, LLC) reviewed all students enrolled in the 2010-2011 and 2011-2012 award years to verify that admissions requirements were satisfied. The auditor's report confirmed that each student's file contained the required documentation.

CBC is required to submit documentation of a high school diploma, GED certificate or proof of high school graduation to the South Carolina Board of Cosmetology. In some instances, this documentation was housed outside of the student's admissions and/or financial aid files. Going forward, CBC plans to laminate and affix valid high school and/or GED completion documentation to the student's file.

Final Determination: The response to this finding was reviewed by the Department and deemed acceptable.

Finding 11-12: Satisfactory Academic Progress Policy Not Adequately Developed

Citation: 34 C.F.R § 668.34 states an institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

(3) The policy provides that a student's academic progress is evaluated—

(i) At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or

(ii) For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;

- (5)(i) The policy specifies the pace at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe, as defined in paragraph (b) of this section, and provides for measurement of the student's progress at each evaluation; and
- (6) The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;
- (7) Except as provided in paragraphs (c) and (d) of this section, the policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the title IV, HEA programs;
- (8) If the institution places students on financial aid warning, or on financial aid probation, as defined in paragraph (b) of this section, the policy describes these statuses and that—
- (i) A student on financial aid warning may continue to receive assistance under the title IV, HEA programs for one payment period despite a determination that the student is not making satisfactory academic progress. Financial aid warning status may be assigned without an appeal or other action by the student; and
- (ii) A student on financial aid probation may receive title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's satisfactory academic progress standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further title IV, HEA program funds;
- (9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes—
- (i) How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs;
- (ii) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances.
- (iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation;

(10) If the institution does not permit a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs; and

(11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for title IV, HEA program funds.

Noncompliance: CBC's Satisfactory Academic Progress Policy is deficient in each of the areas detailed in the citation section of this finding. More specifically, CBC does not clearly state that the SAP evaluation occurs at the end of a payment period. In addition, CBC's SAP policy states, "A student must satisfactorily complete a minimum number of hours (percentage of work) toward his/her educational goal based on time increments and complete his/her course in 1.33 times the normal timeframe". The federal regulations allow 150% of the normal timeframe for completion. In addition, CBC's probationary period is 30 days. Probationary periods are defined as one payment period in length. Finally, CBC's current SAP policy does not include provisions for an academic plan.

Required Action: CBC was required to revise its SAP policy to meet each of the regulations listed in the citation for this finding and submit a written update of its SAP policy document to the Department.

Institution's Response: CBC drafted a Satisfactory Academic Progress Policy document and submitted the results to the Department with its response. The Department requested edits to the document on 11/29/2012. These edits involved the inclusion of language regarding the academic plan requirement. These edits were provided 11/30/2012.

Final Determination: CBC staff worked diligently to draft a comprehensive and complete Satisfactory Academic Progress Policy. After successfully adopting the suggested edit from the Department, the policy was deemed acceptable.

Finding 11-13: Drug Abuse Prevention Program Requirements Not Met

Citation: 34 C.F.R. 68.100 states the institution's drug prevention program must, at a minimum, include the following:

(a) The annual distribution in writing to each employee, and to each student who is taking one or more classes for any type of academic credit except for continuing education units, regardless of the length of the student's program of study.

(2) A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol.

(b) A biennial review by the institution of its program to—

(1) Determine its effectiveness and implement changes to the program if they are needed.

Noncompliance: A review of CBC's Drug Abuse Prevention Program indicated the need for a revision of some of the existing components and an absence of some of the required components. The institution's program is outlined in an internal document entitled "Charzanne Beauty College, Facts on Drug and Alcohol Abuse".

CBC's Drug Prevention and Abuse Program is in need of revision or missing the following components:

- The student files did not include a signed copy of the document. The reviewer was not able to verify that the institution distributed the information to each employee and student. The internal document should be revised to include a signature line. Once signed, the document should be included in each employee and student file.
- A description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol. The policy refers the reader to the Federal Controlled Substances Act. The document should list the applicable sanctions.
- CBC has not conducted a biennial review of its program to—
 1. Determine its effectiveness and implement changes to the program if they are needed; and
 2. Ensure that the disciplinary sanctions are consistently enforced.

