



April 14, 2015

Ms. Jill Moriconi
Interim President
Commonwealth Technical Institute
727 Goucher Street
Johnstown, PA 15905-3025

UPS Tracking Number
1ZA879640295741175

RE: Final Program Review Determination
OPE ID: 02536600
PRCN: 201240328045

Dear President Moriconi:

The U.S. Department of Education's (Department's) School Participation Team – Philadelphia issued a program review report on August 21, 2013, covering Commonwealth Technical Institute's (CTI's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. CTI's final response was received on October 10, 2013. A copy of the program review report (and related attachments) and CTI's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by CTI 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 \$ 2,815.85.

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

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

U.S. Department of Education
Federal Student Aid
School Participation Division – Philadelphia
100 Penn Square East, Suite 511
www.StudentAid.gov

Protection of Personally Identifiable Information (PII):

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

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the program review report dated August 21, 2013.. If CTI 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 CTI receives this FPRD. An original and four copies of the information CTI submits must be attached to the request. The request for an appeal must be sent to:

Director
Administrative Actions and Appeals Service Group
U.S. Department of Education
Federal Student Aid/PC
830 First Street, NE - UCP3, Room 84F2
Washington, DC 20002-8019

CTI'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 CTI'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 Ms. Deborah Marsh, Institutional Review Specialist at (215) 656-8640. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely



Nancy Paula Gifford
Division Director

Enclosure: Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Christopher Zakraysek, Chief Financial Officer
Accrediting Commission of Career Schools and Colleges
Pennsylvania State Board of Private Licensed Schools

Prepared for
Commonwealth Technical Institute

Federal Student Aid
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OPEID: 02536600
PRCN: 201240328045

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

Final Program Review Determination

April 14, 2015

U.S. Department of Education
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107
www.StudentAid.gov

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A. Institutional Information

Commonwealth Technical Institute
727 Goucher Street
Johnstown, PA 15905-3025

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Commission of Career Schools and Colleges (ACCSC)

Current Student Enrollment: 478 (2011-2012 award year)

% of Students Receiving Title IV, HEA funds: 41% (2011-2012 award year)

Title IV, HEA Program Participation for 2011-2012 Award Year:

Federal Pell Grant	\$ 821,348
Federal Work-Study	\$ 30,928
Federal Supplemental Educational Opportunity Grant (SEOG)	\$ 35,020

The institution does not administer a William D. Ford Federal Direct Loan (Direct Loan) or a Federal Perkins Loan programs. There are no Direct Loan or Perkins Loan cohort default rates.

B. Scope of Review

The U.S. Department of Education (the Department) conducted an off-site program review for Commonwealth Technical Institute (CTI) from July 23, 2012 to January 28, 2013. The review was conducted by Ms. Carmen Austin and Ms. Deborah Marsh.

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

A sample of 35 student 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. A program review report was issued on August 21, 2013.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

Findings # 2, 3, 4, 6 and 7 are resolved findings.

CTI has taken the corrective actions necessary to resolve findings # 2, 3, 4, 6 and 7 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by CTI are discussed below.

Findings with Final Determinations

Findings #1 and 5 are 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 CTI's response to the finding and the

Department's final determination for that finding. A copy of the program review report issued on August 21, 2013 is attached as Appendix A.

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

Finding #1: Verification Violation

Citation Summary:

Federal regulations require that an institution that participates in the Title IV program to accurately and completely verify certain data elements for applications that have been "selected" by the Central Processing System (CPS). 34 C.F.R. § 668.54(a)(1).

An institution must have an applicant selected for verification submit acceptable documentation that will verify or update the information used to determine the applicant's expected family contribution (EFC). The documentation to be verified includes: (a) Adjusted gross income and U.S. income tax paid; (b) Number of family members in household; (c) Number of family household members enrolled in postsecondary institutions; and (d) Untaxed income and benefits. 34 C.F.R. § 668.56(a).

An institution shall require an applicant selected for verification to verify annually information included on the application regarding the number of household members in the applicant's family enrolled on at least a half-time basis in postsecondary institutions. The institution shall require the applicant to verify the information by submitting a statement signed by the applicant and one of the applicant's parent, if the applicant is a dependent student, to indicate the name of each family member, the name of the college, and the age of each person in the household who is enrolled at least half time in an eligible college, excluding the parents of the dependent students. 34 C.F.R. § 668.57(c).

