

Index Sheet

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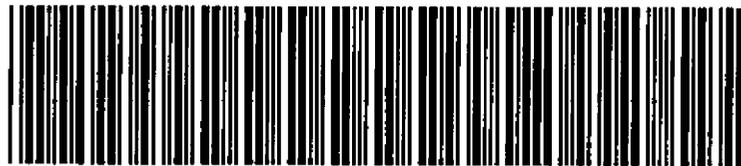
School Year: 2013

ACN:

PRCN: 201240428052

Box ID: 1543

Unique ID: SC1000000843834





August 23, 2013

Ms. Maria Regueiro
Florida National University
4425 West 20th Avenue
Haileah, FL 33012

UPS Tracking #: 1ZA5467Y0191170569

RE: Final Program Review Determination
OPE: 02547600
PRCN: 201240428052

Dear Ms. Regueiro::

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on October 12, 2012 covering Florida National University's (FNU) 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. FNU's final response was received on May 23, 2013.

The School Participation Division - Atlanta has reviewed FNU's responses to the Program Review Report. A copy of the program review report (and related attachments) are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by FNU 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.

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

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

Federal Student

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Atlanta
61 Forsyth St. SW, Suite 18T40, Atlanta, GA 30303

Florida National University

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If you have any questions please call Lynette Davis at 404-974-9289.

Sincerely

(b)(6)

Charles Engstrom
Division Director

Enclosure: Program Review Report (with attachments)

cc: Ms. Omar Sanchez, Financial Aid Administrator
Florida Commission for Independent Education
Southern Association of Colleges and Schools

Appendix B



FILE COPY

October 12, 2012

Ms. Maria Regueiro
Florida National College
4425 West 20th Avenue
Haileah, FL 33012

UPS Tracking #: 1ZA5467Y0192548285

RE: Program Review Report
OPE: 02547600
PRCN: 201240428052

Dear Ms. Regueiro:

From July 23 through July 27, 2012, Ms. Lynette Davis, Ms. Toyoko Woodard and Mr. Oscar Howard as representatives of the U.S. Department of Education conducted a review of Florida National University's (FNU'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 FNU. The response should include a brief, written narrative for each finding that clearly states FNU's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, FNU 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;

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).

Federal Student Aid

U.S. DEPARTMENT OF EDUCATION

Federal Student Aid, School Participation Division
61 Forsyth Street, SW Room 18T40
Atlanta, GA 30303
www.StudentAid.gov

- (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

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 for FNU 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 Lynette Davis of this office within 60 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 finding in the attached report does not contain any student PII. Instead, each of the findings reference students only by a student number. The student numbers were assigned in Appendix A, Student Sample. 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.

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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 Lynette Davis at 404-974-9289 or Pursuant to Lynette.Davis@ed.gov.

Sincerely,

(b)(6)

Christopher Miller
Compliance Manager

cc: Ms. Omar Sanchez, Financial Aid Administrator

Enclosure:
Protection of Personally Identifiable Information

Florida National University

OPE: 02547600

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Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Team - Atlanta

Program Review Report

October 12, 2012

Federal Student

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A. Institutional Information

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Type: Proprietary

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Southern Association of Colleges and Schools

Current Student Enrollment: 1500

% of Students Receiving Title IV: 90% (10/11 award year)

Title IV Participation

2010/2011

Federal Pell Grant	\$14,472,025
Federal Supplemental Education Opportunity Grant (FSEOG)	\$ 238,963
Federal Work Study (FWS)	\$ 144,851
Federal Perkins	\$ 2,000
William D. Ford Direct Loan (FDLP)	\$ 192,381

Default Rate FFEL/DL:

2009 14.2%
2008 15.7%
2007 14.9%

Federal Perkins:

2010 20.0%
2009 31.3%
2008 9.1%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Florida National University (FNU) from July 23 to July 28, 2012. The review was conducted by Ms. Lynette Davis, Ms. Toyoko Woodard and Mr. Oscar Howard.

The focus of the review was to determine FNU'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 FNU'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 were 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, 2 files were selected for FWS, based on no FWS students in the review sample. 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 FNU'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 FNU 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 FNU to bring operations of the financial aid programs into compliance with the statutes and regulations.

FINDING 1: QUESTIONABLE HIGH SCHOOL DIPLOMAS

Citations:

34 C.F.R. § 668.32, Student Assistance General Provisions advises a student is eligible to receive Title IV funds if the student is a regularly enrolled student or one who is accepted for enrollment in an eligible program at an eligible institution. Among other criteria, the student must have a high school diploma or its recognized equivalent or have a passing score on a specified, Department approved, independently administered test in accordance with subpart J of Section 668.32.

