

Index Sheet

Ope Id No: 00191000

School Name: COFFEYVILLE COMMUNITY COLLEGE

Subfolder: Program Review/FPRD

Doc Type: Reviewer Checklist

Rec Date:

Org Date:

School Year: 2013

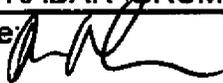
ACN:

PRCN: 201230727999

Box ID: 1505

Unique ID: SC1000000830503



| Checklist - FPRD Review | |
|---|--|
| Responsible Reviewer: John Nading | Delivery Tracking #: UPS 1ZA5467Y2494914207 |
| Institution Name: Coffeyville Community College | |
| OPE ID: 00191000 | PRCN: 201230727999 |
| Date: May 8, 2013 | |
| Cover Letter | |
| X | Letter is addressed to the correct person |
| X | Letter includes certified mail information |
| X | Correct standard paragraphs included |
| FPRD Report | |
| X | Correct type of FPRD drafted (FPRD – No Further Action Required; FPRD – Further Action Required; FPRD – No Program Review Report Issued; FPRD – Closed School Loan Discharges) |
| X | FPRD prepared in accordance with standard procedures |
| X | Findings and Final Determinations correctly stated |
| X | Citations are appropriate to the findings and cited correctly |
| X | Description of each instance of noncompliance is sufficiently detailed to clearly identify the institution's regulatory violations |
| X | Summary of Liabilities included with correct amounts |
| X | Payment Instructions prepared correctly |
| X | Student Sample Appendix is properly prepared with only first and last names and last four digits of students' SSNs |
| X | Other appendices, if any, are properly prepared or enclosed as attachments |
| PEPS Data Entry Worksheet | |
| X | PEPS Data Entry form correctly completed (including repayment method and liability amounts) Level of Review accurately reflects the deficiencies |
| N/A | For FPRD - No Program Review Report Issued only: Deficiency codes are appropriate to the findings |
| Approvals | |
| NA | For FPRDs with liabilities of at least \$100,000 but less than \$1,000,000, approval obtained from OGC |
| NA | For FPRDs with liabilities of \$1,000,000 or more, approval obtained from OGC and SESG General Manager |
| CM Signature:  | Date: May 8, 2013 |
| DD Signature:  | Date: May 8, 2013 |

FPRD Distribution Form

Forms or letters available electronically (i.e., can be emailed or are available in CMIS, PEPS, etc.) do not need to be printed.

Responsible Reviewer: John Nading

Institution Name: Coffeyville Community College

OPE ID: 00191000

PRCN: 201230727999

Date: 05/08/2013

Internal - Required (do not list on the FPRD):

- Case Manager responsible for QC
- Reading File, if one is maintained by the SPD
- Institutional File, if one is maintained by the SPD
- Reviewer
- ERM (hard copy, including all appendices)

Internal – Required-Conditional (do not list on the FPRD):

Check the box of all who must receive a copy of the FPRD.

Electronic Copy (only)

Joel V. Harrell for HBCU, Native American, or Hispanic Institutions

Electronic Copy Letter/Report With Appendices

- Send to email address: OCFO Accounts Receivable - if FPRD contains liabilities being repaid to the Department (including AD-PYMR form) **Important:** Send same day FPRD is sent to School
**In the subject line of the email include the school name, state, and PRCN number*
- AAASG, if FPRD contains a referral, total liability amount of \$100,000 or more, or if requested
- OGC, if FPRD contains total liability amount of \$100,000 or more
- OIG, if FPRD contains an indicator of fraud or abuse, or a referral
- Bob James, Liaison for Career Institutions of Higher Education (for proprietary institutions only)

Electronic Copy – Cover Letter and Report Only

- Send to email address: FSA PC SEC (ICD- DL-TECH-FFEL Liabilities) - If FPRD contains Direct Loan, FFEL, or TEACH liabilities
**In the subject line of the email include the school name, state, and PRCN number*
- Send to email address: FSA PC SEC (ICD- All Title IV Programs Liabilities) - If FPRD contains Direct Loan, FFEL, TEACH, Federal Grant, or Campus Based liabilities
**In the subject line of the email include the school name, state, and PRCN number*
- Kathleen Wicks, if FPRD contains Federal Grant or Campus Based liabilities; or if it contains **findings** related to FWS Community Service or Pell excess cash
- Patricia Trubia, Director, Financial Partners & Applicable Regional Director (if referral was made regarding a possible inducement)
- Team Director, if FPRD contains total liability amount over \$1,000,000, or if sensitive in nature
- PIPSG Program Review Liaison(s), if FPRD contains total liability amount over \$100,000
- Other:

External - Required/Conditional (list on the FPRD):

Check the box of all who must receive a copy of the FPRD.

- Financial Aid Administrator (required)
- Accrediting Agency (required) – **Electronic Pdf Copy**
- State Licensing Agency (required) – **Electronic Pdf Copy**
- Primary Guaranty Agency (required if FPRD contains FFEL findings) – **Electronic Pdf Copy**

Accounting Document – Prior Year Monetary Recovery (AD-PYMR)

Institution: Coffeyville Community College

City, State: Coffeyville, KS

PRCN: 230727999

TIN: 480698570

DUNS: 010663490

Kansas

Reviewer: John Nading

Region: City

Date: 05/08/2013

Section A: Use if no adjustments are being made in COD

| Programs | Type | Amount | Funding Code | Object Class |
|------------------------------------|---------------------|--------|--------------|----------------|
| Federal Pell Grant (Closed AY) | Principal | \$11 | 3220RNOYR | 69017 |
| | Interest | \$0 | 1435RNOYR | 64020 |
| ACG | Principal | | 3220RNOYR | 69017 |
| | Interest | | 1435RNOYR | 64020 |
| National SMART | Principal | | 3220RNOYR | 69017 |
| | Interest | | 1435RNOYR | 64020 |
| FSEOG (No FISAP Corrections) | Principal | \$10 | 3220RNOYR | 69017 |
| | Interest | \$0 | 1435RNOYR | 64020 |
| FWS (No FISAP Corrections) | Principal | | 3220RNOYR | 69017 |
| | Interest | | 1435RNOYR | 64020 |
| Direct Loan and Direct Loan EAL | Principal | | 4253XNOYR | 53020 or 53010 |
| | Interest | | 4253XNOYR | 53040 |
| FFEL and FFEL EAL | Interest/ SA/EAL | | 4251XNOYR | 53020 |
| Federal Perkins | Principal | | 2915RNOYR | 53054 |

Section B: Use if the institution is instructed to make adjustments in COD

| | | | Amount | | | G5 Program Award # * |
|----------------------------|-----------------|---------------------|---------|-----------|-------|-------------------------|
| Pell, ACG, SMART, TEACH | Pell 2011-12 | Principal | \$2,401 | 3875FNOYR | 69020 | P063P111460 |
| | Pell 2011-12 | Imputed Interest | \$6 | 1435RNOYR | 64020 | P063P111460 |
| | Pell 2010-11 | Principal | \$3,934 | 3875FNOYR | 69020 | P063P101460 |
| | Pell 2010-11 | Imputed Interest | \$33 | 1435RNOYR | 64020 | P063P101460 |

| | | | | | | |
|--|-------------------------|-----------------------------|----------|-----------|-------|-------------|
| | Pell 2009-10 | Principal | \$15 | 3875FNOYR | 69020 | P063P091460 |
| | Pell 2009-10 | Imputed Interest | \$0 | 1435RNOYR | 64020 | P063P091460 |
| | Pell 2008-09 | Principal | \$1,126 | 3875FNOYR | 69020 | P063P081460 |
| | Pell 2008-09 | Imputed Interest | \$0 | 1435RNOYR | 64020 | P063P081460 |
| | Pell 2007-08 | Principal | \$1,690 | 3875FNOYR | 69020 | P063P071460 |
| | Pell 2007-08 | Imputed Interest | \$0 | 1435RNOYR | 64020 | P063P071460 |
| | ACG 2010-11 | Principal | \$52 | 3875FNOYR | 69020 | P375A101460 |
| | ACG 2010-11 | Imputed Interest | \$0 | 1435RNOYR | 64020 | P375A101460 |
| | ACG 2009-10 | Principal | \$2 | 3875FNOYR | 69020 | P375A091460 |
| | ACG 2009-10 | Imputed Interest | \$0 | 1435RNOYR | 64020 | P375A091460 |
| | ACG 2008-09 | Principal | \$7 | 3875FNOYR | 69020 | P375A081460 |
| | ACG 2008-09 | Imputed Interest | \$0 | 1435RNOYR | 64020 | P375A081460 |
| Direct Loan (do not use for estimated loss) | DL 2011-12 | Principal | \$10,162 | 3875FNOYR | 69020 | P268K121460 |
| | DL 2011-12 | Imputed Interest | \$47 | 4253XNOYR | 53040 | P268K121460 |
| | DL 2010-11 | Principal | \$357 | 3875FNOYR | 69020 | P268K111460 |
| | DL 2010-11 | Imputed Interest | \$0 | 4253XNOYR | 53040 | P268K111460 |



May 8, 2013

President Linda S. Moley
Coffeyville Community College
400 W. 11th Street
Coffeyville, KS 67337

UPS Tracking #: 1ZA5467Y2494914207

RE: **Final Program Review Determination**
OPE ID: 00191000
PRCN: 201230727999

Dear President Moley:

The U.S. Department of Education's (Department's) School Participation Team – Kansas City issued a program review report on October 31, 2012 covering Coffeyville Community College's (CCC) 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 year's. CCC's final response was received on December 19, 2012. A copy of the program review report (and related attachments) and CCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CCC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings 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 \$20,852.

This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

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

Federal Student Aid

AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION
School Participation Division – Kansas City

8930 Ward Parkway, Suite 2028, Kansas City, MO 64114

StudentAid.gov

and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendices <insert numbers & names> also contain PII. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the October 31, 2012 program review report. If CCC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date CCC receives this FPRD. An original and four copies of the information CCC 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

CCC'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 CCC'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 John Nading at 816-268-0414. 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)

Ralph LoBosco
Division Director

Enclosure:

Protection of Personally Identifiable Information

cc: Pam Feerer, Financial Aid Administrator

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

Coffeyville Community College

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

PROUD SPONSOR of
the AMERICAN MIND™

OPE ID: 00191000

PRCN: 201230727999

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Division – Kansas City

Final Program Review Determination
May 08, 2013

Table of Contents

| | Page |
|--|------|
| A. Institutional Information..... | 2 |
| B. Scope of Review..... | 3 |
| C. Findings and Final Determinations..... | 4 |
| Resolved Findings..... | 4 |
| Findings with Final Determinations..... | 4 |
| Finding 1. Inadequate Monitoring of Title IV, HEA Credit Balances – Un-Negotiated Checks..... | 4 |
| Finding 2. Failure to Prorate Federal Direct Loans..... | 6 |
| Finding 3. Incorrect Return of Title IV, HEA Funds Calculation..... | 7 |
| Finding 4. Late Return of Title IV, HEA Funds..... | 10 |
| D. Summary of Liabilities..... | 13 |
| E. Payment Instructions..... | 15 |
| Appendices..... | |
| F. Appendix A: Student Sample..... | 22 |
| Appendix B: Finding 1 Student Level Liabilities..... | 24 |
| Appendix C: Finding 2 Student Level Liabilities..... | 26 |
| Appendix D: Estimated Actual Loss Formula Calculations..... | 27 |
| Appendix E: Estimated Actual Loss Descriptions..... | 28 |
| Appendix F: Cost of Funds Calculations | 30 |
| Appendix G: Program Review Report..... | 31 |
| Appendix H: CCC’s Response to the Program Review Report..... | 32 |

Coffeyville Community College

OPE ID: 00191000

PRCN: 201230727999

Page 2

A. Institutional Information

Coffeyville Community College

400 West 11th Street

Coffeyville, KS 67337

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools

Current Student Enrollment: 1847 (FY 11-12)

% of Students Receiving Title IV: 50% (FY 11-12)

Title IV Participation (G5 & NSLDS):

| | <u>2010-2011</u> |
|---|------------------|
| Federal Pell Grant | \$3,082,736.00 |
| Federal Direct Subsidized Loans | \$1,320,399.00 |
| Federal Direct Unsubsidized Loans | \$966,370.00 |
| Federal Direct Plus | \$26,036.00 |
| Federal Supplemental Educational Opportunity Grant (SEOG) | \$45,000.00 |
| Federal Work-Study (FWS) | \$59,098.00 |
| Academic Competitive Grant (ACG) | \$91,713.00 |

| | |
|-----------------------|------------|
| Default Rate FFEL/DL: | 2010 18.7% |
| | 2009 13.5% |
| | 2008 15.0% |

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Coffeyville Community College (CCC) from May 7th, 2012 to May 11th, 2012. The review was conducted by Mr. John Nading, Ms. Angela Beam, and Ms. Kathy Feith.