Noncompliance Summary:

CTI failed to complete verification for students # 2, 6 and 35.

The student's AGI and taxes paid did not agree with the amounts reported on the student's 2010-2011 ISIR for student #2.

For student #6, the parent's household size did not agree with the number reported on the student's 2010-2011 ISIR.

For student # 35, the correct number of family members in college was not reported on the student's 2010-2011 ISIR.

Required Action Summary:

The Department required CTI to review the verification information for students #2, 6, and 35 and to comment on any corrective action that was taken by the institution resulting from the EFC change for these students. Further, the Department required CTI to review its policies and procedures to ensure that verification is completed properly for all students and to submit a copy of its revised policies and procedures with its response to the program review report.

CTI's Response:

CTI's response to this finding was dated for October 10, 2013. In this response, CTI acknowledged verification was not completed for students # 2, 6 and 35.

The institution acknowledged that no ISIR corrections were submitted to CPS for students # 2 and 6 because the EFC did not change as a result of the corrections. CTI provided a recalculated need analysis to show the EFC change for student #35, and CTI indicated that some Federal Pell Grant funds would be returned to the Department of Education for student #35.

A copy of CTI's revised verification policies and procedures was included with its program review response. CTI indicated that its policies and procedures were revised to ensure that verification will be completed for all students who are selected for verification. CTI's October 10, 2013, response is included as Appendix B.

Final Determination:

The Department reviewed CTI's response and based its final determination on the information that CTI provided.

The recalculated EFC on the need analysis obtained from the institution during the program review for students # 2 and 6 shows that the EFC remained the same; therefore, no further action was required for students # 2 and 6.

The recalculated EFC on the need analysis for student #35 shows the student was eligible for a Federal Pell Grant award in the amount of \$1,950 for the 2010-2011 award year. CTI initially awarded and disbursed to the student \$4,500 in Pell Grant funds using the ISIR that did not include the correct number of family members in college. CTI is liable for the difference of \$2,550 ($\$4,500 - \$1,950 = \$2,550$) in Federal Pell Grant funds disbursed to student #35. CTI indicated in its response that Federal Pell Grant funds in the amount of \$ 2,550 would be returned to the Department for student #35 for the 2010-2011 award year. However, a downward adjustment for Pell Grant funds for the 2010-2011 award year was not processed in the COD system for student #35.

The Department has determined that the cost to the government for the ineligible Federal Pell Grant funds is \$ 61.07.

The liability for this finding and the cost to the government are included in the Summary of Liabilities chart in Section D of this report.

The total liability for Finding #1 is \$2,611.07. The Cost of Funds calculation is included on the Ineligible Disbursement (Non-Loan) Worksheet in Appendix C of this report. Payment Instructions are included in Section E of this report.

Finding # 5: Failure to Return FSEOG Funds

Citation Summary:

An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with funds received from the Secretary or institutional funds used in advance of receiving Title IV, HEA program funds. 34 CFR § 668.164(a).

An institution must return to the Secretary any Title IV, HEA program funds, except Federal Work-Study (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. 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; and no later than 240 day period and the institution must cease any additional disbursement attempts and immediately return those funds. 34 CFR § 668.164(h).

A school must return to the Department any FSA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent if the student or parent does not receive the funds or cash the check. A school must have a process that ensures FSA funds never escheat to a state, or revert to the school or any their 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 FSA regulations. Federal Student Aid Handbook, 2010-2011, Volume 4, 4-37.

Noncompliance Summary:

CTI failed to return FSEOG funds from the 2010-2011 award year to the Department within the regulatory timeframe for one student who did not cash a FSEOG check.

Required Action Summary:

The Department required CTI to report on the status of the uncashed FSEOG check. In addition, the Department required CTI to review its policies and procedures to ensure that any unclaimed FSEOG program funds are returned to the Department within the regulatory timeframe.

CTI's Response:

In its response dated October 10, 2013, CTI acknowledged that it failed to return \$200 in unclaimed FSEOG funds to the Department within the regulatory timeframe from the 2010-2011 award year. CTI provided the Department with a revised copy of its policies and procedure for returning unclaimed FSEOG funds to the Department if required. CTI's October 10, 2013, response is included in Appendix B of this report.

Final Determination:

The Department reviewed CTI's response. This final determination is based on the Department's analysis of the records gathered during the program review, as well as CTI's response.

