



April 8, 2014

Rev. Paul Kim, President
Georgia Christian University
6789 Peachtree Industrial Blvd.
Atlanta, Georgia 30360 3778

UPS# 1ZA879640297879694

RE: Final Program Review Determination
OPE ID: 041565
PRCN: 2013-4-04-28392

Dear Rev. Kim:

The U.S. Department of Education's (Department's) School Participation Division - Atlanta issued a program review report on December 30, 2013 covering Georgia Christian University's (GCU'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 2011/2012 and 2012/2013 award years. GCU's final response was received on February 18, 2014. A copy of the program review report (and related attachments) and GCU's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by GCU 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 and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are **\$9,178**.

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

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

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample and Appendix B, Student Level Liabilities.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the December 30, 2013 program review report. If GCU 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 GCU receives this FPRD. An original and four copies of the information GCU 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

GCU'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 GCU'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).** rgrtrt

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 Angelique James at 404-974-9441. 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
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Dr. Hee Sook Song, Financial Aid Administrator
GA Non-Public Postsecondary Education Commission
Transnational Association of Christian Colleges and 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
Georgia Christian University

Federal Student Aid
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the AMERICAN MIND™

OPE ID 041565
PRCN 2013-4-04-28392

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

Final Program Review Determination

April 8, 2014

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

Federal Student 

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A. Institutional Information

Georgia Christian University
6789 Peachtree Industrial Blvd.
Atlanta, GA 30360 3778

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Transnational Association of Christian Colleges and Schools

Current Student Enrollment: 250 (Fall 2013)

% of Students Receiving Title IV: 7.2% (Fall 2013)

Title IV Participation: Postsecondary Education Participants System (PEPS)

2011-2012 Award Year

Federal Pell Grant Program (Pell)	\$5,550
William D. Ford Direct Loan Program (Direct Loan)	\$33,747

Default Rate FFEL/DL: .2011 0%*

**New Institution, No Default Rates.*

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Georgia Christian University (GCU) from September 9, 2013 to September 13, 2013. The review was conducted by Angelique James, Sherry Blackman and Margaret McGinness.

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

A sample of 15 files was identified for review from the 2011/2012 and 2012/2013. The files consisted of the entire population of all students receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning GCU'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 GCU 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, 5, 6, 7, 8 and 9

GCU has taken the corrective actions necessary to resolve findings 1, 5, 6, 7, 8 and 9 of the program review report. Therefore, these findings may be considered closed (Appendix E). Findings requiring further action by GCU 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 4: Verification Violations

Citation: 34 C.F.R. § 668.59(a) states that an institution shall require each applicant whose application for verification is selected for verification on the basis of edits specified by the Secretary, to verify all of the applicable items and if the information on an application changes as a result of the verification process, the application is resubmitted for corrections to the Institutional Student Information Record (ISIR)/ Student Aid Report (SAR).

34 C.F.R. § 668.54(a)(3) states that if an institution has reason to believe that any information on an application used to calculate an EFC is inaccurate, it shall require the applicant to verify the information that it has reason to believe is inaccurate.

34 C.F.R. § 668.53(a) states that an institution shall establish and use written policies and procedures for verifying information contained in a student aid application. These policies and procedures must include (1) the time period in which an applicant will provide the documentation (2) the consequence of an applicant's failure to provide required documentation within the specified time period (3) the method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's estimated family contribution (EFC) changes and results in a change in the applicant's award or loan. (4) the procedures that the institution requires an applicant follow to correct the application information determined to be in error (5) the procedures for making referrals under § 668.16.

Noncompliance: While reviewing GCU's student files, the reviewers found that the institution did not properly verify one student.

Student 2: For 2011/2012, Student 2's ISIR shows a marital status of single; however the verification worksheet shows that student #2 is married.

In addition to this incomplete verification issue, the reviewers also discovered that four students were verified with strangely similar tax information. Three of the four students lived at the same address, all had the same adjusted gross income (AGI) and all had the same tax preparer. The reviewers noted that it was highly unlikely that these four students would all be verified with the same tax information.

The four students selected for verification are listed below:

Student #	Address	AGI	Tax Preparer
9	(b)(6)	\$ 3,000	(b)(6), (b)(7)(C)
11		\$ 3,000	
12		\$ 3,000	
13		\$ 3,000	

Additionally, the verification policy in the institution's policies manual did not address (1) the time period in which an applicant would provide the documentation or (2) the procedures that the institution requires an applicant to follow to correct the application information determined to be in error. The institution's written verification statement given to students must include all of these items listed above as well.

This finding was also addressed at the institution's New School Assistance visit on 6/18/12. A new school assistance visit report detailing this finding was issued on 6/22/12; however the institution did not resolve this issue.

Required Action: *GCU was required to submit documentation to the Department indicating that student #2 had been properly verified. GCU was also required to submit documentation to support the proper verification for the four students (student #9, #11, #12 and #13) with similar tax information.*

GCU was also required to update its current verification policy to reflect the requirements of 34 C.F.R. § 668.53(a). This new policy was required to be provided to this office with GCU's response to this finding.

GCU's Response: In its response, GCU submitted a marriage certificate to confirm student #2's single status when he started school (the student was married after he enrolled in the institution). GCU also states that students #9, #11, #12 and #13 were all family and/or friends (Appendix E). GCU also updated its verification policy and submitted the revised policy to the Department.

Final Determination: GCU submitted documentation to resolve the verification discrepancy for student #2. GCU also submitted the necessary documentation to resolve the students (#9, #11, #12 and #13) that were verified with similar tax information. GCU also submitted its revised verification policy, however this revised policy still did not include the time period in which an applicant would provide the verification documentation to GCU. GCU must update its verification policy to include this information.

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 GCU's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on December 30, 2013 is attached as Appendix C.

