



July 30, 2015

Dr. James Mitchell, President  
George C. Wallace Community College  
3000 Earl Goodwin Parkway  
Selma, AL 36702-2530

UPS Tracking Number:  
1ZA87964NY99705543

RE: **Final Program Review Determination**  
OPE ID: 00569900  
PRCN: 201320428182

Dear Dr. Mitchell:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on May 6, 2013 covering George C. Wallace Community College's (GCWCC) 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 2012 and 2013 award years. GCWCC's final response was received on May 7, 2015. A copy of the program review report (and related attachments) and GCWCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by GCWCC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

**Purpose:**

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, and (4) close the review.

This FPRD contains one or more findings regarding GCWCC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations in 34 C.F.R. §§ 668.41 and 668.46. Since a Clery Act finding does not result in a financial liability, such a finding may not be appealed.

The total liabilities due from the institution from this program review are \$3,437.00.

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

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

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

**Appeal Procedures:**

This constitutes the Department's FPRD with respect to the liabilities identified from the May 6, 2013 program review report. If GCWCC 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 GCWCC receives this FPRD. An original and four copies of the information GCWCC submits must be attached to the request. The request for an appeal must be sent to:

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

GCWCC'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 GCWCC'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 notes.**

**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 Robert Scott at (404) 974-9300. 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)

  
Chris Miller  
Division Director

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

cc: Anessa Kidd, Financial Aid Administrator  
AL State Board of Education  
Southern Association of Colleges and Schools Commission on Colleges (SACSCC)  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

Prepared for

George C. Wallace  
Community College

**Federal Student Aid**  
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**OPE ID: 00569900**  
**PRCN: 201320428182**

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

# Final Program Review Determination

## July 30, 2015

## Table of Contents

|  | Page |
|--|------|
| A. Institutional Information.....                          | 2    |
| B. Scope of Review.....                                    | 3    |
| C. Findings and Final Determinations.....                  | 4    |
| Resolved Findings.....                                     | 4    |
| Resolved Findings with Comments.....                       | 5    |
| Findings with Final Determinations.....                    | 7    |
| Finding 3: Pell Over Award/Under Award.....                | 7    |
| Finding 6: Federal Work Study – Conflicting Schedules..... | 8    |
| D. Payment Instructions.....                               | 9    |
| E. Appendices.....   | 12   |
| Appendix A: Student Sample.....                            |      |
| Appendix B: Pell Grant Under Awards.....                   |      |
| Appendix C: Federal Work Study Conflicting Schedules.....  |      |
| Appendix D: Institution’s Response.....                    |      |
| Appendix E: Program Review Report.....                     |      |
| Appendix F: Cost of Funds.....                             |      |

**A. Institutional Information**

George C Wallace Community College  
3000 Earl Goodwin Parkway  
Selma, AL 36702-2530

Type: Public

Highest Level of Offering: Associates Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges (SACSCC)

Current Student Enrollment: 3436 (2013)

% of Students Receiving Title IV, HEA funds: 65% (2012)

Title IV, HEA Program Participation (Funding Data Summary/PC Net):

|  | 2012           |
|--|----------------|
| Federal Pell Grant (Pell)                                  | \$7,529,467.00 |
| Federal Supplemental Educational Opportunity Grant (FSEOG) | \$ 102,924.00  |
| Federal Work Study (FWS)                                   | \$ 96,768.00   |

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at George C. Wallace (GCWCC) from February 4, 2013 to February 8, 2013. The review was conducted by Robert Scott, Melody Parker-Venable and Lynette Davis.

The focus of the review was to determine GCWCC'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 GCWCC'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 2012 and 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. In addition, six (6) files were selected based on the lack of adequate sample files in the categories of Federal Work Study (FWS) and Federal Supplemental Educational Opportunity Grants (FSEOG). 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 May 6, 2013.

### **Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning GCWCC'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 GCWCC 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, 2, 4, 5, 8 and 9

GCWCC has taken the corrective actions necessary to resolve findings 1, 2, 4, 5, 8 and 9 of the program review report. Therefore, these findings may be considered closed. Appendix D provides a copy of the response received from GCWCC with responses deemed satisfactory and sufficient to resolve the aforementioned findings. Findings requiring further action by GCWCC are discussed below.

### **Resolved Finding with Comments**

The following program review finding has been resolved by the institution, and may be considered closed. This finding is included solely for the purpose of discussing resolution of the finding.

