



August 21, 2013

Ms. Linda Smith  
President  
Four-D College  
1020 Washington Street  
Colton, CA 92324-4218

Certified Mail  
Return Receipt Requested  
#: 70070710000106747023

RE: **Final Program Review Determination**  
OPE ID: 03162300  
PRCN: 201040927289

Dear Ms. Smith:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report on November 15, 2011 covering Four-D College (Four-D)'s administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2009-2010 and 2010-2011 award years. Four-D's final response was received on December 21, 2011. A copy of the program review report (and related attachments) and Four-D's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Four-D upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of the program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are \$2,394.48. This final program review determination contains detailed information about the liability determination for all findings.

**Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the November 15, 2011 program review report. If Four-D 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 Four-D receives

**Federal Student Aid**

An OFFICE of the U.S. DEPARTMENT of EDUCATION

50 Beale Street, Suite 9800, San Francisco, CA 94105-1863

WWW.StudentAid.gov

this FPRD. An original and four copies of the information Four-D 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

Four-D'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 Four-D'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 Rick Allen at 415-486-5601. 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)

Martina Fernandez-Rosario  
Division Director  
San Francisco/Seattle School Participation Division

Enclosures:

Protection of Personally Identifiable Information  
Final Program Review Determination

cc: Taula Jackson, Financial Aid Administrator  
California Bureau for Private Postsecondary Education  
Accrediting Bureau of Health Education Schools

## PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for  
Four D College

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OPE ID: 03162300  
PRCN: 201040927289

Prepared by:  
U.S. Department of Education  
Federal Student Aid  
San Francisco/Seattle School Participation Division

**Final Program Review Determination**  
**August 21, 2013**

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**A. Institutional Information**

Four-D College  
1020 Washington Street  
Colton, CA 92324-4218

Type: Proprietary

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Accrediting Bureau of Health Education Schools

Current Student Enrollment: Approximately 670 (2009-2010)

% of Students Receiving Title IV, HEA funds: Colton Campus 91.3% (2009-2010)  
Victorville Campus 99.0% (2009-2010)

Title IV, HEA Program Participation- Postsecondary Education Participants System:

	<u>2009-2010</u>
Federal Pell Grant Program (PELL)	\$4,232,746
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$ 191,352
Federal Workstudy Program (FWS)	\$ 111,003
Federal Family Education Loan Program (FFELP) Stafford Subsidized (SUB)	\$2,745,185
Stafford Unsubsidized (UNSUB)	\$4,042,809
Stafford PLUS (PLUS)	\$ 241,475

Default Rate FFEL/DL:	2009	23.9%
	2008	20.8%
	2007	12.3%
	2006	10.8%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Four-D College (Four-D) from August 30, 2010 to September 3, 2010. The review was conducted by Gayle Palumbo, Rick Allen, and Nancy Taylor.

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

A sample of 30 files was identified for review from the 2008-2009 and 2009-2010 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, 4 FWS files were selected in order to review Four-D's administration of FWS program funds. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on November 15, 2011.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Four-D'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 Four-D 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 ## 1-4 and 6-10

Four-D has taken the corrective actions necessary to resolve findings 1-4 and 6-10 of the program review report. Therefore, these findings may be considered closed. See Appendix D to view the responses of the institution. One finding requiring further action by Four-D is discussed below.

### **Finding with Final Determination**

The program review report finding requiring further action is summarized below. At the conclusion of the finding is a summary of Four-D's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on November 15, 2011 is attached as Appendix C.

#### **Finding 5. Information in Student Files Inconsistent**

***Citation:** The Secretary considers an institution to have administrative capability if the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. [34 C.F.R. § 668.16(f)]*

***Noncompliance:** In the file of student #4, it is unclear if the student was single or married based on the information in the student file. On the Institutional Admissions Application and on the Institutional Student Information Record (ISIR), the student listed herself as single; however, on the Institutional Reference sheet she lists the name and address of a spouse. If the student is married, the husband would be included in the household and his income would be listed in the family's Adjusted Gross Income on the Free Application for Federal Student Aid (FAFSA).*

***Required Action:** Four D was required to resolve the above discrepant information for student #4 and respond, to this report, with a description of the resolution. In addition, Four D was required to develop and implement policies and procedures that require the resolution of discrepant information prior to disbursement of Title IV funds. The policies and procedures were required to be submitted in response to this report.*

**Four-D's Response:** The inconsistencies resulted from a misunderstanding on the part of the student. Four-D noted that additional procedures were added to the institution's process to ensure discrepant information is questioned and resolved.