The Department recognizes several equivalents to a high school diploma:

1. A General Equivalency Diploma (GED);
2. A certificate demonstrating that the student has passed a state-authorized examination that the state recognizes as the equivalent of a high school diploma;
3. An academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree; or
4. For a student who enrolls before completing high school, a high school transcript indicating the student has excelled in high school. The student must no longer be enrolled in high school; must satisfy your school's written policy for admitting such students, and must be starting a program that leads at least to an associate's degree or its equivalent.

The 2010/2011 Federal Student Aid Handbook, Volume 1, Pages 1-7, in the sidebar notation of "What's a valid high school diploma", states with the appearance of high school "diploma mills", the school should contact the department of education for the state in which the high school is located to determine if the high school diploma is recognized by that state.

The student may also complete a GED or be home schooled under the applicable state law. 34 C.F.R. § 600.5 states that a proprietary institution of higher education that admits as regular students only persons who have a high school diploma; have a recognized equivalent of a high school diploma or are beyond the age of compulsory school attendance in the state in which the institution is physically located.

Area of Noncompliance:

The review of student files revealed that the diplomas for the following students may have been from ineligible high schools:

<u>Student</u>	<u>Diploma or GED Indicated on File</u>
1	American Academy
2	Ipucc, Alberto Medina Gonzalez
4	American Academy
12	American Academy
14	Institute Preuniversitario "Manolito Aguiar"
19	IPUEC Premier Partioo Comunista de Cuba
24	World Hope Academy
26	I.P.E. Capitan San Luis

Student 1, the graduation date listed on the enrollment agreement was 6/13/2002 and the graduation date on the diploma was 6/8/2003.

Student 2, the name on the diploma was spelled different from the name on the other documents in the student's file and the diploma appeared altered.

Student 14, the high school listed on the enrollment application was Osualdo Herrena. The high school in the student's file was Manolito Aguiar. Also, the date on the diploma appeared to be altered.

Student 19, the name on the diploma was spelled different from the name on his driver's license, and the other documents in the student's file.

Student 26, according to the documentation in the student's folder the Registrar's Office requested a high school transcript from Iducc Magdalena Penarredonda, which is different from the high school diploma in the student's file.

Also for students 1, 4, 12, and 24 the high schools listed may have required completion of little or no education or coursework to obtain the credential; and lacked accreditation by an accrediting agency or association that is recognized by the Secretary or a Federal agency, State government, or other organization or association that recognizes accrediting agencies or associations. Further, these schools have been listed in other program review cases with this concern.

Required Action:

In response to this report, the institution must conduct a file review of all students enrolled for the 2010/2011 and 2011/2012 award years to determine if other students received high school diplomas or GED from the schools listed above or any other schools deemed to be an invalid high school as referenced above. The Ability to Benefit Test (ATB) is no longer an option if the students are enrolled. If the institution obtained invalid high school diplomas for the students that withdrew or graduated, the institution will be liable for all Title IV funds disbursed. The institution must provide a list of all students for which they were unable to obtain valid high school diplomas. A report detailing the results of the institution's review must be submitted in the following format via diskette and/or can be submitted electronically.

1. Student's Name
2. High School attended and date graduated
3. Last Four Numbers of Social Security Number
4. Program of Study
5. Title IV Funds Disbursed by Title IV Program
6. Total Funds Disbursed by Award Year

If submits the data electronically, the institution must place the files in a password protected WINZIP archive. This will compress the data in addition to providing password protection. The institution must telephone me with the password at (404) 974-9289. If the documentation is mailed, the institution must only submit the last four numbers of the student's social security number.

Further, the institution must develop and submit with its response, procedures which will ensure that, in the future, the admissions requirements will be consistently applied to all students. Also, only diplomas from valid high schools will be accepted to be Title IV eligible.

The Institution must engage an independent Public Accountant (IPA) to test the file review completed by the Institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Lynette Davis within 30 days of the institution's receipt of the Program Review Report. Ms. Davis will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the file review(s) completed by Institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with Institution's response to this Program Review Report.

Repayment instructions will be provided in the Final Program Review Determination Letter.