#### **Finding 7. Part 86 Regulations/Drug Free Schools and Communities Act**

**Citation Summary:** The purpose of the Drug-Free Schools and Campuses Regulations is to implement section 22 of the Drug-Free Schools and Communities Act Amendments of 1989, which adds section 1213 to the Higher Education Act and section 5145 to the Drug-Free Schools and Communities Act. These amendments require that, as a condition of receiving funds or any other form of financial assistance under any Federal program, an institution of higher education (IHE), State educational agency (SEA), or local educational agency (LEA) must certify that it has adopted and implemented a drug prevention program as described in this part.

The Federal programs covered by this part include—

- (a) All programs administered by the Department of Education under which an IHE, SEA, or LEA may receive funds or any other form of Federal financial assistance; and
- (b) All programs administered by any other Federal agency under which an IHE, SEA, or LEA may receive funds or any other form of Federal financial assistance.

The IHE's drug prevention program must, at a minimum, include a biennial review by the IHE of its program to--

- (1) Determine its effectiveness and implement changes to the program if they are needed; and
- (2) Ensure that the disciplinary sanctions described in paragraph (a)(6) of this section are consistently enforced. (Authority: 20 U.S.C. 1145g, 3224a)

**Noncompliance Summary:** GCWCC did not have a Biennial Review Document available for the reviewers nor did it appear that GCWCC conducts the review as required per Federal regulations.

**Required Action Summary:** GCWCC was required to submit, as part of its response, a completed Biennial Review Document and give assurances that the review will be conducted in the future as required.

**GCWCC's Response:** As attachment 17 of the institution's response, GCWCC provided pages from the student handbook explaining that Biennial Reviews are completed every other year. The latest report, which was reviewed by the Health and

Safety Committee on August 23, 2013 was included as attachment 18. The Health and Safety Committee, as it has always done, will continue to ensure that this review is completed every other year.

**Final Determination:** As a result of this violation, GCWCC was required to develop and implement a substantive drug and alcohol abuse prevention program (DAAPP) that included all of the required elements set forth in the Drug-Free Schools and Communities Act (DFSCA) and the Department's Part 86 regulations. In addition, GCWCC was required to develop procedures for distributing the DAAPP disclosure to all current employees and students enrolled for academic credit. Once the new program materials were complete, GCWCC was required to submit them to the Department for evaluation and approval and then distribute them in accordance with the Part 86 regulations. Finally, GCWCC is also required to conduct a biennial review to measure the effectiveness of its DAAPP and produce a detailed report of findings and recommendations for improvement.

The Department is in receipt of GCWCC's most recent report. Finding #7 of the program review report cited GCWCC for Part 86 of the Department's General Administrative Regulations. The Department found that GCWCC failed to conduct biennial reviews to assess the effectiveness of the school's DAAPP.

The Department carefully examined GCWCC's narrative response and supporting documentation. The review team's examination showed that the identified violations were satisfactorily addressed by the College's response. Based on that review the violations identified in the finding are sustained. The materials submitted and representations made by GCWCC officials in response to the finding indicated that the existing program materials were appropriately handled.

The Department has determined that GCWCC's action plans meet minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of GCWCC are put on notice that the institution must take any action that may be needed to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the response to the Department's report and/or as may otherwise be needed to ensure that these violations do not recur. To that end, the College must ensure that the 2015 biennial review is conducted in a manner that is substantive and well-documented.

Although this program review finding is now closed, GCWCC is reminded that the exceptions identified constitute very serious violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. GCWCC has stated that it has brought its program and operations into compliance with the *DFSCA* as required by its PPA.

While this is an important step, GCWCC officials must understand that compliance with the *DFSCA* and the *Clery Act* are essential to maintaining a safe and healthy learning environment. The failure to conduct biennial reviews deprived the College of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. The College is reminded of its obligation to conduct comprehensive biennial reviews and to prepare substantive reports of findings and recommendations going forward and is specifically advised that its next biennial review report must contain substantially more information about the actual conduct of the review. Moreover, the findings and recommendations must be supported by valid evidentiary data. The regulations governing the *DFSCA* can be found at *34 C.F.R. Part 86*. Please be advised that the Department may request information on a periodic basis to test the effectiveness of GCWCC's policies and procedures. This finding is closed.

### **Findings with Final Determinations**

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of GCWCC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on May 6, 2013 is attached as Appendix E.

#### **Finding 3. Pell Over Award/Under Award**

**Citation Summary:** 34 C.F.R. § 690.62, Federal Pell Grant Program, states the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.

**Noncompliance Summary:** The reviewers identified multiple students for whom Federal Pell Grant funds were over awarded or under awarded.