**Final Determination:** Although Four-D noted that there was a misunderstanding on the part of the student in terms of answering questions on the forms noted above, it appears the student, in fact, answered the question on her ISIR incorrectly. This was determined not only by reviewing the institution's response to the report but in a follow-up discussion with the Financial Aid Administrator at the school. As a result of the school's failure to resolve the discrepancy information prior to disbursement, Four-D must repay, to the Department, \$2,394.48, the amount of Pell Grant received by student #4, plus interest on this amount of \$29.48. The interest, or "cost of funds," calculation is shown

in Appendix B of this report. Payment instructions are included in Section D of the report.

#### **D. Payment Instructions**

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

Four-D owes to the Department **\$2,394.48**. 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 and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).**

The following identification data must be provided with the payment:

Amount: \$2,394.48  
DUNS: 799891791  
TIN: 954486766  
Program Review Control Number: 2010409277289

#### **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. Four-D 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 Four-D's account representative.

If full payment cannot be made within **45** days of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written requests 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, Four-D 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 Four-D from the federal government. **Four-D may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, Four-D 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.

## II. Instructions by Title IV, HEA Program

### Pell – Closed Award Year

Finding: 5

Four-D must repay:

<b>Pell Closed Award Year</b>			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$2,365.00	\$29.48	PELL	2009-2010

The disbursement record for the student identified in this finding must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount of the student's Pell Grant award.

**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 principle 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 Rick Allen within 45 days of the date of this letter.**

#### **E. Appendices**

Appendix A, Student Sample, contains personally identifiable information and will be emailed to Four-D as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.

Appendices B-D are attached to this report.

**Appendix A: Student Sample**

Student Number

Student Name

SSN

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

**Appendix B: Cost of Funds**

**Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance**

Name of Institution: Four-D College

No.	Description/Name	Ineligible Disbursement	Program	Disbursement Date	Return Paid Date	No. of Days	Imputed CVFR	Federal Share	To ED	To Inst Accounts
5	Student #4	\$2,365.00	Pell Grant	8/17/2010	11/15/2011	455	1.00%	2,365.00	29.48	-

Total Ineligible \$2,365.00

Totals ACA Liability	29.48	-
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**Interest Breakdown**

Pell Grants	29.48	
ACG		
SMART		
TEACH		
FWS		
FSEOG		
Perkins		

	Total	Federal Share
Pell	\$ 2,365.00	\$ 2,365.00

## Appendix C

### Program Review Report



November 15, 2011

Mrs. Linda Smith, Owner/President  
Four D College  
1020 Washington Street  
Colton, CA 92324-4218

Certified Mail  
Return Receipt Requested  
#7005 1160 0005 1630 1136

RE: Program Review Report  
OPE ID: 03162300  
PRCN: 201040927289

Dear Mrs. Smith:

From August 30, 2010 through September 3, 2010, Rick Allen and Nancy Taylor conducted a review of Four D College (Four D)'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 Four D. The response should include a brief, written narrative for each finding that clearly states Four D's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Four D 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 report<sup>1</sup> and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
  - a. A written statement addressing the institution's response;
  - b. A written statement of the basis for such report or determination; and
  - c. A copy of the institution's response.

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

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

U.S. Department of Education, Federal Student Aid, School Participation Team - San Francisco/Seattle  
50 Beale Street, Suite 9800, San Francisco, CA 94105-1863  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

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Four D College  
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response will not be attached to the FPRD. However, it will be retained and available for inspection by Four D 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 Rick Allen of this office within 30 calendar days of receipt of this letter.

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

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

**Record Retention:**

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

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 Rick Allen at (415) 486-5601 or rick.allen@ed.gov.

Sincerely,

(b)(6)

  
Gayle Palumbo  
Team Leader

cc: Ms. Taula Jackson, Financial Aid Director

Enclosures: Protection of Personally Identifiable Information  
Program Review Report

Four D College  
OPE ID: 03162300  
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#### PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

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Four-D College  
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START HERE  
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Prepared for  
**Four D College**

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OPE ID: 03162300  
PRCN: 201040927289

Prepared by  
U.S. Department of Education  
Federal Student Aid  
School Participation Team – San Francisco/Seattle

## Program Review Report November 15, 2011

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**A. Institutional Information**

Four D College  
 1020 E. Washington Street  
 Colton, CA 92324-4218

Type: Proprietary

Highest Level of Offering: Non-Degree 2 Years

Accrediting Agency: Accrediting Bureau of Health Education Schools

Current Student Enrollment: approximately 670 (2009-2010)

% of Students Receiving Title IV: Colton Campus: 91.3% (2009-2010)  
 Victorville Campus: 99.0% (2009-2010)