FINDING 2 : UNTIMELY PAYMENT OF CREDIT BALANCES

Citations:

Pursuant to 34 C.F.R. § 668.164 and § 668.165, General Provisions regulations, Subpart K, whenever an Institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the Institution assessed the student, the Institution must pay the resulting credit balance directly to the student or parent (for Federal PLUS Loan) as soon as possible, but no later than 14 days after the balance occurred if the credit

balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

A school is permitted to hold excess funds (credit balances) if it obtains a voluntary authorization from the student or parent. If a school receives authorization to hold excess funds, the school must identify the student or parent and the amount of funds the school holds for the student or parent in a subsidiary ledger account designated for that purpose. A school may not require or coerce a student to provide authorization, and a school must allow for cancellation or modification of the authorization at any time. The school must maintain, at all times, cash in its bank account at least equal to the amount the school holds for students. Because Federal Student Aid (FSA) Program funds are awarded to students to pay current year charges, notwithstanding any authorization obtained by a school from a student or parent, the school must pay any remaining balance on loan funds by the end of the loan period, and any other remaining FSA program funds by the end of the last payment period in the award year from which it was created.

Area of Noncompliance:

A review of the individual student ledgers for students 3, 4, 10, 11, 15, 18, 20, and 23 revealed that the Institution is not returning the Title IV credit balances to its students in a timely manner. The following examples are provided:

<u>Student</u>	<u>Balance Created</u>	<u>Balance Paid</u>
3	09/13/11	03/27/12
4	07/14/11	09/14/11
10	02/17/11	12/26/11
11	11/01/11	12/26/11
15	07/10/09	08/07/09
18	02/21/10	12/22/11
20	02/11/11	12/29/11
23	10/27/11	03/12/12

For students 3, 4, 10, 11, 18 and 23 the credit balances were not paid until the next award year.

Required Action:

The institution must review the accounts of all students who enrolled at the institution in the 2010/2011 and 2011/2012 award years to identify any excess funds resulting from Title IV disbursements that were held on students' accounts after they had graduated or withdrew from

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school. The institution must immediately disburse the excess funds to the students. For students who are no longer enrolled, the institution must document its efforts to locate these individuals and disburse the credit balances. Certified mail receipts will be considered adequate documentation. Copies of these receipts must be forwarded to this office. Funds, which cannot be returned to students, must be repaid to the Department. This office will provide instructions for the disposition of funds if a student(s) does not negotiate the disbursement check.

Also, in response to this finding, the institution must provide a report, which identifies all late disbursements of excess funds to students in the following format:

1. Student's Name
2. Social Security Number
3. Amount of Disbursement and Title IV program which Caused the Excess Funds
4. Amount of Credit Balance caused by the Disbursement
5. Date Disbursement Sent to Student, if any

A report detailing the results of the institution's review must be submitted in the following format via diskette and/or can be submitted electronically. If FNU submits the data electronically, the institution must place the files in a password protected WINZIP archive. This will compress the data in addition to providing password protection. The institution must telephone Lynette Davis with the password at (404) 974-9289. If the documentation is mailed, the institution must only submit the last four numbers of the student's social security number.

The institution must provide a cumulative total of all funds that cannot be disbursed to students by program and award year.

The institution must also institute procedures to ensure that credits on students' accounts are identified and refunded in a timely manner. A description of the procedures developed must be submitted with the institution's response to this finding.

The Institution must engage an independent Public Accountant (IPA) to test the file review completed by the Institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Lynette Davis within 30 days of the institution's receipt of the Program Review Report. Ms. Davis will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the file review(s) completed by Institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the Program Review

Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with Institution's response to this Program Review Report.

If a recurrence of this finding appears in a future audit or program review report, the institution may be subject to administrative action.

Payment instructions for funds that cannot be disbursed, if any, will be provided in the Final Program Review Determination letter.

FINDING 3: LACK OF DOCUMENTATION TO SUPPORT ENGLISH AS A SECOND LANGUAGE (ESL)

Citation:

Pursuant to 34 C.F.R. § 668.8, General Provisions regulations, students enrolled in a program that consists solely of English as a Second Language (ESL) instruction are eligible for FSA funds only from the Pell Grant program. An ESL program must meet the general requirements for an eligible program (for example, it must lead to a degree or other credential). Moreover, an ESL program may admit only students who need instruction in English to be able to use the knowledge, training, or skills they already have. The school must document its determination that the ESL instruction is necessary for each student enrolled. A school that wishes to award FSA assistance to students enrolled in an ESL program must request an eligibility determination for the program from the Department.

Area of Non-Compliance:

In the school's catalog, the following information was provided for the ESL Basic Level:

1. The ESL student is assigned into a program on the basis of a placement test. At the completion of an eight month program the student will be awarded a certificate of proficiency according to the level achieved, Basic, Intermediate or High Intermediate.
2. Students who score beyond the Fourth (4th) Level are placed in the Intermediate Level.

