



MAR 31 2014

Mr. Felix Raytsin,  
President  
EDP School of Computer  
Programming  
1601 Voorhies Ave  
Brooklyn, NY 11235

*Certified Mail Return Receipt Requested*  
*Domestic Return Receipt #70062760000217349192*

RE: **Final Program Review Determination**  
OPE ID: 041171  
PRCN: 201130227564

Dear Mr. Raytsin:

The U.S. Department of Education's (Department's) School Participation Team – NY/Boston issued a program review report on March 29, 2013 covering EDP School of Computer Programming's (EDP) 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 award year. EDP's final response was received on May 30, 2013. EDP failed to address adequately 2 of the 8 findings, as detailed in the attached report. A copy of the program review report (and related attachments) and EDP's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by EDP upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by EDP. 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.

The total liabilities due from the institution from this program review are **\$11,668**.

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

**Protection of Personally Identifiable Information (PII):**

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report does not

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION  
School Participation Division – NY/Boston  
32 Old Slip, New York, NY  
StudentAid.gov

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, Appendix B also contains PII. The appendix was 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 March 29, 2013 program review report. If EDP 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 EDP receives this FPRD. An original and four copies of the information EDP 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

EDP'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 EDP'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 Teresa Martinez at 646-428-3748.

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); (b)(7)(C)

/Betty Coughlin  
Division Director

Enclosure:  
Protection of Personally Identifiable Information

cc: Gail Verney, Financial Aid Administrator  
Natalya Nevidomsky, Chief Financial Office

Prepared for

**EDP School of Computer**

**Federal Student Aid**  
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OPE ID 041171  
PRCN 201130227564

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

# Final Program Review Determination

MAR 31 2014

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**A. Institutional Information**

EDP School of Computer Programming  
1601 Voorhies Ave  
Brooklyn, NY 11235

Type: Private, nonprofit

Highest Level of Offering: Non-Degree (600-899 hours)

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Current Student Enrollment: 54 (2010/2011)

% of Students Receiving Title IV: 100% (2010/2011)

Title IV Participation PEPS:

Federal Pell Grant (Pell Grant)	<u>2011-2012</u> \$451,374
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	<u>2010/2011</u> \$477,381
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Default Rate FFEL/DL:	N/A
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## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at EDP School of Computer Programming (EDP) from June 28, 2011 to June 29, 2011. The review was conducted by Teresa Martinez and Tonya Sydney.

The focus of the review was to determine EDP'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 EDP'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 15 files was identified for review from the 2010 - 2011 award year. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. An additional 19 files were selected for further review of EDP's administration of the Title IV programs. 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 March 29, 2013.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning EDP'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 EDP 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, & 7**

EDP has taken the corrective actions necessary to resolve findings 2, 3, 4 & 7 of the program review report. Therefore, these findings may be considered closed. EDP's written response related to these resolved findings are found in Appendix C. Findings requiring further action by EDP 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 EDP's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on March 29, 2013 is attached as Appendix D.

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 the report.

### **Finding 1. Lack of Administrative Capability**

**Citation Summary:** *The institution's impaired administrative capability causes the institution to disburse Title IV funds to ineligible students, which creates a financial burden for the U.S. Department of Education. 34 C.F.R. § 668.16. The following serious findings, which are included in this report, indicate that the institution has a lack of administrative capability:*

- Finding 2: Untimely Determination of Students' Withdrawal*
- Finding 3: Incorrect/Late Refund Calculations*
- Finding 4: Verification Violations – Verification Not Performed*
- Finding 5: Late Disbursement of Pell Grant (Excess Cash)*

**Required Action Summary:** *The ability of an institution's Financial Aid and Business Office staff to coordinate the information it collects and to resolve discrepancies are critical elements in an evaluation of the institution's administrative capability. The regulation requires institutions to develop an adequate system to ensure consistency of information related to a student's application for Federal student aid, regardless of the source of information. The institution is responsible for reconciling all information received. In response to this finding, EDP must prepare a training plan for its staff to ensure it develops adequate internal controls to properly administer the Title IV programs. EDP must submit details of that plan to this office with the response to this report.*

**EDP's Response:** As part of its May 28, 2013 response, EDP disputed the determination of Lack of Administrative Capability and explained that the scope of findings identified during its first year of participation was due in part to the complexity of the administration of the Title IV programs and the difficulty involved in establishing financial aid procedures.

**Final Determination:** As a fiduciary entrusted with allocation of Federal funds, EDP is expected to ensure that it has a firm grasp of all statutory and regulatory requirements, from the time it began Title IV participation. EDP's failure of understanding of the Title IV regulations does not serve as proper justification for the errors discovered during the onsite program review. The institution had access to numerous resources and call centers to assist with accurately administering the Title IV programs.