The Department has determined that CTI is liable for the \$ 200.00 unclaimed FSEOG program funds that were not returned to the Department for the 2010-2011 award year.

Additionally, the Department has determined that the cost to the government for not returning unclaimed FSEOG funds is \$4.78.

The liability for this finding and the cost to the government are included in the Summary of Liabilities chart in Section D of this report.

The total liability for Finding #5 is \$204.78. The Cost of Funds calculation for this finding is included on the Excess Cash Worksheet in Appendix D of this report. Payment instructions are included in Section E of this report.

D. Summary of Liabilities

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

	Finding #1			Finding #5			Total Liability Owed
	Liability Amount	Interest Amount	Total Due	Liability Amount	Interest Amount	Total Due	
Pell Grant	\$ 2,550.00	\$ 61.07	\$2,611.07				
FSEOG				\$ 200.00	\$ 4.78	\$204.78	
Finding Total			\$2,611.07			\$204.78	\$ 2,815.85

E. Payment Instructions

Pell Closed AY - Payment Instruction

Finding #1: Verification Violations

CTI must repay:

Pell Closed Award Year			
Amount (Net)	Amount (Interest)	Title IV Grant	Award Year
\$2550.00	\$61.07	Pell	2010-2011
Total Net	Total Interest		
\$2550.00	\$61.07		

The disbursement record for student #35 identified in Appendix A to the applicable finding for the 2010-2011 award year must be adjusted downward in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the finding.

The 2010-2011 award year is a closed processing award year. Therefore, CTI must contact COD School Relations at codsupport@acs-inc.com or by telephone at 1-800-848-0978 to request administrative relief for the 2010-2011 award year. After administrative relief has been granted, CTI must submit the adjustment for student #35 to the COD system.

Adjustments in the COD system must be submitted prior to remitting payment to the Department. **Payment cannot be accepted via the G5 system.** CTI must remit a check to include the amount of \$2,611.07 to the Department. **Once the Department receives**

payment via check, the Department will apply the principal payment to the applicable G5 award. Interest will be applied to the general program account.

A copy of the adjustment to student #35's COD record must be sent to Ms. Deborah Marsh within 45 days of the date of this letter

FSEOG – Payment Instruction

Finding # 5: Failure to Return FSEOG Funds

CTI must repay \$200.00 in Federal Supplemental Education Opportunity Grant (FSEOG) funds to the Department and \$4.78 in interest. CTI must remit a check to include the amount of \$204.78 to the Department.

Liabilities Owed to the Department

CTI owes to the Department \$ 2,815.85 (\$2,611.07 + \$204.78). 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, CTI must first make any required adjustments in COD as required by the applicable finding 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: \$ 2,815.85
DUNS: 039925078
TIN: 236003107
Program Review Control Number (PRCN)
PRCN: 201240328045

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. CTI 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 CTI'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, CTI 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 CTI from the Federal Government. **CTI may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, CTI 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.

F. Appendices

Appendices are attached to this report and include the following:

Appendix A: Program Review Report dated August 21, 2013

Appendix B: School's Written Response dated October 10, 2013

Appendix C: Cost of Funds (Non-Loan: Ineligible Disbursement)

Appendix D: Cost of Funds (Excess Cash Worksheet) 2010-2011 AY

Appendix A: Program Review Report dated August 21, 2013



August 21, 2013

Carol Mackel
President
Commonwealth Technical Institute
727 Goucher Street
Johnstown, Pa 15905-3025

UPS Tracking No.
1ZA5467Y0196938025

RE: **Program Review Report**
OPE ID: 02536600
PRCN: 201240328045

Dear President Mackel:

From July 23, 2012 to January 28, 2013, Ms. Deborah Marsh and Ms. Carmen Austin conducted an off-site review of Commonwealth Technical Institute's (CTI's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by CTI. The response should include a brief, written narrative for each finding that clearly states CTI's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, CTI must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

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100 Penn Square East, Suite 511
Philadelphia, PA 19107
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The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by CTI upon request. Copies of the program review report, the institution's response, 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 the FPRD is issued.

The institution's response should be sent directly to Ms. Deborah Marsh of this office within 90 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendices B-C (Excess Cash Charts), Appendix E (COD Reporting Chart) and Appendix F (Federal Pell Grant Improper Disbursement Chart) also contain PII. These appendices were encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

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).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Ms. Deborah Marsh at deborah.marsh@ed.gov or (215) 656-8640.