**Required Action Summary:** Due to errors discovered, GCWCC was to review all of its files for the 2011 - 2012 award year for all students who received Pell Grant funds to determine if the funds were properly disbursed and/or prorated. Once GCWCC completed its file review, it was to provide a list of all students identified by its file review who had funds that were incorrectly prorated or disbursed.

For all students GCWCC discovered who were under awarded, the institution was to submit student ledgers showing the difference has been posted and request extended processing through the Department's Common Origination and Disbursement (COD) system for resolution of this finding.

GCWCC was to also provide a copy of its updated procedures to ensure that future students are not over awarded or under awarded Federal Pell Grant funds.

**GCWCC's Response:** Based upon the students cited, GCWCC conducted a full file review to determine additional errors for the year reviewed. The results of the file review have been provided to the Department. GCWCC strives to be in compliance with federal

requirements and will continue to work diligently to meet the requirements. The school's Pell awarding and disbursement policies have been updated and a new copy has been provided to the Department along with the file review results.

**Final Determination:** The results of the review have been received and GCWCC under awarded students in the amount of \$5,616. Because the students were underpaid, the liability would normally be owed to the student's; however, because the award year is closed and the funds were not drawn, no liability is assessed. GCWCC is reminded to practice adherence to their updated policies and procedures and to be more diligent in the handling of federal funds in the future. This finding is closed.

#### **Finding 6. Federal Work Study (FWS) – Conflicting Schedules**

**Citation Summary:** 34 C. F. R. § 675.16, Federal Work-Study Program, states that it is the school's responsibility to monitor the FWS program. Students may not be scheduled for work and miss class time to perform FWS jobs.

**Noncompliance Summary:** The reviewers found multiple instances where students were working during hours that their class schedules showed that they should have been engaged in classroom instruction. This issue was systemic across both award years and involved all work study students reviewed.

**Required Action Summary:** Due to errors discovered during the reviewed award years, the institution was to review all FWS students to determine which additional students worked during class hours. Once the institution completed its file review, it was to provide a list of all FWS students identified who worked during class hours.

The institution was to develop procedures to monitor FWS schedules and class attendance of students. The institution was to also provide a copy of the institution's updated procedures with the response to this report.

**GCWCC's Response:** GCWCC has updated its policies and procedures for monitoring student work hours under the Federal Work Study program. A copy of the updated procedures is included in Appendix D. GCWCC also conducted a full file review to determine additional errors for the reviewed award years. The results of the file review have been provided to the Department. GCWCC strives to be in compliance with federal requirements and will continue to work diligently to meet the requirements.

**Final Determination:** The results of the review have been received and GCWCC showed students with conflicting payments in both reviewed award years in the amount of \$3,437 (\$1,581 for 2012-2013 and \$1,856 for 2011-2012). These funds must be repaid to the Department. These amounts include interest due to the Department. A cost breakdown is shown in Appendix F – Cost of Funds.

## D. Payment Instructions

### 1. Liabilities Owed to the Department

GCWCC owes to the Department \$3,437.00. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

U.S. Department of Education  
P.O. Box 979026  
St. Louis, MO 63197-9000

Remit checks only. Do not send correspondence to this address.

**Payment must be made via check and sent to the above Post Office Box. Payment and/or adjustments made via G5 will not be accepted as payment of this liability. Instead, the school must first make any required adjustments in COD as required by the applicable finding(s) and Section II – Instructions by Title IV, HEA Program (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award (if necessary).**

The following identification data must be provided with the payment:

Amount: \$3,437.00  
DUNS: 082152281  
TIN: 636000375  
Program Review Control Number: 201320428182

### 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. GCWCC 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 GCWCC's account representative.

If full payment cannot be made within **45 days** of the date of this letter, contact the Department's Accounts Receivable Group to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education

OCFO Financial Management Operations  
Accounts Receivable Group  
550 12th Street, S.W., Room 6114  
Washington, DC 20202-4461

If within 45 days of the date of this letter, GCWCC 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 GCWCC from the Federal Government. **GCWCC may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, GCWCC 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.

## **2. Campus Based Programs**

### **FISAP Corrections**

Finding: 6  
Appendix: C

GCWCC must make corrections to its FISAP as necessary for award years 2013-2014 and 2014-2015 as follows:

- Log into eCB and make change(s) to the Working Copy, click on Submit and choose "Change Request". Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number (201320428182).
- Once the request is approved, submit the changes within 5 days.
- Changes to the FISAP may result in changes to subsequent FISAPS. Contact the eCB Call Center at (877) 801-7168 for assistance in making this determination.
- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, return those funds via G5 in accordance with the automated notification from eCB. If the school has not drawn down its full authorization, the authorization will be reduced.