Required Action: CBC had to update its Drug and Alcohol Prevention Plan to revise existing components and include missing components. CBC had to submit a copy of its revised Drug and Alcohol Prevention Program to the Department.

Institution's Response: CBC drafted a Drug-Free Policy and Prevention Program document and submitted the results to the Department with its response. The Department requested an edit to the program on 11/13/2012. This edit involved the development of a formal biannual review template. The edit was provided 11/15/2012.

Final Determination: CBC staff worked diligently to draft a comprehensive and complete Drug-Free Policy and Prevention Program. After successfully adopting the suggested edit from the Department, the program content was deemed acceptable.

Finding 11-14: Consumer Information Requirements Not Met

Citation: 34 C.F.R. § 668.42 (c)(3) states the institution must describe the rights and responsibilities of students receiving financial assistance and, specifically, assistance under the title IV, HEA programs. This description must include specific information regarding—

(3) The method by which financial assistance disbursements will be made to the students and the frequency of those disbursements.

34 C.F.R. 668.14 § (b)(13) states by entering into a program participation agreement, an institution agrees that—

13) In the case of an institution whose students receive financial assistance pursuant to section 484(d) of the HEA, the institution will make available to those students a program proven successful in assisting students in obtaining the recognized equivalent of a high school diploma.

34 C.F.R. § 668.43 (a)(1) states institutional information that the institution must make readily available to enrolled and prospective students under this subpart includes, but is not limited to—

- (1) The cost of attending the institution, including—
 - (ii) Estimates of costs for necessary books and supplies;
 - (iv) Estimates of transportation costs for students; and
 - (v) Any additional cost of a program in which a student is enrolled or expresses a specific interest.

34 C.F.R § 668.43 (a)(7) states institutional information that the institution must make readily available to enrolled and prospective students under this subpart includes, but is not limited to—

7) A description of the services and facilities available to students with disabilities, including students with intellectual disabilities as defined in subpart O of this part.

Division J of Pub. L 108-447, the “Consolidated Appropriations Act, 2005,” Dec. 8, 2004; 118 Stat. 2809, 3344-45 (Section 111) states an institution must provide confirmation that it held an educational program commemorating the September 17, 1787 signing of the Constitution on September 17th of each year (or preceding or following week if the 17th falls on a Saturday, Sunday, or holiday).

HEOA Sec. 493(a)(1) amended HEA Sec. 487(a)(23) (20 U.S.C. 1094(a)(23): added HEA Sec. 487 (a)(23)(D) states an institution must have voter registrations forms made widely available and provided by mail or electronically to each enrolled student, unless the institution is in a state without a voter registration requirement or that allows voters to register at the time of voting.

Noncompliance: CBC's consumer information is primarily housed in its school catalog and in additional stand- alone documents. The items listed in the citation section of this finding outline the areas that the reviewers found missing or deficient.

Required Action: CBC was required to revise, draft or implement consumer information/activities regarding each of the components mentioned in this finding. A revised or new draft had to be presented to the Department in the institution's response to the Program Review Report.

Institution's Response: CBC drafted a Notice of Consumer Information document that satisfied each of the requirements listed in this finding. The school plans to add this information to their website in the near future.

Final Determination: CBC staff worked diligently to draft a comprehensive and complete Notice of Consumer Information document. After review, the Department has deemed the document as acceptable.

Finding 11-15: Crime Awareness Requirements Not Met

Citation: 34 C.F.R. § 668.46 (b) states 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.

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

(iii) Describes procedures, if any; that 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.

(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 non-forcible 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;

(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 non-forcible 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.

(13) Beginning with the annual security report distributed by October 1, 2010, a statement of policy regarding emergency response and evacuation procedures, as described in paragraph (g) of this section.

(14) Beginning with the annual security report distributed by October 1, 2010, a statement of policy regarding missing student notification procedures, as described in paragraph (h) of this section.

(c) *Crime statistics - (1) Crimes that must be reported.* An institution must report statistics for the three most recent calendar years concerning the occurrence on campus, in or on non-campus buildings or property, and on public property of the following that are reported to local police agencies or to a campus security authority:

(i) Criminal homicide:

(A) Murder and non-negligent manslaughter.