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

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) 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, 5 files were selected based on Return of Title IV Fund calculations. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on October 31, 2012.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Findings 5-10

CCC has taken the corrective actions necessary to resolve findings 5-10 of the program review report. Therefore, these findings may be considered closed. A copy of CCC's response is attached as Appendix H. Findings requiring further action by CCC are discussed below.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of CCC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on October 31, 2012 is attached as Appendix G.

Finding 1. Inadequate Monitoring of Title IV, HEA Credit Balances – Un-Negotiated Checks

Citation Summary: Federal regulations state that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but—

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or*
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(e).*

A Title IV, HEA credit balance occurs whenever a school credits Title IV, HEA program funds to a student's account and the total amount of Title IV, HEA funds exceeds the student's allowable charges. 2010/11 & 2011/12 Federal Student Aid Handbook, Volume 4.

Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent but the student or parent does not receive or negotiate those funds. For

FWS program funds, the institution is required to return only the federal portion of the payroll disbursement.

If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check. If a check is returned to the institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45-day period. In cases where the institution makes further attempts, the institution must cease any additional disbursement attempts and return the funds no later than 240 days after the date it issued the check. 34 C.F.R. § 668.164(h).

A school must have a process that ensures Title IV, HEA funds never escheat to a state, or revert to the school or any other third party. A failure to have such a process in place would call into question a school's administrative capability, its fiscal responsibility, and its system of internal controls required under the Title IV, HEA regulations. 2010/11 & 2011/12 Federal Student Aid Handbook, Volume 4.

Noncompliance Summary: *CCC failed to return Title IV, HEA credit balances to the Department in a timely manner after attempts to pay the credit balances to students were unsuccessful.*

During the on-site portion of the program review, CCC officials identified 59 students with \$9,464.56 in Title IV, HEA credit balance funds that the institution was unable to return to students.

Required Action Summary: *CCC was required to review the student accounts of all Title IV, HEA recipients, beginning with the 2004-2005 award year and working forward to the present, and identify all Title IV, HEA credit balances that the institution disbursed via check and that were not cashed by the student (or parent, in the case of PLUS Loan funds), and that the institution failed to pay to the Department within the prescribed timeframe. CCC was required to compile a report based on this file review, and submit the report with its response.*

CCC's Response: *In regard to the students identified above, CCC agreed with the finding. CCC provided the results of the required file review, and stated that all un-negotiated checks will be returned to the Department no later than 240 days after the date the check is issued if attempts to disburse the funds to the student are not successful.*

Final Determination: *CCC is liable for the credit balances identified in the file review. The total liability includes \$5,464 to the Federal Pell Grant program, \$646 to the Federal SEOG program, \$61 to the ACG program, \$8 to the FWS program, \$164 to the Direct*

Subsidized Loan program, \$425 to the Direct Unsubsidized Loan program and \$31 to the Federal Direct Plus program. Student specific liabilities are outlined in Appendix B.

Finding 2. Failure to Prorate Federal Direct Loans

Citation Summary: For a program of study with less than a full academic year remaining, the scheduled annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year}}$$

34 C.F.R. §§685.203(a)(2)(ii) & 2011-2012 Federal Student Aid Handbook.

Noncompliance Summary: In two instances, CCC failed to prorate a student's loans for a final period of study.

Student #6: The student was enrolled in 23 credits for her final academic year. Using the formula above, the prorated loan should have been 23 credits over 24 credits (.958). This fraction of (.958) multiplied by the scheduled annual loan limit of \$4,500 is the maximum subsidized loan eligibility (\$4,311). The student received a \$2,250 Federal Direct Subsidized Loan and a \$1,000 Federal Direct Unsubsidized Loan. The student should have received a \$3,250 Federal Direct Subsidized Loan.

Student #13: The student was enrolled in seven credits for her final academic year. Using the formula above, the prorated loan should have been seven credits over 24 credits (.292). This fraction of (.292) multiplied by the scheduled annual loan limit of \$4,500 is the maximum subsidized loan eligibility \$1,314. The student received a \$2,191 Federal Direct Subsidized Loan creating an overaward in the amount of \$877. This student is also cited in Finding 9.

Required Action Summary: CCC was required to review and revise its internal policies and procedures to ensure that the institution properly prorates Federal Direct Loans for students enrolled in a final period of study that is less than a full academic year. The revised policies and procedures should include required adjustments to cost of attendance budgets and the appropriate expected family contribution based on the student's enrollment status. A copy of these procedures was required to accompany CCC's response to this report.

In addition, CCC was required to review the financial aid files of all Title IV, HEA recipients who attended the institution in his/her final period of study during the 2010-2011 and 2011-2012 award years (year to date).

CCC's Response: In regard to the students identified above, CCC agreed that it failed to prorate a student's loans for a final period of study. CCC provided the results of the required file review, as well as copies of revised policies and procedures that ensure a student's loans will be prorated if that student is in his/her final semester when that semester needed to complete the program is less than an academic year.

Final Determination: CCC is liable for the incorrect disbursement of student loans identified in the reconstruction of the 2010-2011 and 2011-2012 award years. The total liability includes \$2,843 to the Direct Subsidized Loan program and \$3,479 to the Direct Unsubsidized Loan program. Student specific liabilities are outlined in Appendix D.

In lieu of requiring CCC to assume the risk of default by purchasing the ineligible Federal Direct Loan funds, the Department has identified a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The total amount of Direct Loan funds (subsidized and unsubsidized) disbursed to ineligible students is \$6,322. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on CCC's most recent cohort default rate of 18.7% (2010). As a result, the estimated actual loss that CCC must pay to the Department for the ineligible loans is \$355 (\$355.33 in Direct Loan interest and special allowance *rounded*). A copy of the results of the estimated actual loss calculations (by award year) is included as Appendix E.

Finding 3. Incorrect Return of Title IV, HEA Funds Calculation

Citation Summary: *Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all the elements of a Return of Title IV Fund calculation identified in pertinent Federal regulations. 34 C.F.R. § 668.22.*

Noncompliance Summary: *In six instances, CCC improperly performed a Return of Title IV Funds calculation.*

Student #14: *The financial aid file reflects the student withdrew on 10/14/2010, and CCC determined the student had withdrawn on 10/25/2010. A Return calculation was performed on 10/27/2010 that reflected the payment period contained 645 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should be calculated in payment period days not hours.*

Student #31: *The student enrolled for the Spring 2011 term with a start date of 01/11/2011 and a scheduled end date of 05/13/2011. On 05/17/2011, CCC determined the student unofficially withdrew from the Spring 2011 term and performed a Return of Title IV Funds calculation on 05/24/2011. CCC used 123 as the total days in the term instead of 114 days (123 less nine day break). Because CCC is not required to take attendance, CCC chooses to use 50% as the percentage of Title IV, HEA aid earned. This error did not have any effect on the return calculation.*

Student #32: *The student enrolled for the Spring 2011 term with a start date of 01/11/2011 and a scheduled end date of 05/13/2011. On 02/18/2011, CCC determined the student officially withdrew from the Spring 2011 term and performed a Return of Title IV Funds calculation on 02/18/2011. CCC used 123 as the total days in the term instead of 114 days (123 less nine day break). The student completed 35 days which equaled 30.7% of Title IV aid earned. CCC used 28.5% in the return calculation. This error did not have any effect on the return calculation.*

Student #33: *The financial aid file reflects the student unofficially withdrew on 9/21/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return of Title IV Funds calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should be calculated in payment period days not hours. This student is also cited in Finding 4.*

Student #34: *The student enrolled for the Fall 2011 term with a start date of 08/17/2011 and a scheduled end date of 12/08/2011. On 12/12/2011, CCC determined the student unofficially withdrew from the Fall 2011 term and performed a Return of Title IV Funds calculation on 12/14/2011. CCC used 114 as the total days in the term instead of 109 days (114 less five day break). As an institution that is not required to take attendance, CCC is allowed to utilize the 50% point in the Return Calculation. However, CCC used 57% in the Return Calculation even though the date of withdrawal (10/20/2011) could not be confirmed.*

Student #35: *The financial aid file reflects the student unofficially withdrew on 08/16/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should be calculated in payment period days not hours. This student is also cited in Finding 4.*

Required Action Summary: *CCC was required to provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2010-2011 and 2011-2012 award years. CCC was required to identify and review the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed in any of the two award years. For Returns found to have been paid late,*

not paid, improperly paid, improperly calculated, or not calculated, CCC must perform a correct calculation or recalculation.

CCC was also required to review and revise its internal policies and procedures to ensure Returns of Title IV Funds calculations are performed accurately for all students in the future. A copy of these procedures was required to accompany CCC's response to this report.

CCC's Response: In regard to the students identified above, CCC agreed the Return of Title IV Fund calculations were processed incorrectly. CCC provided the results of the required file review, as well as copies of revised policies and procedures to ensure that Return of Title IV Funds calculations are performed correctly in the future.

Final Determination: The Department reviewed each student file submitted as part of the required file review noted in Finding 3. The Department recalculated the Return calculations in which the Department discovered CCC had performed an incorrect calculation. The Department did not establish liabilities for those students in which CCC did not return the correct amount of Title IV, HEA funds to the appropriate Title IV, HEA program if the net amount of Title IV, HEA funds CCC returned to all Title IV, HEA funds was greater than or equal to the amount of funds that should have been returned.

CCC is liable for the incorrect Return of Title IV Funds calculations identified in the reconstruction of the 2010-2011 and 2011-2012 award years for those students in which CCC did not return or returned Title IV, HEA funds less than the amount of funds that should have been returned. The total liability includes \$3,713 to the Federal Pell Grant program, \$3,728 to the Direct Subsidized Loan program and \$6,171 to the Direct Unsubsidized Loan program. Student specific liabilities are outlined in Appendix C.

CCC is also responsible for the cost of funds associated with the incorrect Returns. The cost of funds liability due to the Department as a result of the holding of Federal Pell Grant funds is \$39 (\$33.29 for 2010-2011 and \$6.36 for 2011-2012), rounded and Direct Loan funds of \$42. The interest charges were computed using the cost of funds for Direct Loans published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Cost of funds liabilities are outlined in Appendix F.

CCC must notify all students and/or borrowers in writing regarding payments made on their behalf. This notification must include the amount and date of the payments.

Finding 4. Late Return of Title IV, HEA Funds

Citation Summary: *When a recipient of Title IV, HEA 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, HEA grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a).*

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

- (1) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;*
- (2) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;*
- (3) If the student ceases attendance without providing official notification to the institution of his or her withdrawal, the mid-point of the payment period (or period of enrollment, if applicable);*
- (4) If the institution determines that a student did not begin the institution's withdrawal process or otherwise provide official notification (including notice from an individual acting on the student's behalf) to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the date that the institution determines is related to that circumstance. 34 C.F.R. § 668.22(c).*

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

For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the—

- (1) Payment period or period of enrollment;*
- (2) Academic year in which the student withdrew;*
- (3) Educational program from which the student withdrew. 34 C.F.R. § 668.22(j).*

A school must calculate the amount of earned Title IV, HEA funds by applying a percentage to the total amount of Title IV, HEA program assistance that was disbursed and that could have been disbursed. Under step one of the Return worksheet, a school fills in the amount of each type of Title IV, HEA funds that were disbursed and could have been disbursed. When entering the amount of loan funds, a school should enter the net amount disbursed and that could have been disbursed.

The school must return the unearned Title IV, HEA aid for which the school is responsible by repaying funds up to the total net amount disbursed from each source. 2010/11 & 2011/12 Federal Student Aid Handbook, Volume 5.

Federal regulations state that for a student who ceases attendance at an institution that is required to take attendance, including a student who does not return from an approved leave of absence, or a student who takes a leave of absence that does not meet the Department's requirements, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date determined in accordance with Department requirements and maintain the documentation as of the date of the institution's determination that the student withdrew.

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

An institution is required to take attendance if—

- (1) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance;*
- (2) The institution itself has a requirement that its instructors take attendance; or*
- (3) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program. 34 C.F.R. § 668.22(b)*

Noncompliance Summary: *In two Return of Title IV funds calculations reviewed, CCC failed to make the necessary Returns within the required time frames.*

Student #33: *The financial aid file reflects the student unofficially withdrew on 9/21/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. In addition, since the institution calculates student's course work in credit hours, the return calculation should also be calculated in payment period days. This student is also cited in Finding 3.*

Student #35: *The financial aid file reflects the student unofficially withdrew on 08/16/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. However, since the institution calculates student's course work in*

credit hours, the return calculation should also be calculated in payment period days. This student is also cited in Finding 3.

Required Action Summary: *Finding 3 required CCC to review the records of all Title IV, HEA recipients who officially or unofficially withdrew during the 2010/11 & 2011/12 award years (year to date) and identify any late, unmade, improperly calculated, or uncalculated Returns of Title IV Funds calculations. Therefore, no additional reconstructive action will be required as a result of this finding at this time.*

CCC's Response: In regard to the students identified above, CCC agreed with the Department's determination that CCC did not refund the correct amount of funds within the proper timeframe. CCC provided results of its file review, and provided assurances that it has strengthened its policies and procedures to ensure Return of Title IV Funds calculations are performed correctly and timely in the future.