**Title IV Participation-Postsecondary Education Participants System:**

	<u>2009-2010</u>	<u>2008-2009</u>
Federal Pell Grant Program	\$4,232,746	\$2,807,066
Federal Supplemental Educational Opportunity Grant Program	\$ 191,352	\$ 119,456
Federal Workstudy Program	\$ 111,003	\$ 176,629
Federal Family Education Loan Program (FFELP)		
Stafford Subsidized	\$2,745,185	\$2,716,916
Stafford Unsubsidized	\$4,042,809	\$3,823,292
PLUS	\$ 241,475	\$ 302,110

Default Rate FFEL:	2009	23.9%
	2008	20.8%
	2007	12.3%
	2006	10.8%

Four D College  
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**B. Scope of Review**

The U.S. Department of Education (Department) conducted a program review at Four D College from August 30, 2010 to September 3, 2010. The review was conducted by Rick Allen and Nancy Taylor.

The focus of the review was to address a number of findings from Four D College's annual compliance audits. The review consisted of an examination of Four D's data and records.

A sample of 34 files was identified for review from the 2008-2009 and 2009-2010 award years. The files were selected from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names 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 Four D'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 Four D 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 (FPRD) 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 Four D to bring operations of the financial aid programs into compliance with the statutes and regulations.

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**Finding 1. Limiting Access to Federal Family Education Loans**

**Citation:** In order to receive Title IV funds, a student must have "financial need" See 20 U.S.C. § 1087kk. To determine a student's financial need, an institution must consider a student's cost of attendance, minus the expected family contribution for the student, minus the estimated financial assistance received from sources other than Title IV (as defined at § 480(i) of the HEA, 20 U.S.C. § 1098vv(i)). Section 471 of the HEA defines costs of attendance for students enrolled at least half-time as: (1) tuition and fees normally assessed students carrying the same academic workload, (2) an allowance for books, supplies, transportation, and miscellaneous personal expenses, including a reasonable allowance for the documented rental or purchase of a personal computer, for a student attending the institution on at least a half-time basis, (3) an allowance (as determined by the institution) for room and board costs incurred by the student which (A) must be an allowance determined by the institution for a student without dependents residing at home with parents; (B) for students without dependents residing in institutionally owned or operated housing must be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and (C) for all other students, must be an allowance based on the expenses reasonably incurred by such students for room and board. See 20 U.S.C. § 1087ll.

34 C.F.R. § 682.603(f)(2) and 685.301(a)(8) provides that a school may refuse to originate a FFEL or a Federal Direct Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing and if the determination is made on a case-by-case basis; the documentation supporting the determination is retained in the student's file; and the school does not engage in any pattern or practice that results in a denial of a borrower's access to Federal Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income. See also 20 U.S.C. § 1087tt(c).

**Noncompliance:** Instead of certifying student loans for the maximum amount for which students were eligible, Four D limited the amounts of loans to the direct costs of tuition and fees. If a student requested more in an Unsubsidized loan than the amount needed to cover direct institutional costs, Four D required a separate application process, whereby students were required to submit receipts of living expense items, to "justify" the additional loan amounts.

For student # 3, Four D processed an Unsubsidized loan for the amount of tuition and fees (\$3,809) instead of for the full amount for which the student was eligible (\$6,000). There was no documentation in the student file that the student had requested less than the maximum amount of Unsubsidized loan or that the student was fully informed of the maximum amount so an informed decision would be made.

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Four D processed a \$5,880 Unsubsidized loan for student #6 instead of for the amount for which the student was eligible (\$6,000). There was no documentation in the student file that the student had requested less than the maximum amount of Unsubsidized loan or that the student was fully informed of the maximum amount so an informed decision would be made.

Student #11 was eligible for a \$6,000 Unsubsidized loan; however Four D processed the Unsubsidized loan for \$4,137. There was no documentation in the student file that the student had requested less than the maximum amount of Unsubsidized loan or that the student was fully informed of the maximum amount so an informed decision would be made.

Four D certified, for student #19, a \$1,750 Subsidized loan and a \$4,150 Unsubsidized loan. The student was eligible for \$3,500 in a Subsidized loan and \$6,000 in an Unsubsidized loan. Therefore, Four D should have awarded an additional \$1,750 in a Subsidized loan and an additional \$1,850 in an Unsubsidized loan. There was no documentation in the student file that the student had requested less than the maximum amount of Subsidized and Unsubsidized loans or that the student was fully informed of the maximum amount so an informed decision would be made.