(B) Negligent manslaughter.

(ii) Sex offenses:

(A) Forcible sex offenses.

(B) Non-forcible sex offenses.

(iii) Robbery.

(iv) Aggravated assault.

(v) Burglary.

(vi) Motor vehicle theft.

(vii) Arson.

(viii) (A) Arrests for liquor law violations, drug law violations, and illegal weapons possession.

(B) Persons not included in paragraph (c)(1)(viii)(A) of this section, who were referred for campus disciplinary action for liquor law violations, drug law violations, and illegal weapons possession.

(2) *Recording crimes.* An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority.

(3) *Reported crimes if a hate crime.* An institution must report, by category of prejudice, the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability:

(i) Any crime it reports pursuant to paragraph (c)(1)(i) through (vii) of this section.

(ii) The crimes of larceny-theft, simple assault, intimidation, and destruction/damage/vandalism of property.

(iii) Any other crime involving bodily injury.

(4) *Crimes by location.* The institution must provide a geographic breakdown of the statistics reported under paragraphs (c)(1) and (3) of this section according to the following categories:

(i) On campus.

(iii) In or on a noncampus building or property.

(iv) On public property.

(5) *Identification of the victim or the accused.* The statistics required under paragraphs (c)(1) and (3) of this section may not include the identification of the victim or the person accused of committing the crime.

(6) *Pastoral and professional counselor.* An institution is not required to report statistics under paragraphs (c)(1) and (3) of this section for crimes reported to a pastoral or professional counselor.

(7) *UCR definitions.* An institution must compile the crime statistics required under paragraphs (c)(1) and (3) of this section using the definitions of crimes provided in appendix A to this subpart and the Federal Bureau of Investigation's Uniform Crime Reporting (UCR) Hate Crime Data Collection Guidelines and Training Guide for Hate Crime Data Collection. For further guidance concerning the application of definitions and classification of crimes, an institution must use either the UCR Reporting Handbook or the UCR Reporting Handbook: NIBRS EDITION, except that in determining how to report crimes committed in a multiple-offense situation an institution must use the UCR Reporting Handbook. Copies of the UCR publications referenced in this paragraph are available from: FBI, Communications Unit, 1000 Custer Hollow Road, Clarksburg, WV 26306 (telephone: 304-625-2823).

(e) *Timely warning and emergency notification.* (1) An institution must, in a manner that is timely and will aid in the prevention of similar crimes, report to the campus community on crimes that are—

(i) Described in paragraph (c)(1) and (3) of this section;

(ii) Reported to campus security authorities as identified under the institution's statement of current campus policies pursuant to paragraph (b)(2) of this section or local police agencies; and

(iii) Considered by the institution to represent a threat to students and employees.

(2) An institution is not required to provide a timely warning with respect to crimes reported to a pastoral or professional counselor.

(3) If there is an immediate threat to the health or safety of students or employees occurring on campus, as described in paragraph (g)(1) of this section, an institution must follow its emergency notification procedures. An institution that follows its emergency notification procedures is not required to issue a timely warning based on the same circumstances; however, the institution must provide adequate follow-up information to the community as needed.

(g) *Emergency response and evacuation procedures.* An institution must include a statement of policy regarding its emergency response and evacuation procedures in the annual security report. This statement must include—

(1) The procedures the institution will use to immediately notify the campus community upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees occurring on the campus;

(2) A description of the process the institution will use to—

(i) Confirm that there is a significant emergency or dangerous situation as described in paragraph (g)(1) of this section;

(ii) Determine the appropriate segment or segments of the campus community to receive a notification;

(iii) Determine the content of the notification; and

(iv) Initiate the notification system.

(3) A statement that the institution will, without delay, and taking into account the safety of the community, determine the content of the notification and initiate the notification system, unless issuing a notification will, in the professional judgment of responsible authorities, compromise efforts to assist a victim or to contain, respond to, or otherwise mitigate the emergency;

(4) A list of the titles of the person or persons or organization or organizations responsible for carrying out the actions described in paragraph (g)(2) of this section;

(5) The institution's procedures for disseminating emergency information to the larger community; and

(6) The institution's procedures to test the emergency response and evacuation procedures on at least an annual basis, including—

(i) Tests that may be announced or unannounced;

(ii) Publicizing its emergency response and evacuation procedures in conjunction with at least one test per calendar year; and

(iii) Documenting, for each test, a description of the exercise, the date, time, and whether it was announced or unannounced.