Note: Any additional costs to the Department, including interest, special allowances, cost of funds, unearned administrative cost allowance, etc., are not included in individual findings, but instead are included in the summary of liabilities table in Section D of the report.

Finding 2. Ineligible High School Diploma

Citation Summary: 34 C.F.R. § 668.32(a)(2)(e)(1) states a student is eligible to receive Title IV, HEA program assistance if the student has a high school diploma or its recognized equivalent.

High school diplomas/transcripts from other countries are acceptable toward the student eligibility general requirement, as long as the diploma is equivalent to a U.S. high school diploma. Schools can hire a credential evaluation service to do this, or schools may do this on their own if they are qualified to do so. If a school pays a service to evaluate a foreign credential for this purpose, the school may either pay the cost, or have the student pay the cost. Schools may only have the student pay the cost if it requires the evaluation as part of its admission process for all students who have a foreign credential. Schools cannot require only students who are applying for federal student aid to pay to have their credential evaluated because that would amount to a fee being charged to complete the FAFSA, which is prohibited under HEA 483(a)(6). Because the cost of evaluating a foreign credential must be incurred as a charge of admission prior to enrollment in an eligible program, it cannot be included in the student's Cost of Attendance (COA).

FSA Handbook, Volume 2, Chapter 1-6

34 C.F.R. § 668.16(p) states that institutions are required to develop and apply procedures to evaluate the validity of a student's high school diploma if the institution or the Department has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.

Noncompliance Summary: The Institution's admission policy states "The applicant must have the high school and/or college(s) previously attended in an official transcript in English. Non-English transcripts must be translated into English. Students who wish

GCU to translate respective transcripts must pay the cost of translation. All transcripts will be evaluated before being admitted.”

There were two students (student [#2, #14] (2011/2012 and 2012/2013 award years) and #6) in a sample of 15 that appeared to have an invalid high school diploma from (b)(6); (b)(7)(C). The reviewers also noted that a link to (b)(6); (b)(7)(C) was provided in the consumer information section in the student handbook. The (b)(6); (b)(7)(C) link was listed under the “GED programs in Atlanta” section. When the FAD was questioned about this (b)(6); (b)(7)(C) link in the student handbook, she explained that the GCU school officials thought that Continental Academy was an acceptable high school. The reviewers informed the school officials that the Continental Academy diploma did not appear to be valid.

There were also eight students (#4, #5, #8, #9, #10, #11, #12 and #13) that were identified as having either a high school diploma that was not translated into English or no high school diploma in the student’s file.

The reviewers also did not see a policy to identify possibly invalid high school diplomas in the institution’s catalog or policies manual. When questioned about the missing policy, school officials stated that there were no written policies regarding high school diploma procedures.

Required Action: *School officials were required to provide proof that the students identified above either had a valid high school diploma or GED.*

GCU was required to also create a high school diploma policy to reflect the requirements of 34 C.F.R. § 668.16(p). GCU was recommended to refer to FSA Handbook, Volume 1, Chapter 1. The new policy must be provided to this office with GCU’s response to this finding.

GCU’s Response: *In its response, GCU stated that for the 2 students (student [#2, #14] (2011/2012 and 2012/2013) and #6) that received a Continental Academy diploma, neither the students nor GCU knew that this diploma was invalid. GCU states that school officials did not know that the (b)(6); (b)(7)(C) high school diploma was invalid due to the fact that “U.S. Department of Education, NCES School ID: (b)(6); (b)(7)(C) was written on the top right corner of the (b)(6); (b)(7)(C) permanent academic record. GCU submitted a high school diploma for student #4, #8, #9, #11, #12 and #13. For student #5, GCU officials state that the institution requested the student’s high school diploma in August 2013 and the student tried to submit it by asking relatives in Korea to get it on her behalf, however the student has not submitted it to GCU as of yet. For student #10, GCU officials state that the institution requested the high school diploma but the student stated that he left Korea a very long time ago and had no relatives or friends that he could contact to get it on his behalf. GCU also submitted a high school diploma validation policy to the Department (Appendix E).*

Final Determination: The institution failed to follow its admission policy to admit students with a valid high school diploma for the 2011/2012 and 2012/2013 award years. For students [#2, #14] and #6, it appears that GCU officials did not know that the Continental Academy high school diplomas were invalid and has taken proper action by removing the link to Continental Academy in the consumer information section of the GCU student handbook. Since the Department has reason to believe that the Continental Academy diploma is not valid, GCU must be reminded not to accept Continental Academy as a valid high school diploma for future student admissions.

GCU submitted high school diplomas for students #4, #8, #9, #11, #12 and #13. However, GCU was not able to submit high school diplomas for students 5# and #10. According to GCU's admission policy, "*The applicant must have the high school and/or college(s) previously attended in an official transcript in English... all transcripts will be evaluated before being admitted.*" These 2 students did not submit a high school diploma to GCU before attending the University and therefore should not have been admitted or eligible for Title IV funds. GCU must return all Title IV funds for these 2 students, which equals \$5,593 in Pell Grant funds and \$200 in Direct Loan funds (includes cost of funds and estimated actual loss).

The total amount of Direct Loan funds that GCU improperly disbursed during the 2012/2013 award year for this finding is \$9,408. The total estimated actual loss that GCU must pay to the Department for the ineligible loans is \$200. Copies of the results of those calculations are included in Appendix F.

Finding 3. Pell Overpayment/Underpayment

Citation: 34 C.F.R § 690.75(a)(1) states that for each payment period, a school must pay a Federal Pell Grant to an eligible student only after it determines that the student qualifies as an eligible student under 34 C.F.R. § 668, Subpart C. In addition, 34 C.F.R § 690.63(b) specifically states that Federal Pell Grant payments for a payment period are calculated by determining the student's enrollment status for the term, and determining his or her annual award from the payment schedule for full-time students or the disbursement schedule for three-quarter time, half-time, or less than half-time students, and dividing that amount by two (for institutions using semesters).