Although EDP indicated that the institution has provided its' staff with training and hired outside consultants as well as implementing a new comprehensive Student Information System, it did not submit the details of those plans or the new system as part of its response.

EDP must submit the details of the plans implemented and the training provided to its staff upon receipt of this Final Program Review Determination.

### **Finding 4. Incorrect/Late Refund Calculations**

**Citation Summary:** *When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. The institution is also required to have a fair and equitable refund policy under which it makes a refund of unearned tuition, fees, room and board, and other charges to students who withdraw, drop out, or otherwise fail to complete the period of enrollment for which they are charged. The institution must calculate refunds in accordance with the measures outlined in specific refund formulas. 34 C.F.R. §668.22*

*If the student withdrew from the institution during a payment period or period of enrollment and the total amount of Title IV earned is less than the total amount of Title IV disbursed, the difference between these amounts must be returned to the Title IV programs under §668.22(a)(4)(g). In addition, if the total amount of Title IV earned is greater than the total amount of Title IV disbursed, the institution must make any post-withdrawal disbursement required under in accordance with the provisions of §668.22(a)(5).*

*Further, an institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. §668.22 (j)(1). For all withdrawals prior to July 1, 2006, the number of days to return the amount of Title IV funds was 30.*

**Noncompliance Summary:** *During the review, the Department found several cases of incorrect and late refunds to the Title IV programs, resulting from students' withdrawal from school.*

**Student 17's** file contained a refund calculation that was performed on 2/15/11 with a determination date of 2/15/11 and a date of withdrawal of 1/25/11. Based on that information, no refund was due to the Title IV programs. However, the refund calculation was incorrectly completed because the institution listed the \$1,912.00 Pell grant award amount under Amount Disbursed, instead of Amount that Could Have Been Disbursed. If EDP had correctly completed out the refund calculation, the calculation would have resulted in a Post-Withdrawal Disbursement. EDP reported in the Department's common origination and disbursement system records (COD), that the Pell grant award was disbursed on 2/15/11, however, the institution did not disburse the Pell grant award to the student's account until 3/2/11. Although the Pell grant award was disbursed within the required timeframe for a Post-Withdrawal Disbursement, the institution did not disburse the funds within the required timeframe as stated in finding 6.

**Student 25's** file contained a refund calculation that was performed on 2/23/11 with a determination date of 2/7/11 and a date of withdrawal of 1/28/11. Based on that information, no refund was due to the Title IV programs. However, the refund calculation was incorrectly completed because the institution listed the \$1,912.00 Pell grant award amount under Amount Disbursed instead of Amount that Could Have Been Disbursed. If EDP had correctly filled out the refund calculation, the calculation would have resulted in a Post-Withdrawal Disbursement. According to the Department's common origination and disbursement system records (COD), the Pell grant award was disbursed on 2/23/11, however, the institution did not disburse the Pell grant award until 3/2/11. Although the Pell grant award was disbursed within the required timeframe for a Post-Withdrawal Disbursement, the institution did not disburse the funds within the required timeframe as stated in finding 6.

**Student 28's** file contained a copy of a refund calculation showing that the student withdrew from classes on 1/26/11, with a determination date of 02/18/11, resulting in a late determination as stated in finding 3. In addition, the refund calculation wasn't performed until 4/25/11, 67 days after the date of the institution's determination that the student withdrew.

**Student 32's** file contained a refund calculation that was performed on 2/25/11, with a determination date of 1/28/11, and a date of withdrawal of 1/27/11. Based on that information, no refund was due to the Title IV programs. However, the refund calculation was incorrectly completed because the institution listed the \$1,860.00 Pell grant award amount under Amount Disbursed instead of Amount that Could Have Been Disbursed. If EDP had correctly filled out the refund calculation, the calculation would have resulted in a Post-Withdrawal Disbursement. According to the Department's common origination and disbursement system records (COD), the

*Pell grant award was disbursed on 2/25/11, however, the institution did not disburse the Pell grant award until 3/2/11. Although the Pell grant award was disbursed within the required timeframe for a Post-Withdrawal Disbursement, the institution did not disburse the funds within the required timeframe as stated in finding 6.*

**Required Action Summary:** *An institution is responsible for insuring accurate refunds based on a student's withdrawal from school. There are specific requirements outlined in the regulations for determining the withdrawal date for students who do not complete the program.*

*EDP was required to provide this office with a copy of its written procedures for performing refund calculations, and the steps it has taken to ensure that its procedures will be followed to prevent this type of error from occurring in the future.*

**EDP's Response:** *EDP acknowledged this finding and has indicated that the accuracy of refund calculations has been addressed through extensive training of both the financial aid director and student accounts director.*

**Final Determination:** *Although EDP has provided assurances that the accuracy of future refund calculations has been addressed, it did not submit the details of the extensive training.*