**Required Action:** Four D may not require that a student take additional steps to apply for loans to which the student is entitled by virtue of his/her cost of attendance, estimated family contribution, and estimated financial assistance (i.e. the student's remaining financial need). If the student is eligible for the additional amounts and the student requests it, then Four D must certify an application for that amount, unless an exception is made on a case-by-case basis, and with sufficient documentation as noted in the regulations above. Four D must establish policies and procedures that ensure students are aware of the maximum amount of loans for which they may apply and that financial aid staff certify loans for the amount to which a student is entitled unless there is documentation that a student prefers to borrow less than the maximum amount. A copy of the revised policies and procedures must be submitted to the Department with its response to this report.

#### **Finding 2. Return to Title IV (R2T4) Calculation Errors**

**Citation:** Title IV regulations require that institutions determine the amount of Title IV aid earned by a student as of the date of a student's withdrawal. If the total amount of Title IV aid disbursed or could have been disbursed exceeds the amount of Title IV aid earned under the regulatory formula, the institution must return such excess to the federal Title IV programs. Institutions that are required to take attendance must use the last documented date of attendance as the withdrawal date and must document that date.

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The amount of Title IV aid earned is:

- Equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date, if this date occurs on or before completion of 60 percent of the:
  - Payment period or period of enrollment for a program that is measured in credit hours;
  - Clock hours scheduled to be completed for the payment period or period of enrollment for a program that is measured in clock hours;
- 100% if the student's withdrawal date occurs after completion of 60% of the
  - Payment period or period of enrollment for a program that is measured in credit hours; or
  - Clock hours scheduled to be completed for the payment period or period of enrollment for a program measured in clock hours.

The unearned amount of Title IV aid to be returned is calculated by subtracting the amount of Title IV aid earned by the student as calculated above, from the amount of Title IV aid that was disbursed or could have been disbursed to the student as of the date withdrawal.

[34 C.F.R. § 668.22(e)(4)]

For purposes of the calculation, the percentage of the payment period or period of enrollment completed is determined:

- In the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date; and
- In the case of a program measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours completed in the period or scheduled to be completed if the clock hours completed are less than 60% of the hours scheduled to be completed as of the student's withdrawal date.

The total number of calendar days in a payment period or period of enrollment includes all days within the period, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period. [34 C.F.R. § 668.22(f)]

**Noncompliance:** Two sampled files contained incorrect R2T4 calculations. For student #7, Four D returned \$4,945.55 when it only needed to return \$2,710.16. Four D returned \$1,650.32 to the lender of the Unsubsidized loan, \$1,715.00 to the lender of the Subsidized loan, and \$1,580.23 to the Federal Pell Grant Program. They were only required to return \$1,650.32 to the Unsubsidized loan and \$1,059.84 to the Subsidized loan. It is unclear as to why Four D returned the amounts that they did since the amounts did not match the R2T4 form that was filled out.

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For student #16, the last date of attendance (LDA) was listed as May 13, 2010 in the R2T4 calculation when it was actually May 19, 2010 causing the calculation to be inaccurate. Using the correct LDA of May 19, 2010, the student earned 36.2% of the aid, instead of the 30.5% Four D listed. Using the correct figure, the return to funds would be \$461.46 instead of the \$841.49 that Four D returned to the Federal Pell Grant Program. Four D returned \$380.03 too much.

**Required Action:** The regulations are specific in how R2T4 refunds are calculated and repaid, if necessary. Four D must review the regulations to ensure its staff is calculating the R2T4 amounts correctly, and that refunds, if any, are paid timely and in the correct amounts.

#### **Finding 3. Return to Title IV Funds Made Late**

**Citation:** 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:** Four D had a date of determination of withdrawal for student #7 of 2/13/09, but did not return the funds until 4/14/09. This was 15 days beyond the required 45 day time frame.

**Required Action:** Four D must review the Title IV regulations and ensure that its staff is following the correct timeframe for returning R2T4 funds. Procedures for complying with the regulations must be developed and submitted in response to this report.

#### **Finding 4. Student Credit Balance Deficiencies**

**Citation:** Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period [34 C.F.R. § 668.164(e)] unless the institution obtains written authorization from a student or parent, as applicable. If a written authorization is obtained, then the institution may hold, on behalf of the student or parent, any Title IV, HEA program funds that would otherwise be paid directly to the student or parent, except if prohibited by the Secretary under the reimbursement or cash monitoring payment method. Under this provision, the institution may issue a stored-value card or other similar device that

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allows the student or parent to access those funds at his or her discretion to pay for educationally related expenses. An institution may not require or coerce the student or parent to provide this authorization; must allow the student or parent to cancel or modify the authorization at any time; and must clearly explain how it will carry out that activity, except if prohibited by the Secretary under the reimbursement or cash monitoring payment method. [34 C.F.R. § 668.165(b)]

**Noncompliance:** A review of the sample files revealed student #8 was paid the credit balance due to the student in 18 days, student #9 in 44 days, and student #15 in 36 days and there were no authorizations in the student files, from the students and/or parents to hold the funds on account.