Noncompliance: CBC currently publishes two annual documents entitled "Charzanne Beauty College Campus Security Plan Crime Act Report" and the "Charzanne Beauty College 2012 Crime Act Report". These documents cover a portion of the campus security/crime awareness regulations. Those items covered have been removed from the citation section of this finding. The citation section of this finding is a listing of the campus security/crime awareness requirements that are missing or inadequate.

Required Action: CBC was required to revise its campus security/crime awareness publications to incorporate the missing and/or inadequate requirements. A new draft had to be presented to the Department in the institution's response to the Program Review Report.

Institution's Response: CBC drafted a Campus Crime Reporting – Policy and Procedures document that satisfied each of the requirements listed in this finding. The revised policy includes updated reporting guidelines, preventative education/counseling information and current crime statistics.

Final Determination: CBC staff worked diligently to draft a comprehensive and complete Campus Crime Reporting – Policy and Procedures document. After review, the Department has deemed the document as acceptable.

Finding 11-16: Improper Disbursement – Federal Pell Not Made in Multi/Equal Payments

Citation: The 2010-2011 Federal Student Aid Handbook, Volume 3, pp. 8 states for any remaining portion of a program that is more than half of an academic year but less than a full academic year, the remaining portion is divided into two payment periods and the first payment period is the period in which the student successfully completes half of the credit or clock-hours AND 1/2 of the weeks of instructional time in the remaining portion.

Noncompliance: Student six was a transfer student who began her program at CBC transferring in a total of 913 credits. When calculating federal Pell Grant eligibility, CBC did not equally divide the student's remaining eligibility into two payment periods. The student was eligible for a total of \$3,614.00 in Pell Grant funds. CBC disbursed \$1,850.00 in the first payment period and \$1,764.00 in the second payment period. The Student Financial Aid Award Notice/Disclosure Statement displayed the following information:

Aid Type	Award	Payment/Loan Period	Anticipated Date	Amount
Federal Pell	\$3,614.00	914 – 1213 Hours	7/14/2010	\$1,850.00
		1214 – 1500 Hours	11/17/2010	\$1,764.00

Required Action: CBC was required to discontinue awarding unequal Title IV aid disbursements during a scheduled award. CBC was also required to submit a copy of its revised awarding policy/procedures to the Department.

Institution's Response: CBC agreed with this finding and noted that this was an isolated instance involving a transfer student. In addition, CBC included verbiage in its Policy for the Disbursement of Federal Pell Grant Funds that specifically addresses this finding. The policy states --

“For any remaining portion of a program that is more than one half of an academic year, but less than a full academic year, the remaining portion of the Pell Grant award is divided into two equal payments and disbursed to the student on that basis.”

Final Determination: The Department has reviewed CBC's response and the Policy for the Disbursement of Federal Pell Grant Funds and deemed it acceptable.

Finding 11-17: Pell Grant – Ineligible Disbursement – Potential Over Payment

Citation: 34 C.F.R. § 690.11 states that a student is not entitled to receive Federal Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

Noncompliance: Student 22 was simultaneously enrolled at Piedmont Technical College and CBC during the 2011-2012 academic year. She received Pell Grant funds from both institutions. Upon discussing the situation with the student, CBC staff was advised to allow the student to maintain her Pell Grant funding with CBC and her Stafford loan funding with Piedmont Technical College. Piedmont Technical College advised CBC staff that this was not permissible. Based upon the recommendation, CBC refunded the Pell Grant funds to the Department.

Required Action: The Department routinely sends potential over award alerts to schools that have been detected as enrolling students who are receiving aid at more than one institution concurrently. These alerts inform each school of the other institution involved in the potential over payment.

CBC was required to actively monitor Ed Express and respond to potential over award alerts that are sent by the Department. Once a potential over award alert is received, CBC must proactively contact the other institution to determine if the alert is valid. If the alert is substantiated, CBC must work with the other institution to reach a timely resolution.