*EDP must submit the details of the training provided to its staff upon receipt of this Final Program Review Determination as detailed under Finding 1.*

#### **Finding 5. Verification Violations – Verification Not Performed**

**Citation Summary:** *An institution is responsible for verifying all required information submitted by applicants for student financial assistance in connection with the calculation of their expected family contributions (EFC) for Title IV assistance. 34 C.F.R. §668.51(a),(b), 34 C.F.R. §668.56 (a) and C.F.R. 34 §668.57 (a),(b),(c),(d). An institution is responsible for updating information and resolving conflicting information under 34 C.F.R. §668.55(a)(1)(i)(ii) and using corrections to data originally reported to determine whether student eligibility would be impacted, 34 C.F.R. 668.59 (a),(b),(c),(d),(e). Title IV aid disbursements without complete or proper verification are institutional liabilities to the Federal aid programs.*

**Noncompliance Summary:** *EDP did not verify information from students who were selected for verification.*

**Student 19's** *application for financial aid was selected for verification in the 2010-2011 award year. The student's ISIR indicated that a 2009 tax return was filed. The student's file did not contain a copy of the 2009 tax return.*

**Student 26's** *application for financial aid was selected for verification in the 2010-2011 award year. There was no documentation in the file indicating verification was performed.*

**Student 33's** *application for financial aid was selected for verification in the 2010-2011 award year. There was no documentation in the file indicating verification was performed.*

*Verification was also incomplete for **students 7, 20 and 28.***

**Required Action Summary:** *In response to this report, EDP was required to review the files of all Title IV recipients who were selected for verification in the 2010/2011 award year. The institution was required to collect any missing documentation and perform all required need*

*analyses to confirm students' eligibility if information was revised as a result of verification. EDP is liable for the amounts of any awards in excess of students' revised need. Additionally, the institution is liable for all Title IV funds awarded in the applicable award year if the required documentation cannot be collected. Please note, in cases where information on verification worksheets is revised, the changes must be initialed and the worksheets must be signed again by the required persons.*

*In response to this finding, EDP was required to report the total amount of ineligible Title IV funds disbursed to students. All liabilities must be reported by award year, listing students in alphabetical order and spreadsheet format with the following column headings:*

1. Award Year
2. Student's Name
3. Last four digits of the student's Social Security Number
4. Original Award (by Title IV Program)
5. Revised Award (by Title IV Program)
6. Difference (by Title IV Program)

*The result of EDP's file review was to be attested to by a Certified Public Accountant. We define auditor attestation as a confirmation statement that a corrective action was accurately taken by the Institution in accordance with the Department's instructions (which includes the confirmation of documents, liabilities paid, file reviews, projection sampling, and formulas used to calculate liabilities).*

**EDP's Response:** As part of its May 28, 2013 response, EDP performed a full file review of all students who were selected for verification in the 2010/2011 award year. The file review resulted in an overpayment of **\$3,824** in Pell grant funds. This response included auditor attestation.

**Final Determination:** The Pell grant principal and interest due to the Department for this finding is **\$3,892.84**. Student detail for this finding can be found in Appendix B. Details of the liability for this finding can be found in Appendix E. The file review results are attached as Appendix C. Instructions for repayment can be found in section E.

#### **Finding 6. Late Disbursement of Pell Grant (Excess Cash) and Discrepant Fiscal Records**

**Citation Summary:** *The Secretary considers excess cash to be any amount of Title IV, HEA 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. 34 C.F.R. § 668.166(a). In addition, an institution must establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs. 34 CFR 668.14(b)(4) and 34 CFR 668.24.*

**Noncompliance Summary:** *The institution drew Pell grant funds but failed to disburse the funds within the required timeframe.*

*For example, on 2/17/11, EDP drew down \$33,107 in Pell grant funds from the U.S. Department of Education's G5 System and transferred it into its Federal funds bank account. According to the Pell disbursement record relating to that draw down, Pell grant funds in the amount of \$1,912 were disbursed to **Student 22** on 2/15/11, however, the student's ledger shows that the funds were disbursed to the student on 3/2/11.*

*Late disbursement of Pell grant funds and conflicting fiscal records were also noted for students 17, 28 and 31.*

**Required Action Summary:** *The Department incurs unnecessary costs when requests for funds exceed the amount of immediate need for funds by the institution. EDP was required to perform a review to determine the extent of the excess cash it held for all Title IV recipient students for the period 7/1/10 to the present.*

*EDP was required to provide an analysis of each occurrence of excess cash in the following format:*

1. *Student's Name*
2. *Last four digits of the student's Social Security Number*
3. *Amount of Excess Cash*
4. *Date Funds Drawn/Deposited into Account*
5. *Date Funds Returned to Department/Offset/Disbursed to Student Account*
6. *Number of Days Excess Cash Held*