For the ESL Intermediate Level and High Intermediate the following is provided:

1. The ESL student is assigned into a program on the basis of a placement test. At the completion of an eight month program the student will be awarded a certificate of proficiency according to the level achieved, Basic, Intermediate or High Intermediate.
2. Student who completes the Intermediate Level and High Intermediate Level may be encouraged to take the TABE diagnostic test for entry into a career program.

There was no mention that the ESL program would admit only students who needed instruction in English to be able to use the knowledge, training, or skills they already had.

The following examples are provided:

Student 13: There were no prior job skills listed. It was indicated that she had a Technician degree, but the kind of degree was not mentioned. When asked the question, (name the jobs you have had in the United State or your country), she did not list an accounting job. She indicated that she was working as a house keeper at La Quinta Inns. The complete form was written in Spanish with no English translation.

Student 15: On the ESL form, "Reason why you want to be part of the ESL program", the question that asked, (what type of education have you received prior to this date?), was left blank. There was no evidence that the student had true existing occupational skills to warrant ESL training. The student indicated that he was a truck driver in the U.S. and a craftsman in Cuba. The complete form was written in Spanish with no English translation.

Student 17: On the ESL form, "Reason why you want to be part of the ESL program", the question that asked, (what type of education have you received prior to this date?), was left blank. There were no prior jobs skills listed. The complete form was written in Spanish with no English translation.

Student 19: The reason listed by the financial aid official for the student to enroll in the ESL program was, "the student needs to learn English in order to develop his experience in the field of product and merchandise exports as he worked his country". This reason did not show that the student needed instruction in English to be able to use the knowledge, training, or skills he already had. The complete form was written in Spanish with no English translation.

Student 21: On the ESL form the student indicated that he had a Technical degree in accounting. There was no other documentation to support if student had an accounting degree. According to the ISIR, when asked if they had a degree, they answered (no) and for their grade level in college they answered, (1st year, Never Attended). The complete form was written in Spanish with no English translation.

In general, the determination and details of FNU's knowledge, training and skills are only minimally addressed in many cases.

Required Action:

In response to this report, FNU must document their determination that the students listed above needed English to use already existing skills. FNU must monitor and expand the eligibility requirements for the ESL program to ensure compliance with the regulations. These policies and procedures must be submitted in response to this report. It does not appear that the ESL forms are checked for accuracy and completion. The school must revise the information on the ESL form, "Reason why you want to be part of the ESL program" to reflect a more detailed description of the schools determination of each student's eligibility for the ESL program and to

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reflect thorough details of each student's knowledge, training and skills. A copy of the revised form must be submitted with the response to this report.

Further, if the form is written in Spanish and answered in Spanish, there should be an English translation attached to the form for the student's answers.

In addition, the school must follow up to ensure that students are pursuing employment in areas where previous knowledge, training and skill existed and not limiting their education in English to enter further education programs at FNU.

The institution must also review the accounts of all students who enrolled at the institution in the 2010/2011 and 2011/2012 award years that enrolled in the three ESL programs. FNU must determine if the knowledge, training and skills are adequately documented.

1. Student's Name
2. Social Security Number
3. Documentation provided
4. School's Determination

A report detailing the results of the institution's review must be submitted in the following format via diskette and/or can be submitted electronically. If FNU submits the data electronically, the institution must place the files in a password protected WINZIP archive. This will compress the data in addition to providing password protection. The institution must telephone Lynette Davis with the password at (404) 974-9289. If the documentation is mailed, the institution must only submit the last four numbers of the student's social security number.

The Institution must also engage an independent Public Accountant (IPA) to test the file review completed by the Institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Lynette Davis within 30 days of the institution's receipt of the Program Review Report. Ms. Davis will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the file review(s) completed by Institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with Institution's response to this Program Review Report.

Repayment instructions for any determined liability will be provided in the Final Program Review Determination letter.

FINDING 4: FEDERAL PELL GRANT OVERPAYMENTS

Citation:

Pursuant to 34 C.F.R. § 690.63, of the Federal Pell Grant Program regulations, if an institution uses credit hours and academic terms to measure a student's progress, then the student's enrollment status (full-time, three-quarter time, half-time or, less than half-time) is used to calculate the amount of the student's Federal Pell Grant payment. A school may use its own standard for enrollment status, provided the standard meets the minimum requirements defined in the regulations.

If enrolled full-time, the student's award is the scheduled award that is found on the full-time Payment Schedule. If the student is enrolled part-time, the award is taken from the three-quarter time, half-time or, less than half-time disbursement schedules, as appropriate.

A part-time student will have remaining eligibility and can be paid if the student attends any additional terms in the award year. The student may be paid up to the amount of the Scheduled Award.