Noncompliance: The institution failed to pay the correct annual award from the Pell payment schedule for three students in a sample of 15.

Student 2: For the 2011-2012 award year, on 5/7/12, student 2 was given a full time Pell award of \$5,550 for the Spring 2012 term. The student's estimated family contribution (EFC) was \$0. However, the student only attended the Spring 2012 semester and did not attend Fall 2011. According to the 2012-2013 Pell annual award payment schedule, Student 2 should have

received \$2,775 (\$5,550 divided by 2 semesters) for attending only 1 term within the award year. Student 2 was overpaid Pell award funds by \$2,775 for the 2011-2012 award year.

Student 4: For the 2012-2013 award year, on 1/11/13, student 4 was given a full time Pell award of \$1,150 (\$2,300 divided by 2 semesters) for the Spring 2013 term. The student's estimated family contribution (EFC) was \$3,263. However, the student was actually a half time student enrolled in 8 credit hours for the semester. According to the 2012-2013 Pell annual award payment schedule for half time students, Student 4 should have received \$575 (\$1,150 divided by 2 semesters) for the term. Student 4 was overpaid Pell award funds by \$575 for the 2012-2013 award year.

Student 8: For the 2012-2013 award year, on 9/9/12, student 8 was given a Pell award of \$2,550 (\$5,100 divided by 2 semesters) and another Pell award of \$2,550 on 1/11/13. The student's estimated family contribution (EFC) was \$0. However, the student was actually a full time student enrolled in 13 credit hours for both semesters. According to the 2012-2013 Pell annual award payment schedule for full time students, Student 8 should have received \$5,550 (\$2,775 divided by 2 semesters) for the term. Student 8 was underpaid Pell award funds by \$450 for the 2012-2013 award year.

Required Action: *GCU was required to submit documentation to support the Pell overawards / underawards listed above for the students.*

GCU was also required to develop a policy to ensure Pell overpayment/underpayments do not occur in the future. This policy should have detailed how the financial aid office will be informed of student status' (full time, three quarter, half time, less than half time) and the methods financial aid will use to determine Pell eligibility and disbursement. A copy of the procedures was to be submitted in response to this report.

GCU's Response: In its response, GCU officials stated that student #2 was mistakenly given Pell for the full year instead of receiving Pell for the one Spring 2012 semester. GCU officials stated that student #4 enrolled and registered full time in Fall 2012 and Spring 2013 but due to personal issues, the student dropped a course and ended up as a part time student with 8 credit hours in Spring 2013. GCU officials stated that the Business Office did not notify the Financial Aid Office of the change to the student's enrollment status. GCU officials state that for student #8, the Estimated Family Contribution (EFC) changed when the student updated her Social Security Number (SSN) which resulted in the decrease of \$450 in Pell award funds. GCU also developed a policy to ensure Pell overpayment/underpayments do not occur in the future and submitted the policy to the Department (Appendix E).

Final Determination: Due to additional documentation, GCU was able to resolve the Pell underpayment finding for student #8. However, the institution failed to pay the correct annual award from the Pell payment schedule for enrolled students (#2 and #4) in the 2011/2012 and 2012/2013 award years. For students #2 (2011/2012 -\$2,750) and #4 (2012/2013 - \$575), Pell overpayments occurred in the amount of \$3,410 (including cost of funds).

Estimated Actual Loss Requirements

The total amount of Direct Loan funds (subsidized and unsubsidized) disbursed to students in Finding 2 during the 2012/2013 award year is \$9,408. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate (5.1%) available for institutions such as GCU. As a result, the estimated actual loss that GCU must pay to the Department for the ineligible loans is \$200. A copy of the results of that calculation is included as Appendix F.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows.

Liabilities	Pell (Closed Award Year)	EALF DL	
Finding 2	\$5,525		
Finding 3	\$3,325		
Subtotal 1	\$8,850	\$200	
Interest/SA	\$128		
Subtotal 2	\$8,978		
TOTAL	\$8,978	\$200	
Payable To:			
Department	\$8,978	\$200	Totals
			\$9,178

E. Payment Instructions

1. Liabilities Owed to the Department

GCU owes to the Department \$9,178. 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: \$9,178
DUNS: 616758756
TIN: 582205600
Program Review Control Number: 2013-4-04-28391

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. GCU 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 GCU'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, GCU 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 GCU from the Federal Government. **GCU may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, GCU 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. Instructions by Title IV, HEA Program

Direct Loan Estimated Actual Loss

Finding: 2

Appendix: F

DL Estimated Actual Loss	
Amount	Award Year
\$200	2012/2013
Total	

GCU must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Pell – Closed Award Year

Finding: 3
Appendix: H

GCU must repay:

Pell Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$2,750	\$53	Pell	2011/2012
\$6,100	\$75	Pell	2012/2013
Total Principal	Total Interest		
\$8,850	\$128		

The disbursement record for each student identified in the Appendix B to the applicable findings must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the Appendix B.

Adjustments in COD must be completed prior to remitting payment to the Department. Payment cannot be accepted via G5. Once the Department receives payment via check, the Department will apply the principal payment to the applicable G5 award. The interest will be applied to the general program account.

A copy of the adjustment to each student's COD record must be sent to Angelique James within 45 days of the date of this letter.

Request Extended Processing – Pell Awards

COD adjustments are necessary for the closed award year(s) listed above. Before any student level adjustments can be processed, GCU must immediately request extended processing through the COD Website (<http://cod.ed.gov>).

- Click on the Request Post Deadline/Extended Processing link under the School menu.
- On the request screen, the institution should indicate in their explanation that the request is based on a program review, and provide the program review control number.
- The institution will be notified of the status of the request at the time of submission, and will also be notified by email to the FAA and President when extended processing has been authorized. At that time, the school must transmit student/borrower level adjustments to COD for the closed award year(s).