Final Determination: The Department reviewed each student file submitted as part of the required file review noted in Finding 3 to determine any additional late or unmade returns. The review disclosed a total of three returns that were not returned in a timely manner. The Department did not establish liabilities for those students in which CCC did not return the correct amount of Title IV, HEA funds timely to the appropriate Title IV, HEA program if the net amount of Title IV, HEA funds CCC returned to all Title IV, HEA funds was greater than or equal to the amount of funds that should have been returned.

CCC is liable for the cost of funds associated with one late Return. The cost of funds liability due to the Department as a result of the holding of Direct Loan funds is \$5. The interest charges were computed using the cost of funds for Direct Loans published in the Federal Register by the Department of the Treasury, effective from the date of disbursement to the date of this determination. Cost of funds liabilities are outlined in Appendix F.

CCC must notify all students and/or borrowers in writing regarding payments made on their behalf. This notification must include the amount and date of the payments.

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on CCC's most recent cohort default rate available.

The total amount of Direct Loan that CCC improperly disbursed during the 2010-2011 and 2011-2012 award years for finding 2 is **\$6,322**. The total estimated actual loss that CCC must pay to the Department for the ineligible loans is **\$355**. Copies of the results of those calculations are included in Appendix E.

E. Payment Instructions

1. Liabilities Owed to the Department \$1,000 or More but Less Than \$100,000

CCC owes to the Department \$20,852. 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: \$20,852
DUNS: Institution's DUNS number
TIN: 9-digit tax identification number
Program Review Control Number: 201230727999

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. CCC 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 CCC'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, CCC 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 CCC from the Federal Government. **CCC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CCC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

2. Liabilities Owed to the Department in the case of Direct Loans

William D. Ford Federal Direct Loan (Direct Loan) Liabilities:

Findings: 1 and 3

Appendices: B, C and F

CCC must repay the following Direct Loan liabilities:

| DL Open Award Year | | |
|-------------------------------|------------------------------|-------------------|
| Amount (Principal) | Amount (Interest) | Award Year |
| \$10,162 | \$47 | 2011-2012 |
| Total Principal | Total Interest | |
| \$10,162 | \$47 | |

The 2011-2012 award year will remain open for adjustments until July 31, 2013. Adjustments in the Common Origination and Disbursement (COD) system must be made

by this date. The disbursement record for each student identified in the appendices listed above must be adjusted in COD based on the recalculated amount identified in these appendices. A copy of the adjustment to each student's COD record, as well as proof that the funds were returned through G5, if applicable, must be sent to John Nading **within 45 days of the date of this letter.**

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

Direct Loan Closed Award Years (Request Extended Processing)

Finding: 1
Appendix: B

CCC must repay the following Direct Loan liabilities:

| DL Closed Award Year | | |
|-------------------------|------------------------|------------|
| Amount (Principal) | Amount (Interest) | Award Year |
| \$357 | \$0 | 2010-2011 |
| Total Principal: | Total Interest: | |
| \$357 | \$0 | |

The disbursement record for each student identified in the appendices listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in these appendices. A copy of the adjustment to each student's COD record must be sent to John Nading **within 45 days of the date of this letter.**

Request Extended Processing

COD adjustments are necessary for the closed award year(s) listed above. Before any student level adjustments can be processed, CCC must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.

- On the request screen, the institution should indicate in their explanation that the request is based on a program review, and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award year(s).

Direct Loan Estimated Actual Loss

Finding: 2

Appendix: D

| DL Estimated Actual Loss | |
|---------------------------------|------------|
| Amount | Award Year |
| \$174 | 2010-2011 |
| \$181 | 2011-2012 |
| Total | |
| \$355 | |

CCC must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

3. Liabilities Owed to the Department in the case of Title IV Grants

Federal Pell Grant and ACG – Closed Award Year

Findings: 1 and 3

Appendices: B, C and F

CCC must repay:

| Federal Pell Grant and ACG Closed Award Year | | | |
|---|-------------------|--------------------|------------|
| Amount (Principal) | Amount (Interest) | Title IV Grant | Award Year |
| \$2,401 | \$6 | Federal Pell Grant | 2011-2012 |
| \$3,934 | \$33 | Federal Pell Grant | 2010-2011 |

| | | | |
|------------------------|-----------------------|--------------------|-----------|
| \$15 | \$0 | Federal Pell Grant | 2009-2010 |
| \$1,126 | \$0 | Federal Pell Grant | 2008-2009 |
| \$1,690 | \$0 | Federal Pell Grant | 2007-2008 |
| \$61 | \$0 | ACG | |
| Total Principal | Total Interest | | |
| \$9,227 | \$39 | | |

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

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

A copy of the adjustment to each student's COD record must be sent to John Nading within 45 days of the date of this letter.

Federal Pell Grant – Cancelled Award Year

Findings: 1

Appendices: B

CCC must repay:

| Federal Pell Grant Cancelled Award Year | | | |
|---|-----------------------|--------------------|------------|
| Amount (Principal) | Amount (Interest) | Title IV Grant | Award Year |
| \$11 | \$0 | Federal Pell Grant | 2005-2006 |
| Total Principal | Total Interest | | |
| \$11 | \$0 | | |

The liability above is for award years 5 years or older and student adjustments in the Common Origination and Disbursement (COD) system are no longer possible. Instead, the funds will be returned to the general program fund for the applicable Title IV program.

4. Campus Based Programs

NO FISAP Corrections

Findings: 1

Appendices: B

CCC must repay **\$10** for award year 2005-2006 in Federal Supplemental Education Opportunity Grant funds.

FISAP Corrections

Findings: 1

Appendices: B

CCC must repay **\$8** in Federal Work Study and **\$636** in Federal Supplemental Education Opportunity Grant funds.

| FWS/FSEOG | |
|------------------|------------------------|
| Amount | Award Year |
| \$8 | 2009-2010 FWS |
| \$205 | 2007-2008 FSEOG |
| \$31 | 2008-2009 FSEOG |
| \$400 | 2010-2011 FSEOG |
| Total | |
| \$644 | |

CCC must make corrections to its FISAP for award year(s) 2007-2008; 2008-2009; 2009-2010; and 2010-2011 as follows:

- Log into eCB and make change(s) to the Working Copy, click on Submit and choose "Change Request". Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number (201230727999).
- Once the request is approved, submit the changes within 5 days.
- Changes to the FISAP may result in changes to subsequent FISAPS. Contact the eCB Call Center at (877) 801-7168 for assistance in making this determination.

FWS and FSEOG (Omit for Pell, ACG, SMART):

- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 in accordance with the automated notification from eCB. If the school has not drawn down its full authorization, the authorization will be reduced.

CCC must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to John Nading **within 45 days of the date of this letter.**

Appendix A:

2010-2011 Student Sample

| Student No. | Award Year | Last Name | First Name | SSN (last four digits) |
|--------------------|-------------------|------------------|-------------------|-------------------------------|
| (b)(6); (b)(7)(C) | | | | |

2011-2012 Student Sample

| Student No. | Award Year | Last Name | First Name | SSN (last four digits) |
|--------------------|-------------------|------------------|-------------------|-------------------------------|
| (b)(6); (b)(7)(C) | | | | |

Coffeyville Community College

OPE ID: 00191000

PRCN: 201230727999

Page 23

Sample Return of Title IV

| Student No. | Award Year | Last Name | First Name | SSN (last four digits) |
|--------------------|-------------------|------------------|-------------------|-------------------------------|
|--------------------|-------------------|------------------|-------------------|-------------------------------|

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

Appendix B:

Finding 1 - File Review Students with Liabilities: Un-Negotiated Checks

| No. | Name | Student's SSN (last four digits only) | Federal Pell Grant Liability | Federal ACG/FWS/SEOG Liability | Federal Direct Loan Liability |
|-------------------|------|---|------------------------------------|--------------------------------------|-------------------------------------|
| (b)(6); (b)(7)(C) | | | \$11 | \$0 | \$0 |
| | | | \$0 | \$10 FSEOG | \$0 |
| | | | \$0 | \$5 FSEOG | \$0 |
| | | | \$0 | \$200 FSEOG | \$0 |
| | | | \$14 | \$0 | \$0 |
| | | | \$1,676 | \$0 | \$0 |
| | | | \$0 | \$7 ACG | \$0 |
| | | | \$0 | \$31 FSEOG | \$0 |
| | | | \$28 | \$0 | \$0 |
| | | | \$1,098 | \$0 | \$0 |
| | | | \$9 | \$0 | \$0 |
| | | | \$1 | \$0 | \$0 |
| | | | \$5 | \$0 | \$0 |
| | | | \$0 | \$2 ACG | \$0 |
| | | | \$0 | \$8 FWS | \$0 |
| | | | \$1,051 | \$0 | \$0 |
| | | | \$0 | \$0 | \$3 |
| | | | \$0 | \$0 | \$26 |
| | | | \$0 | \$0 | \$28 |
| | | | \$0 | \$0 | \$28 |
| \$0 | \$0 | \$27 | | | |
| \$0 | \$0 | \$27 | | | |
| \$0 | \$0 | \$18 | | | |
| \$0 | \$0 | \$28 | | | |

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

| | | |
|-------|-------------|-------|
| \$0 | \$0 | \$28 |
| \$0 | \$0 | \$18 |
| \$0 | \$0 | \$5 |
| \$0 | \$0 | \$28 |
| \$0 | \$0 | \$30 |
| \$0 | \$0 | \$40 |
| \$0 | \$0 | \$2 |
| \$0 | \$0 | \$1 |
| \$0 | \$0 | \$2 |
| \$660 | \$0 | \$0 |
| \$18 | | |
| | | \$15 |
| | | \$2 |
| | | \$1 |
| | \$52 ACG | |
| | \$200 FSEOG | |
| | \$200 FSEOG | |
| \$2 | | |
| | | \$19 |
| \$704 | | |
| \$5 | | |
| \$30 | | |
| \$152 | | |
| | | \$244 |

Appendix C:

Finding 3 - File Review Students with Liabilities: R2T4 Calculation Errors

| No. | Name | Student's SSN (last four digits only) | Federal Pell Grant Liability | Federal Direct Loan Liability |
|-------------------|------|---|------------------------------------|-------------------------------------|
| (b)(6); (b)(7)(C) | | | \$666 | \$0 |
| | | | \$492 | \$0 |
| | | | \$585 | \$0 |
| | | | \$289 | \$0 |
| | | | \$168 | \$0 |
| | | | \$5 | \$0 |
| | | | \$554 | \$0 |
| | | | \$697 | \$0 |
| | | | \$111 | \$0 |
| | | | \$146 | \$0 |
| | | | \$0 | \$740 |
| | | | \$0 | \$4,727 |
| | | | \$0 | \$1,892 |
| | | | \$0 | \$3 |
| | | | \$0 | \$1,634 |
| | | | \$0 | \$842 |
| \$0 | \$61 | | | |
| | | | | |

Appendix D:

Estimated Actual Loss Formula Calculations

| Appendix | Finding # | Award Year |
|-----------------|------------------|-------------------|
| D-1 | 2 | 2010-2011 |
| D-2 | 2 | 2011-2012 |

Institution Name
OPE ID

Appendix [] - Estimated Loss Formula

Estimated Loss Formula

4/29/2012

Enter Institution Name
Coffeyville Community College

Select Institution Type
Public 2 Yrs or Less

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

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

| Select Type of Loan | Award Year | Enter Ineligible Loan Amount | Enter School CDR | Total Subsidy Costs | Estimated Loss Liability | A | B | C | D | E | F | G | H | I | J |
|------------------------------------|------------|------------------------------|------------------|----------------------|--------------------------|-----------|--------|------|-------|-------|---------|------|-------|-------|-------|
| | | | | | | | | | | | | | | | |
| 1 DL Unsubsidized | 2010-2011 | \$ 61.00 | 18.70% | -12.25% | \$ - | 18.70% | 11.93% | 1.57 | 5.56% | 8.73% | -22.36% | 2020 | 23.4% | 3.29% | 2.63% |
| 2 DL Subsidized | 2010-2011 | \$ 877.00 | 18.70% | 19.85% | \$ 174.11 | 18.70% | 11.93% | 1.57 | 3.75% | 5.89% | 12.68% | 2019 | 21.1% | 3.19% | 2.89% |
| 3 DL Unsubsidized | 2010-2011 | \$ 475.00 | 18.70% | -12.25% | \$ - | 18.70% | 11.93% | 1.57 | 5.56% | 8.73% | -22.36% | 2020 | 23.4% | 3.29% | 2.63% |
| Description | | \$ 1,413.00 | | | \$ 174.11 | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | | | | |
| Description | | \$ - | | | \$ - | | | | | | | | | | |
| 10 | | | | | | | | | | | | | | | |
| 11 | | | | | | | | | | | | | | | |
| 12 | | | | | | | | | | | | | | | |
| Description | | \$ - | | | \$ - | | | | | | | | | | |
| Original Ineligible Loan Liability | | \$ 1,413.00 | | Total Estimated Loss | | \$ 174.11 | | | | | | | | | |