If a student's enrollment status changes from one term to the next, the institution must recalculate the Federal Pell Grant using the new enrollment status. If the student's enrollment status changes within a term, the institution may have to recalculate the student's award under certain circumstances (see FSA Handbook,).

Further, pursuant to 34 C.F.R. § 609.79, of the Federal Pell Grant Program, The institution is liable for a Federal Pell Grant overpayment if the overpayment occurred because the institution failed to follow the procedures set forth in the part or 34 CFR Part 668. The institution must restore an amount equal to the overpayment to its Federal Pell Grant account.

Area of Noncompliance:

The review of student records revealed the following:

Student 13: This student was paid \$1,041 for winter semester based on three quarter time status. She should have received \$694 for less than half time status. She was over paid \$347. The student withdrew fall semester on 10/28/11 and was paid \$520 on 11/4/11. The same class was listed twice for this semester and she was a less than half time student. She was ineligible for this payment because she was on longer enrolled. Also, there was no 11/12 ISIR in the file. FNU must return \$867 to the Department on behalf of this student.

Student 15: This student was less than half- time for the winter semester and was paid Pell Grant funds of \$2,082 based on a three quarter-time status. He should have received \$363. He was three-quarter for the time summer semester and received \$3,122. He should have received

\$2,082. He withdrew 8/23/11 and the fall semester started 8/29/11. He was not enrolled when the Pell Grant of \$1,040 was paid 10/11/11, for fall semester.

FNU must return \$1,719 for winter semester, \$1,040 for summer semester and \$1,040 for fall semester. The total amount is \$3,799 that must be returned to the Department for this student.

Student 21: The student was less than half-time for Summer-B, Fall-A, Fall-B, and Winter-A terms. He should have been paid on a less than half-time payment schedule of \$1,388. He was paid \$5,203, based on COD and NSLDS records. Only \$4,164 was credited to his account, based on his account ledger. There appears to be an overpayment of \$3,815.

FNU must return \$3,815 to the Department on behalf of this student.

Student 30: The student was retroactively paid Pell Grant funds on 2/21/12 for fall semester 2011, which ended on 12/15/11. She was also paid on 7/13/12 for winter semester which ended 4/19/12. The student was paid based on a full time payment schedule for 12 hours for both fall and winter semesters. The student had dropped to half-time status for fall and winter semesters when she was paid. The payment for both semesters should have been \$2,500 for a half-time student status instead of \$5,000 for a full time student. She was paid retroactively for both semesters and the school could only make retroactive payments for completed hours.

FNU must return \$2,500 to the Department on behalf of this student.

Required Action:

The institution must repay to the Department the amounts indicated above on behalf of students 13, 15, 21, and 30.

In addition to the above students, the institution must recalculate Federal Pell Grant awards for all students for the 2010/2011 and 2011/2012 award year(s) to determine the extent of any further overawards which occurred due to the institution's improper calculations. A report detailing the results of the institution's review must be submitted in the following format via diskette and/or can be submitted electronically.

1. Student's Name and Social Security Number
2. Award Year
3. Federal Pell Grant Disbursed
4. Recalculated Federal Pell Grant
5. Overaward

If FNU submits the data electronically, the institution must place the files in a password protected WINZIP archive. This will compress the data in addition to providing password protection. The institution must telephone Lynette Davis with the password at (404) 974-9289.

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If the documentation is mailed, the institution must only submit the last 4 numbers of the student's social security number.

Further, the institution must develop and submit with its response, procedures which will ensure that, in the future, the Federal Pell Grant funds will accurately calculated and consistently applied to all students.

The Institution must engage an independent Public Accountant (IPA) to test the file review completed by the Institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Lynette Davis within 30 days of the institution's receipt of the Program Review Report. Ms. Davis will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the file review(s) completed by Institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with Institution's response to this Program Review Report.

Repayment instructions for any determined liability will be provided in the Final Program Review Determination letter.

FINDING 5: UNTIMELY FFEL LOAN EXIT COUNSELING

Citation:

Pursuant to 34 C.F.R. § 682.604(g), Federal Family Education Loan (FFEL) program regulations and 34 C.F.R. § 685.304, Direct Loan (DL) program regulations, the institution must conduct an in-person exit interview or by audiovisual presentation, or by interactive electronic means with each Direct Loan and FFEL Loan borrower shortly before the student ceases enrollment on at least a half-time basis in order to emphasize the obligation and consequences of default. General information such as repayment options, consolidation, and debt management strategies must also be provided to the borrower. If the borrower withdraws/graduates without the institution's prior knowledge and did not attend an exit interview, the institution must ensure exit counseling is provided through either interactive electronic means or by mailing written exit counseling materials to the borrower within 30 days after learning the borrower has withdrawn/graduated.