*The result of EDP's file review was to be attested to by a Certified Public Accountant. We define auditor attestation as a confirmation statement that a corrective action was accurately taken by the Institution in accordance with the Department's instructions (which includes the confirmation of documents, liabilities paid, file reviews, projection sampling, and formulas used to calculate liabilities).*

**EDP's Response:** *EDP acknowledged that this finding was due to the institution's unfamiliarity with the Title IV regulations during their first year of participation. As part of its May 28, 2013 response, EDP performed a full file review to determine the extent of the excess cash it held for all Title IV recipient students for the period 7/1/10 to the present. This response included auditor attestation. The file review is attached as Appendix C.*

*In addition, the institution appears to have taken the appropriate corrective action to ensure adequate internal controls.*

**Final Determination:** *The Pell grant interest due to the Department for this finding is \$13.80. Details of the liability for this finding can be found in Appendix F. Instructions for repayment can be found in section E.*

#### ***Finding 8. Ineligible Student- Selective Service Comment Not Resolved***

**Citation Summary:** *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. In addition, 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 the student was unable to present himself for registration for reasons beyond his control. 34 C.F.R. § 668.37 (a)(1)(d)(1); 2011-12 Federal Student Aid Handbook, Volume 1, Chapter 5.*

*Additionally, an institution may consider that a student did not knowingly and willfully fail to register with the Selective Service only if 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. 34 C.F.R. § 668.37(e)(1).

**Noncompliance Summary:** The institution improperly disbursed Pell grant funds without resolving the selective service comments for the following students:

EDP disbursed Title IV funds to **student 24** who did not register with selective service. The student's ISIR had a C code flag for failure to register for Selective Service and comment notifying the school and student to contact selective service to resolve his selective service status. A handwritten note on the student's 2010-2011 ISIR indicated that the student entered the country after the age of 26, however, no documentation was provided to determine how it reached that determination. Also, there was no documentation of the required Selective Service advisory opinion.

EDP disbursed Title IV funds to **student 27** who did not register with selective service. The student's ISIR had a C code flag for failure to register for Selective Service and comment notifying the school and student to contact selective service to resolve his selective service status. A handwritten note on the student's 2010-2011 ISIR indicated that the student entered the country after the age of 26, however, no documentation was provided to determine how it reached that determination. Also, there was no documentation of the required Selective Service advisory opinion.

**Required Action Summary:** The institution was required to determine the exact amount of institutional liability associated with this finding. The institution was required to perform a file review, including the students cited in this finding, to identify all Title IV recipient male students whose ISIR has a "C code" with a 030 comment code which indicates that the student failed to register with the selective service who received Title IV funds during the 2010-2011 award year, and the school cannot support any determination that the students did not willfully avoid the registration requirement.

In response to this finding, the institution was required to submit copies of those students' academic transcripts, students' ledgers, ISIR, and supporting documents related to the students' selective service registration that EDP used to determine the students' Title IV eligibility. EDP must also provide the following information for all such students in spreadsheet format with the following column headings:

1. Student's Name
2. Last four digits of the student's Social Security Number
3. Award Year
4. Amount of Title IV disbursement, by program

EDP was required to devise and implement procedures that will prevent reoccurrence of this finding.

**EDP's Response:** As part of its May 28, 2013 response, EDP performed a full file review to identify all Title IV recipient male students whose ISIR has a "C code" with a 030 comment code who received Title IV funds during the 2010-2011 award year. In addition, EDP explained that the institution has implemented a policy to obtain a Selective Service acknowledgment letter in the future. However, the institution has not provided assurances that reasonable documentation will be collected to support the students' assertions that they entered the country after the age of 26.

***Final Determination:*** The Pell grant principal and interest due to the Department for this finding is **\$7,781.70**. The results of the file review are attached as Appendix C. Details of the liability for this finding can be found in Appendix G. Instructions for repayment can be found in section E.

**D. Summary of Liabilities**

<b>Initial Liabilities</b>	PELL	
Finding 5	<b>\$3824.00</b>	
Finding 6	<b>\$0</b>	
Finding 8	<b>\$7648.00</b>	
<b>Subtotal 1</b>	<b>\$11,472.00</b>	
Interest/SA	<b>\$216.34</b>	
<b>Subtotal 2</b>	<b>\$11,668.34</b>	
<b>TOTAL</b>	<b>\$11,668.34</b>	
<b>Payable To:</b>		<b>Totals</b>
Department	<b>\$11,668.34</b>	<b>\$11,668.34</b>

### ***E. Payment Instructions***

#### **1. Liabilities Owed to the Department**

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

EDP owes to the Department **\$11,668**. 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:           **\$11,668**  
DUNS:             786258579  
TIN:               113392105  
Program Review Control Number: 201130227564