Appendix B: Student Level Liabilities

Appendix C: Program Review Report



F Y I

December 30, 2013

Paul Kim, President
Georgia Christian University
6789 Peachtree Industrial Blvd.
Atlanta, Georgia 30360 3778

UPS#1ZA879640294628228

RE: Program Review Report
OPE ID: 041565
PRCN: 2013-4-04-28392

Dear Mr. Kim:

From September 9, 2013 through September 13, 2013, Angelique James conducted a review of Georgia Christian University's (GCU'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 GCU. The response should include a brief, written narrative for each finding that clearly states GCU's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, GCU must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by GCU upon request. Copies of the program review report, the institution's

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

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 Angelique James 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. Student numbers were assigned in Appendix A, Student Sample. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

Record Retention:

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

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 Angelique James at 404-974-9441 or angelique.james@ed.gov

Sincerely,

(b)(6)

Chris Miller
Compliance Manager

cc: Hee Sook Song, Financial Aid Administrator

Enclosure:
Protection of Personally Identifiable Information

Prepared for
Georgia Christian University

Federal Student Aid
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OPE ID 041565
PRCN 2013-4-04-28392

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

Program Review Report

December 30, 2013

Federal Student Aid, School Participation Division - Atlanta
61 Forsyth Street SW, Room 18T40, Atlanta, GA 30303
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A. Institutional Information

Georgia Christian University
6789 Peachtree Industrial Blvd.
Atlanta, GA 30360 3778

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Transnational Association of Christian Colleges and Schools

Current Student Enrollment: 250 (Fall 2013).

% of Students Receiving Title IV: 7.2% (Fall 2013)

Title IV Participation: Postsecondary Education Participants System (PEPS)

2011-2012 Award Year

Federal Pell Grant Program (Pell)	\$5,550
William D. Ford Direct Loan Program (Direct Loan)	\$33,747

Default Rate FFEL/DL: 2011 0%*

**New Institution, No Default Rates.*

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Georgia Christian University (GCU) from September 9, 2013 to September 13, 2013. The review was conducted by Angelique James.

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

A sample of 15 files was identified for review from the 2011/2012 and 2012/2013. The files consisted of the entire population of all students receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning GCU'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 GCU 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 GCU to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Lack of Administrative Capability

Citation: 34 C.F.R. § 668.16 of the Student Assistance General Provisions states that to begin and to continue to participate in the Title IV programs, an institution shall demonstrate to the Secretary that it is capable of adequately administering each program. The Secretary considers an institution to have that administrative capability under the following standards if it —

- A. Administers the Title IV programs in accordance with all statutory provisions;

- B. Designates a capable individual to be responsible for administering the programs in which it participates;
- C. Uses an adequate number of qualified persons to administer the programs;
- D. Has written procedures for indicating the responsibilities of the various offices to ensure a system of checks and balances and internal controls;
- E. Divides the functions of authorizing payments and disbursing funds so that no one office has responsibility for both functions;
- F. Establishes and maintains systematically organized records;
- G. Establishes, publishes, and applies reasonable standards for measuring whether an otherwise eligible student is maintaining satisfactory academic progress in his or her educational program;
- H. 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;
- I. Refers fraud or false claims to the Department's Office of Inspector General (OIG) for investigation;
- J. Provides adequate financial aid counseling to eligible students;
- K. Provides reports, audits and financial statements required for compliance in a timely manner;
- L. Shows no evidence of significant problems that affect the institution's ability to administer the Title IV programs as identified in reviews conducted by the Secretary, the Department's OIG, nationally recognized accrediting agencies, State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or any other law enforcement agency; or findings made in any criminal, civil, or administrative proceeding;
- M. Is not, and does not have any principal or affiliate of the institution that is debarred or suspended under Executive Order 12549 (3 C.F.R., 1986 Comp.);
- N. Does not otherwise appear to lack the ability to administer the Title IV programs competently;
- O. Participates in the electronic processes that the Secretary provides; and,
- P. Develops and follows procedures to evaluate the validity of a student's high school completion if the institution or the Secretary has reason to believe that a high school diploma is not valid or was not obtained from an entity that provides secondary school education.

Noncompliance: Significant areas of non-compliance and problems reflected GCU's inability to administer the Title IV programs. Findings identified by the review of institutional records are:

- Ineligible High School Diploma
- Pell Overpayment / Underpayment
- Verification Violations
- Ineligible Bank Fees on Federal Account
- Satisfactory Academic Progress Policy Inadequate
- Unofficial Withdrawal Policy Inadequate

- Student Credit Balance Authorization Form Inadequate
- Missing Default Prevention and Management Plan

In signing the Program Participation Agreement with the Secretary, GCU agreed to comply with all applicable policies and regulations, and to administer the Title IV programs with the highest standards of care and diligence expected of a fiduciary. GCU was initially approved to offer Title IV funds on 6/1/2011 and a New School Assistance visit was conducted on 6/18/2012. During this new school visit, 4 of the findings discussed in this program review report (PRR) were discussed with the owner of the institution. Also, a new school assistance visit report detailing these findings was issued on 6/22/2012 (Appendix B); however the institution did not resolve any of those issues.

Required Action: GCU must resolve all findings addressed in this PRR. Please refer to the Required Action section of each finding.

Finding 2. Ineligible High School Diploma

Citation Summary: 34 C.F.R. § 668.32(a)(2)(e)(1) states a student is eligible to receive Title IV, HEA program assistance if the student has a high school diploma or its recognized equivalent.