Area of Noncompliance:

For students 28, the institution did not have proper documentation to support exit loan counseling provided within 30 day after the borrower withdrew.

Required Action:

The institution must develop procedures to provide exit counseling to students in a timely manner. Please provide a copy of those procedures with the response to this report. The institution must also provide its assurances that exit loan counseling will be performed in a timely manner for all Loan borrowers.

FINDING 6: COMMON ORIGINATION AND DISBURSEMENT (COD) REPORTING DISCREPANCIES

Citation:

34 C.F.R. § 690.83 requires institutions to submit a student's payment data (including disbursement dates) to the Secretary by the reporting deadlines published in the Federal Register. Institutions are required to submit FDL and Pell Grant disbursement records to COD no later than 30 days after making a disbursement or becoming aware of the need to adjust a student's previously reported disbursement (COD Technical Reference, 2008-2009, Volume II). The disbursement date is the date that the institution:

- a. Credits funds to a student's account, or;
- b. Pays funds to a student directly.

Refer to the COD Technical Reference, 2008-2009 and the June 9, 2008 Federal Register for the most recent reporting deadlines and requirements.

Area of Noncompliance:

Disbursement dates reported to COD were not always accurate. The following chart is an example that illustrates the difference between dates that Title IV funds were disbursed to the students' accounts versus the disbursement dates reported to COD:

<u>Student #</u>	<u>Ledger Date</u>	<u>COD Date</u>	<u>Program</u>	<u>Amount</u>
10	12/21/10	11/16/10	Pell	1,742
16	03/28/12	03/18/12	DL	\$25
18	10/21/11	10/17/11	Pell	\$694
20	10/20/11	10/12/11	Pell	\$2,450
23	01/20/12	01/13/12	DL	\$1,742

Required Action:

FNU must review its reporting procedures to determine why disbursement dates are accurate for some students and not others. You must correct your procedures so that disbursement dates reported to COD are the dates that FDL and/or Pell funds are credited to the student's account or paid to the student directly. Please note that interest costs incurred by students begin to accrue on the date the loan is disbursed.

Please provide the updated procedures in response to this report. A review of the response will determine if any further action is required.

FINDING 7: INELIGIBLE FEDERAL WORKSTUDY (FWS) EXPENDITURES

Citation:

34 C.F.R. § 675.26(b)(1) states an institution may not include fringe benefits such as paid sick days, paid vacation, paid holidays, an employer's share of social security, worker's compensation, retirement, or any other welfare or insurance program that the employer must pay on the account of the student employee when determining the FWS federal share. These restrictions on the federal share apply even when the Department authorizes a federal share of 100% of FWS wages.

Area of Noncompliance:

The review of FWS files for students 31 and 32 revealed that the institution is withholding fringe benefits of Medicare and Social Security tax from the student's FWS earnings.

In response to this report, FNU must review the payroll records of each FWS student for the 2009-2012 award years and determine the amount of Medicare and Social Security deductions for each FWS student. FNU must attempt to reimburse each student for the Medicare and Social Security withholdings during the 2009-2012 award years.

If FNU is unable to locate all affected students for this finding, the amounts of Medicare and Social Security deductions must be returned to the Department.

FNU must provide to the Department in an Excel spreadsheet format the following information:

1. Student Name
2. Student social security number
3. Total amount of Medicare and Social Security deductions (by award year)
4. Medicare and Social Security withholding reimbursed to each student (by award year)
5. Total amount of Medicare and Social Security deductions Not Returned to Students (by award year)

The institution must encrypt the data file(s) using 256-bit AES encryption. The pass phrase for the encrypted file must be at least 12 characters in length, and must use three (3) of the following: uppercase alpha, lowercase alpha, numbers, or special characters (?, !, %, etc.). The institution must telephone Lynette Davis at 404-974-9289 with the pass phrase.

The Institution must engage an independent Public Accountant (IPA) to test the file review completed by the Institution. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Lynette Davis within 30 days of the institution's receipt of the Program Review Report. Ms. Davis will review the procedures, indicate if any changes are needed, and approve the procedures.

The IPA must apply the Agreed upon Procedures to test the file review(s) completed by Institution, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the Program Review Report. The IPA must prepare the report in accordance with AICPA Attestations Standards. The IPA's report must be submitted with Institution's response to this Program Review Report.

Repayment instructions for any determined liability will be provided in the Final Program Review Determination letter.