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

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

**Pell – Closed Award Year**

**Finding(s): 5 & 8**  
**Appendices: E & G**

**EDP:**

<i>Pell Closed Award Year</i>			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
<b>\$11,472.00</b>	<b>\$216.00</b>	<b>Pell</b>	<b>2010-2011</b>
<b>Total Principal</b>	<b>Total Interest</b>		
<b>\$11,472.00</b>	<b>\$216.00</b>		

The disbursement record for each student identified in the appendices to the applicable finding(s) 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 Teresa Martinez **within 45 days of the date of this letter.**

**AWARD YEAR 2010-2011**

No.	Last Name	First Name	SSN
1	(b)(6); (b)(7)(C)		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

**AWARD YEAR 2010-2011**

No.	Last Name	First Name	SSN
16	(b)(6); (b)(7)(C)		
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			

**Appendix B**

**Student Detail – Finding 5 – Incomplete Verification**

<u>Name</u>	<u>SS#</u>	<u>Underaward as a result of recalculation of Pell award</u>
(b)(6); (b)(7)(C)		\$1,757

# Appendix C

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FEDERAL STUDENT AID  
NEW YORK CASE MANAGEMENT



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

Prepared for

**EDP School of Computer  
Programming**

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OPE ID 041171

PRCN 201130227564

Prepared by

**U.S. Department of Education**

**Federal Student Aid**

**School Participation Division – NY/Boston**

## Program Review Report

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**A. Institutional Information**

EDP School of Computer Programming  
1601 Voorhies Ave  
Brooklyn, NY 11235

Type: private nonprofit

Highest Level of Offering: Non-Degree (600-899 hours)

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Current Student Enrollment: 54 (2010/2011)

% of Students Receiving Title IV: 100% (2010/2011)

Title IV Participation PEPS:

Federal Pell Grant (Pell Grant)	<u>2011-2012</u> \$451,374
---------------------------------	-------------------------------

	<u>2010/2011</u> \$477,381
--	-------------------------------

Default Rate FFEL/DL:	N/A
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## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at EDP School of Computer Programming (EDP) from June 28, 2011 to June 29, 2011. The review was conducted by Teresa Martinez and Tonya Sydney.

The focus of the review was to determine EDP'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 EDP'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 15 files was identified for review from the 2010 - 2011 award year. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. An additional 19 files were selected for further review of EDP's administration of the Title IV programs. 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 EDP'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 EDP 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 EDP to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **1. Lack of Administrative Capability**

**Citation:** The institution's impaired administrative capability causes the institution to disburse Title IV funds to ineligible students, which creates a financial burden for the U.S. Department of Education. 34 C.F.R. § 668.16. The following serious findings, which are included in this report, indicate that the institution has a lack of administrative capability:

- Finding 2: Untimely Determination of Students' Withdrawal  
Finding 3: Incorrect/Late Refund Calculations  
Finding 4: Verification Violations – Verification Not Performed  
Finding 5: Late Disbursement of Pell Grant (Excess Cash)

**Required Action:** The ability of an institution's Financial Aid and Business Office staff to coordinate the information it collects and to resolve discrepancies are critical elements in an evaluation of the institution's administrative capability. The regulation requires institutions to develop an adequate system to ensure consistency of information related to a student's application for Federal student aid, regardless of the source of information. The institution is responsible for reconciling all information received. In response to this finding, EDP must prepare a training plan for its staff to ensure it develops adequate internal controls to properly administer the Title IV programs. EDP must submit details of that plan to this office with the response to this report.

## **2. Inadequate/Conflicting Attendance Records**

**Citation:** The records that an institution must maintain in order to comply with the provisions of the regulations include, but are not limited to, documentation of each student's or parent borrower's eligibility for Title IV funds. 34 C.F.R. § 668.24(c)(1)(iii)

At a clock-hour school this includes attendance records to document that the appropriate number of clock hours were offered or completed

**Noncompliance:** The reviewers found numerous discrepancies when reviewing student attendance records at EDP.

EDP's weekly attendance records do not differentiate between regular class hours or make-up hours that the student completes. The attendance records do not indicate which course the weekly attendance is for. In addition, the attendance hours are not tallied at the end of each week.

EDP also maintains an End of Term Evaluation and Grading Report that tracks each student's attendance, absent hours, grades and GPA. The absent hours on this report did not always match the absent hours on the weekly attendance records.

For example, **student 16's** attendance records indicate she was absent for a total of 8 hours, however, the evaluation and grading report indicate she was absent for a total of 12 hours.

**Student 17's** attendance records indicate she was absent for a total of 60 hours, however, the evaluation and grading report indicate she was absent for a total of 52 hours.

**Student 23's** attendance records indicate she was absent for a total of 12 hours, however, the evaluation and grading report indicate she was absent for a total of 20 hours.