GCWCC must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation (if applicable) to Robert Scott **within 45 days of the date of this letter.**

If there are liabilities as a result of GCWCC making FISAP corrections, the institution is instructed to return the funds to the Department via G5.

Final Program Review Determination  
PRCN #: 201320428182

Appendix E  
Program Review Report

Prepared for

**George C. Wallace  
Community College**

**Federal Student Aid**  
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**OPE ID 00569900  
PRCN 201320428182**

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

# Program Review Report

May 6, 2013

## Table of Contents

|   | Page |
|---|------|
| A. Institutional Information.....                                       | #3   |
| B. Scope of Review.....   | #4   |
| C. Findings.....  | #4   |
| Finding #1: Lack of Administrative Capability.....                      | #4   |
| Finding #2: Inaccurate Recordkeeping.....                               | #6   |
| Finding #3: Pell Overpayment/Underpayment.....                          | #7   |
| Finding #4: Satisfactory Academic Progress Policy Missing Components..  | #8   |
| Finding #5: Award Letters Not Updated.....                              | #9   |
| Finding #6: Federal Work Study – Conflicting Schedules.....             | #11  |
| Finding #7: Part 86 Regulations/Drug Free Schools and Communities Act.. | #12  |
| Finding #8: Inaccurate COD/Ledger Disbursement Dates.....               | #12  |
| Finding #9: Missing Student Ledgers.....                                | #14  |
| D. Appendices.....  | #15  |
| Appendix A: Student Sample.....   | #15  |

**A. Institutional Information**

George C. Wallace Community College  
3000 Earl Goodwin Parkway  
Selma, AL 36702-2530

Type: Public

Highest Level of Offering: Associates Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges (SACSCC)

Current Student Enrollment: 3436 (2013)

% of Students Receiving Title IV: 65% (2012)

Title IV Participation (Funding Data Summary/PC Net):

|  | 2012           |
|--|----------------|
| Federal Pell Grant (Pell)                                  | \$7,529,467.00 |
| Federal Supplemental Educational Opportunity Grant (FSEOG) | \$ 102,924.00  |
| Federal Work Study (FWS)                                   | \$ 96,768.00   |

## **B. Scope of Review**

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The focus of the review was to determine GCWCC'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 GCWCC'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 2012 and 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. In addition, six (6) files were selected based on the lack of adequate sample files in the categories of Federal Work Study (FWS) and Federal Supplemental Educational Opportunity Grants (FSEOG). 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 GCWCC'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 GCWCC 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 GCWCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

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

**Citations:** 34 C.F.R. § 668.24 (a), states that an institution shall establish and maintain, on a current basis, any application for Title IV, HEA program funds and program records that document—

- (1) Its eligibility to participate in the Title IV, HEA programs;

- (2) The eligibility of its educational programs for Title IV, HEA program funds;
- (3) Its administration of the Title IV, HEA programs in accordance with all applicable requirements;
- (4) Its financial responsibility, as specified in this part;
- (5) Information included in any application for Title IV, HEA program funds; and
- (6) Its disbursement and delivery of Title IV, HEA program funds.

An institution shall account for the receipt and expenditure of Title IV, HEA program funds in accordance with generally accepted accounting principles. An institution shall establish and maintain on a current basis—

- (i) Financial records that reflect each HEA, Title IV program transaction; and
- (ii) General ledger control accounts and related subsidiary accounts that identify each Title IV, HEA program transaction and separate those transactions from all other institutional financial activity.

In addition, 34 C.F.R. § 668.32 of the General Provisions states that a school participating in the FFEL Program is eligible to receive Title IV, HEA program assistance if the student—

- (i) Is a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution;
- (ii) For purposes of the FFEL and Direct Loan programs, is enrolled for no longer than one twelve-month period in a course of study necessary for enrollment in an eligible program; or
- (iii) For purposes of the Federal Perkins Loan, FWS, FFEL, and Direct Loan programs, is enrolled or accepted for enrollment as at least a half-time student at an eligible institution in a program necessary for a professional credential or certification from a State that is required for employment as a teacher in an elementary or secondary school in that State;

For purposes of the FFEL and Direct Loan programs, is at least a half-time student; Is not enrolled in either an elementary or secondary school.

