

DC



November 29, 2013

Mr. Duncan M. Anderson
CEO
Educational Affiliates
Fortis College
5026 D Campbell Boulevard
Baltimore, MD 21236-5974

Certified Mail Return Receipt Requested
Domestic Return Receipt
7012 1640 0000 0567 9099

RE: **Expedited Final Program Review Determination Letter**
OPE ID: **02190700**
PRCN: **2013-305-28281**

Dear Mr. Anderson:

From May 6, 2013 through May 10, 2013, Herschel D. Wallace III and Mark Diestler conducted a review of Fortis College's (Fortis) 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 purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was to determine Fortis' 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 Fortis' policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2011-2012 and 2012-2013 (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. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Fortis' specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Fortis of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

The Chicago/Denver School Participation Division has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Program Findings and Final Program Review Determinations:

Finding No. 1: Student Credit Balance Deficiencies

Citation: 34 C.F.R. § 668.164(e)(1) states that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred

Federal Student Aid

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Chicago/Denver School Participation Division

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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.

Noncompliance: Student #12 signed a statement that stated that Fortis was not authorized to use any credit balance for payment of subsequent tuition and fees charges for future terms. The reviewers observed that Fortis retained the student's Federal Pell Grant credit balance of \$462.00 for the 2011-2012 award year summer term to be used for expenses for the 2012-2013 Fall term.

Institutional Action Taken to Resolve Noncompliance: Fortis identified that an error had occurred in this student's disbursement record in the 2012-2013 Fall term and disbursed the credit balance for \$462.00 to the student on 11/20/2012.

Final Program Review Determination: Fortis is directed to comply with its cash management policy as stated for all students. Because the amount of additional expense resulting from the late disbursement of the credit balance for Student #12 is minimal, the Department will not require reimbursement at this time. However, Fortis must ensure that it will comply with its cash management policy for student credit balances so this finding does not recur. If this finding appears in a future audit or program review, this finding can be reinstated, and the subsequent liability can be assessed in future audits or program reviews.

Finding No. 2: Federal Pell Grant Expenditures Differ From Program Authorization Level

Citation: 34 C.F.R. § 668.14(b)(4) requires institutions to establish and maintain, on a current basis, financial records which reflect all program transactions. Accepted accounting procedures dictate that those transactions be reconciled. Therefore, the institution must reconcile its financial aid records to its general ledgers on a timely basis. In addition, the institution must develop policies and procedures to accomplish the foregoing on at least a monthly basis.

Noncompliance: The Reviewers noted that Fortis did not have the Federal Pell Grant Expenditures reconciled for the 2011-12 award year as evidenced by an outstanding amount of \$9,300.00 not accounted for.

Institutional Action Taken to Resolve Noncompliance: Fortis reviewed its Federal Pell Grant expenditure records and made the necessary adjustments to reconcile expenditures so that disbursement records balance with the amount of funds approved for drawdowns.

Final Program Review Determination: A review of the funding record for the 2011-2012 award year for Fortis for the Federal Pell Grant Program confirmed that, as of 05/28/2013, the Federal Pell Grant Program expenditures are reconciled. Therefore, this finding is considered resolved and no additional action is required.

Record Retention:

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this report, please call Herschel D. Wallace III at (312) 730-1537.

Sincerely,

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

Douglas A. Parrott
Division Director

cc: Dr. Richard S. Rucker, President
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