FINDING 8: TITLE IV CAMPUS-BASED EXPENDITURES NOT DOCUMENTED

Citation:

34 C.F.R. § 675.18(b)(2) and §676.18 states, An institution may carry forward and expend in the next award year up to 10 percent of the sum of its initial and supplemental FWS and SEOG allocations for the current award year. Before an institution may spend its current year FWS allocation, it shall spend any funds carried forward from the previous year.

An institution may carry back and expend in the previous award year up to 10 percent of the sum of its initial and supplemental FWS and SEOG allocations for the current award year. The institution's official allocation letter represents the Secretary's approval to carry back funds from the previous year.

Area of Noncompliance:

FNU failed to properly document its SEOG carry forward funds. Specifically, the institution carried forward \$1,129 from the 2009/2010 award year to be spent in the 2010-2011 award year and \$343 from 2010-2011 award year to be spent in the 2011-2012 but did not account for those funds in its general ledger.

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Also, FNU failed to properly document its FWS carry forward funds. Specifically, the institution carried forward \$3,065 from the 2010/2011 award year to be spent in the 2011-2012 award year and \$3,818 from 2010-2011 award year carried back to be spent in the 2009-2010 but did not account for those funds in its general ledger.

Required Action:

All SEOG and FWS program transactions must be reflected on financial records, which the institution shall establish and maintain on a current basis. The general ledger control accounts and related subsidiary accounts shall identify each program transaction; these transactions must be kept separate from all other institutional financial activity.

In response to this finding, the institution must properly document its SEOG and FWS carry forward and carry back expenditures and submit copies of the general and subsidiary ledgers on which it is documented.

Additionally, FNU must provide written procedures on how it intends to properly account for SEOG and FWS carry forward and carry back funds and how it will process carry forward and carry back funds before current year funding expenditures.

The institution will be liable for all SEOG and FWS funds for which it cannot account.

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

FINDING 9: CONFLICTING INFORMATION

Citation:

Pursuant to 34 C.F.R. § 668.56, an institution is responsible for validating the information that is used to calculate an applicant's Expected Family Contribution (EFC) as part of the determination of need for student financial assistance. Information is verified by securing additional documentation or, in some cases, a signed statement attesting to the accuracy of the information provided.

Area of Noncompliance:

Student 6: This student indicated on her 2010/2011 Institutional Student Information Record (ISIR) for marital status that she was divorced or widowed. For the question, (Are You Married?) she answered (Yes). If the answer was yes, then the husband's income should have been listed on the ISIR.

Student 21: For this student, a (C) code was listed on the 2011/2012 ISIR for unresolved non-citizenship, which was resolved. However, there were three listed for household sized but no income listed.

Required Action:

The institution must resolve the conflicting discrepancies above. If the student's EFC, scheduled award and expected disbursement change as a result of recalculation, FNU must provide the results with the response to this report.

If there is a change to the student's EFC, the institution will be liable for any over award disbursed for the 2010-2011 and 2011-2012 award years.

Further, the institution must develop and submit with its response, policies and procedures which will ensure that, in the future verification will be completed and consistently applied to all students.

Payment instructions if any will be provided in the Program Review Final Determination letter.

FINDING 10: LATE RETURN OF TITLE IV FUNDS

Citation:

Pursuant to 34 C.F.R. § 668.22, General Provisions, regulations schools are required and must return the unearned amount of Title IV funds for which it is responsible as soon as possible, but not later than 45 days after the date of the institution's determination that the student withdrew.

Area of Noncompliance:

Title IV funds were returned late to the Federal account for student 6. The last date of attendance was 9/12/2011 and the refund was not made until 1/10/2011.

Required Action:

The institution must provide assurances that all Title IV funds will be returned timely. In response to this finding, the institution must provide policies and procedures to address this finding.

FINDING 11: IMPROPER LEAVE OF ABSENCES (LOA)

Citations:

Pursuant to 34 C.F.R. § 682.22, prior to granting an LOA, the following must be in place:

- The school's formal written policy regarding leaves of absence require that all requests for LOA be submitted in writing and include the reason for the student's request
- The student is required to follow the school's policy in requesting the LOA

The school determines that there is a reasonable expectation that the student will return from the LOA

- The school only approves the student's request for an LOA in accordance with the school's policy
- The school does not assess the student any additional institutional charges, the student's need may not increase, and the student is not eligible for any additional Federal Student Aid
- The LOA together with any additional leaves of absence must not exceed a total of 180 days in any 12-month period
- Except in a clock-hour or non-term credit-hour program, a student returning from an LOA is required to resume training at the same point in the academic program that he or she began the LOA
- If the student is a Title IV loan recipient, the school provides an explanation to the student, prior to granting the LOA, the effects that the student's failure to return from an LOA may have on the student's loan repayment terms, including the expiration of the student's grace period

Area of Noncompliance:

The institution did not follow its LOA policy when granting LOAs. The policy indicates that a LOA shall be for legitimate reasons (extended sickness, etc.).