**Noncompliance:** During the review, the following areas of Title IV non-compliance were noted and are considered to demonstrate a lack of administrative capability by George C. Wallace Community College in administering the Title IV Federal Student Aid Programs.

- Satisfactory Academic Progress (SAP) Policy Inadequate
- Inaccurate Recordkeeping
- Lack of Internal Controls

**Required Action:** Each area is discussed more fully in the remainder of this report which outlines the actions necessary by George C. Wallace Community College to correct these

deficiencies. However, in response to this finding the institution must submit to the Department a comprehensive plan to improve the school's administrative capability.

**Finding #2. Inaccurate Recordkeeping**

**Citation:** 34 C.F.R. § 668.16, Standards of Administrative Capability, states that to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, all applicable regulatory provisions prescribed under that statutory authority, and all applicable special arrangements, agreements, and limitations entered into under the authority of statutes applicable to Title IV of the HEA;

34 C.F.R. § 668.24, Record Retention and Examinations, states that an institution shall account for the receipt and expenditure of Title IV, HEA program funds in accordance with generally accepted accounting principles. An institution shall establish and maintain on a current basis—

- (i) Financial records that reflect each HEA, title IV program transaction; and
- (ii) General ledger control accounts and related subsidiary accounts that identify each title IV, HEA program transaction and separate those transactions from all other institutional financial activity.

The records that an institution must maintain in order to comply with the provisions of this section include but are not limited to documentation relating to each student's or parent borrower's receipt of title IV, HEA program funds, including but not limited to documentation of—

- (A) The amount of the grant, loan, or FWS award; its payment period; its loan period, if appropriate; and the calculations used to determine the amount of the grant, loan, or FWS award;
- (B) The date and amount of each disbursement or delivery of grant or loan funds, and the date and amount of each payment of FWS wages;
- (C) The amount, date, and basis of the institution's calculation of any refunds or overpayments due to or on behalf of the student, or the treatment of title IV, HEA program funds when a student withdraws; and
- (D) The payment of any overpayment or the return of any title IV, HEA program funds to the title IV, HEA program fund, a lender, or the Secretary, as appropriate;

**Noncompliance:** Using the institution's bank statements for the 2011/2012 and 2012/2013 award years, the reviewers selected four (4) federal fund drawdowns completed by the institution through G5 to test the accuracy and transparency of funds being disbursed. This was also done

to show a clear audit trail. The institution could not provide records of disbursement for any of the chosen drawdowns.

- G5 Drawdown/Federal Fund Bank Deposit – 07/17/2011: \$30,448.68 (\$1,000.00 SEOG, \$68.24 FWS, \$12,000.00 PELL, \$1,000.00 ACG)
- G5 Drawdown/Federal Fund Bank Deposit – 12/07/2011: \$32,509.51 (\$1,292.15 SEOG, \$948.16 FWS, \$25,000.00 PELL)
- G5 Drawdown/Federal Fund Bank Deposit – 08/30/2012: \$52,029.63 (\$1,288.69 FWS)
- G5 Drawdown/Federal Fund Bank Deposit – 11/07/2012: \$15,847.24 (\$623.32 FWS, \$10,000.00 PELL)

**Required Action:** The institution must submit to this office, the underlying documentation (ie. student rosters/amounts) for the requested G5 drawdowns that will show which students these funds were drawn for. The institution must also provide student ledgers showing the funds properly posted. Failure to provide this documentation will result in the noted drawdowns becoming a liability to the institution. The institution must also update its procedures on the handling of federal funds and submit a copy to this office along with the supporting documentation requested in response to this finding.

### **Finding #3. Pell Over Award/Under Award**

**Citation:** 34 C.F.R. § 690.62, Federal Pell Grant Program, states the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.

**Noncompliance:** The reviewers identified multiple students for whom Federal Pell Grant funds were over awarded or under awarded. For example:

Student #3: The student was entitled to \$3,700.00 for the last 600 clock hours of the course based on a 516 EFC (this constitutes 2/3 of full Pell based on a 900 clock hour award year). This would have resulted in two payments of \$1,850.00. The student received two payments of \$1,666.00. The student was under awarded by \$368.00.

Student #6: The student was entitled to \$3,700.00 for the last 600 clock hours of the course based on a zero EFC (this constitutes 2/3 of full Pell based on a 900 clock hour award year). This would have resulted in two payments of \$1,850.00. The student received one payment of \$1,850.00 and one payment of \$925.00. The student was under awarded by \$925.00.

Student #9: The student was awarded \$1,176.00 in Pell funds which was disbursed in COD on 02/01/2011. Only one disbursement of \$588.00 is showing on ledger on 02/15/2011.