**Required Action:** The Four D Financial Aid Office must work with the Business Office to ensure that Title IV, HEA program credit balances are paid within 14 days, unless there is an authorization from the student or parent, if applicable, to hold the funds on account. Policies and procedures on this must be developed or revised and submitted in response to this report.

#### **Finding 5. Information in Student Files Inconsistent**

**Citation:** The Secretary considers an institution to have administrative capability if the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. [34 C.F.R. § 668.16(f)]

**Noncompliance:** In the file of student #4, it is unclear if the student was single or married based on the information in the student file. On the Institutional Admissions Application and on the Institutional Student Information Record (ISIR), the student listed herself as single; however, on the Institutional Reference sheet she lists the name and address of a spouse. If the student is married, the husband would be included in the household and his income would be listed in the family's Adjusted Gross Income on the Free Application for Federal Student Aid (FAFSA).

**Required Action:** Four D must resolve the above discrepant information for student #4 and respond, to this report, with a description of the resolution. If the discrepancy is not resolved, any funds disbursed to this student are a liability due to the Department of Education. In addition, Four D must develop and implement policies and procedures that require the resolution of discrepant information prior to disbursement of Title IV funds. The policies and procedures must be submitted in response to this report.

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**Finding 6. Overaward-Financial Need Exceeded**

**Citation:** A school may not originate a Subsidized, Unsubsidized, or PLUS loan, or a combination of loans, for an amount that exceeds the student's estimated cost of attendance less (A) the student's estimated financial assistance for that period; and (B) in the case of a Subsidized Loan, the borrower's expected family contribution for that period. [34 C.F.R. § 682.603(c)(2)]

In order for a dependent undergraduate student to receive an Unsubsidized Loan amount in addition to the basic amount, the financial aid administrator must determine that the student's parent likely will be precluded from borrowing under the PLUS Program and the student's family is otherwise unable to provide the student's expected family contribution. The financial aid administrator shall base the determination on a review of the family financial information provided by the student and consideration of the student's debt burden and shall document the determination in the school's file. "Exceptional Circumstances" include, but are not limited to, circumstances in which the student's parent receives only public assistance or disability benefits, the parent is incarcerated, the parent has an adverse credit history or the parent's whereabouts are unknown. A parent's refusal to borrow a PLUS Loan does not constitute "exceptional circumstances". [34 C.F.R. § 682.201(a)(3)]

**Noncompliance:** Student #4's Cost of Attendance was \$19,560 and she received \$19,808 in aid, causing her to be overawarded by \$248. Four D reduced the California State Grant by \$248, thus eliminating the overaward. Four D should, however, retain the aid that is most beneficial to the student, in this case the California State Grant. Four D should have reduced the Federal Unsubsidized Loan instead.

Student #12 received a \$3,500 Subsidized loan and a \$6,000 Unsubsidized loan, plus an additional \$2,189 in Subsidized loan. This student is dependent with financial need, so she was eligible for a \$3,500 Subsidized loan and a \$2,000 Unsubsidized loan since there is no documentation in the file that the parent was denied for a PLUS loan. Therefore, this student is overfunded by a \$2,189 Subsidized loan and a \$4,000 Unsubsidized loan.

**Required Action:** When needing to reduce aid, Four D must keep the aid most advantageous to the student, such as grant aid. Additionally, the staff must be trained to determine financial need when they are packaging the student's financial aid so the student is not overfunded. In response to this report, the plan for providing such training must be described. Overpayments received by student #12 are liabilities to be repaid to the Department. Instructions on repaying liabilities will be provided in the FPRD.

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**Finding 7. Crime Awareness Requirements Not Met**

**Citation:** By October 1 of each year an institution must distribute to all enrolled students and current employees its annual security report through appropriate publications and mailings, including (i) direct mailing to each individual through the U.S. Postal Service, campus mail, or electronic mail; (ii) a publication or publications provided directly to each individual; or (iii) posting on an Internet website or an Intranet website. [34 C.F.R. § 668.41(c)] An institution that discloses information to enrolled students as required by posting the information on an Internet website or an Intranet website must include in the notice (i) the exact electronic address at which the information is posted; and (ii) a statement that the institution will provide a paper copy of the information on request. [34 C.F.R. § 668.41(c)(2)] The institution must provide a notice to prospective students and prospective employees that includes a statement of the annual security report's availability, a description of its contents, and an opportunity to request a copy. [C.F.R. § 668.41(e)(4)].