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

Institution Name
OPE ID

Appendix [] - Estimated Loss Formula

Estimated Loss Formula

8/29/2012

Enter Institution Name
Coffeyville Community College

Select Institution Type
Public 2 Yrs or Less

Enter Institution Name

Select Institution Type

| Select Type of Loan | Select Award Year | Enter Ineligible Loan Amount | Enter School CDR | Total Subsidy Costs | Estimated Loss Liability |
|---|-------------------|------------------------------|------------------|---------------------|--------------------------|
| 1 DL Subsidized | 2011-2012 | \$ 562.00 | 18.70% | 9.22% | \$ 51.80 |
| 2 DL Unsubsidized | 2011-2012 | \$ 389.00 | 18.70% | -21.51% | \$ - |
| 3 DL Unsubsidized | 2011-2012 | \$ 1,312.00 | 18.70% | -21.51% | \$ - |
| Description | | | | | |
| 4 DL Subsidized | 2011-2012 | \$ 468.00 | 18.70% | 9.22% | \$ 43.14 |
| 5 DL Unsubsidized | 2011-2012 | \$ 470.00 | 18.70% | -21.51% | \$ - |
| 6 DL Subsidized | 2011-2012 | \$ 468.00 | 18.70% | 9.22% | \$ 43.14 |
| Description | | | | | |
| 7 DL Unsubsidized | 2011-2012 | \$ 624.00 | 18.70% | -21.51% | \$ - |
| 8 DL Subsidized | 2011-2012 | \$ 468.00 | 18.70% | 9.22% | \$ 43.14 |
| 9 DL Unsubsidized | 2011-2012 | \$ 148.00 | 18.70% | -21.51% | \$ - |
| Description | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| Original Ineligible Loan Liability | | | | | \$ 4,909.00 |
| Total Estimated Loss | | | | | \$ 181.22 |

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

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

| A | B | C | D | E | F | G | H | I | J |
|------------|-------------|---------|--------|--------------|---------|---------------|---------------|-------------|------------|
| School CDR | Sector CDR* | Ratio** | DSR*** | Adjusted DSR | OSR*** | Avg Cons Year | Cons Prepay % | Cons DSR*** | Cons OS*** |
| 1 18.70% | 11.93% | 1.57 | 4.73% | 7.43% | 0.40% | 2020 | 21.1% | 3.27% | 3.31% |
| 2 18.70% | 11.93% | 1.57 | 5.93% | 9.31% | -32.21% | 2021 | 23.7% | 3.29% | 2.56% |
| 3 18.70% | 11.93% | 1.57 | 5.93% | 9.31% | -32.21% | 2021 | 23.7% | 3.29% | 2.56% |
| 4 18.70% | 11.93% | 1.57 | 4.73% | 7.43% | 0.40% | 2020 | 21.1% | 3.27% | 3.31% |
| 5 18.70% | 11.93% | 1.57 | 5.93% | 9.31% | -32.21% | 2021 | 23.7% | 3.29% | 2.56% |
| 6 18.70% | 11.93% | 1.57 | 4.73% | 7.43% | 0.40% | 2020 | 21.1% | 3.27% | 3.31% |
| 7 18.70% | 11.93% | 1.57 | 5.93% | 9.31% | -32.21% | 2021 | 23.7% | 3.29% | 2.56% |
| 8 18.70% | 11.93% | 1.57 | 4.73% | 7.43% | 0.40% | 2020 | 21.1% | 3.27% | 3.31% |
| 9 18.70% | 11.93% | 1.57 | 5.93% | 9.31% | -32.21% | 2021 | 23.7% | 3.29% | 2.56% |
| 10 | | | | | | | | | |
| 11 | | | | | | | | | |
| 12 | | | | | | | | | |

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

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

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

Appendix E:

Estimated Actual Loss Formula Descriptions

The Estimated Actual Loss Formula (EALF) is used for only certain types of findings on ineligible FFEL and Direct Loan liabilities. The EALF estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EALF uses an institution's applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution's latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example: Ineligible Principal Loan Amount \$100,000
 Cohort Default Rate 10.0%
 Estimated Default Amount Due \$ 10,000

The EALF calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

| Period | School Type | One-Year | Two-Year | Four-Year | Rate Types |
|---------------------------|-------------|----------|----------|-----------|---------------|
| Disbursement to Repayment | | 584 | 774 | 969 | Interest & SA |
| Repayment to Default | | 418 | 498 | 619 | SA |
| Repayment to Paid In Full | | 1659 | 1580 | 1712 | SA |

The EALF uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EALF divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EALF also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-05)

Variable Rate Ineligible Loans: \$40,000 subsidized and \$60,000 unsubsidized
 Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
 SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)

$$\begin{aligned}
 & \$40,000/2 \times (451 \times (.0422/365)) \\
 & + \$40,000/2 \times (730 \times (.0625/365)) \\
 & + \$40,000/2 \times (367 \times (.0707/365)) = \$4,964.61
 \end{aligned}$$

Unsubsidized Loan Amount (Special Allowance Only)

Coffeyville Community College

OPE ID: 00191000

PRCN: 201230727999

Page 29

$$\begin{aligned} & \$60,000/2 \times (451 \times (.0145/365)) \\ & + \$60,000/2 \times (730 \times (.0155/365)) \\ & + \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36 \end{aligned}$$

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.

Appendix F:

Cost of Funds Calculations

| Appendix | Finding # | Description |
|-----------------|------------------|---|
| F-1 | 3 | \$39 in Federal Pell Grant Interest on Unmade Returns |
| F-2 | 3 | \$42 in Federal Direct Loan Interest on Unmade Returns |
| F-3 | 4 | \$5 in Federal Direct Loan Interest on Late Returns |

Late or Unmade Returns (Non-Loan) - Cost of Funds

complete

Name of Institution: Coffeyville Community College

Note: the withdrawal date is necessary to determine if an institution has 30 (default) or 45 days to return funds

| No. | Description/Name | Return Amount | Program | W/D Date | Institution Det Date | Return Paid Date | Return Due Date | Days Late | Imputed CVFR | Federal Share | To ED | To Inst Accounts |
|-------------------|------------------|---------------|------------|----------|----------------------|------------------|-----------------|-----------|--------------|---------------|---------|------------------|
| (b)(6); (b)(7(C)) | | \$666.00 | Pell Grant | 03/28/11 | 5/17/2011 | 10/31/2012 | 07/01/11 | 488 | 1.00% | \$ 666.00 | \$ 8.91 | \$ - |
| | | \$492.00 | Pell Grant | 02/28/11 | 2/28/2011 | 10/31/2012 | 04/14/11 | 566 | 1.00% | \$ 492.00 | \$ 7.63 | \$ - |
| | | \$585.00 | Pell Grant | 03/28/11 | 3/13/2011 | 10/31/2012 | 04/27/11 | 553 | 1.00% | \$ 585.00 | \$ 8.86 | \$ - |
| | | \$289.00 | Pell Grant | 01/25/11 | 2/21/2011 | 10/31/2012 | 04/07/11 | 573 | 1.00% | \$ 289.00 | \$ 4.54 | \$ - |
| | | \$168.00 | Pell Grant | 10/04/10 | 10/12/2010 | 10/31/2012 | 11/26/10 | 705 | 1.00% | \$ 168.00 | \$ 3.25 | \$ - |
| | | \$5.00 | Pell Grant | 09/24/10 | 10/4/2010 | 10/31/2012 | 11/18/10 | 713 | 1.00% | \$ 5.00 | \$ 0.10 | \$ - |
| | | \$554.00 | Pell Grant | 04/12/12 | 4/16/2012 | 10/31/2012 | 05/31/12 | 153 | 1.00% | \$ 554.00 | \$ 2.32 | \$ - |
| | | \$697.00 | Pell Grant | 04/12/12 | 4/16/2012 | 10/31/2012 | 05/31/12 | 153 | 1.00% | \$ 697.00 | \$ 2.92 | \$ - |
| | | \$111.00 | Pell Grant | 09/26/12 | 9/30/2012 | 10/31/2012 | 11/14/12 | 0 | 1.00% | \$ 111.00 | \$ - | \$ - |
| | | \$146.00 | Pell Grant | 10/20/11 | 12/12/2011 | 10/31/2012 | 01/26/12 | 279 | 1.00% | \$ 146.00 | \$ 1.12 | \$ - |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

| | |
|--------------------|-------------|
| Total Returns | \$ 3,713.00 |
| Total Campus-Based | \$ - |
| Totals By Program | |
| Pell Grant | \$ 3,713.00 |
| FSEOG | \$ - |
| Perkins | \$ - |
| ACG | \$ - |
| SMART | \$ - |
| TEACH | \$ - |
| FSEOG-No Match | \$ - |
| Perkins-No Match | \$ - |

| | | |
|---------------------------|----------|------|
| Totals | \$ 39.65 | \$ - |
| Interest Breakdown | | |
| Pell Grant | \$ 39.65 | \$ - |
| FSEOG | \$ - | \$ - |
| Perkins | \$ - | \$ - |
| ACG | \$ - | \$ - |
| SMART | \$ - | \$ - |
| TEACH | \$ - | \$ - |
| FSEOG-No Match | \$ - | \$ - |
| Perkins-No Match | \$ - | \$ - |

Late or Unmade Returns (Loans) - Cost of Funds

Name of Institution: Coffeyville Community College

Note: The withdrawal date is necessary to determine if an institution has 30 (default) or 45 days to return funds

| No. | Description/Name | Return Amount | Program | W/D Date | Institution Det Date | Return Paid Date | Return Due Date | Days Late | Days ED | Days Stud | Imputed CVFR | FFEL Interest | Special Allow | To ED | To Student |
|-------------------|------------------|---------------|----------|----------|----------------------|------------------|-----------------|-----------|---------|-----------|--------------|---------------|---------------|----------|------------|
| (b)(6); (b)(7(C)) | | \$740.00 | DL Sub | 04/12/12 | 04/12/12 | 10/31/12 | 5/27/2012 | 157 | | | 1.00% | | | \$ 3.00 | |
| | | \$2,985.00 | DL Unsub | 04/12/12 | 04/16/12 | 10/31/12 | 5/31/2012 | 153 | | | 1.00% | | | \$ 13.00 | |
| | | \$1,742.00 | DL Sub | 04/12/12 | 04/16/12 | 10/31/12 | 5/31/2012 | 153 | | | 1.00% | | | \$ 7.00 | |
| | | \$1,892.00 | DL Unsub | 04/12/12 | 04/16/12 | 10/31/12 | 5/31/2012 | 153 | | | 1.00% | | | \$ 8.00 | |
| | | \$3.00 | DL Sub | 09/22/11 | 01/06/12 | 10/31/12 | 2/20/2012 | 254 | | | 1.00% | | | \$ - | |
| | | \$1,634.00 | DL Unsub | 04/12/12 | 04/12/12 | 10/31/12 | 5/27/2012 | 157 | | | 1.00% | | | \$ 7.00 | |
| | | \$842.00 | DL Unsub | 04/12/12 | 04/16/12 | 10/31/12 | 5/31/2012 | 153 | | | 1.00% | | | \$ 4.00 | |
| | | \$61.00 | DL Unsub | 03/05/12 | 05/21/12 | 10/31/12 | 7/5/2012 | 118 | | | 1.00% | | | \$ - | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

| | |
|------------------|-------------|
| Total Principal | \$ 9,899.00 |
| Total DL Sub | \$ 2,485.00 |
| Total DL Unsub | \$ 7,414.00 |
| Total FFEL Sub | \$ - |
| Total FFEL Unsub | \$ - |
| Total PLUS | \$ - |

| | |
|----------|----------|
| \$ 42.00 | \$ - |
| | \$ 42.00 |

Coffeyville Community College
OPE ID: 00191000
PRCN: 201230727999
Page 31

Appendix G:
Program Review Report

Prepared for
**Coffeyville Community
College**

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

PROUD SPONSOR of
the AMERICAN MIND™

**OPE ID 00191000
PRCN 201230727999**

Prepared by
**U.S. Department of Education
Federal Student Aid
School Participation Division – Kansas City**

Program Review Report

October 31, 2012

Table of Contents

| | Page |
|---|------|
| A. Institutional Information..... | 2 |
| B. Scope of Review..... | 3 |
| C. Findings and Final Determinations..... | 4 |
| Finding 1. Inadequate Monitoring of Title IV, HEA Credit Balances – Un-Negotiated Checks..... | 4 |
| Finding 2. Failure to Prorate Federal Direct Loans..... | 6 |
| Finding 3. Incorrect Return of Title IV, HEA Funds Calculation..... | 8 |
| Finding 4. Late Return of Title IV, HEA Funds..... | 12 |
| Finding 5. Untimely Reconciliation of Title IV, HEA Funds..... | 14 |
| Finding 6. Incomplete Verification – Untaxed Income..... | 15 |
| Finding 7. Late National Student Loan Data System (NSLDS) Reporting..... | 16 |
| Finding 8. Over-Award of Federal Direct Subsidized Loan Funds..... | 18 |
| Finding 9. Federal Supplemental Educational Opportunity Grant (FSEOG) Funds Awarded Inappropriately..... | 18 |
| Finding 10. Failure to Establish Selective Service Registration Exemption..... | 20 |
| D. Recommendations | 22 |
| E. Appendices | 24 |
| Appendix A: Student Sample | 24 |
| Appendix B: Sample Return of Title IV | 25 |

Coffeyville Community College
OPE ID 00191000
PRCN 201230727999
Page 2

A. Institutional Information

Coffeyville Community College
400 West 11th Street
Coffeyville, KS 67337

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools

Current Student Enrollment: 1847 (FY 11-12)

% of Students Receiving Title IV: 50% (FY 11-12)

Title IV Participation (G5 & NSLDS):

| | <u>2010-2011</u> |
|-----------------------------------|------------------|
| Federal Pell Grant | \$3,082,736 |
| Federal Direct Subsidized Loans | \$1,320,399 |
| Federal Direct Unsubsidized Loans | \$966,370 |
| Federal Direct Plus | \$26,036 |
| Federal SEOG | \$45,000 |
| Federal Work-Study (FWS) | \$59,098 |
| Academic Competitive Grant (ACG) | \$91,713 |

| | |
|-----------------------|------------|
| Default Rate FFEL/DL: | 2009 13.5% |
| | 2008 15.0% |
| | 2007 16.9% |

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Coffeyville Community College (CCC) from May 7th, 2012 to May 11th, 2012. The review was conducted by Mr. John Nading, Ms. Angela Beam, and Ms. Kathy Feith.