**Required Action:** Due to the errors discovered during the 2011/2012 and 2012/2013 award years, the institution must review all of its files for the reviewed award years for all students who received Pell Grant funds to determine if the funds were properly disbursed and/or prorated.

Once the institution has completed its file review, it must provide a list of all students identified by its file review who had funds that were incorrectly prorated or disbursed.

Please provide this information in the following format:

- Student Name
- Social Security Number
- Start Date
- Withdrawal Date/Graduation Date/Still Enrolled
- Hours Scheduled to Complete in Payment Period or Period of Enrollment
- Total Hours in Payment Period or Period of Enrollment
- Original Amount of the Pell Funds Calculated By School and Award Year
- Recalculated Amount of the Pell Funds Calculated By School and Award Year
- Difference in Original Amount/Recalculated Amount

Please submit the results of your review electronically. Return the file to Robert Scott by email at [Robert.L.Scott@ed.gov](mailto:Robert.L.Scott@ed.gov). GCWCC must submit the data file in a .zip file encrypted with AES encryption (256-bit is preferred). For all students the institution discovers who were under awarded, the institution must also submit student ledgers showing the difference has been posted. The institution may also want to request extended processing through COD for resolution of this finding.

The institution must also provide a copy of its updated procedures to ensure that future students are not over awarded or under awarded Federal Pell Grant funds.

Any liabilities for this finding will be addressed in the Final Program Review Determination (FPRD) letter.

**Finding #4. Satisfactory Academic Progress (SAP) Policy Not Monitored/Missing Components**

**Citation:** 34 C.F.R. § 668.16, General provisions, states that to be eligible for Federal Student Aid, a student must make satisfactory academic progress. Your school must have a satisfactory academic progress policy that includes both a qualitative (such as the use of cumulative grade point average) and a quantitative measure (such as a maximum time frame of 150% for completion) of the student's progress.

The following standards must be included:

1. Qualitative Measure: Grades, work projects completed, or comparable factors, which are measured against a norm.
2. Quantitative Measure: A maximum timeframe in which the student must complete his or her educational program. The time frame must be (1) based on the student's enrollment status; (2) for an undergraduate program, no longer than 150 percent of the published

length of the educational program for a full-time student; and (3) divided into increments of equal size, not to exceed the lesser of one academic year or one-half the published length of the educational program.

3. 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 time frame.
4. A determination at the end of each increment by the institution whether the student has successfully completed the appropriate percentage or established schedule.
5. Consistent application of standards to all students within categories of students, i.e. full-time, part-time, undergraduate and graduate students, and educational programs established by the institution.
6. Specific policies defining the effect of course incompletes, withdrawals, repetitions, and non-credit remedial course on satisfactory progress.
7. Specific procedures under which a student may appeal a determination that he or she is not making satisfactory progress.
8. Specific procedures for reinstatement of aid.

**Noncompliance:** The reviewers found that the institution's current written Satisfactory Academic Progress policy is not in compliance with federal regulations based on conflicting information. The school states in one area of the policy that students attempting 32 or less credit hours must pass between 58% and 62% of their enrolled hours to be making SAP. However, in a separate area the institution states that students must pass 2/3 of all classes (67%) to make SAP. Additionally, the reviewers found issues with several student files as listed below.

Student #3: No documentation in file that student SAP has been checked. Review of student file shows student is not making SAP.

Student #15: Student was admitted conditionally and is not making SAP.

**Required Action:** The institution must update its SAP procedures to comply with federal regulations. The institution must make SAP procedures uniform across the student body and include provisions for both quantitative and qualitative measures. The institution must design an adequate system to determine if a student who receives Title IV funds is making SAP and implement that system. The institution must submit the updated procedures to the Department as part of its response to this finding. Please Note: Changes to SAP were effective July 1, 2011. These new SAP requirements are contained in a Federal Register published on October 29, 2010 and can be accessed at this link: <http://ifap.ed.gov/fregisters/FR102910Final.html>.

#### **Finding #5. Award Letters Not Updated**

**Citation:** 34 C.F.R. § 668.165, Notices and authorizations, states that before an institution disburses title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include

Direct Loan or FFEL Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans.

Except in the case of a post-withdrawal disbursement made in accordance with 668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, FFEL, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of—

- (i) The anticipated date and amount of the disbursement;
- (ii) The student's right or parent's right to cancel all or a portion of that loan, loan disbursement TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, the TEACH Grant proceeds returned to the Secretary. However, if the institution releases a check provided by a lender under the FFEL Program, the institution is not required to provide this information; and
- (iii) The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

The institution must provide the notice described in paragraph (a)(2) of this section in writing—

- (i) No earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i) of this section; or
- (ii) No earlier than 30 days before, and no later than seven days after, crediting the student account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i) of this section.