Additional examples of conflicting attendance were discovered for **students 30, 31, 32 and 33**.

**Required Action:** EDP must immediately develop and implement an improved system for recording students' attendance, that includes documentation that identifies the type of coursework a student is offered and completes, and accurately records the number of hours of instruction offered and completed. EDP must provide copies of its written procedures that describe the enhanced system that has been developed and implemented.

### **3. Untimely Determination of Students' Withdrawal**

**Citation:** The withdrawal date for a student who withdraws from an institution that is required to take attendance, including a student who does not return from an approved leave of absence, is the last date of academic attendance as determined by the institution from its attendance records. 34 C.F.R. § 668.22(b)(1).

The Department has provided further guidance that, for an institution that is required to take attendance, the school should make that determination no more than 14 days after the student's last date of attendance. Dear Colleague Letter GEN 04-03, November 17, 2004.

In addition, an institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j).

**Noncompliance:** EDP failed to determine students were no longer in attendance when students ceased to attend the institution.

According to **student 17's** attendance records, her last date of attendance was 1/25/11. There was no documentation in the file to indicate why the student withdrew. The refund calculation had a date of determination of 2/15/11, 21 days after the student's last date of attendance.

According to **student 28's** attendance records, her last date of attendance was 1/26/11. There was no documentation in the file to indicate why the student withdrew. The refund calculation had a date of determination of 2/18/11, 23 days after the student's last date of attendance.

**Required Action:** EDP must immediately revise its current procedures and develop procedures that will ensure students who cease attendance at the institution are properly identified and that the correct withdrawal date is used to determine any refunds to the Title IV programs. An institution is required to determine the amount of earned and unearned Federal Title IV aid that has been disbursed to students who withdraw, drop out, or otherwise fail to complete the period of enrollment for which they are charged. For official withdrawals, those procedures must include use of the date that the student began the withdrawal process or the date the student otherwise provided official notification to the institution. For students who unofficially withdraw EDP may use a student's actual last day of attendance as the withdrawal date. There are specific requirements outlined in the regulations for determining the withdrawal date for students who do not complete the program.

Since the review did not result in late refunds, a file review will not be required.

EDP will be apprised of any additional requirements upon review of the Institution's response.

#### **4. Incorrect/Late Refund Calculations**

**Citation:** When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. The institution is also required to have a fair and equitable refund policy under which it makes a refund of unearned tuition, fees, room and board, and other charges to students who withdraw, drop out, or otherwise fail to complete the period of enrollment for which they are charged. The institution must calculate refunds in accordance with the measures outlined in specific refund formulas. 34 C.F.R. §668.22

If the student withdrew from the institution during a payment period or period of enrollment and the total amount of Title IV earned is less than the total amount of Title IV disbursed, the difference between these amounts must be returned to the Title IV programs under §668.22(a)(4)(g). In addition, if the total amount of Title IV earned is greater than the total amount of Title IV disbursed, the institution must make any post-withdrawal disbursement required under in accordance with the provisions of §668.22(a)(5).

Further, an institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. §668.22 (j)(1). For all withdrawals prior to July 1, 2006, the number of days to return the amount of Title IV funds was 30.

**Noncompliance:** During the review, the Department found several cases of incorrect and late refunds to the Title IV programs, resulting from students' withdrawal from school.

**Student 17's** file contained a refund calculation that was performed on 2/15/11 with a determination date of 2/15/11 and a date of withdrawal of 1/25/11. Based on that information, no refund was due to the Title IV programs. However, the refund calculation was incorrectly completed because the institution listed the \$1,912.00 Pell grant award amount under Amount Disbursed, instead of Amount that Could Have Been Disbursed. If EDP had correctly completed out the refund calculation, the calculation would have resulted in a Post-Withdrawal Disbursement. EDP reported in the Department's common origination and disbursement system records (COD), that the Pell grant award was disbursed on 2/15/11, however, the institution did not disburse the Pell grant award to the student's account until 3/2/11. Although the Pell grant award was disbursed within the required timeframe for a Post-Withdrawal Disbursement, the institution did not disburse the funds within the required timeframe as stated in finding 6.

**Student 25's** file contained a refund calculation that was performed on 2/23/11 with a determination date of 2/7/11 and a date of withdrawal of 1/28/11. Based on that information, no refund was due to the Title IV programs. However, the refund calculation was incorrectly completed because the institution listed the \$1,912.00 Pell grant award amount under Amount Disbursed instead of Amount that Could Have Been Disbursed. If EDP had correctly filled out the refund calculation, the calculation would have resulted in a Post-Withdrawal Disbursement. According to the Department's common origination and disbursement system records (COD), the Pell grant award was disbursed on 2/23/11, however, the institution did not disburse the Pell grant award until 3/2/11. Although the Pell grant award was disbursed within the required timeframe for a Post-Withdrawal Disbursement, the institution did not disburse the funds within the required timeframe as stated in finding 6.