Sincerely,


John S. Loreng
Compliance Manager

cc: Sylvia Sabo, Financial Aid Administrator

Enclosure: Protection of Personally Identifiable Information (PII)

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

Commonwealth Technical Institute



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OPE ID: 02536600
PRCN: 201240328045

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

Program Review Report

August 21, 2013

U.S. Department of Education
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107
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A. Institutional Information

Commonwealth Technical Institute
727 Goucher Street
Johnstown, Pa 15905-3025

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Commission of Career Schools and Colleges (ACCSC)

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Title IV Participation for 2011-2012 Award Year:

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Federal Work-Study	\$ 30,928
Federal Supplemental Educational Opportunity Grant (SEOG)	\$ 35,020

The institution does not administer a William D. Ford Federal Direct Loan (Direct Loan) or a Federal Perkins Loan programs. There are no Direct Loan or Perkins Loans cohort default rates.

B. Scope of Review

The U.S. Department of Education (the Department) conducted an off-site program review for Commonwealth Technical Institute (CTI) from July 23, 2012 to January 28, 2013. The review was conducted by Ms. Deborah M. Marsh and Mrs. Carmen Austin.

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

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (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 the students who were selected for verification by the Central Processing System (CPS). Appendix A lists the names and 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 CTI'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 CTI 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 CTI to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding #1: Verification Violation

Citation:

Federal regulations require that an institution that participates in the Title IV program to accurately and completely verify certain data elements for applications that have been "selected" by the Central Processing System (CPS). 34 C.F.R. § 668.54(a)(1).

An institution must have an applicant selected for verification submit acceptable documentation that will verify or update the information used to determine the applicant's expected family

contribution (EFC). The documentation to be verified includes: (a) Adjusted gross income and U.S. income tax paid; (b) Number of family members in household; (c) Number of family household members enrolled in postsecondary institutions; and (d) Untaxed income and benefits. 34 C.F.R. § 668.56(a).

An institution shall require an applicant selected for verification to verify annually information included on the application regarding the number of household members in the applicant's family enrolled on at least a half-time basis in postsecondary institutions. The institution shall require the applicant to verify the information by submitting a statement signed by the applicant and one of the applicant's parent, if the applicant is a dependent student, to indicate the name of each family member, the name of the college, and the age of each person in the household who is enrolled at least half time in an eligible college, excluding the parents of the dependent students. 34 C.F.R. § 668.57(c).

Noncompliance:

CTI failed to complete verification for students # 2, 6 and 35.

Student # 2 was selected for verification for the 2010-2011 award year. On the student's 2010-2011 ISIR (Transaction #2), the student's adjusted gross income (AGI) was \$5,500 and taxes paid were \$1,800. The student's 2009 tax return indicated that the AGI was \$5,037 and taxes paid were \$0. The student's AGI and taxes paid did not agree with the amounts reported on the student's 2010-2011 ISIR.

Student #6 was selected for verification for the 2010-2011 award year. On the student's 2010-2011 ISIR (Transaction # 01), the parent's household size was 3. The student's 2010-2011 Dependent Verification Worksheet indicated that the household size was 2. The parent's household size did not agree with the number reported on the student's 2010-2011 ISIR.

Student # 35 was selected for verification for the 2010-2011 award year. On the student's 2010-2011 ISIR (Transaction # 02), there were 2 individuals of the student's family that was reported to be in college. The student reported 2 individuals in college on the 2010-2011 Dependent Verification Worksheet. However, the student and parent were the 2 individuals identified as in college and listed on the Dependent Verification Worksheet. When reporting family members in college, the parent of the dependent student must be excluded. Therefore, the correct number of family members in college is one for student #35.

The failure of an institution to complete verification correctly may result in the improper disbursements of Title IV funds and may cause increased expense to the Department.

Required Action:

During the program review, CTI reviewed the verification information for students # 2, 6 and 35. CTI provided a recalculated need analysis for the three students. Based on the recalculated need analysis, the EFC for students #2 and 6 did not change; however, the EFC for student #35 changed from 2650 to 4289.

CTI must comment on any corrective action already taken by the institution that pertains to the EFC change for student #35. CTI must review and revise the institution's policies and procedures to ensure that verification is completed properly for all students. A copy of CTI's revised policies and procedures must be submitted with the response to this program review report.