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

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) 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, five files were selected based on Return of Title IV Fund calculations. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by CCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Inadequate Monitoring of Title IV, HEA Credit Balances – Un-Negotiated Checks

Citation: Federal regulations state that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but—

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(e).

A Title IV, HEA credit balance occurs whenever a school credits Title IV, HEA program funds to a student's account and the total amount of Title IV, HEA funds exceeds the student's allowable charges. *2010/11 & 2011/12 Federal Student Aid Handbook, Volume 4.*

Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary, lender, or guaranty agency, any Title IV, HEA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent but the student or parent does not receive or negotiate those funds. For FWS program funds, the institution is required to return only the federal portion of the payroll disbursement.

If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check. If a check is returned to the institution, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45-day period. In cases where the institution makes further attempts, the institution must cease any additional disbursement attempts and return the funds no later than 240 days after the date it issued the check. 34 C.F.R. § 668.164(h).

A school must return to the Department any Title IV, HEA program funds, except FWS Program funds, that it attempts to disburse directly to a student or parent of the student or parent does not receive the funds or cash the check. (For FWS Program funds, a school is required to return only the Federal portion of the payroll disbursement.)

A school must have a process that ensures Title IV, HEA funds never escheat to a state, or revert to the school or any other third party. A failure to have such a process in place would call into question a school's administrative capability, its fiscal responsibility, and its system of internal controls required under the Title IV, HEA regulations. *2010/11 & 2011/12 Federal Student Aid Handbook, Volume 4.*

Noncompliance: CCC failed to return Title IV, HEA credit balances to the Department in a timely manner after attempts to pay the credit balances to students were unsuccessful.

During the on-site portion of the program review, CCC officials identified 59 students (Appendix B) with \$9,464.56 in Title IV, HEA credit balance funds that the institution was unable to return to students. The Title IV, HEA credit balances identified were created between 12/08/2005 and 12/06/2011.

Required Action: CCC must review the student accounts of all Title IV, HEA recipients, beginning with the 2004-2005 award year and working forward to the present, and identify all Title IV, HEA credit balances that the institution disbursed via check and that were not cashed by the student (or parent, in the case of PLUS Loan funds), and that the institution failed to pay to the Department within the prescribed timeframe. CCC must compile a report based on this file review, and submit the report with its response. The report must be in a spreadsheet format, and it must include the following elements:

- (1) Award year in which Title IV, HEA credit balance was created;
- (2) Student's first name, last name;
- (3) Student's Social Security number;
- (4) Title IV, HEA program(s), date(s), and disbursement amount(s) causing the credit balance;
- (5) Amount of Title IV, HEA credit balance;
- (6) Date Title IV, HEA credit balance was paid to the Title IV, HEA programs, if applicable;
- (7) Complete and legible copy of student's original account card; and
- (8) Copies of all pertinent fiscal documents reflecting the payment of the Title IV, HEA credit balance funds to the Department, as applicable.

The file review spreadsheet must clearly indicate the particular Title IV, HEA program or programs that created a particular Title IV, HEA credit balance. The following abbreviations should be used in the spreadsheet to indicate the various programs: Pell, FSEOG, FWS, Federal Family Education Subsidized Loan, Federal Family Educational Unsubsidized Loan, Federal Family Education Plus Loan, Direct Subsidized Loan, Direct Unsubsidized Loan, Direct Plus Loan, and ACG. If a particular Title IV, HEA credit balance was composed of more than one type of Title IV, HEA funding, CCC must identify the amounts attributable to each program.

The Title IV, HEA credit balance file review spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

| Award year | Student's last name, first name | SSN | Title IV program | Date of disbursement |
|------------|---------------------------------|-------------|------------------|----------------------|
| 2007/08 | Doe, Jane | *** ** **** | Pell | 1/1/10 |
| 2007/08 | Doe, Jill | *** ** **** | DL Sub | 6/28/10 |
| 2007/08 | " " " | " " " | DL Unsub | 6/28/10 |
| 2007/08 | Doe, John | *** ** **** | FFEL Sub | 4/11/10 |

(continued)

| Amount of disbursement | Amount of Title IV credit balance | Date credit balance paid to Department, if applicable | Amount of credit balance outstanding |
|------------------------|-----------------------------------|---|--------------------------------------|
| \$1,000.25 | \$500.25 | 3/1/10 | \$0 |
| \$2,000.00 | \$125.00 | n/a | \$125 |
| \$3,000.00 | \$3,000.00 | n/a | \$3,000 |
| \$2,225.00 | \$1,720.30 | n/a | \$1,720.30 |

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the FPRD letter.

Finding 2. Failure to Prorate Federal Direct Loans

Citation: For a program of study with less than a full academic year remaining, the scheduled annual loan limit for the student's grade level is multiplied by the following fraction to determine the prorated loan limit:

$$\frac{\text{Number of semester, trimester, quarter, or clock hours enrolled}}{\text{Number of semester, trimester, quarter, or clock hours in academic year.}}$$

34 C.F.R. §§685.203(a)(2)(ii) & 2011-2012 Federal Student Aid Handbook.

Noncompliance: In two instances, CCC failed to prorate a student's loans for a final period of study.

Student #6: The student was enrolled in 23 credits for her final academic year. Using the formula above, the prorated loan should have been 23 credits over 24 credits (.958). This fraction of (.958) multiplied by the scheduled annual loan limit of \$4,500 is the maximum subsidized loan eligibility (\$4,311). The student received a \$2,250 Federal Direct Subsidized Loan and a \$1,000 Federal Direct Unsubsidized Loan. The student should have received a \$3,250 Federal Direct Subsidized Loan.

Student #13: The student was enrolled in seven credits for her final academic year. Using the formula above, the prorated loan should have been seven credits over 24 credits (.292). This fraction of (.292) multiplied by the scheduled annual loan limit of \$4,500 is the maximum subsidized loan eligibility \$1,314. The student received a \$2,191 Federal Direct Subsidized Loan creating an overaward in the amount of \$877.

This student is also cited in Finding 9.

Required Action: CCC must reclassify the Federal Direct Unsubsidized Loan for student #6 to a Federal Direct Subsidized Loan. CCC must review and revise its internal policies and procedures to ensure that the institution properly prorates Federal Direct Loans for students enrolled in a final period of study that is less than a full academic year. The revised policies and procedures should include required adjustments to cost of attendance budgets and the appropriate expected family contribution based on the student's enrollment status. A copy of these procedures must accompany CCC's response to this report.

In addition, CCC must review the financial aid files of all Title IV, HEA recipients who attended the institution in his/her final period of study during the 2010-2011 and 2011-2012 award years (year to date). For each student who received a disbursement of Title IV, HEA funds and graduated without completing a full academic year of study, CCC must provide the following information in a spreadsheet format:

- (1) Student's name;
- (2) Last four digits of the student's Social Security Number;
- (3) Award Year;
- (4) Term (Fall, Spring, Summer);
- (5) Number of Hours Student Enrolled in;
- (6) Amount of Federal Direct Subsidized Loan Disbursed;
- (7) Date of Disbursement;
- (8) Recalculated Federal Direct Subsidized Loan Student Should Have Received;
- (9) Difference between Recalculated Award and Amount Disbursed;
- (10) Amount of Direct Unsubsidized Loan Disbursed;
- (11) Date of Disbursement;
- (12) Recalculated Federal Direct Unsubsidized Loan Student Should Have Received;
and
- (13) Difference between Recalculated Award and Amount Disbursed;

CCC also must provide legible copies of the following documents:

- (1) Student account card;
- (2) Academic transcript; and
- (3) Pertinent COD screen shots indicating amounts and dates of disbursements.

The spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

| Award year | Term | Student | SSN | Number of Hours Student Enrolled In | Direct Subsidized Loan Disbursed | Date of Sub Disbursement | Recalculated Subsidized Loan Disbursed | Difference |
|------------|----------|---------|-----|-------------------------------------|----------------------------------|--------------------------|--|------------|
| 2010/2011 | Fall | *** | *** | 6 | \$2,250 | 09/27/2010 | \$1,125 | \$1,125 |
| 2010/2011 | Spring * | | | 9 | \$2,250 | 02/15/2011 | \$1,687.50 | \$562.50 |

| Direct Unsubsidized Loan Disbursed | Date of Unsub Disbursement | Recalculated Unsubsidized Loan Disbursed | Difference |
|------------------------------------|----------------------------|--|------------|
| \$1,750 | 09/27/2010 | \$1,500 | \$250 |
| \$0 | n/a | n/a | n/a |

* In the example above, the student took the Fall term off and completed final 9 hours of program in the Spring term.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

CCC is reminded that hard copy files containing PII must be safeguarded as described in the enclosure to the cover letter of this report.

Finding 3. Incorrect Return of Title IV, HEA Funds Calculation

Citation: Federal regulations state that when a recipient of Title IV, HEA funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV, HEA grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all the elements of a Return of Title IV Fund calculation identified in pertinent Federal regulations. 34 C.F.R. § 668.22.

Noncompliance: In six instances, CCC improperly performed a Return of Title IV Funds calculation.

Student #14: The financial aid file reflects the student withdrew on 10/14/2010, and CCC determined the student had withdrawn on 10/25/2010. A Return calculation was performed on 10/27/2010 that reflected the payment period contained 645 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should be calculated in payment period days not hours.

Student #31: The student enrolled for the Spring 2011 term with a start date of 01/11/2011 and a scheduled end date of 05/13/2011. On 05/17/2011, CCC determined the student unofficially withdrew from the Spring 2011 term and performed a Return of Title IV Funds calculation on 05/24/2011. CCC used 123 as the total days in the term instead of 114 days (123 less nine day break). Because CCC is not required to take attendance, CCC chooses to use 50% as the percentage of Title IV, HEA aid earned. This error did not have any effect on the return calculation.

Student #32: The student enrolled for the Spring 2011 term with a start date of 01/11/2011 and a scheduled end date of 05/13/2011. On 02/18/2011, CCC determined the student officially withdrew from the Spring 2011 term and performed a Return of Title IV Funds calculation on 02/18/2011. CCC used 123 as the total days in the term instead of 114 days (123 less nine day break). The student completed 35 days which equaled 30.7% of Title IV aid earned. CCC used 28.5% in the return calculation. This error did not have any effect on the return calculation.

Student #33: The financial aid file reflects the student unofficially withdrew on 9/21/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return of Title IV Funds calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should be calculated in payment period days not hours.

This student is also cited in Finding 4.

Student #34: The student enrolled for the Fall 2011 term with a start date of 08/17/2011 and a scheduled end date of 12/08/2011. On 12/12/2011, CCC determined the student unofficially withdrew from the Fall 2011 term and performed a Return of Title IV Funds calculation on 12/14/2011. CCC used 114 as the total days in the term instead of 109 days (114 less five day break). As an institution that is not required to take attendance, CCC is allowed to utilize the 50% point in the Return Calculation. However, CCC used 57% in the Return Calculation even though the date of withdrawal (10/20/2011) could not be confirmed.

Student #35: The financial aid file reflects the student unofficially withdrew on 08/16/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should be calculated in payment period days not hours.

This student is also cited in Finding 4.