**Student 28's** file contained a copy of a refund calculation showing that the student withdrew from classes on 1/26/11, with a determination date of 02/18/11, resulting in a late determination as stated in finding 3. In addition, the refund calculation wasn't performed until 4/25/11, 67 days after the date of the institution's determination that the student withdrew.

**Student 32's** file contained a refund calculation that was performed on 2/25/11, with a determination date of 1/28/11, and a date of withdrawal of 1/27/11. Based on that information, no refund was due to the Title IV programs. However, the refund calculation was incorrectly completed because the institution listed the \$1,860.00 Pell grant award amount under Amount Disbursed instead of Amount that Could Have Been Disbursed. If EDP had correctly filled out the refund calculation, the calculation would have resulted in a Post-Withdrawal Disbursement. According to the Department's common origination and disbursement system records (COD), the Pell grant award was disbursed on 2/25/11, however, the institution did not disburse the Pell grant award until

3/2/11. Although the Pell grant award was disbursed within the required timeframe for a Post-Withdrawal Disbursement, the institution did not disburse the funds within the required timeframe as stated in finding 6.

**Required Action:** An institution is responsible for insuring accurate refunds based on a student's withdrawal from school. There are specific requirements outlined in the regulations for determining the withdrawal date for students who do not complete the program.

EDP must provide this office with a copy of its written procedures for performing refund calculations, and the steps it will take to ensure that its procedures will be followed to prevent this type of error from occurring in the future.

EDP will be apprised of any additional requirements upon review of the Institution's response.

## 5. Incomplete Verification

**Citation:** An institution is responsible for verifying all required information submitted by applicants for student financial assistance in connection with the calculation of their expected family contributions (EFC) for Title IV assistance. 34 C.F.R. §668.51(a),(b), 34 C.F.R. §668.56 (a) and C.F.R. 34 §668.57 (a),(b),(c),(d). An institution is responsible for updating information and resolving conflicting information under 34 C.F.R. §668.55(a)(1)(i)(ii) and using corrections to data originally reported to determine whether student eligibility would be impacted, 34 C.F.R. 668.59 (a),(b),(c),(d),(e). Title IV aid disbursements without complete or proper verification are institutional liabilities to the Federal aid programs.

**Noncompliance:** EDP did not verify information from students who were selected for verification.

**Student 19's** application for financial aid was selected for verification in the 2010-2011 award year. The student's ISIR indicated that a 2009 tax return was filed. The student's file did not contain a copy of the 2009 tax return.

**Student 26's** application for financial aid was selected for verification in the 2010-2011 award year. There was no documentation in the file indicating verification was performed.

**Student 33's** application for financial aid was selected for verification in the 2010-2011 award year. There was no documentation in the file indicating verification was performed.

Verification was also incomplete for **students 7, 20 and 28.**

**Required Action:** In response to this report, EDP must review the files of all Title IV recipients who were selected for verification in the 2010/2011 award year. The institution must collect any missing documentation and perform all required need analyses to confirm students' eligibility if information was revised as a result of verification. EDP is liable for the amounts of any awards in excess of students' revised need. Additionally, the institution is liable for all Title IV funds awarded in the applicable award year if the required documentation cannot be collected. Please note, in cases where information on verification worksheets is revised, the changes must be initialed and the worksheets must be signed again by the required persons.

In response to this finding, EDP must report the total amount of ineligible Title IV funds disbursed to students. All liabilities must be reported by award year, listing students in alphabetical order and spreadsheet format with the following column headings:

1. Award Year
2. Student's Name
3. Last four digits of the student's Social Security Number
4. Original Award (by Title IV Program)
5. Revised Award (by Title IV Program)
6. Difference (by Title IV Program)

The result of EDP's file review must be attested to by a Certified Public Accountant. We define auditor attestation as a confirmation statement that a corrective action was accurately taken by the Institution in accordance with the Department's instructions (which includes the confirmation of documents, liabilities paid, file reviews, projection sampling, and formulas used to calculate liabilities).

**The report is due within 60 days of receipt of this report.**

Instructions for the repayment of any liabilities will be provided in the Final Program Review Determination letter (FPRD).

#### **6. Late Disbursement of Pell Grant (Excess Cash) and Discrepant Fiscal Records**

**Citation:** The Secretary considers excess cash to be any amount of Title IV, HEA 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. 34 C.F.R. § 668.166(a). In addition, an institution must establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV, HEA programs. 34 CFR 668.14(b)(4) and 34 CFR 668.24.