High school diplomas/transcripts from other countries are acceptable toward the student eligibility general requirement, as long as the diploma is equivalent to a U.S. high school diploma. Schools can hire a credential evaluation service to do this, or schools may do this on their own if they are qualified to do so. If a school pays a service to evaluate a foreign credential for this purpose, the school may either pay the cost, or have the student pay the cost. Schools may only have the student pay the cost if it requires the evaluation as part of its admission process for all students who have a foreign credential. Schools cannot require only students who are applying for federal student aid to pay to have their credential evaluated because that would amount to a fee being charged to complete the FAFSA, which is prohibited under HEA 483(a)(6). Because the cost of evaluating a foreign credential must be incurred as a charge of admission prior to enrollment in an eligible program, it cannot be included in the student's Cost of Attendance (COA).

FSA Handbook, Volume 2, Chapter 1-6

34 C.F.R. § 668.16(p) states that institutions are required to develop and apply procedures to evaluate the validity of a student's high school diploma if the institution or the Department has reason to believe that the diploma is not valid or was not obtained from an entity that provides secondary school education.

Noncompliance Summary: The Institution's admission policy states "The applicant must have the high school and/or college(s) previously attended in an official transcript in English. Non-English transcripts must be translated into English. Students who wish GCU to translate

respective transcripts must pay the cost of translation. All transcripts will be evaluated before being admitted.”

There were two students (student [#2, #14] (2011/2012 and 2012/2013) and #6) in a sample of 15 that appeared to have an invalid high school diploma from (b)(6); (b)(7)(C). The reviewers also noted that a link to (b)(6); (b)(7)(C) was provided in the consumer information section in the student handbook. The (b)(6); (b)(7)(C) link was listed under the “GED programs in Atlanta” section. When the FAD was questioned about this (b)(6); (b)(7)(C) link in the student handbook, she explained that the GCU school officials thought that (b)(6); (b)(7)(C) was an acceptable high school. The reviewers informed the school officials that the Continental Academy diploma did not appear to be valid.

There were also eight students (#4, #5, #8, #9, #10, #11, #12 and #13) that were identified as having either a high school diploma that was not translated into English or no high school diploma in the student’s file.

The reviewers also did not see a policy to identify possibly invalid high school diplomas in the institution’s catalog or policies manual. When questioned about the missing policy, school officials stated that there were no written policies regarding high school diploma procedures.

Required Action: School officials must provide proof that the students identified above either have a valid high school diploma or GED ([#2, #14], #4, #5, #6, #8, #9, #10, #11, #12 and #13).

GCU must also create a high school diploma policy to reflect the requirements of 34 C.F.R. § 668.16(p). Also refer to FSA Handbook, Volume 1, Chapter 1. The new policy must be provided to this office with GCU’s response to this finding.

Finding 3. Pell Overpayment/Underpayment

Citation: 34 C.F.R § 690.75(a)(1) states that for each payment period, a school must pay a Federal Pell Grant to an eligible student only after it determines that the student qualifies as an eligible student under 34 C.F.R. § 668, Subpart C. In addition, 34 C.F.R § 690.63(b) specifically states that Federal Pell Grant payments for a payment period are calculated by determining the student’s enrollment status for the term, and determining his or her annual award from the payment schedule for full-time students or the disbursement schedule for three-quarter time, half-time, or less than half-time students, and dividing that amount by two (for institutions using semesters).

Noncompliance: The institution failed to pay the correct annual award from the Pell payment schedule for three students in a sample of 15.

Student 2: For the 2011-2012 award year, on 5/7/12, student 2 was given a full time Pell award of \$5,550 for the Spring 2012 term. The student’s estimated family contribution (EFC) was \$0. However, the student only attended the Spring 2012

semester and did not attend Fall 2011. According to the 2012-2013 Pell annual award payment schedule, Student 2 should have received \$2,775 (\$5,550 divided by 2 semesters) for attending only 1 term within the award year. Student 2 was overpaid Pell award funds by \$2,775 for the 2011-2012 award year.

Student 4: For the 2012-2013 award year, on 1/11/13, student 4 was given a full time Pell award of \$1,150 (\$2,300 divided by 2 semesters) for the Spring 2013 term. The student's estimated family contribution (EFC) was \$3,263. However, the student was actually a half time student enrolled in 8 credit hours for the semester. According to the 2012-2013 Pell annual award payment schedule for half time students, Student 4 should have received \$575 (\$1,150 divided by 2 semesters) for the term. Student 4 was overpaid Pell award funds by \$575 for the 2012-2013 award year.

Student 8: For the 2012-2013 award year, on 9/9/12, student 8 was given a Pell award of \$2,550 (\$5,100 divided by 2 semesters) and another Pell award of \$2,550 on 1/11/13. The student's estimated family contribution (EFC) was \$0. However, the student was actually a full time student enrolled in 13 credit hours for both semesters. According to the 2012-2013 Pell annual award payment schedule for full time students, Student 8 should have received \$5,550 (\$2,775 divided by 2 semesters) for the term. Student 8 was underpaid Pell award funds by \$450 for the 2012-2013 award year.

Required Action: GCU must submit documentation to support the Pell overawards / underawards listed above for the students.

GCU must also develop a policy to ensure Pell overpayment/underpayments do not occur in the future. This policy must detail how the financial aid office will be informed of student status' (full time, three quarter, half time, less than half time) and the methods financial aid will use to determine Pell eligibility and disbursement. A copy of the procedures should be submitted in response to this report.

Finding 4: Verification Violations

Citation: 34 C.F.R. § 668.59(a) states that an institution shall require each applicant whose application for verification is selected for verification on the basis of edits specified by the Secretary, to verify all of the applicable items and if the information on an application changes as a result of the verification process, the application is resubmitted for corrections to the Institutional Student Information Record (ISIR)/ Student Aid Report (SAR).

34 C.F.R. § 668.54(a)(3) states that if an institution has reason to believe that any information on an application used to calculate an EFC is inaccurate, it shall require the applicant to verify the information that it has reason to believe is inaccurate.