Instructions for the repayment of any determined liability amount will be provided in the Final Program Review Determination letter.

Finding #2: NSLDS Late Reporting

Citation:

Federal regulations governing Title IV student aid programs require institutions, lenders, guarantor agencies, and the Direct Loan Servicer to monitor and update the enrollment status of students who receive federal student loans. The accuracy of the Title IV student loan records depends heavily on the accuracy of the enrollment information reported by the institution. Upon receipt of a student status confirmation report (SSCR) from the Secretary, an institution must complete the report to notify the Secretary of any change in the enrollment status of students and return the report with 30 days of receipt to the Secretary unless the institution expects to submit the information on the net scheduled reporting of its SSCR to the Secretary within the next 60 days. 34 C.F.R. § 682.610(c) and 34 C.F.R. § 685.309(b).

An institution must follow the record retention and examination requirement. An institution must maintain a paper trail of the reconciliation of information reported on the SSCR. 34 C.F.R. § 668.24; 34 C.F.R. § 685.309(c).

Noncompliance:

CTI failed to report enrollment status data timely to the National Student Loan Data System (NSLDS) for students # 21 and 29.

The following chart provides information regarding the untimely reporting to NSLDS:

Student Number	Enrollment Status Effective Date	Status	Date Certified in NSLDS	Date Received	Due Date	No of days late
21	5/21/2011	Full-time	9/15/2011	9/19/2011	6/21/2011	91
29	8/30/2010	Full-time	11/23/2010	11/23/2010	9/30/2010	55

CTI does not administer a federal loan program (e.g., Federal Perkins loan, FFEL or Federal Direct Loan). However, the institution is required to submit enrollment reporting to NSLDS for any student who received a federal loan previously at another institution prior to enrolling at CTI. Students # 21 and 29 received loans previously at other institutions prior to their enrollment at CTI.

An institution is ultimately responsible for timely enrollment reporting to NSLDS. An institution's failure to report student enrollment status data timely to NSLDS may delay or prevent the student's eligibility for in-school status, deferment, grade periods, repayments, and the payment of interest subsidies.

Required Action:

The institution must review its policies and procedures to ensure that student enrollment status information is reported timely to NSLDS. The institution must submit a copy of its revised policies and procedures with the response to this program review report.

Finding # 3: Failure to Identify Federal Pell Grant Disbursements

Citation:

An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with funds received from the Secretary or institutional funds used in advance of receiving Title IV, HEA program funds. 34 CFR § 668.164(a).

An institution pays a student or parent directly by releasing or issuing a check to the student or parent and requiring endorsement of the check, initiating an electronic fund transfer (EFT) to a bank account designated by the student or parent, or dispensing cash for which the institution obtains a signed receipt from the student or parent. An institution issues a check on the date that it mails the check or notifies the student that the check is available for immediate pickup at a specific location at the institution. 34 C.F.R. § 668.164(c)(1).

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 HEA, Title IV program transaction, general ledger control accounts and related subsidiary accounts that identify each Title IV, HEA program transaction. The institution must separate those transactions from all other institutional financial activity. 34 C.F.R. § 668.24(b).

An institution shall follow provisions for maintaining general fiscal records in this part and in 34 CFR 668.24(b) and an institution shall maintain funds received under this part in accordance with the requirements in § 668.164. 34 C.F.R. § 690.81.

Noncompliance:

The institution failed to identify Federal Pell Grant funds disbursed to 23 of the 30 students in the sample. The institution disbursed a portion of each student's Federal Pell Grant Award directly to the students as Personal Living Expense Allowance (PLEA) checks. The PLEA program allows students to receive an allowance for personal living expenses. The institution noted that the PLEA program is funded by the Federal Pell Grant Program.

CTI's failure to identify disbursements as Federal Pell Grant funds may cause undue financial harm to the student and may cause increased expense for the Department.

Required Action:

CTI must identify all Federal Pell Grant funds disbursed to students as Federal Pell Grant funds.

The institution must revise its procedures and properly identify all Federal Pell Grants funds that are awarded to students. A copy of any revised policies and procedures must be submitted with the response to this program review report.