All public property, including thoroughfares, streets, sidewalks, and parking facilities, that is within the campus or immediately adjacent to and accessible from the campus are to be included in the annual security report. [34 C.F.R. § 668.46(a)(2)].

**Noncompliance:** Four D distributes its College Catalog, including the most recent annual security report figures, to all current students and employees each October 1. Four D does not, however, provide the campus security policies and procedures. Furthermore, Four D failed to include adjacent public property in its annual security report. Also, prospective employees and prospective students are not provided with information regarding the availability of the annual security report. It is critical that current students and employees, as well as prospective students and prospective employees have access to this information so that the current students and current employees, as well as prospective employees and prospective students and, if applicable, their parents, can make informed decisions about their school, workplace, and safety concerns.

**Required Action:** Four D must respond to this finding by providing revised policies and procedures for properly disseminating and reporting crimes in its annual security report. The institution must also provide to the Department the most recent, revised crime report in its response to this report. The revised report must contain crime statistics on property adjacent to the institutional campus. A manual put out by the Department of Education on this topic is located at <http://www2.ed.gov/admins/lead/safety/handbook-2.pdf>.

**Finding 8. Failure to Comply with Leave of Absence (LOA) Requirements**

**Citation:** An institution's leave of absence policy is a "formal policy" if the policy (A) is in writing and publicized to students; and (B) requires students to provide a written, signed, and

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dated request, that includes the reason for the request for a leave of absence prior to the leave of absence. [34 C.F.R. § 668.22(d)(3)(iii)(B)]

**Noncompliance:** Student #24 asked for a Leave of Absence and listed the reason as "personal." The student must list the complete reason so Four D can make its statutorily required determination regarding whether the student is likely to return to school.

**Required Action:** Four D must revise its LOA policy to ensure that complete reasons are given for all LOA requests. A copy of the revised policy must be submitted to the Department with the response to this report.

**Finding 9. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored**

**Citation:** A student maintains satisfactory progress in his or her course of study according to the institution's published standards of satisfactory progress that satisfy the provisions of 34 C.F.R. § 668.16(e), and if applicable, the provisions of 34 C.F.R. § 668.34. [34 C.F.R. § 668.32(f)]

An institution, for purposes of determining student eligibility for assistance under a Title IV, HEA program, establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program. The Secretary considers an institution's standards to be reasonable if the standards –

(1) Are the same as or stricter than the institution's standards for a student enrolled in the same educational program who is not receiving assistance under a Title IV, HEA program;

(2) Include the following elements

- (i) A qualitative component which consists of grades, work projects completed, or comparable factors that are measurable against a norm.
- (ii) A quantitative component that consists of a maximum timeframe in which a student must complete his or her educational program. The timeframe must
  - A. For an undergraduate program, be no longer than 150 percent of the published length of the educational program measured in academic years, terms, credit hours attempted, clock hours completed, etc. as appropriate;
  - B. Be divided into increments, not to exceed the lesser of one academic year or one-half the published length of the educational program;
  - C. Include a schedule established by the institution designating the minimum percentage or amount of work that a student must successfully complete at the end of each increment to complete his or her educational program within the maximum timeframe; and

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D. Include specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress;

(3) Provide for consistent application of standards to all students within categories of students, e.g. full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;

(4) Provide for a determination at the end of each increment by the institution as to whether the student has met the qualitative and quantitative components of the standards;

(5) Provide specific procedures under which a student may appeal a determination that the student is not making satisfactory progress; and

(6) Provide specific procedures for a student to re-establish that he or she is maintaining satisfactory progress.

[34 C.F.R. § 668.16(e)]

At a minimum, an institution must review a student's academic progress at the end of each year. [34 C.F.R. § 668.34(e)]

**Noncompliance:** In the files of students ## 2, 13, and 16 it was noted that the students had been placed on academic probation for failing to meet satisfactory progress. The forms stated that their probation would be reviewed on a certain date but there was nothing in the files to confirm that the status was reviewed and changed or left the same.

**Required Action:** Four D must follow through on checking students for satisfactory academic progress. Four D must verify that the 3 students listed *maintained satisfactory progress* and provide an update in response to this report.

**Finding 10. Federal Supplemental Educational Opportunity Grant (FSEOG) Award Selection Procedures Not Written/Followed**

**Citation:** In selecting among eligible students for FSEOG awards in each award year, an institution must select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. [34 C.F.R. § 676.10(a)(1)]

**Noncompliance:** Four D does not have any written policy or procedure for the awarding of FSEOG to students. It was noted during the review of the files that students with an expected family contribution (EFC) higher than zero and who did not receive Federal Pell Grants

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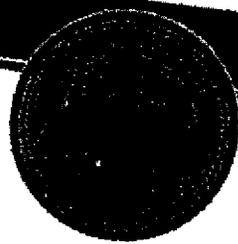
received FSEOG and yet other students with a zero EFC who did receive Federal Pell Grant did not receive FSEOG.