Required Action: In response to this finding, CCC must provide comprehensive information for all Title IV, HEA recipients who officially or unofficially withdrew during the 2010-2011 and 2011-2012 award years. CCC must identify and review the files of all Title IV, HEA recipients for whom a Return calculation was performed or should have been performed in any of the two award years. For Returns found to have been paid late, not paid, improperly paid, improperly calculated, or not calculated, CCC must provide the following information:

- (1) A spreadsheet that contains, for each Title IV, HEA recipient who officially or unofficially withdrew, the following information:
 - (a) Student's name;
 - (b) Last four digits of the student's Social Security Number;
 - (c) Student's last date of attendance;
 - (d) Student's withdrawal date;
 - (e) The date that CCC determined that the student withdrew;
 - (f) The date that the original Return was calculated;
 - (g) The amount of Title IV, HEA funds returned, if applicable (organized by Title IV, HEA program);
 - (h) The date(s) the Return(s) were made, if applicable (organized by Title IV, HEA program);
 - (i) Amount of post-withdrawal disbursement (PWD), if applicable;
 - (j) Title IV, HEA program from which PWD was made;
 - (k) Date PWD was paid;
 - (l) Date of corrected Return of Title IV Funds calculation, if applicable;
 - (m) Corrected amount of Return, if applicable;
 - (n) Title IV, HEA program to which corrected Return(s) was made, if applicable;
 - (o) Date of corrected Return;
 - (p) Difference
 - (q) Amount of PWD, if applicable;
 - (r) Title IV, HEA program from which PWD was made, if applicable;
 - (s) Date PWD was paid, if applicable; and
 - (t) Difference.

The spreadsheet should be organized by award year, and then by individual students. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM format;

- (2) A copy of the complete original Return of Title IV Funds calculation worksheet for each Title IV, HEA recipient who withdrew in the 2010-2011 and 2011-2012 award years;
- (3) A copy of the complete corrected Return of Title IV Funds calculation, if applicable;

- (4) A copy of all pertinent student account cards for the Returns identified above. The account card should reflect the disbursements included in the Return calculation as well as any return of the Title IV, HEA funds, if applicable;
- (5) Legible copies of all audit trail documentation (i.e. wire transfer records on bank statements, institutional drawdown and refund reports, screen prints of Common Origination and Disbursement [COD] screens with pertinent detail information) to support the return of the funds to the Title IV, HEA accounts. The documentation must clearly identify the amount of the Return for the individual in question. If a Return was repaid to the Title IV, HEA programs by check, then a legible copy of the cancelled check, front and back, must be submitted;
- (6) A copy of CCC's official withdrawal form (or another official withdrawal documentation) for each Title IV, HEA recipient who officially withdrew, with the official date of withdrawal notated.
- (7) Copies of all pertinent attendance records supporting CCC's determination of the student's last date of attendance.
- (8) In cases where a post-withdrawal disbursement was calculated, copies of all supporting documentation establishing that the post-withdrawal disbursement of Title IV, HEA loan funds was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is available, CCC must provide documentation indicating that the student, or parent in the case of a PLUS loan, was notified that a post-withdrawal disbursement was made on their behalf, the amount of the disbursement, and the date that it occurred;
- (9) In the case of unearned aid that is required to be returned by a student, copies of all supporting documentation establishing that CCC contacted the student and made appropriate repayment arrangements, as outlined in Federal regulations.

The Return of Title IV Fund spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

| Award year | Student | SSN | Last date of attend-ance | With-drawal date | Date of deter-mination | Date of Return calculation | Amount of return, if applicable | Title IV program | Date of Return |
|------------|---------|-----|--------------------------|------------------|------------------------|----------------------------|---------------------------------|------------------|----------------|
| 2010/11 | *** | *** | 6/20/10 | 6/20/10 | 6/24/10 | 6/24/10 | \$2,000 | DL Unsub | 7/6/10 |
| | " " | " " | " " | " " | " " | " " | \$1,356 | DL Sub | 7/6/10 |
| | " " | " " | " " | " " | " " | " " | \$312 | Pell | 7/4/10 |

| Amount of EWD, if applicable | PWD program | Date PWD Paid | Date of Corrected Return calculation, if applicable | Corrected Amount of return, if applicable | Title IV program | Date of Corrected Return | Difference | Amount of PWD, if applicable | PWD program | Date PWD Paid | Difference |
|------------------------------|-------------|---------------|---|---|------------------|--------------------------|------------|------------------------------|-------------|---------------|------------|
| " " | " " | " " | 6/24/10 | \$2,000 | DL Unsub | 7/6/11 | \$0 | " " | " " | " " | " " |
| " " | " " | " " | " " | \$1,356 | DL Sub | 7/6/11 | \$0 | " " | " " | " " | " " |
| " " | " " | " " | " " | \$517 | Pell | 7/6/11 | \$205 | " " | " " | " " | " " |

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report.

Additionally, CCC must review and revise its internal policies and procedures to ensure that Returns of Title IV Fund are performed correctly in the future. A copy of these procedures must accompany CCC's response to this report.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Finding 4. Late Return of Title IV, HEA Funds

Citation: When a recipient of Title IV, HEA 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, HEA grant or loan assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a).

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

- (1) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;
- (2) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;
- (3) If the student ceases attendance without providing official notification to the institution of his or her withdrawal, the mid-point of the payment period (or period of enrollment, if applicable);
- (4) If the institution determines that a student did not begin the institution's withdrawal process or otherwise provide official notification (including notice from an individual acting on the student's behalf) to the institution of his or her intent to withdraw because of illness, accident, grievous personal loss, or other such circumstances beyond the student's control, the date that the institution determines is related to that circumstance. 34 C.F.R. § 668.22(c).

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

For an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the—

- (1) Payment period or period of enrollment;
- (2) Academic year in which the student withdrew;

(3) Educational program from which the student withdrew. 34 C.F.R. § 668.22(j).

A school must calculate the amount of earned Title IV, HEA funds by applying a percentage to the total amount of Title IV, HEA program assistance that was disbursed and that could have been disbursed. Under step one of the Return worksheet, a school fills in the amount of each type of Title IV, HEA funds that were disbursed and could have been disbursed. When entering the amount of loan funds, a school should enter the net amount disbursed and that could have been disbursed.

The school must return the unearned Title IV, HEA aid for which the school is responsible by repaying funds up to the total net amount disbursed from each source. *2010/11 & 2011/12 Federal Student Aid Handbook, Volume 5.*

Federal regulations state that for a student who ceases attendance at an institution that is required to take attendance, including a student who does not return from an approved leave of absence, or a student who takes a leave of absence that does not meet the Department's requirements, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date determined in accordance with Department requirements and maintain the documentation as of the date of the institution's determination that the student withdrew.

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

An institution is required to take attendance if—

- (1) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance;
- (2) The institution itself has a requirement that its instructors take attendance; or
- (3) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program. 34 C.F.R. § 668.22(b)

Noncompliance: In two Return of Title IV funds calculations reviewed, CCC failed to make the necessary Returns within the required time frames.

Student #33: The financial aid file reflects the student unofficially withdrew on 9/21/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return calculation was performed on 04/23/2012 that reflected the payment period contained

638 clock hours. In addition, since the institution calculates student's course work in credit hours, the return calculation should also be calculated in payment period days.

This student is also cited in Finding 3.

Student #35: The financial aid file reflects the student unofficially withdrew on 08/16/2011, and CCC determined the student had withdrawn on 01/06/2012. A Return calculation was performed on 04/23/2012 that reflected the payment period contained 638 clock hours. However, since the institution calculates student's course work in credit hours, the return calculation should also be calculated in payment period days.

This student is also cited in Finding 3.

Required Action: Finding 3 requires CCC to review the records of all Title IV, HEA recipients who officially or unofficially withdrew during the 2010/11 & 2011/12 and 2011-2012 award years (year to date) and identify any late, unmade, improperly calculated, or uncalculated Returns of Title IV Funds calculations. Therefore, no additional reconstructive action will be required as a result of this finding at this time.

Finding 5. Untimely Reconciliation of Title IV, HEA Funds

Citation An institution shall account for the receipt and expenditure of Title IV, HEA program funds in accordance with generally accepted accounting principles. An institution shall establish and maintain on a current basis financial records that reflect each Title IV, HEA program transaction, and 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. §668.24(b)

The fiscal records that a school should maintain include, but are not limited to:

- (1) Records of all Title IV, HEA program transactions;
- (2) Bank statements for all accounts containing HEA funds;
- (3) Records of student accounts, including each student's institutional charges, cash payments, Title IV, HEA payments, cash disbursements, refunds, returns, and overpayments required for each enrollment period;
- (4) General ledger (control accounts) and related subsidiary ledgers that identify each Title IV, HEA program transaction;
- (5) Federal Work-Study payroll records;
- (6) FISAP documentation; and

- (7) Records that support data appearing on required reports, such as Pell Grant Statements of Accounts, G5 cash requests and quarterly or monthly reports, Title IV, HEA program reconciliation reports, Audit reports and school responses, state grant and scholarship award rosters and reports, Accrediting and licensing agency reports, records used to prepare the Income Grid on the FISAP. 34 C.F.R. § 668.164(b); *The Blue Book, October 2005*.

Noncompliance: CCC does not have a systematically organized manner of maintaining overall reconciliation of the Title IV, HEA funds. CCC reconciled the components of the process but did not ensure that the complete process was reconciled on a monthly basis. During the on-site portion of the program review, CCC was able to provide proof that individual reconciliations occurred but did not have a process to ensure that overall process reconciled and required adjustments were made. CCC was out of balance with its COD and G5 numbers.

Required Action: In response to this finding, CCC must devise and implement a systematically organized manner of maintaining and ensuring complete reconciliation of the administration of Title IV, HEA program funds. The reconciliation process should include but is not limited to ensuring the COD, G5, financial aid records, student account cards, general ledger and bank accounts are reconciled as components of the process and as a complete administration of Title IV, HEA funds. In addition CCC must provide documentation that for 2010-2011 year that all components are in balance.

Finding 6. Incomplete Verification – Untaxed Income

Citation: The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA program funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Federal student aid, as well as resolving any conflicting information that presents itself regarding the application. The five required data elements that must be verified are: (1) household size; (2) number enrolled in college; (3) adjusted gross income (AGI); (4) U.S. income tax paid; and (5) other untaxed income and benefits. Supporting documentation collected from the student or parents is compared to the information that was reported on the student's ISIR. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. § 668.56-57; *2010-2011 Federal Student Aid Handbook, Application and Verification Guide*.

Noncompliance: For the two students outlined below, CCC failed to complete the requirements of the Department's verification process regarding untaxed income.

Student #8: The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 02 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the student's parents received \$2,400 in untaxed unemployment benefits which were not considered by CCC while performing the verification process.

Student #12: The student was selected for verification and was disbursed Federal Pell Grant funds based on completed verification of Transaction 03 (0 EFC) of the 2010-2011 ISIR. The student's household size, number in college, AGI, and taxes paid were properly verified. However, the student's parents received \$2,400 in untaxed unemployment benefits which were not considered by CCC while performing the verification process.

Required Action: In response to this report, CCC must resolve the verification deficiencies for the above-referenced students obtaining the documentation necessary to complete the process and recalculate the student's Title IV, HEA eligibility accordingly.

Additionally, CCC is required to review its procedures for completing the verification process and, as necessary, revise them. CCC must provide a copy to the Department as part of its response to the Program Review Report.

Finding 7. Late National Student Loan Data System (NSLDS) Reporting

Citation: Federal regulations state that a school shall—

- (1) Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days—
 - (a) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis;
 - (b) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended;

- (c) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or
- (d) If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address. 34 CFR § 682.610.

At scheduled times during the year, not less than semiannually, NSLDS sends Roster files electronically to the institution (or its designated servicer) through its Student Aid Internet Gateway mailbox. The file includes all of the institution's students who are identified in NSLDS as Stafford (Direct and FFEL) borrowers (or the beneficiaries of a PLUS loan). The file is not necessarily connected to loans made at the institution—the institution must also report information for students who received some or all their Title IV, HEA loans at other schools but are currently attending the reporting institution.

The institution (or servicer) must certify the information and return the Roster file within 30 days of receiving it. The institution may also go to www.nslsdfap.ed.gov and update information for students online. The institution is required to report changes in the student's enrollment status, the effective date of the status and an anticipated completion date. Changes in enrollment to less than half time, graduated, or withdrawn must be reported within 30 days. However, if a Roster file is expected within 60 days, the institution may provide the data on that roster file. *2010/11 & 2011/12 Federal Student Aid Handbook*.

Student enrollment information is extremely important, because it is used to determine if the student is still considered in school, must be moved into repayment, or is eligible for an in-school deferment. For students moving into repayment, the out of school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds. *2010-2011 Federal Student Aid Handbook*.

Noncompliance: In one instance, CCC did not accurately report a student's enrollment status on its student status confirmation reports (SSCRs):

Student #13: Based on the student's academic transcript, the student graduated on 05/14/2011. At the time of the onsite review, CCC had not reported the student to NSLDS.

Required Action: CCC must update the enrollment status for the above mentioned student. CCC is also required to review its procedures for reporting enrollment status changes to NSLDS and, as necessary, revise them.