CBC was required to revise its awarding policy/procedures to include potential over award management and submit a copy of its revised awarding policy/procedures to the Department.

Institution's Response: CBC agreed with this finding and noted that this was an isolated instance involving one student. In addition, CBC included verbiage in its Policy for the Disbursement of Federal Pell Grant Funds that specifically addresses this finding. Written as a separate topic within the Policy for the Disbursement of Federal Pell Grant Funds (Potential Over-Payments), the policy states --

“Occasionally, it will be discovered that a student is simultaneously enrolled in, and receiving Federal Financial Aid for; two institutions. A student is not entitled to receive Federal Pell Grant payments concurrently from more than one institution. If this occurs an overpayment situation is the result.

If such a situation, involving Charzanne Beauty College, is detected, the Department of Education will forward an alert to the school, making the institution aware of the possible overpayment situation and informing the administration of the other institution involved. Once received, Charzanne Beauty College will take the necessary steps to contact the other institution involved, verify the alert, and work with that institution in order to reach a timely resolution.”

Final Determination: The Department has reviewed CBC's response and the Policy for the Disbursement of Federal Pell Grant Funds and deemed it acceptable.

Finding 11-18: Verification Violations

Citation: 34 C.F.R. § 668.16 (f)(2) states that to begin to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering the program under each of the standards established in this section. The Secretary considers an institution to have 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 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.

Noncompliance: During the course of the review, one student (student 26) had conflicting information between the FAFSA and income information reported from a direct deposit document. The discrepancy is as follows:

- 2011-2012 ISIR lists an amount of \$2,226.00 for student income earned from work in 2010.
- Direct deposit information shows that this income was earned in 2011.

The 2011-2012 FAFSA required the reporting of income earned in 2010. CBS did not resolve the discrepancy between the FAFSA reported income and the income reported on the direct deposit documentation. Additionally, the student completed a 2010 Non-Filers Statement that indicated that she did not earn any income in 2010.

Required Action: The institution had to adjust its verification policy/procedures to prevent the reoccurrence of similar violations. Discrepant data must be identified and corrected/documented in the verification process. CBC was required to submit a written update of its verification policies and procedures document to the Department.

Institution's Response: CBC drafted a Financial Aid Verification Policy document and submitted the results to the Department with its response. The verification violation was limited to one student from the review sample. CBC developed a Conflicting Information section within its Financial Aid Verification Policy to address this finding. The text states –

“Charzanne Beauty College may seek additional information whenever there is conflicting information in the student’s application for financial aid. Conflicting information must be resolved before financial aid funds may be processed and/or disbursed. The institution will notify the student by e-mail if there is a need for further documentation. A student who does not provide the requested documentation may lose financial aid eligibility.”

Final Determination: CBC staff agreed with this finding and developed a comprehensive Financial Aid Verification Policy. The Department reviewed CBC’s response and Financial Aid Verification Policy and deemed them acceptable.

Finding 11-19: Information in Student Files Missing/Inconsistent

Citation: 34 C.F.R. § 668.24 (a)(3)(6) states that an institution shall establish and maintain, on a current basis, any application for Title IV, HEA program funds and program records that document –

- Its administration of the Title IV, HEA programs in accordance with all applicable requirements; and
- Its disbursement and delivery of Title IV HEA program funds.

34 C.F.R. § 668.24 (d)(1)(2) states that an institution shall maintain required records in a systematically organized manner.

Noncompliance: The student ledger and enrollment form for student 21 had conflicting start dates. The student ledger listed a start date of 9/7/2011. The enrollment contract listed a start date of 10/5/2011. Additionally, a document informing students of CBC's completion rate used the time frame 06/2011 – 06/2012. The time period is invalid as it reflected a future date range. Finally, the cost of attendance reported to COD in an Pell Grant origination file for student 1 (\$22,615.00) could not be found on the 2010-2011 Cost of Education Budgets that were provided by the third party servicer. In each instance, CBC must correct the error and submit documentation attesting to the correction to the Department in response to the Program Review Report.