**Required Action:** Four D must develop a FSEOG awarding policy to ensure that students with the lowest EFC who also receive Federal Pell Grants receive FSEOG before students with a higher EFC. Four D must submit a copy of the revised policy to the Department with its response to this report.

## Appendix D

### Four-D's Response to the Program Review Report

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16234 Victor Street, Victorville, CA 92393 • FAX: 760-952-3400 • PH: 760-952-1325  
www.4DCollege.edu

December 20, 2011

*Sent Via Overnight Mail*

Rick Allen  
U.S. Department of Education  
Federal Student Aid  
School participation Team  
50 Beale Street, Suite 9800  
San Francisco, CA 94105-1863

Re: Program Review Report  
OPE ID: 03162300  
PRCN: 201040927289

RECEIVED  
DEC 21 2011  
U.S. DEPARTMENT OF EDUCATION  
WASHINGTON, DC

Dear Mr. Allen:

Please find enclosed our Response and supporting documents to your findings dating from August 30, 2010 through September 3, 2010.

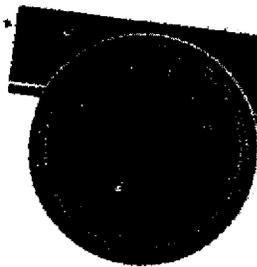
Please contact our office if you should have any questions.

Respectfully,

Michelle Turner  
Executive Assistant to the President

Cc: Martina Fernandez-Rosario

Encl.



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Finding 1

Each student enrolling into Four-D College meets with a Financial Aid Advisor to determine their need analysis. The student is informed of the full amount they are eligible to receive and the amount needed to cover the cost of the program they are enrolling into. Students are not instructed or told they cannot have the full amount they are eligible for. Students are counseled on their obligation to repay the entire loan amount received and they can elect not to receive the full amount.

The institution has never required students to complete a separate application process, whereby the students are required to submit receipts for living expenditures to "justify" the additional loan amounts. It is illegal for the institution to require a student show proof or "justify" that they need additional loans to pay rent, purchase food, etc.

During the 2009-2010 year, the institution maintained a supply of laptop computers that students would request by completing an educational expense form. This was required to ensure that the IT Department maintained an adequate quantity and the IT staff knew the name of the student to whom a laptop was to be issued to. Also, students who sought additional loans submitted this form that indicates they request funds for living expenses. Per Rick Allen's request, the educational expense form was discontinued in September 2010. Although it is clearly understood that students are eligible for monies over and above the cost of the program they are enrolling into, it is prudent to make sure the student is well informed of their obligations on repayment to ensure they make an intelligent decision and not taking funding that is not necessary.

The students do receive and sign an award letter which indicates the amount of Title IV funds requested on the student's behalf. In the future, Four-D College will include a statement of fact indicating the students request for less than the maximum amount allowed and retained in the student file for reference. An example of documents used are included as Finding 2.

Finding 2

The Director of Financial Aid has received the R2T2 refunds for accurate calculations and repayment. "In the case of a program measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of hours completed in the period or scheduled to be completed if the clock hours completed are less than 60% of the hours scheduled to be completed as of the

student's withdrawal date" is the process used and processed in the "Transcript System" (student database). An example of documents used are included as Finding 2.

#### Finding 3

The procedures the Director of Financial Aid uses are as follows. Upon completion of the Change of Status form generated by the registrar, the director of financial aid is immediately notified. The R2T4 is calculated within 72 hours of receipt; refunds are set up in COD and results are reported to the accounting department for ledger updates. NOTE: Refunds are processed in COD by Rick Allen due to the reimbursement process. An example of documents used are included as Finding 3.

#### Finding 4

The accounting department works very closely with the financial aid office to ensure that all credit balances are reviewed as a result of federal funds posting to student accounts. If a credit is recorded, the financial aid staff reviews the ledger and to determine whether the student has requested funds to be returned within 14 days as a result of the completion of the student statement regarding tuition account form. If student has requested a refund, a check is generated and funds are disbursed to the student within 14 days; if the student has elected to keep the funds on their account, there is no further action taken. An example of documents used are included as Finding 4.

### 6. Credit Balances

- a. If, after all funds for an academic year are credited to the student's account, a credit balance occurs, the funds will be disbursed directly to the student within 14 days. The student no longer can sign an acknowledgment to use those funds in the next academic year, especially if the credit balance is derived by Title IV funds.