Finding 8. Over-Award of Federal Direct Subsidized Loan Funds

Citation: Federal regulations stipulate that an institution must not originate a Direct Subsidized, Direct Unsubsidized, Direct PLUS Loan, or a combination of loans for an amount that exceeds the student's estimated cost of attendance less the student's estimated financial assistance for that period; and in the case of a Direct Subsidized Loan, the borrowers expected family contribution for that period.

In general, the term estimated financial assistance refers to aid from the FSA programs, as well as grants, scholarships, loans, and need-based employment whether the assistance is awarded by the school or by an individual or organization outside the school. The regulations specify that "estimated financial assistance" is aid that the student will receive for the same period of enrollment as the Stafford or PLUS loan. 2010-2011 Federal Student Aid Handbook. 34 C.F.R. § 685.301(4)(ii).

Noncompliance: In one instance, the institution certified and drew down Direct Loan funds in excess of the student's financial need.

Student #16: The student's cost of attendance for the loan period 08/17/2011 to 05/13/2012 was \$15,098. The student's EFC for the 2011-2012 award year was \$10,805. The student's resulting financial need (COA-EFC) was \$4,293. The student received an institutional scholarship of \$935. After applying the \$935 to the student's financial aid package (Financial Need – Estimated Financial Assistance), the student qualified for need-based Title IV, HEA financial assistance in the amount of \$3,358. CCC; however, certified and disbursed a Federal Direct Subsidized Loan in the amount of \$3,500 for the period. This created an overaward of \$142.

Required Action: Additionally, CCC is required to review its procedures for the origination of a Federal Direct Loans and, as necessary, revise them. CCC must provide a copy to the Department as part of its response to the Program Review Report.

Instructions for repayment of any liabilities will be provided in the FPRD letter. The institution must not repay any funds owed to the Department until the FPRD is issued.

Finding 9: FSEOG Funds Awarded Inappropriately

Citation: Information on financial assistance that the institution must publish and make readily available to current and prospective students includes, but is not limited to, a description of all the Federal, State, local, private and institutional student financial assistance programs available to students who enroll at that institution. These programs include both need-based and non-need-based programs. The institution may describe its own financial assistance programs by listing them in general categories. The institution must describe the terms and conditions of the loan students receive under the Federal

Family Education Loan Program, the Federal Direct Student Loan Program, and the Federal Perkins Loan Program.

For each institutional program, the information provided by the institution must describe the procedures and forms by which students apply for assistance; the student eligibility requirements; the criteria for selecting recipients from the group of eligible applicants; and the criteria for determining the amount of a student's award. 34 C.F.R. § 668.42(a)(b).

In each award year, an institution must select its FSEOG recipients from among those eligible students with the lowest EFC's who will also receive Federal Pell Grant funds in that award year. 34 C.F.R. § 676.10 (a)(1). If, after awarding FSEOG to all eligible Federal Pell Grant recipients, additional FSEOG funds remain, the institution must then award FSEOG to those eligible students with the lowest EFC's who did not receive Federal Pell Grant funds in that award year. 34 C.F.R. § 676.10(a)(2). A school must make FSEOG funds reasonably available (to the extent of available funds) to all eligible students. This requirement is contained in Article VI of the Program Participation Agreement between ED and the school. A school may not arbitrarily set an EFC cut-off from which below it would award SEOG to the exclusion of other eligible students. *2010/11 & 2011/12 Federal Student Aid Handbook, Volume 3, Chapter 7.*

Noncompliance: CCC's FSEOG awarding policy states that priority is given to students with completed files by July 1st of each year proceeding the award year. Students who are eligible for Pell Grant will be considered those with the greatest "need" and funds will be awarded to students who are enrolled half-time or more. FSEOG funds are credited to the student account and any remaining funds are allocated to the student. FSEOG awards are usually \$200 - \$600 per year per student. A larger award may be made by the Director in an unusual circumstance.

Student #11: The student started in the Fall of 2010 but did not receive FSEOG funds until 6/27/2011 (\$200). This student had an EFC of 1556 while other students with lower EFC's did not receive any FSEOG funds.

Student #17: The student started in the Fall of 2010 but did not receive FSEOG funds until the end of the semester 12/05/2011 (\$200).

Student #22: The student started in the Fall of 2010 but did not receive FSEOG funds until 6/27/2011 (\$200). The student continued with her studies and received another FSEOG disbursement on 5/08/2012 (\$200).

Required Action: In response to this report, CCC must revise its procedures to ensure that students will be properly and consistently awarded FSEOG funds based on applicable Federal regulations and guidelines outlined in CCC's packaging policy.

**Finding 10. FAILURE TO ESTABLISH SELECTIVE SERVICE
REGISTRATION EXEMPTION**

Citation: Federal regulations state that to be eligible to receive Title IV, HEA program funds, a male student who is subject to registration with the Selective Service must register with the Selective Service. 34 C.F.R. §§ 668.32(j) and 668.37(a)(1). An institution may determine that a student, who was required to, but did not register with the Selective Service, is not ineligible to receive Title IV, HEA assistance for that reason, if the student can demonstrate by submitting clear and unambiguous evidence to the institution that—

- (1) He was unable to present himself for registration for reasons beyond his control such as hospitalization, incarceration, or institutionalization; or
- (2) He is over 26 and when he was between 18 and 26 and required to register—
 - (a) He did not knowingly and willfully fail to register with the Selective Service; or
 - (b) He served as a member of one of the U.S. Armed Forces on active duty and received a DD Form 214, "Certificate of Release or Discharge from Active Duty," showing military service with other than the reserve forces and National Guard. 34 C.F.R. § 668.37 (d).

An institution may consider that a student did not knowingly and willfully fail to register with the Selective Service only if—

- (1) The student submits to the institution an advisory opinion from the Selective Service System that does not dispute the student's claim that he did not knowingly and willfully fail to register; and
- (2) The institution does not have uncontroverted evidence that the student knowingly and willfully failed to register. 34 C.F.R. § 668.37 (e).

Unless the institution can document that the student meets one of the registration exemptions or that the student served on active duty in the armed forces (with a character of service other than dishonorable), the student must write to the Selective Service to get a status information letter addressing the student's failure to register. The student may also download a request form from www.sss.gov to print out, complete, and mail. The student should provide as complete a description about his situation as possible: where the student was living during the period when he should have registered, whether the student was incarcerated or institutionalized, his citizenship status during the period, if applicable, and so on.

If the student receives a "general exemption letter" (codes E1-E8) or a "DOB before 1960" letter (code NR), the student is exempt from registration and may receive Title IV, HEA funds. If the student receives any other type of letter, the institution must determine

based on all relevant evidence whether the student knowingly and willfully failed to register. The letter from Selective Service may provide information that is crucial to the institution's decision. For example, if the student received a letter indicating a compliance letter had been sent (code RL), this would be a negative factor when the institution makes the determination. If the student received a "Military Service: Noncontinuous" letter (code NM), the institution might reasonably determine that the student did not knowingly and willfully avoid registration.

Most of the status information letters state that the final decision regarding the student's eligibility rests with the agency awarding funds. For the purposes of the Title IV, HEA Programs, the decision is made by the school, which represents the Department of Education. If the institution determines that the student's failure to register was knowing and willful, the student loses Title IV, HEA eligibility.

When deciding whether the student had knowingly and willfully failed to register, the institution should consider the following factors:

- Where the student lived when he was age 18–25. For example, if a student was living abroad, it is more plausible that the student would not come into contact with the requirement for registration.
- Whether the student claims that he thought he was registered. Mistakes in recordkeeping can occur. Correspondence indicating an attempt to register could form a basis for determining that the student did not knowingly and willfully fail to register. On the other hand, a letter from Selective Service stating that it received no response to correspondence sent to the student at a correct address would be a negative factor.
- Why the student claims he was not aware of the widely publicized requirement to register when he was age 18–25. *2010-2011 & 2011-2012 Federal Student Aid Handbook, Volume 1.*

Noncompliance: In one instance, CCC failed to establish that a student was exempt from the Selective Service registration requirements.

Student #3: The financial aid file includes a note dated 7/08/2010 from the student that reads, "I did not knowingly or willfully fail to register with the selective service."

The student does not explain why he failed to register or why he was not aware of the widely publicized requirement to register when he was between the age 18-25. There is no documentation in the student's file that explains how the institution based their determination that the student did not knowingly or willfully fail to register.

During the 2010-2011 award year the student received \$5,550 in Federal Pell Grant funds.

Required Action: Because CCC did not document that this student met one of the allowable exemptions regarding registration, it must obtain as complete a description about the student's situation as possible; where the student was living during the period when the student should have registered, whether the student was incarcerated or institutionalized, the student's citizenship status during the period, if applicable, and so on.

CCC must determine based on all relevant evidence whether the student knowingly and willfully failed to register. CCC must provide copies of all relevant documentation used to make its decision in response to the program review report, along with an explanation of how it reached the decision. In the event that CCC is unable to obtain documentation necessary to establish that the student was eligible to receive Title IV, HEA funds, CCC will be held liable for the full amount of Title IV, HEA program funds disbursed to the student.

The FPRD letter will provide CCC with instructions for the repayment of any identified liabilities. CCC must also provide assurances that Selective Service registration issues will be fully documented in the future.

D. Recommendations

The following is a recommendation based upon observations made by the review team during the program review. CCC is not required to provide a response to, nor is CCC 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.

The Department strongly encourages CCC staff members of all departments responsible for facilitating distance education courses and the administration of Title IV, HEA programs including but not limited to: the registrar's office, faculty, the fiscal office, as well as the financial aid office to continue to revise, strengthen, and enforce the institution's policies and procedures pertaining to the delivery of online coursework. The definition of distance education requires the use of technology to support regular and substantive interaction between the students and the faculty.

Allowing a student to go for several weeks without such interaction raises concerns that the institution is not adequately monitoring student behavior. CCC should ensure course syllabi clearly document participation requirements and that instructors are developing course curriculum that supports regular interaction between faculty and students. CCC should develop policies that include having the faculty member or an academic support staff member reach out to an online student after the initial week of non-attendance to determine the cause and remind the student that he or she needs to be regularly engaged

Coffeyville Community College

OPE ID 00191000

PRCN 201230727999

Page 23

in the course to be successful. If the student does not re-engage in the course, then the message should become more urgent, notifying the student of possible consequences of his or her non-engagement.

D. Appendices

Appendix A. Student Samples

2010-2011 Student Sample

Student

| No. | Award Year | Last Name | First Name | SSN (last four digits) |
|-------------------|-------------------|------------------|-------------------|-------------------------------|
| (b)(6); (b)(7)(C) | | | | |

2011-2012 Student Sample

Student

| No. | Award Year | Last Name | First Name | SSN (last four digits) |
|-------------------|-------------------|------------------|-------------------|-------------------------------|
| (b)(6); (b)(7)(C) | | | | |

Appendix B. Sample Return of Title IV

Sample Return of Title IV

| Student No. | Award Year | Last Name | First Name | SSN (last four digits) |
|--------------------|-------------------|------------------|-------------------|-------------------------------|
| (b)(6); (b)(7)(C) | | | | |

Coffeyville Community College

OPE ID: 00191000

PRCN: 201230727999

Page 32

Appendix H:

CCC's Response to the Program Review Report

Coffeyville Community College Federal Review Actions
Program Review Control Number 201230727999

Since the review team was on our campus Coffeyville Community College has recognized the need to increase communication between departments and modify not only Financial Aid Policies but policies in other areas that impact the Financial Aid process. Efforts have been made to link the two different software programs that the institution uses. Jenzabar consultants have been on campus to help the Financial Aid Office and IT staff integrate powerfaids and Jenzabar data to better our processes. The following policies have been adapted in answer to the findings of noncompliance referenced in our Program Review Report dated October 31, 2012

Finding 1

Inadequate Monitoring of Title IV, HEA Credit Balances

CCC has resolved this issue by putting efforts in place to monitor all un-negotiated checks. All un-negotiated checks will be returned to the Department no later than 240 days after the date the check is issued if attempts to disburse the funds to the student are not successful.

Finding 2.

Failure to Prorate Federal Direct Loans.

CCC has updated our Direct Loan Policy and Procedures.

FEDERAL DIRECT LOAN PROGRAM POLICIES

The Federal Direct Loan program has both a subsidized and unsubsidized component. A subsidized Direct loan will be provided only to a student with need, as defined by the federal need analysis. An unsubsidized Direct loan will be provided to all students not to exceed their cost of attendance combined with other student financial assistance. CCC has adopted the following policies:

- All students borrowing from the Federal Direct Loan Program must have a complete financial aid file prior to loan certification.
- In keeping CCC's Minimum Academic Progress Requirements and Default Management Plan, a student will be strongly advised to borrow minimal amounts while a student at CCC. These guidelines are based on principals of sound financial planning and take into consideration repayment obligations and projected income of community college graduates.
- All first time borrowers at CCC are required to view and complete the loan counseling online in order to understand their rights and responsibilities relating to repayment, interest, deferment, forbearance, loan cancellations, grace periods, defaults, and other important elements of the loan program..
- All first-time borrowers at CCC must be in school for 30 days during the loan period before proceeds will be disbursed.
- If a student drops to less than half-time enrollment during a loan period, subsequent loan disbursements will be cancelled.
- Exit interviews must be done on-line. Students must complete exit interviews upon exit of the institution.
- Parents wishing to process a PLUS loan must file the FAFSA.