34 C.F.R. § 668.53(a) states that an institution shall establish and use written policies and procedures for verifying information contained in a student aid application. These policies and procedures must include (1) the time period in which an applicant will provide the documentation (2) the consequence of an applicant's failure to provide required documentation within the specified time period (3) the method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's estimated family contribution (EFC) changes and results in a change in the applicant's award or loan (4) the procedures that the institution requires an applicant follow to correct the application information determined to be in error (5) the procedures for making referrals under § 668.16.

Noncompliance: While reviewing GCU's student files, the reviewers found that the institution did not properly verify one student.

Student 2: For 2011/2012, Student 2's ISIR shows a marital status of single; however the verification worksheet shows that student #2 is married.

In addition to this incomplete verification issue, the reviewers also discovered that four students were verified with strangely similar tax information. Three of the four students lived at the same address, all had the same adjusted gross income (AGI) and all had the same tax preparer. The reviewers noted that it was highly unlikely that these four students would all be verified with the same tax information.

The four students selected for verification are listed below:

Student #	Address	AGI	Tax Preparer
9	(b)(6)	\$ 3,000	(b)(6); (b)(7)(C)
11		\$ 3,000	
12		\$ 3,000	
13		\$ 3,000	

Also, the verification policy in the institution's policies manual did not address (1) the time period in which an applicant would provide the documentation or (2) the procedures that the institution requires an applicant to follow to correct the application information determined to be in error. The institution's written verification statement given to students must include all of these items listed above as well.

This finding was also addressed at the institution's New School Assistance visit on 6/18/12. A new school assistance visit report detailing this finding was issued on 6/22/12; however the institution did not resolve this issue.

Required Action: GCU must submit documentation to the Department indicating that student #2 has been properly verified. GCU must also submit documentation to support the proper verification for the four students (student #9, #11, #12 and #13) with similar tax information.

GCU must also update its current verification policy to reflect the requirements of 34 C.F.R. § 668.53(a). This new policy must be provided to this office with GCU's response to this finding.

Finding 5: Ineligible Bank Fees on Federal Account

Citation: 34 C.F.R. § 668.161(b) states that funds received by an institution under the Title IV programs are held in trust for the intended student beneficiary and the Department. An institution, as a trustee of federal funds, may not use or hypothecate Title IV funds for any other purpose. Under no circumstances may federal funds be used for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of Title IV funds or subjects Title IV funds to liens or other attachments. Clearly carrying out these fiduciary duties limits the ways an institution can otherwise manage cash in an operating account, when that account contains FSA funds.

Noncompliance: The reviewers were given GCU's bank statements from Metro City Bank from March 2012 to July 2013. In reviewing the GCU bank records, there appeared to be a monthly maintenance service charge of \$7.50 noted on the Federal account (2404911).

Required Action: GCU must review all bank statements during the 2011/2012, 2012/2013 and 2013/2014 award years to locate any monthly charges or fees. Once these fees are located, GCU must work with Metro City Bank to resolve this issue. The documentation must be sent to this office with the response to this finding.

Finding 6: Satisfactory Academic Progress Policy Inadequate

Citation: 34 C.F.R. § 668.16 of the Student Assistance General Provisions regulations stipulates, in part, that an institution must establish, publish and apply reasonable standards for measuring whether a student, who is otherwise eligible for aid under any Title IV program is maintaining satisfactory academic progress (SAP) in his or her course of study. The standards for a student enrolled in an eligible program who is to receive assistance under a Title IV program are to be the same as or stricter than the institution's standards for a student enrolled in the same academic program who is not receiving assistance under a Title IV program. Your policy must explain how grade point average (GPA) and pace of completion are affected by course incompletes, withdrawals, repetitions and transfer credits from other schools.

Schools that check SAP at the end of each payment period may place students on financial aid warning as a consequence of not making satisfactory progress. A school may do this without appeal or any other action by the student. Warning status lasts for one payment period, during which the student may continue to receive Title IV funds. Students who are still failing to make satisfactory progress after the warning period lose their Title IV eligibility unless they successfully appeal and are placed on probation. Schools do not need to have warnings; they can instead require students to immediately appeal to be placed on probation.

All schools can have financial aid probation in their satisfactory progress policy. When a student loses FSA eligibility because he failed to make satisfactory progress, he may appeal that result on the basis of: his injury or illness, the death of a relative, or other special circumstances. His appeal must explain why he failed to make satisfactory progress and what has changed in his situation that will allow him to make satisfactory progress at the next evaluation. You can grant his appeal and put him on probation if you determine that he should be able to meet the standards after the subsequent payment period or if you develop an academic plan that when followed will ensure that he will meet the standards by a specific time. Students who fail the satisfactory progress check after the end of the payment period may only continue to receive aid if they successfully appeal, you develop an academic plan for them and they are meeting the requirements.

Federal Register, October 29, 2010

Noncompliance: The SAP policy does not include certain components (transfer credits, quantitative component requirements) and does not reflect the new requirements contained in the Program Integrity regulations published on October 29, 2010 and effective on July 1, 2011

- The institution's SAP policy does not explain how grade point average (GPA) and pace of completion are affected by transfer credits from other schools.
- The SAP policy also does not address the quantitative component minimum 150% standards.

Your policy must also specify the *quantitative* standard (pace) at which students must progress through their program to ensure that they will graduate within the maximum timeframe, and each academic progress check must measure this. You calculate the pace at which a student is progressing by dividing the total number of hours the student has successfully completed by the total number he has attempted. You may include, but aren't required to include, remedial courses when making the quantitative assessment. Pace at each evaluation point should permit a student to complete the program requirements within 150%.

- The SAP policy does not call the failure to meet SAP a "probation status". Instead GCU calls it a "cancellation of all federal and institutional aid". The SAP policy does not clearly state the student's requirement to successfully appeal in order to continue receiving Title IV funds or the consequences of not meet SAP after being placed on probation (i.e. academic plan).