Required Action: CBC must be diligent in its efforts to maintain accurate student records. Inaccuracies in recordkeeping reflect impaired administrative capability and may lead to an unclear audit trail.

Institution's Response: CBC agreed with error identified in this finding. In all instances, the errors were corrected. Supporting documentation was sent with the institution's response. In addition, CBC provided the rationale that caused each error in its response. CBC will implement quality control measures to ensure that the information in student files is accurate and accountable.

Final Determination: The Department reviewed CBC's response to this finding and found it acceptable.

Finding 11-20: Lack of Administrative Capability

Citation: 34 C.F.R. § 668.16 states 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—

(a) Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA;

(b)(1) Designates a capable individual to be responsible for administering all the Title IV, HEA programs in which it participates and for coordinating those programs with the institution's other Federal and non-Federal programs of student financial assistance. The Secretary considers an individual to be "capable" under this paragraph if the individual is certified by the State in which the institution is located, if the State requires certification of financial aid administrators. The Secretary may consider other factors in determining whether an individual is capable, including, but not limited to, the individual's successful completion of Title IV, HEA program training provided or approved by the Secretary, and previous experience and documented success in administering the Title IV, HEA programs properly;

(2) Uses an adequate number of qualified persons to administer the Title IV, HEA programs in which the institution participates. The Secretary considers the following factors to determine whether an institution uses an adequate number of qualified persons—

(i) The number and types of programs in which the institution participates;

(ii) The number of applications evaluated;

(iii) The number of students who receive any student financial assistance at the institution and the amount of funds administered;

(iv) The financial aid delivery system used by the institution;

(v) The degree of office automation used by the institution in the administration of the Title IV, HEA programs;

(vi) The number and distribution of financial aid staff; and

(vii) The use of third-party servicers to aid in the administration of the Title IV, HEA programs;

(3) Communicates to the individual designated to be responsible for administering Title IV, HEA programs, all the information received by any institutional office that bears on a student's eligibility for Title IV, HEA program assistance; and

(4) Has written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary;

(c)(1) Administers Title IV, HEA programs with adequate checks and balances in its system of internal controls; and

(d)(1) Establishes and maintains records required under this part and the individual Title IV, HEA program regulations; and

(e) For purposes of determining student eligibility for assistance under a title IV, HEA program, establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards are in accordance with the provisions specified in §668.34.

(f) 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—

(1) 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;

(2) 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

(3) 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;

(h) Provides adequate financial aid counseling to eligible students who apply for Title IV, HEA program assistance. In determining whether an institution provides adequate counseling, the Secretary considers whether its counseling includes information regarding—

(1) The source and amount of each type of aid offered;

(2) The method by which aid is determined and disbursed, delivered, or applied to a student's account; and

(3) The rights and responsibilities of the student with respect to enrollment at the institution and receipt of financial aid. This information includes the institution's refund policy, the requirements for the treatment of title IV, HEA program funds when a student withdraws under §668.22, its standards of satisfactory progress, and other conditions that may alter the student's aid package;

(i) Has provided all program and fiscal reports and financial statements required for compliance with the provisions of this part and the individual program regulations in a timely manner;

(j) Shows no evidence of significant problems that affect, as determined by the Secretary, the institution's ability to administer a Title IV, HEA program and that are identified in—

(1) Reviews of the institution conducted by the Secretary, the Department of Education's Office of Inspector General, nationally recognized accrediting agencies, guaranty agencies as defined in 34 CFR part 682, the State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or any other law enforcement agency; or

(n) Does not otherwise appear to lack the ability to administer the Title IV, HEA programs competently; and

(p) Develops and follows procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education.

Noncompliance: In addition to the issues discussed in this Program Review Report, the reviewers noted several other issues that demonstrate a lack of administrative capability. These issues include:

- School catalog and internal consumer information documents are outdated. The current school catalog continues to reference a Teacher Training Course that is no longer in existence. The publication entitled "Title IV, Federal Financial Aid" references the 1994-1995 award year in several sections.
- Several Pell disbursements reported to COD were not posted on the student ledgers (students 24, 26, 27 and 29). COD reflects a disbursement date of 3/9/2012. The disbursements were not posted to the ledgers at the time of review (April 30 – May 4).
- Institutional refund was not performed for a withdrawn student (student 5).
- Student ledger was inaccurate for one student – overcharged for tuition (student 15).
- Possible high school diploma mill – Stratford Career Institute (student 8).