Finding # 4: Improper Cash Management

Citation:

The Secretary considers excess cash to be any amount of title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution received those funds from the Secretary; or deposited or transferred to its Federal account previously disbursed title IV, HEA program funds received from the Secretary, such as those resulting from award adjustments, recoveries, or cancellations. 34 C.F.R. § 668.166(a).

Noncompliance:

As part of the fiscal review, FAME, the institution's third-party servicer, draws down funds from G5 and forwarded a check register to the institution for drawdown. The check register is a report that list disbursements for each student that were processed by FAME.

The program review team examined nine drawdowns from the G5 System for the two award years under review. For each drawdown, the review team traced selected disbursements to the individual student account records. In four of nine drawdowns examined, disbursement dates exceeded the regulatory three-day timeframe. In three of nine drawdowns, the institution did not account for all funds posted to student ledgers.

A. Excess Cash

CTI failed to disburse all Federal Pell Grant funds drawn through the G5 System within the required three-day timeframe. The following chart summarizes the federal funds not disbursed to students within the regulatory three-day timeframe.

Date of G5 Drawdown	Total Amount of Drawdown	Date Deposited into School's Bank Acct	Award Year	Funds Posted to Student Ledger	PLEA Checks Issued to Students	Date Disbursed On Ledger/ Check Date	No. of Days Late
11/18/2010	\$218,684.00	11/19/2010	2010-2011	207,609.00		12/30/2010	38
					\$8,300.00	12/1/2010	9

Date of G5 Drawdown	Total Amount of Drawdown	Date Deposited into School's Bank Acct	Award Year	Funds Posted to Student Ledger	PLEA Checks Issued to Students	Date Disbursed On Ledger/ Check Date	No. of Days Late
4/20/2011	\$21,475.00	4/21/2011	2010-2011	\$20,675.00		4/30/2011	6
					\$800.00	4/21/2011	0
11/21/2011	\$235,255.00	11/22/2011	2011-2012	\$220,391.00		12/31/2011	36
					\$13,700.00	12/1/2011	6
					\$200.00	5/3/2012	160

An institution's maintenance of excess cash causes a loss to the government in interest expense and could affect the funds available for eligible students at other institutions.

B. Federal Funds Not Disbursed

CTI failed to disburse all Federal Pell Grant funds to students for three of nine drawdowns examined in the fiscal review. The following chart summarizes the federal funds not disbursed to students.

Date of Drawdown	Award Year	Total Amount of Drawdown	Funds Posted to Student Ledger	PLEA Checks Issued to Students	Date Disbursed On Ledger/ Check Date	Funds Not Posted to Ledger/ Issued to Student
11/18/2010	2010-2011	\$218,684.00	207,609.00		12/30/2010	\$2,775.00
				\$8,300.00	12/1/2010	
11/21/2011	2011-2012	\$235,255.00	\$220,391.00		12/31/2011	\$964.00
				\$13,700.00	12/1/2011	
				\$200.00	5/3/2012	
4/16/2012	2011-2012	\$28,275.00	\$26,582.00		4/16/2012	\$693.00
				\$1000.00	4/17/2012	

An institution's failure to disburse Title IV funds timely to students results in increased expense for the Department and undue financial harm to the student.

Required Action:

CTI must report on the status of the Federal Pell Grant funds that were not disbursed to students. In addition, CTI must review its policies and procedures to ensure that all Title IV funds are disbursed to students within the three business day regulatory timeframe. The institution must submit a copy of its revised policies and procedures with its response to this program review report.

Instructions for the repayment of any determined liability amount will be provided in the Final Program Review Determination letter.

Finding #5: Failure to Return FSEOG Funds

Citation:

An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with funds received from the Secretary or institutional funds used in advance of receiving Title IV, HEA program funds. 34 CFR § 668.164(a).

An institution must return to the Secretary any Title IV, HEA program funds, except Federal Work-Study (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. 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; and no later than 240 day period and the institution must cease any additional disbursement attempts and immediately return those funds. 34 CFR § 668.164(h).

A school must return to the Department any FSA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent if the student or parent does not receive the funds or cash the check. A school must have a process that ensures FSA funds never escheat to a state, or revert to the school or any their 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 FSA regulations. *Federal Student Aid Handbook, 2010-2011, Volume 4, 4-37.*

Noncompliance:

The institution failed to return FSEOG funds to the Department within the regulatory timeframe for one student who did not cash the FSEOG check

FAME, the institution's third party servicer, drew down FSEOG funds totaling \$10,700 on March 22, 2011. Once the funds were deposited into the institution's bank account, the institution issued disbursement checks to students on March 24, 2011. One student failed to cash their check for \$200. The institution reissued checks to the student on December 1, 2011 and May 7, 2012. School officials stated that the student did not cash the most recent check as of the date of the program review.