A student or parent must inform the institution if he or she wishes to cancel all or a portion of a loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement. The institution must return the loan or TEACH Grant proceeds, cancel the loan or TEACH Grant, or do both, in accordance with program regulations provided that the institution receives a loan or TEACH Grant cancellation request and the institution must inform the student or parent in writing regarding the outcome of any cancellation request.

**Noncompliance:** The reviewers found instances where Title IV funds were awarded to the students but not included on the award letter and/or the award letter was not updated.

**Required Action:** The institution must update its procedures regarding this issue to ensure that students are informed of what they are being awarded. GCWCC must provide a copy of its updated procedures to the Department as part of its response to this finding.

### **Finding #6. Federal Work Study – Conflicting Schedules**

**Citation:** 34 C. F. R. § 675.16, Federal Work-Study Program, states that it is the school's responsibility to monitor the FWS program. Students may not be scheduled for work and miss class time to perform FWS jobs.

**Noncompliance:** The reviewers found multiple instances where students were working during hours that their class schedules showed that they should have been engaged in classroom instruction. This issue was systemic across both award years and involved all work study students reviewed. For example:

Student #30: Student's class schedule shows classes between the hours of 9:30am and 3:30pm but the work schedule shows working hours from 2:00pm to 4:00pm.

Student #32: Student's class schedule shows classes between the hours of 11:00am and 12:15pm and between the hours of 2:00pm and 3:50pm but work schedule shows working hours from 10:00am to 3:00pm.

Student #33: Student's class schedule shows classes between the hours of 12:30pm and 2:20pm but work schedule shows working hours from 1:00pm to 3:00pm.

**Required Action:** Due to the errors discovered during the 2011/2012 and 2012/2013 award years, the institution must review all FWS students to determine which additional students worked during class hours. Once the institution has completed its file review, it must provide a list of all FWS students identified who worked during class hours.

Please provide this information in the following format:

- Award year
- Student's Name
- Social Security Number
- FWS Earned
- Class Schedule for Award Years Indicated
- Number of Hours Worked During Class Hours
- Total Liability

Please submit the results of your review electronically. Return the file to Robert Scott by email at [Robert.L.Scott@ed.gov](mailto:Robert.L.Scott@ed.gov). GCWCC must submit the data file in a .zip file encrypted with AES encryption (256-bit is preferred).

The institution must also develop procedures to monitor FWS schedules and class attendance of students. Please provide a copy of the institution's procedures with the response to this report.

Any liabilities for this finding will be addressed in the Final Program Review Determination (FPRD) letter.

**Finding #7. Part 86 Regulations/Drug Free Schools and Communities Act**

The purpose of the Drug-Free Schools and Campuses Regulations is to implement section 22 of the Drug-Free Schools and Communities Act Amendments of 1989, which adds section 1213 to the Higher Education Act and section 5145 to the Drug-Free Schools and Communities Act. These amendments require that, as a condition of receiving funds or any other form of financial assistance under any Federal program, an institution of higher education (IHE), State educational agency (SEA), or local educational agency (LEA) must certify that it has adopted and implemented a drug prevention program as described in this part.

The Federal programs covered by this part include—

- (a) All programs administered by the Department of Education under which an IHE, SEA, or LEA may receive funds or any other form of Federal financial assistance; and
- (b) All programs administered by any other Federal agency under which an IHE, SEA, or LEA may receive funds or any other form of Federal financial assistance.

The IHE's drug prevention program must, at a minimum, include a biennial review by the IHE of its program to--

- (1) Determine its effectiveness and implement changes to the program if they are needed; and
- (2) Ensure that the disciplinary sanctions described in paragraph (a)(6) of this section are consistently enforced. (Authority: 20 U.S.C. 1145g, 3224a)

**Noncompliance:** During the review, it was noted that the Institution does not currently have a Biennial Review Document nor conduct the review as required per Federal regulations.

**Required Action:** The school must submit, as part of its response, a completed Biennial Review Document and give assurances that the review will be conducted in the future as required to determine if program changes are needed and to ensure that disciplinary sanctions are taken as necessary.