For student 10, the student had a form in her file that indicated her LOA was about to expire on 6/27/11 and 8/29/11 respectively. There was no form in the file requesting a LOA. There were no Title IV funds disbursed during summer semester 2011. For the 2011/2012 award year Pell Grant funds of \$5,550 was disbursed, Direct Subsidized Loan funds of \$5,250 and Direct Unsubsidized Loan funds of \$6,000 were disbursed to the student. There was no start date for the LOA.

Required Action:

FNU must provide a date for the start of the LOA for student 10 and the circumstances for the LOA. In response to this report the institution must provide assurances that LOA s will only be granted based on their policy for legitimate reasons.

In response to this finding, the institution must update its policies and procedures regarding LOAs and provide a copy to this office.

FINDING 12: IMPROPER DISBURSEMENTS

Citation:

Pursuant to 34 C.F.R. § 668.164(b), Except for FWS wages, FSA disbursements are made on a payment period basis. FSA funds must be provided to students in a timely manner to best assist them in paying their educational expenses.

Area of Noncompliance:

FNU has a Financial Aid Topic form that states, "Books for the first semester will be paid by the student. FA approvals will be given to the student during the start of second semester."

Required Action:

The institution must make available funds to purchase books for the first semester.

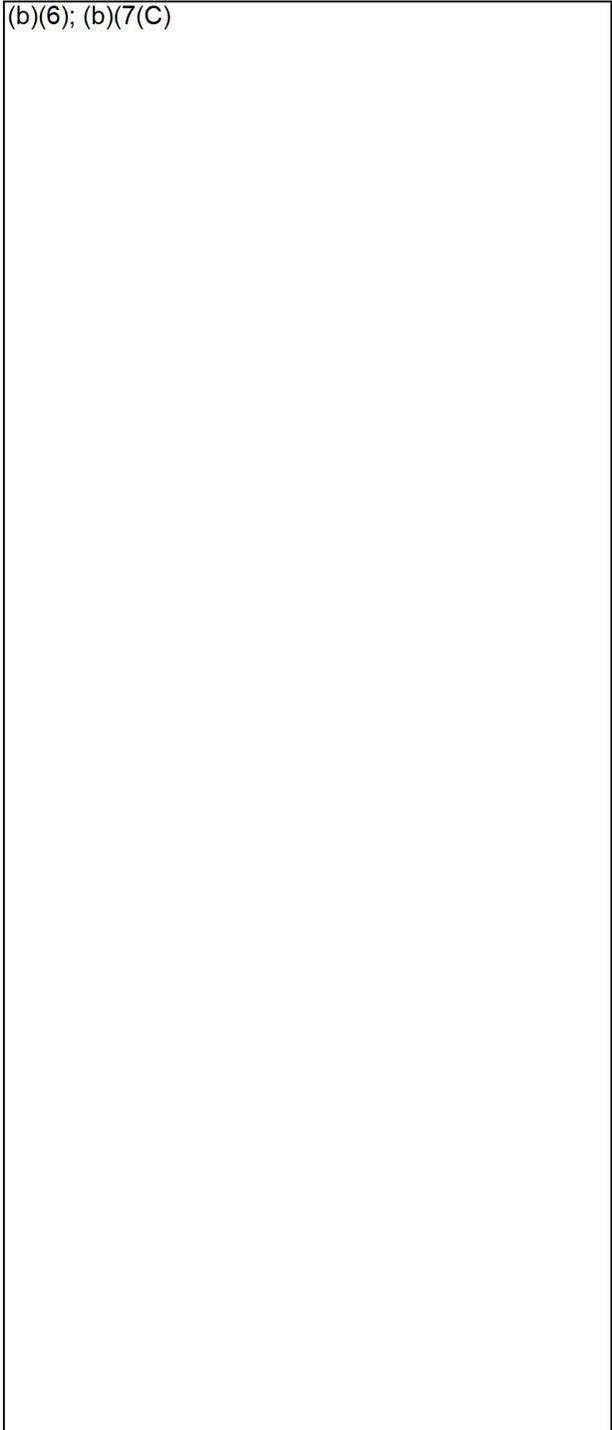
This statement needs to be revised to indicate FA funds will be available to buy books first semester or the statement must be deleted.

A copy of the revised form must be submitted with the response to this report.

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Statistical Sample**

2010/2011

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



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 and are encrypted with AES encryption.

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.

Checklist - FPRD Review

(b)(7)(E)