Failure to return unclaimed FSEOG funds within the regulatory timeframe result in financial harm and burden to the Department.

Required Action:

CTI must report on the status of the outstanding FSEOG funds for the student noted above. In addition, CTI must review its policies and procedures to ensure that FSEOG program checks are issued to students timely; and, funds are returned to the Department within the regulatory timeframe if not cashed by the student. A copy of any revised policy changes must be submitted with the response to this program review report.

Instructions for the repayment of any determined liability amount will be provided in the Final Program Review Determination letter.

Finding #6: Federal Funds Not Identified on Bank Account

Citation:

For each account that contains Title IV, HEA program funds, an institution must identify that Title IV, HEA program funds are maintained in the account by including the phrase *Federal Funds* in the name of the account, or notifying the bank or investment company of the accounts that contain Title IV funds and the institution must retain a copy of the notice in its records. 34 C.F.R. § 668.163(a)(2).

Noncompliance:

The designated bank account used to deposit Title IV funds for CTI is not properly identified as an account that contains federal funds. Title IV funds are deposited in a bank account that is administered by the Commonwealth of Pennsylvania (PA). The institution did not notify the Commonwealth of PA that Title IV funds are deposited into its account.

Failure to properly identify the bank or investment account that contains Title IV, HEA program funds is a violation of federal regulations.

Required Action:

CTI must clearly identify Title IV funds, by either amending the title of its bank account which maintains federal funds to include the phrase "federal funds" or by notifying the bank of the accounts that contain Title IV funds and retaining a record of that notice, as detailed in 34 C.F.R. § 668.163(a)(2)(ii)(A). The institution must provide documentation of its corrective action for this finding with its response to this program review report.

Finding # 7: COD Reporting Untimely

Citation:

Federal funds are disbursed on the date that the institution credits those funds to a student's account in the institution's general ledger or any sub ledger of the general ledger, or pays those funds to a student and/or parent directly. The Department considers federal funds are disbursed

even if an institution uses its own funds in advance of receiving program funds. 34 CFR § 668.164(a)(1).

An institution may receive either a payment from the Secretary for an award to a Federal Pell Grant recipient, or a corresponding reduction in the amount of federal funds received in advance for which it is accountable, if the institution submits to the Secretary the student's payment data and the Secretary accepts the student's payment data that is submitted by the institution in accordance with procedures established through publication in the *Federal Register* by September 30 following the end of the award year in which the grant is made. 34 C.F.R. § 690.83(a).

An institution must submit the initial disbursement record for a Direct Loan to the Secretary no later than 30 days following the date of the initial disbursement. The institution must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment or cancellation is made 34 C.F.R. § 685.301(e).

An institution must submit at least one acceptable disbursement record for each federal grant or loan recipient to the Common Origination and Disbursement System (COD) by the established deadline dates. An institution may submit actual disbursement information to COD as early as the established deadline date, but no earlier than 7 calendar days prior to the federal grant or loan disbursement to students for institutions under the advance payment method. A school must submit disbursement records to the COD system no later than 30 days after making a federal grant or loan disbursement to students or becoming aware of the need to adjust a previously reported disbursement. *Federal Register, June 29, 2012, Vol. 77, No. 126, 38785.*

Noncompliance:

CTI failed to submit timely payment data to COD for all students in the sample. Specifically, CTI submitted payment data earlier than 7 calendar days prior to the disbursement of Title IV funds. Appendix B summarizes the untimely submissions to COD.

An institution's failure to report timely payment data to the COD system may cause confusion for both the Department and school officials, and could result in the misuse of Title IV funds.

Required Action

CTI must review its policies and procedures to ensure that payment data is submitted timely to COD. A copy of any updates made to its policies and procedures must be submitted with the institution's response to this program review report.

D. Appendices

Appendix A is the student sample. This appendix is included with this program review report and it contains personally identifiable information.

Appendix B is a COD Reporting chart that includes a list of students that the institution reported untimely payment data to COD. This chart references Finding # 7.

Appendix D provides comments that pertain to personally identifiable information.