**Finding #8. Inaccurate COD/Ledger disbursement dates**

**Citation:** 34 C.F.R. § 668.24(c), Student Assistance General Provisions, states the records that an institution must maintain in order to comply with the provisions of this section include, but are not limited to, the date and amount of each disbursement or delivery of grant or loan funds, and the date and amount of each payment of Federal Work Study wages.

34 C.F.R. § 668.24(d), Student Assistance General Provisions, states an institution shall maintain required records in a systematically organized manner. A school's fiscal records must provide a clear audit trail that shows that funds were received, managed, disbursed, and returned in accordance with federal requirements.

34 C.F.R. § 690.75, Determination of Eligibility for Payment, states that for each payment period, an institution may pay a Federal Pell Grant to an eligible student only after it determines that the student—

- (1) Qualifies as an eligible student under 34 CFR Part 668, Subpart C;
- (2) Is enrolled in an eligible program as an undergraduate student; and
- (3) If enrolled in a credit hour program without terms or a clock hour program, has completed the payment period as defined in §668.4 for which he or she has been paid a Federal Pell Grant.

34 C.F.R. § 685.303, Processing of the Proceeds of a Direct Loan, states that schools shall follow the procedures for disbursing funds in 34 C.F.R. § 668.164.

**Noncompliance:** The reviewers found that the disbursement dates in the Common Origination and Disbursement System (COD) did not match the disbursement dates on the student ledgers at the school. For example:

Student #1: COD shows a loan disbursement for the student on 09/28/2010 for \$1,742.00 but the disbursement was not posted until 10/05/2010.

Student #2: COD shows loan disbursements for the student on 07/01/2010 of \$1,742.00 and \$2,985.00 but these disbursements were not posted until 08/24/2010. Additionally, the student also had loan disbursements on 08/31/2010 for \$1,742.00 and \$2,985.00 but these disbursements were not posted until 12/02/2010.

Student #4: COD shows a subsidized loan disbursement of \$1,742.00 on 06/07/2011 that was not posted to the student ledger until 07/26/2011. COD shows an unsubsidized loan disbursement of \$1,000.00 on 06/07/2011 that was not posted to the student ledger until 07/26/2011. COD shows two PLUS loan disbursements for \$5,000.00 each on 05/17/2011 and 06/21/2011 with both disbursements being posted to the student ledger on 07/26/2011.

**Required Action:** This issue is systemic across both award years. Therefore, the institution must reenter the COD system and adjust the COD disbursement dates for any Title IV disbursements made for the 2011-2012 and 2012-2013 award years so that they accurately reflect the actual disbursement dates shown on the student ledgers.

The school must inform the Department of when this corrective action is expected to be resolved and provide written assurance that the adjustments have been made. Going forward, the institution must work diligently to ensure that the COD disbursement dates are correct and in alignment with the student ledger disbursement dates. The institution must update its procedures

for processing Title IV funds and provide a copy of the updated procedures to the Department detailing resolution of this issue so that it will not occur in the future.

**Finding #9. Missing Student Ledgers**

**Citation:** 34 C.F.R. § 668.24, Record Retention and Examinations, states that an institution shall account for the receipt and expenditure of title IV, HEA program funds in accordance with generally accepted accounting principles. An institution shall establish and maintain on a current basis — Financial records that reflect each HEA, title IV program transaction.

**Noncompliance:** The reviewers found that the school did not have actual account ledgers for any of the student files. Working with the institution's IT department and staff from the school's computer software provider, the institution was able to generate student ledgers for the sample students and subsequently provide them to the review team shortly after the on-site portion of the review was concluded.

**Required Action:** Title IV participants must establish and maintain program and fiscal records, which provide an easily followed audit trail for the expenditures of funds. Fiscal records are required to clearly show that funds are being obtained, managed, disbursed and returned according to cash management regulations.

GCWCC is required to implement a system that will provide a clear audit trail for each Title IV recipient. Student account ledgers must include institutional charges, cash payments, Title IV disbursements, scholarships, credit balance payments to students and return of Title IV funds (if applicable) on one account ledger for each Title IV student. All transactions must be identified by type (e.g. tuition, fees, Pell/DL, cash, scholarships, etc.) and by date. The student account ledgers must present a clear audit trail for all transactions that have occurred from the student's start date until the student's last date of attendance or last account activity.

For all student account ledgers in the reviewed award years that are not a part of the review sample, the institution must provide a statement stating the account ledgers have been reviewed and accurately reflect funds that have been posted to and/or refunded from the student accounts. The institution must also update its procedures on how student ledgers will be handled in the future. A copy of the institution's updated procedures must be provided to the Department as part of this finding.