Limits: Combined subsidized and unsubsidized cannot exceed \$5,500 (freshman), \$6,500 (sophomores). The following increased loan limits for undergraduates whose parents have been denied a PLUS may be added to the borrower's Stafford limits; \$4,000/yr (freshman/sophomore). In some cases the annual loan limits must be prorated. The loan limit may have to be prorated if the student is attending a program (or remaining portion of a program) that is less than an academic year. The Financial Aid Office will prorate loans for any student that is enrolled for their final semester when that final semester needed to complete the program is less than an academic year and it is known that the student is in their final semester. This includes midterm graduates that are borrowing student loans. The loan will be prorated according to federal regulations in the following manner: Hours that the student is enrolled in for the term divided by hours in the academic year multiplied by the annual loan limit. For example a student enrolled in 16 hours for the last semester would have a loan proration of $16 \text{ hours enrolled} \div 24 \text{ hours in an academic year} = .66$ then multiplied by the annual loan limit of \$4500 = 2970. The student's loan proration would be \$2970.00 for the final term of enrollment not to exceed the adjusted cost of attendance. No student may receive loan eligibility when combined with their other financial resources exceeds their cost of attendance and resources. Note: CCC will also prorate the EFC and the cost of attendance for students that are known to be graduating at midterm and not enrolled in the full academic year.

Finding 3 and 4 Incorrect and Late Return of Funds Calculations

Coffeyville Community College is no longer required to take attendance at our technical campus for a separate entity. This was a change after the 2010-2011 award year. In 2011 we did not have an internal policy that was consistently applied regarding when to drop a student and there was a breakdown in communicating when students were not attending. This has been addressed in the following manner.

Coffeyville Community College Technical instructors will continue to keep attendance and notify the front office when a student has missed 6 days in a row. After a student has missed 6 consecutive days in a row the student will be dropped for non attendance and the financial aid office will be notified of the drop. The last day of attendance will be used as the official drop and the return of funds calculation will be performed by the Financial Aid Office.

Coffeyville Community College has also adapted the following procedures regarding withdrawals and last date of attendance. No student will be administratively withdrawn without immediate notification to the Financial Aid Office by the registrar's office.

No instructors should provide a last known date of attendance on their final rosters without being able to provide documentation that is clear and evident of the student's last date of attendance. This documentation must be maintained. If an instructor is not able to provide and maintain this documentation the Financial Aid Office will use the 50% point in the Return of Funds Calculation.

The Financial Aid Office will calculate all Return of Funds Calculations in payment period days and not hours when the course work is measured in credit hours.

Finding 5

Untimely Reconciliation of Title IV, HEA Funds

CCC is now using the enclosed reconciliation worksheet and reconciling with the Business Office, COD, G5 and all other required components on a monthly basis. The worksheet is updated at the end of every month. The integration of our software also allows us to run an exception report after every disbursement and months end to ensure that all accounts are in balance. We continue to work with IT to automate our processes and to create reports to ensure that checks and balances are in place.

Finding 6

Incomplete Verification-Untaxed Income

The students in question regarding this finding, student 8 and student 12, were reviewed. After adding the \$2400 of untaxed unemployment benefits and recalculating the EFC no changes were made to the EFC.

We have updated our policies and procedures and have enclosed the policies.

VERIFICATION POLICIES AND PROCEDURES

In compliance with Federal Guidelines, Coffeyville Community College will verify that the data reported on the Free Application for Federal Student Aid (FAFSA) is accurate by obtaining documentation to support the financial data reported on the FAFSA.

The college will verify all of the students selected for verification by the U.S. Department of Education and those students selected for verification under the institution's verification selection criteria.

Applicants selected for verification must submit the required documentation or forfeit their federal student aid.

Verification Criteria

Required Verification Items for All Applicants:

- Household size
- Number in college
- SNAP (Supplemental Nutrition Assistance Program)
- Child Support Paid

For non-tax filers:

- Income Earned from Work

For tax filers:

- Adjusted Gross Income (AGI)
- U.S Taxes paid.
- Education Credits
- Untaxed income which includes:
 - IRA, SEP, SIMPLE, Keogh Exclusions
 - Untaxed IRA distributions
 - Untaxed pensions
 - Tax exempt interest income

ADDITIONAL INFORMATION CRITERIA

CCC reserves the right to require students to submit additional information if the following conditions exist:

- Students and/or parents of dependent students who report zero or very little income.
- (IRS Non Filers and documentation of income needed such as: W2, received, SSA 1099, and etc.)
- Students and/or parents who indicate they did not file a federal tax return but are required to file based on the Internal Revenue Service's tax filing requirements.
- Married students and/or parent who have filed as head of household. (Must provide an amended tax return).
- Married student and/or parent that states current marital status is separated but provide a joint tax return or list spouse on Verification Worksheet (must provide Marital Separation documents).
- Changes to a student's marital status from "No" to "Yes" after they have completed FAFSA which will cause their **dependency status to change will be determined on a case by case basis.**
- All ISIRS that are flagged for discrepant information.
- Documentation submitted that conflicts with data on FAFSA or reveals income that should have been reported on FAFSA.

REQUIRED DOCUMENTAION

Students selected for verification will be notified that they have been selected for verification and will be asked to provide the following documentation as soon as possible:

1. Verification Worksheet.
2. Copy of the student's and/or parent's federal tax transcript for the most recent tax year, if the student did not use the IRS link. Students and parents that use the IRS link will not be required to submit the IRS tax transcript..
3. Documentation of any income under Additional Financial Information and Untaxed Income section on the FAFSA. Students and parents may report untaxed income on verification worksheets. The Financial Aid Office will only ask for documentation of untaxed income and benefits if there is reason to believe that there is a discrepancy.
4. Students who are unable to obtain tax transcript due to identity theft will be allowed to submit signed copy of tax return along with police report and wage transcript.
5. Any other documentation needed to resolve discrepant information on the FAFSA.

NOTIFICATION TO STUDENTS

Once the Financial Aid Office receives the ISIR the system will generate a request for additional information to those students who are selected for verification. The students will be requested to submit the required documentation within 2 weeks (10 business days) from the date of the request for additional information.

THE VERIFICATION PROCESS

Once the Financial Aid Office determines that the student and/or parents have submitted all of the required and requested documents the Financial Aid Office will compare the documentation with the data reported on the FAFSA by:

1. Verifying that there are no issues of concern or C flag issues.
2. Confirming that the following data reported on the FAFSA agrees with the tax return or other financial documentation for anyone's income reported on FAFSA:

- o Household size
- o Number in college
- o SNAP (Supplemental Nutrition Assistance Program)
- o Child Support Paid

For non-tax filers:

- o Income Earned from Work

For tax filers:

- o Adjusted Gross Income (AGI)
- o U.S Taxes paid.
- o Education Credits
- o Untaxed income which includes:
 - IRA, SEP, SIMPLE, Keogh Exclusions
 - Untaxed IRA distributions
 - Untaxed pensions
 - Tax exempt interest income

3. Ensure that the Verification Worksheet is completed correctly and that the income data, household size and number in college reported on the Verification Worksheet agrees with the data reported on the FAFSA. If not, conflicts will be resolved and corrections will be submitted.

a) Only those person's in the student's parent's household that are under the age of 24 will be counted in the household unless the parent can provide documentation other than the tax return that they are truly providing 50% of the person's support or have legal guardianship.

b) Independent students will have to prove that they provide 50% support to a person listed in the household who is not the student's biological or adoptive child unless the student can provide documentation other than the tax return that they are providing 50% or more of the person's support or have legal guardianship.

VERIFICATION EXCLUSIONS

A student's application may be exempt from the verification process if some or all of the verification requirements due to certain unusual circumstances exist. Except in the case of a student's death, however, none of these verification exclusions excuses the College from the requirement to resolve conflicting information

- The student's spouse is deceased or mentally/physically incapacitated.
- The spouse is residing in a country other than the U.S and can't be reached by normal means of communication.
- Student's parents are deceased or mentally/physically incapacitated.
- The parents are residing in a country other than the U.S. and cannot be reached by normal means of communication.

RESOLVING CONFLICTING INFORMATION

Before an award can be made to a student all conflicting information will be resolved whether the conflict is within the Financial Aid Office or with other offices on campus.

For example: In checking the NSLDS database the Financial Aid Office discovers that the student has attended another college but failed to inform the Admissions or the Financial Aid Office. The Financial Aid Office will notify the student and place a processing hold on the student's record. In order to be awarded financial aid the student will need to submit the academic transcript to the college. As conflicts arise they will be addressed and any other offices involved will be notified.

MISCELLANEOUS VERIFICATION

The Financial Aid Office will resolve and verify the following conflicts by obtaining the appropriate documentation from the student and/or parent:

1. Married couples filing as head of household- students and/or parents will be informed that they must re file taxes as 1) married filing jointly; 2) married filing separately or obtain a letter from the IRS that says that they were legally eligible to file as head of household.
2. Persons have filed their taxes correctly or filed according to IRS regulations.
3. Tax return reveals other income, benefits and assets that were not reported on the FAFSA.
4. Student and/or parent who listed marital status as Separated or Divorced on FAFSA but submit a joint tax return or shows conflicting data on verification worksheet will be required to submit Marital Separation Documentation.

FINANCIAL AID AWARDS

The Financial Aid Office will not award any financial aid to students until verification is Performed, all conflicts have been resolved and corrections have been received from the U.S. Department of Education's Central Processing System. The Financial Aid Office will follow up with any discrepancies or inconsistencies and resolve these items before awarding any federal aid to the student. The Financial Aid Office will send any corrections warranted by the verification process to the US Department of Education's Central Processing System. Once the corrected FAFSA has been received by the Financial Aid Office the information will be reviewed again by a different staff member to ensure that all information is accurate and no other information is needed before the student is awarded.

Finding 7**Late NSLDS Reporting**

To ensure timely and accurate reporting Coffeyville Community College will report on our regular required scheduled every 60 days as well as in December to include midterm graduates and after our May graduation. Also reporting as needed when students withdraw from the institution. We are in the process of moving to the Clearinghouse third party service for this requirement. We have also improved this process through the integration of our software that the Registrar uses (Jenzabar) and that the Financial Aid Office uses (Powerfaids).

Finding 8**Over-Award of Federal Direct Subsidized Loan Funds**

CCC has updated our Loan Policy and also put into place several internal procedures to prevent over awarding. We have made changes to our software to help prevent over-awarding and we have created a report that we run once a month that compares a student's budget against a student's awards to help us identify any student that may be in an over award situation.

Finding 9**FSEOG Funds Awarded Inappropriately**

CCC has updated our FSEOG Policy and Procedures for awarding FSEOG as follows:

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT

Awards from FSEOG are limited as funds depend on the allocation received from the U.S. Department of Education designated for CCC. Priority in awarding FSEOG is given to student with completed files by July 1st of each year preceding the award the award year. The FSEOG is a gift program for students who demonstrate exceptional financial need. The FSEOG program is federally funded for helping the financially needy students meet the cost of postsecondary education. This program is administered by the college. Students with a 0 EFC who are pell eligible will be given first consideration and if there are remaining funds followed by those students with the lowest EFC who are Federal Pell Grant recipients. Funds are reserved throughout the year to ensure that no advantage exists for students enrolling early in the award year as opposed to those enrolling later in the award year. The college does not receive enough federal allocation to award all students therefore, funds are awarded until depleted.

APPLICATION PROCESS

FSEOG eligibility is determined by the FAFSA and no other application or paperwork is necessary. FSEOG is not awarded to students with an incomplete Financial Aid File.

AWARD AMOUNTS

FSEOG awards are normally made in the amount of \$200 per semester per student. Coffeyville Community College reserves the right to change the amount of the FSEOG award if more funding is available or if accommodate more students. In the event of an over award, the student's award is adjusted to eliminate the overaward.

PAYMENT OF FSEOG

FSEOG funds are disbursed to students at least once each semester for those students who are enrolled and have a valid award. Before disbursement the Office of Financial Aid will ensure that the student is eligible for the grant and is registered for the appropriate number of hours. The FSEOG is automatically disbursed directly to the students' account, tuition and other appropriate outstanding charges are paid before the remaining proceeds are refunded to the student via check.

Finding 10

Failure to Establish Selective Service Registration Exemption

CCC has adapted the following guidelines to make sure that the student answers all questions about his failure to register before making a determination

1. Were you incarcerated
2. Were you hospitalized or institutionalized
3. Were you mentally incapacitated
4. Were you a US citizen at the time
5. Were you living in the US at the time

We will also require a detailed explanation from the student regarding the circumstances of his failure to register.

This also falls under our verification policy to follow up on any information that needs to be resolved before awarding any federal aid to a student.