- No documentation of official withdrawal in file (student 29)

Required Action: Based on the results of the review, the Department had concerns regarding CBC's ability to administer the Title IV programs. CBC was required to provide the Department with the required actions requested for each applicable finding listed in the Program Review Report.

Institution's Response: CBC did not respond to this finding.

Final Determination: CBC's response to each finding included in the Program Review Report has been deemed acceptable. CBC staff was professional and diligent in their response. CBC staff has been invited to utilize Department tools and staff whenever any future questions or issues arise.

Findings with Final Determinations

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of CBC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on July 17, 2012 is attached as Appendix D.

Finding 11-5: Ability to Benefit (ATB) Violations

Citation: 34 C.F.R. § 668.32 (d) (5) states a student is eligible to receive Title IV, HEA program assistance if the student either meets all of the requirements in paragraphs (a) through (m) of this section or meets the requirement in paragraph (n) of this section as follows:

(5) Has been determined by the institution to have the ability to benefit from the education or training offered by the institution based on the satisfactory completion of 6 semester hours, 6 trimester hours, 6 quarter hours, or 225 clock hours that are applicable toward a degree or certificate offered by the institution.

34 C.F.R. 668.141 states the provisions under which a student who has neither a high school diploma nor its recognized equivalent may become eligible to receive title IV, HEA program funds by—

- (1) Achieving a passing score, specified by the Secretary, on an independently administered test approved by the Secretary under this subpart; or
- (2) Being enrolled in an eligible institution that participates in a State process approved by the Secretary under this subpart.

Noncompliance: CBC collaborates with Greenwood County Adult Education in administration of the Ability to Benefit Assessment (TABE – Test of Adult Basic Education). This test is administered independently by the county to place students in the appropriate level to begin a program of study leading to a General Equivalency Diploma (GED). The 2011-2012 Federal Student Aid Handbook provides a listing of approved ATB tests. The TABE is not included in this list.

Required Action: The reviewers requested a full listing of students admitted to CBC based on a passing score on the TABE test. The reviewers were provided with two students. These students identified are listed in the following table:

<u>Student Name</u>	<u>Test Date</u>	<u>Title IV Received</u>
(b)(6); (b)(7)(C)	12/2/2010	Pell Grant 2010-2011 - \$5,500.00
		Pell Grant 2010-2011 - \$ 814.00
		FSEOG 2010-2011 - \$150.00 (Federal Share)
		FSEOG 2011-2012 - \$71.25 (Federal Share)
	4/18/2012	Pell Grant 2010-2011 - \$5,500.00
		Pell Grant 2011-2012 - \$3,700.00
		FSEOG 2010-2011 - \$150.00 (Federal Share)
		FSEOG 2011-2012 - \$ 71.25 (Federal Share)

Please note that Kathryn Shaw was not included in the Department’s student sample. The information regarding Ms. Shaw was provided by CBC. In CBC’s response to the Program Review Report, CBC submitted a student ledger and a 2011-2012 ISIR for this student.

Institution’s Response: CBC acknowledges that the 2 students identified in this finding took the TABE test administered by Greenwood County Adult Education. CBC also acknowledges that the TABE test is not included in the list of approved ATB tests for Title IV eligibility. As indicated in Finding 7, CBC is unable to produce individual time cards and monthly attendance logs. These records were discarded upon each student’s graduation from the program.

In its response to this finding, CBC states that each student received professional instruction, completed the cosmetology program, successfully passed the licensure exam

and are gainfully employed in the industry. CBC further states that these factors should be viewed as the primary determinants in measuring the utility of Title IV funding. They have requested consideration of these factors (program completion and employment) in the Department's determination of a liability for this finding.

Final Determination: The Department cannot eliminate the liability associated with the use of a non-approved ATB test. The Department invests considerable resources in evaluating ATB tests to ensure that approved tests adequately measure a student's ability to successfully complete a chosen program of study. The TABE test is used to determine a student's placement level for entry into a GED program. As such, it is not an acceptable measure of a student's ability to successfully complete a postsecondary program of study.