#### Finding 5

The inconsistencies are a result of students determining that their living status may be deemed as common law marriage. The financial aid form specifically asks questions to gain clarification of marital status to resolve conflicting information. Currently, the reference form used does not give an option to write the relationship of the reference listed. Going forward, the reference sheet will be updated to allow the relationship of references to be indicated. An example of documents used are included as Finding 5.

#### Finding 6

As indicated in the report, student #12 was awarded \$3500 plus \$2189 in the subsidized category and \$6000 in the unsubsidized category. According to NSLDS, the student was awarded \$3500 in the subsidized category and \$6000 in the unsubsidized category, therefore, Four D is required return \$4000 in unsubsidized funding since there is no documentation of the PLUS loan being denied. NSLDS report attached. A copy of the NSLDS report is included as Finding 6. Staff training in this area took place April 29, August 19 and November 18.

#### Finding 7

The security report was always a part of the admission process. Both the Colton Police Department and Victorville Police Departments provide crime reports that include all public property in the immediate and

adjacent areas to both the Colton and Victorville campuses. Per regulation, the crime report is placed in the student information packet and posted in each admission advisors office. In addition, the crime reports are posted in the staff lounge for review. The crime report is also reviewed by HR at the new employee orientation. Crime statistics will also be listed on the Four D internet website for student access and the intranet for staff review. An example of documents used is included as Finding 7.

#### Finding 8

As a student request a LOA, they must complete the request with the specified reasons, rather than stating personal, signature and date. All requests are reviewed by the Program Director and Financial aid office. The student must see the financial aid department to ensure a clear understanding of their financial obligations, including information on repayment, deferment and forbearance. An example of documents used is included as Finding 8.

#### **LOA POLICY**

**POLICY:** All requests for a LOA must be in writing, telephone requests are not accepted. The Program Director must approve all Leaves of Absence. A LOA may not be granted for more than 180 days (includes weekdays and weekends).

#### **PROCEDURES:**

The student will complete and sign the LOA Request form and present it to their program director.

The Program Director will verify the student is eligible to take a Leave of Absence and will advise the student of the actual dates of Leave. The program director will complete the Last Day of Attendance, LOA begin and return date and the new estimated graduation date, sign and date the Leave of Absence. The Program Director will then forward the form to the Accounting department.

The accounting department will advise the student that they are still required to making their monthly payments while on LOA and that the student must see the Accounting department three (3) days prior to returning to class from the LOA to make sure their account is clear to return. Accounting will sign and date and forward the form to the Financial Aid department.

The Financial Aid department will verify the possible effects on funding and verify if the student was previously included in the most recent drawdown. Financial Aid will sign and date and forward to the Program Director.

The Program Director is to complete the change of status indicating the modules to be completed and the updated graduation date. The Program Director will sign and date the LOA indicating they are aware that their student is taking a LOA. The Program Director will then forward the LOA and change of status form to the Registrar department.

The Registrar will update Transcript to indicate the LOA begin and return date and the new estimated graduation date. All paperwork will be filed in the academic file.

#### Finding 9

The probation process is electronic and the documents are maintained in the student database. Both the probation form and re-evaluation forms are maintained in the student financial aid file. A copy of the

transcript for the students # 2, 13 and 16, are included indicating their eligibility to continue in the program, however, two were withdrawals. In addition, an example of documents used are included as Finding 9.

**Finding 10**

**D. FSEOG AWARDING POLICY**

1. FSEOG funds are available for students with exceptional need, i.e., students with a "0" EFC. The financial aid department will ensure that FSEOG funds are available for students throughout the award year (to the extent of available funds). The students' FSEOG awards will be determined by: 1) the total Federal Allocation for the award year; and 2) the students' EFC. The students with the lowest EFC, starting with "0" will be given priority. Each individual student's award amount will be determined by the financial aid advisor, based on the student's financial need.

2. Independent & Dependent students with a -0- EFC will be packaged with FSEOG funds for a total of \$400 on a first come first serve basis starting each month; there are so many slots available per month to award students the FSEOG funds to ensure funds are available for the entire award year. Exceptions can be made on the EFC if a student shows extenuating circumstances due to economic hardship (approval needed by FA Director).

**Example: FSEOG Award is \$100,000:**

\$100,000 divided by 12 months equals \$8,333 per month divided by 2 campuses gives us \$4,167 available funds per campus to award to students. We take \$4,167 and divide it by \$400 (the award amount for each student) which gives us 10.41, so each campus may award 10 or 11 students each month with some FSEOG funds.