**Noncompliance:** The institution drew Pell grant funds but failed to disburse the funds within the required timeframe.

For example, on 2/17/11, EDP drew down \$33,107 in Pell grant funds from the U.S. Department of Education's G5 System and transferred it into its Federal funds bank account. According to the Pell disbursement record relating to that draw down, Pell grant funds in the amount of \$1,912 were disbursed to **Student 22** on 2/15/11, however, the student's ledger shows that the funds were disbursed to the student on 3/2/11.

Late disbursement of Pell grant funds and conflicting fiscal records were also noted for **students 17, 28 and 31**.

**Required Action:** The Department incurs unnecessary costs when requests for funds exceed the amount of immediate need for funds by the institution. EDP must perform a review to determine the extent of the excess cash it held for all Title IV recipient students for the period 7/1/10 to the present.

EDP must provide an analysis of each occurrence of excess cash in the following format:

1. Student's Name
2. Last four digits of the student's Social Security Number
3. Amount of Excess Cash
4. Date Funds Drawn/Deposited into Account
5. Date Funds Returned to Department/Offset/Disbursed to Student Account
6. Number of Days Excess Cash Held

The result of EDP's file review must be attested to by a Certified Public Accountant. We define auditor attestation as a confirmation statement that a corrective action was accurately taken by the Institution in accordance with the Department's instructions (which includes the confirmation of documents, liabilities paid, file reviews, projection sampling, and formulas used to calculate liabilities).

Instructions for the repayment of any liabilities will be provided in the Final Program Review Determination letter (FPRD).

## **7. Failure to Publish the Federal Return to Title IV Policy**

**Citation:** An institution must provide students with information about the requirements of 34 C.F.R. §668.22, which details the Department's Federal Return to Title IV (R2T4) policy. This information must be provided in accordance with 34 C.F.R. §668.43 (a)(2) which states that an institution must make readily available to students and prospective

students any refund policy with which the institution is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the institution.

**Noncompliance:** EDP does not have the following required R2T4 elements per requirement:

- Return of Title IV funds policy and procedure --
  1. Explanation of any refund policy with which the institution is required to comply (e.g. state, accreditor)
  2. Process for determining the student's withdrawal date, specifically for students that unofficially withdraw from the institution,
  3. Whether a student who failed to earn a passing grade in any class completed or withdrew
  4. Time frame for return of Title IV, HEA funds

**Required Action:** EDP must immediately revise its published refund policy information to include the R2T4 requirements.

A copy of EDP's newly published refund policy must be provided to this office in response to this finding.

### **8. Ineligible Student- Selective Service Comment Not Resolved**

**Citation:** 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. In addition, 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 the student was unable to present himself for registration for reasons beyond his control. 34 C.F.R. § 668.37 (a)(1)(d)(1); 2011-12 Federal Student Aid Handbook, Volume 1, Chapter 5.

Additionally, an institution may consider that a student did not knowingly and willfully fail to register with the Selective Service only if 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. 34 C.F.R. § 668.37(e)(1).

**Noncompliance:** The institution improperly disbursed Pell grant funds without resolving the selective service comments for the following students:

EDP disbursed Title IV funds to **student 24** who did not register with selective service. The student's ISIR had a C code flag for failure to register for Selective Service and

comment notifying the school and student to contact selective service to resolve his selective service status. A handwritten note on the student's 2010-2011 ISIR indicated that the student entered the country after the age of 26, however, no documentation was provided to determine how it reached that determination. Also, there was no documentation of the required Selective Service advisory opinion.

EDP disbursed Title IV funds to **student 27** who did not register with selective service. The student's ISIR had a C code flag for failure to register for Selective Service and comment notifying the school and student to contact selective service to resolve his selective service status. A handwritten note on the student's 2010-2011 ISIR indicated that the student entered the country after the age of 26, however, no documentation was provided to determine how it reached that determination. Also, there was no documentation of the required Selective Service advisory opinion.

**Required Action:** The institution must determine the exact amount of institutional liability associated with this finding. The institution is required to perform a file review, including the students cited in this finding, to identify all Title IV recipient male students whose ISIR has a "C code" with a 030 comment code which indicates that the student failed to register with the selective service who received Title IV funds during the 2010-2011 award year, and the school cannot support any determination that the students did not willfully avoid the registration requirement.

In response to this finding, the institution must submit copies of those students' academic transcripts, students' ledgers, ISIR, and supporting documents related to the students' selective service registration that EDP used to determine the students' Title IV eligibility. EDP must also provide the following information for all such students in spreadsheet format with the following column headings:

1. Student's Name
2. Last four digits of the student's Social Security Number
3. Award Year
4. Amount of Title IV disbursement, by program

EDP must devise and implement procedures that will prevent reoccurrence of this finding. A copy of those procedures must accompany the institution's response

Instructions for repayment of any liabilities, including interest, will be provided in the Final Program Review Determination (FPRD) letter.