The institution's probation status in the SAP policy states:

"Failure to complete the minimum, number of credit hours per academic year or maintain the minimum, GPA will result in the cancellation of all federal and institutional funds. Students

whose aid is cancelled are not eligible for additional financial aid until the necessary coursework is completed or the GPA is improved to meet minimum academic requirement for student financial aid. After termination/denial of financial aid, a student may appeal."

The Program Integrity regulations also state that institutions are required to use the word "probation" for a SAP status resulting as a consequence of not making satisfactory academic progress during a warning status. Students who are still failing to make satisfactory progress after the warning period lose their Title IV eligibility unless they successfully appeal and are placed on probation.

This finding was also addressed at the institution's New School Assistance visit on 6/18/12. A new school assistance visit report detailing this finding was issued on 6/22/12; however the institution did not resolve this issue.

Required Action: GCU must update its current SAP policy to reflect the requirements of 34 C.F.R. § 668.16 and the Program Integrity regulations published on October 29, 2010 and effective on July 1, 2011. This new SAP policy must be provided to this office with GCU's response to this finding.

Finding 7: Unofficial Withdrawal Policy Inadequate

Citation: When a recipient of Title IV grant or loan funds withdraws from a school (officially or unofficially) after beginning attendance, the amount of Title IV funds earned by the student must be determined. R2T4 calculations are based on a statutory formula developed by the Department and must be used on all recipients of FSA funds. The formula is based, in part, on the amount of time a student actually spent in attendance at the school. If the amount disbursed to the student is *greater* than the amount the student earned, unearned funds must be returned no later than 45 days after the date the institution determined that the student withdrew. If the amount disbursed to the student is *less* than the amount the student earned, and for which the student is otherwise eligible, the student may be eligible to receive a post-withdrawal disbursement of the earned aid not received. See 34 § C.F.R. 668.22

With respect to unofficial withdrawals, DCL GEN-04-03 dated November 2004 states that schools must have a procedure for determining whether a Title IV recipient who began attendance during the period actually completed the period, or if the recipient should be treated as a withdrawal. If a student earns a passing grade in one or more of his/her classes during the period for that class, the school can presume that the student completed the course, and thus the period. However, if a student who began attendance and did not officially withdraw fails to earn a passing grade in at least one course offered over an entire period, the school *must* assume, for Title IV purposes, that the student has unofficially withdrawn (unless the school can document that the student completed the period).

Noncompliance: During the entrance conference, GCU officials detailed their unofficial withdrawal policy which included GCU's professors checking attendance reports to become

aware of students who were not attending and calling students to inquire about the non-attendance.

The process was explained by GCU's officials during the entrance conference; however, the policy was not written in detail in GCU's policies and procedures manual or student handbook

GCU's unofficial withdrawal policy states:

"Withdrawing from a course or courses may impact your financial aid awards. Before withdrawing from course(s), you should contact the Office of Student Financial Aid to determine the consequences."

Required Action: GCU must update its current withdrawal policy to include a policy for unofficial withdrawals to reflect the requirements of DCL GEN-04-03. This new policy must be provided to this office with GCU's response to this finding.

Finding 8: Student Credit Balance Authorization Form Inadequate

Citation: 34 C.F.R. § 668.165(b) states that the school must obtain authorization from a student (or parent borrower), before the school can hold a FSA credit balance. An authorization must explain what FSA funds are covered by the document, and it must specify the time period covered by the authorization. A school may not require or coerce the student or parent to provide an authorization, and it must clearly explain to the student or parent how to cancel or modify the authorization. The school must also explain that a cancellation is not retroactive. However, regardless of any authorization obtained by a school, the school must pay any remaining balance on FSA loan funds by the end of the loan period and any other remaining FSA program funds by the end of the last payment period in the award year for which they were awarded. An authorization must clearly explain how the school will carry out an activity, but it does not need to detail every aspect pertaining to the activity. However, a blanket authorization that only identifies the activities to be performed is not acceptable. For instance, an authorization permitting a school to use a FSA credit balance must provide detail that is sufficient to give the student or parent a general idea of what charges the credit balance would be used to pay. A blanket statement that the credit balance would cover any charges is not acceptable.

Noncompliance: GCU's credit balance authorization form does not meet the requirements of 34 C.F.R. § 668.165(b).

For student #3, the credit balance authorization form states:

"This is to confirm that I have requested GCU to hold the balance of the direct loans and issue checks at later dates."

This credit authorization form does not indicate the time period covered by the authorization, does not clearly explain to the student or parent how to cancel or modify the authorization, does

not explain that a cancellation is not retroactive or does not explain what charges the credit balance would be used to pay for.

Required Action: GCU must update its current credit balance authorization form to reflect the requirements of 34 C.F.R. § 668.165(b). This new credit balance authorization form must be provided to this office with GCU's response to this finding.

Finding 9: Missing Default Prevention and Management Plan

Citation: New schools are required to implement a default prevention and management plan prior to certification. A "sample default prevention and management plan" was issued as an attachment to DCL GEN-05-14. The sample plan is also posted in the collection of "default rate materials" on the IFAP website.

FSA Handbook, Volume 2, Chapter 1-6

Noncompliance: When completing the application to participate in the Title IV programs, institutions are informed that they must have a default prevention plan and are given the opportunity to submit their own plan or indicate that they will use the Secretary of Education's Default Prevention Plan. GCU indicated that they would use the Secretary's plan. However, when the reviewers asked to see a copy of the plan, the school officials were unable to produce a copy.

This finding was also addressed at the institution's New School Assistance visit on 6/18/12. A new school assistance visit report detailing this finding was issued on 6/22/12; however the institution did not resolve this issue.

Required Action: GCU must create a default prevention and management plan. This new default prevention and management plan must be provided to this office with GCU's response to this finding.