CBC must return the amount of Pell Grant and FSEOG over payments for the 2 students identified in this finding. The amount of the Title IV over payments is reported in the table below. In addition to the actual over payments, CBC is required to pay the Cost of Funds (COF) on ineligible Pell Grant and FSEOG funds. The COF is the expense the Department incurred as a result of CBC awarding Pell Grant and FSEOG funds to ineligible students. The Department incurs a cost when it makes funds available for an institution as those funds are borrowed from the U.S. Treasury and interest is charged to the Department on those funds. The rate of interest is based on when the funds should have been returned to the Department. A copy of the COF calculation is included in Appendix C of this report.

Student	Ineligible Disbursement	Date of Disbursement	Cost of Funds	Grand Total
(b)(6); (b)(7)(C)	<u>Pell Grant</u>			
	\$ 2,775.00	12/9/2010	\$ 54.90	
	\$ 2,775.00	3/24/2011	\$ 46.91	
	\$ 814.00	10/24/2011	\$ 8.99	
	<u>FSEOG – Federal Share</u>			
	\$ 150.00	4/21/2011	\$ 2.42	
	\$ 71.25	7/13/2011	\$.99	
	<u>Pell Grant</u>			
	\$ 2,775.00	9/22/2010	\$ 60.83	
	\$ 2,775.00	3/2/2011	\$ 48.59	
	\$ 1,850.00	7/7/2011	\$ 25.95	
	\$ 1,850.00	9/13/2011	\$ 22.51	

	FSEOG –	4/12/2011	\$ 2.46	
	Federal Share	7/13/2011	\$.99	
	\$ 150.00			
	\$ 71.25			
TOTAL	\$16,056.50		\$ 275.54	\$16,332.04

CBC is liable for this amount and must pay the Department \$16,332.04. Instructions for the repayment of this liability are included in the Repayment Section of this report.

D. Recommendations

The following is a recommendation based upon observations made by the review team during the program review. CBC is not required to provide a response to, nor is CBC required to act upon, these recommendations. However, the review team believes that adoption of this recommendation will assist the institution in its administration of Title IV, HEA program funds.

CBC currently assists an incoming student by imputing his/her FAFSA information into FAA Access to CPS on line. While this is permissible, the Department recommends that CBC set up a computer station for students to complete their FAFSA applications. Students can be directed to fafsa.ed.gov to complete their initial or renewal FAFSA. In addition, students can acquire their Personal Identification Number (PIN) by accessing www.pin.ed.gov.

The fafsa.ed.gov site is beneficial in that it provides step by step instructions to the student when completing the FAFSA. Additionally, the site offers the Internal Revenue Service retrieval tool. This allows the student to immediately upload his/her federal income tax return into the FAFSA application.

By implementing this recommendation, CBC staff will free up resources by allowing students to independently complete the FAFSA. Please note, however, that staff assistance should be provided if a student has questions or needs guidance.

E. Summary of Liabilities

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

Liabilities	Pell Grant 2010-2011	Pell Grant 2011-2012	FSEOG 2010-2011	FSEOG 2011-2012	COF Pell Grant 2010-2011	COF Pell Grant 2011-2012	COF FSEOG 2010-2011	COF FSEOG 2011-2012
Finding 5 – Ability to Benefit Violations	\$11,100	\$4,514	\$300	\$142.50	\$211.23	\$57.45	\$4.88	\$1.98

Pell Grant \$15,614.00
 FSEOG \$ 442.50
 Pell Grant COF \$ 268.68
 FSEOG COF \$ 6.86

Total Liability \$16,332.04

E. Payment Instructions

CBC owes to the Department \$16,332. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

*U.S. Department of Education
 P.O. Box 979026
 St. Louis, MO 63197-9000*

Remit checks only. Do not send correspondence to this address.

Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable

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

The following identification data must be provided with the payment:

*Amount: \$16,332
DUNS: 092762889
TIN: 151026379
Program Review Control Number: 2012-3-04-27885*

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. CBC 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 CBC's account representative.

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

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

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

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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.