Appendix D: New School Visit Report



June 22, 2012

Paul C Kim
President
Georgia Christian University
6789 Peachtree Industrial Blvd
Atlanta GA 30360 3778

RE New School Assistance Visit
OPE ID 04156500

Dear Dr Kim

I would like to thank you and your staff for the time you set aside to go through the various Title IV, HEA Programs regulatory processes during the New School Assistance Visit conducted at Georgia Christian University on June 18, 2012.

During the visit, the following general recommendations were provided

- Compile a complete and accurate Policies and Procedures Manual outlining all the necessary activities associated with processing Title IV aid. This document can then be used as a reference tool for current staff and as documentation of internal procedures. To ensure that the institution's Policies and Procedures Manual addresses all the required items, I suggest that you download and utilize the Policies and Procedures Manual template located on the Department's *FSA Assessments* website. The *FSA Assessments* can be found at the following link: <http://www.ifap.ed.gov/qahome/fsaassessment.html>
- Ensure that your financial aid staff attends training as often as possible. You can view information about the current training opportunities offered by the Department at the following website: <http://www.ed.gov/offices/OSFAP/training/newfaps.html>

Federal Student Aid Atlanta School Participation Division
61 Forsyth St SW Room 18T40 Atlanta GA 30303 8918
www.FederalStudentAid.ed.gov

FEDERAL STUDENT AID START HERE GO FURTHER

In addition to these general recommendations we identified several areas requiring changes or revisions to your policies and/or procedures in order to demonstrate compliance with Title IV regulations

- The institution was placed on the advanced funding method of payment when receiving initial eligibility to participate in the Title IV programs, which means that Title IV funds can be requested from the Department's G5 system whenever there are students eligible to receive those funds. This funding method requires institutions to comply with certain cash management regulations, one of which is the excess cash rule found in 34 C F R §668.166. This rule states that whenever federal funds are deposited to an institution's federal bank account, those funds must be disbursed to students within 3 business days. However, your staff mistakenly believed that the funds had to be disbursed within 14 days and the business office delayed disbursing the funds for those 14 days. This resulted in the institution being in violation of the excess cash rule. To resolve this issue policies and procedures must be developed that will bring the institution into compliance with the excess cash regulations. You must ensure that these policies and procedures are developed and implemented as soon as possible.
- When reviewing student disbursement records in the Common Origination and Disbursement (COD) system we discovered that the disbursement dates reported to COD do not match the dates the funds were credited to student accounts. In one case, the COD date was three weeks prior to the ledger date, and in another case the COD date was two months prior to the ledger date. These were Stafford loan disbursements, where interest began accruing as of the disbursement date reported to COD. So in both these cases, interest accrued for several weeks prior to the date the aid was actually credited to student accounts. Not only is this an instance of inaccurate recordkeeping, but either the students (for unsubsidized loans) or the taxpayer (for subsidized loans) incurred more interest than they should have. In order to correct these records, the institution's third party servicer must be advised of the incorrect disbursement dates and corrections must be submitted to COD. In addition, the institution and the servicer must develop a process whereby correct disbursement dates are reported to COD for all future records.
- The institution does not have a process in place to document that Stafford loan borrowers completed entrance and exit counseling. As a reminder, all first-time Stafford loan borrowers must complete entrance counseling prior to receiving the first loan disbursement, and the institution must document completion in the student's file. In addition exit counseling must be completed by all students who receive Stafford loan funds regardless of whether or not the students received loans in the past. The exit counseling must be completed whenever a student withdraws, drops below half time or graduates and again, the completion must be documented in the student's file. Two students received Direct Loans at the institution, but there is no documentation demonstrating whether or not the students were required to complete entrance counseling and if so, if the counseling was done. In addition, there is no process in place to identify students who must complete exit counseling or to

document when the exit counseling has been completed. I explained the counseling requirements to (b)(6); (b)(7)(C) and we discussed the various ways in which the counseling can be completed.

The Department makes both entrance and exit counseling available to students online. Entrance counseling can be completed at www.studentloans.gov, and exit counseling can be completed at www.nslds.ed.gov. Once counseling has been completed, the institution can document this by either requesting a confirmation page from the student or by obtaining reports from the Department listing the students who completed counseling. Because the two students who received Direct Loan disbursements didn't complete entrance counseling, the institution must contact them with instructions on how to complete the counseling. In addition, you must ensure that policies and procedures are developed to track and document entrance and exit counseling requirements in the future.

- Whenever a Title IV recipient completely ceases attendance prior to completing the term, the institution is required to perform a Return of Title IV Funds (R2T4) calculation. This calculation determines the percentage of earned and unearned aid, based on the percentage of the term completed through the withdrawal date. During the visit, (b)(6); (b)(7)(C) indicated that the institution has one student who was allowed to leave the Spring 2012 term in April and return to Korea to deal with a family medical emergency. Because the student completed a majority of the coursework in the term, the instructors agreed to give the student incomplete grades for all coursework and allow the student to complete the coursework upon his return. Therefore, the financial aid office considered this student to still be enrolled. However, for Title IV purposes, the student completely ceased attendance and therefore is considered to have withdrawn from the institution, resulting in the need to perform an R2T4 calculation. (b)(6); (b)(7)(C) felt certain that the withdrawal date would be past the 60% point of the term and therefore all the Title IV aid would have been earned. However, the calculation must still be performed and documentation included in the student's file. In addition, you must ensure that R2T4 policies and procedures are developed and implemented as soon as possible.
- When students are selected for verification by the Central Processing System (CPS), the institution is required to give each selected student a written statement explaining the following: 1) the documents required to be submitted by the student, 2) any deadlines for completing actions required by the student, 3) how corrections will be made for FAFSA data elements determined through verification to be incorrect, and 4) how your school will notify a student if the award changes as a result of verification. However, the institution's verification notification is missing several of these items. You should ensure that the written verification notification is revised to include all these items and that all students selected for verification receive the revised notification.
- In addition to verification notifications provided to students, institutions are also required to develop internal written policies and procedures on the following: