



JUN 29 2015

Nick Hastain, President  
Harris School of Business  
One Cherry Hill Suite 700  
One Mall Drive  
Cherry Hill, NJ 08002-2983

**Certified Mail Return Receipt Requested**  
**Domestic Return Receipt**  
# 7006 2760 0002 1734 7648

RE: **Final Program Review Determination**  
OPE ID: 02104000  
PRCN: 200840226763

Dear Mr. Hastain:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on June 27, 2012 covering Harris School of Business' (Harris) administration of 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), for the 2007/08 and 2008/09 award years. Harris' final response was received on November 9, 2012.

The School Participation Team – New York/Boston has reviewed Harris' responses to the Program Review Report. A copy of the program review report (and related attachments) and Harris' responses are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Harris 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.

Although the findings in the program review report identified serious concerns, this office has made a decision to close the review based on the length of time that has passed since the examination of those records, and Harris' assertions that it has taken corrective actions. As a result, Harris may consider the program review closed with no further action required. Harris is reminded that as a fiduciary, the institution must ensure that all program requirements are met and that all Title IV, HEA funds are properly spent.

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

School Participation Division – New York/Boston  
Financial Square, 32 Old Slip, 25<sup>th</sup> Floor, New York, NY 10005  
StudentAid.gov

**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).

If you have any questions please call Christopher Curry at (646) 428-3738.

Sincerely,



Betty Coughlin  
Division Director

Enclosure: Program Review Report (with attachments)  
Harris School of Business' Response to the Program Review Report

cc: Michele Sinusas, Chief Information Officer  
NJ Department of Education  
NJ Department of Labor & Workforce Development  
Accrediting Council for Independent Colleges and Schools (ACCSC)  
Department of Defense  
Department of Veterans Affairs  
Consumer Financial Protection Bureau

APPENDIX A  
PROGRAM REVIEW  
REPORT



---

JUN 27 2012

Gary Camp, President  
Harris School of Business  
One Cherry Hill Suite 700  
One Mall Drive  
Cherry Hill, NJ, 08002-2983

Certified Mail  
Return Receipt Requested  
Domestic Return Receipt  
7006 2760 0002 1693 9783

RE: **Program Review Report**  
**OPEID: 021040**  
**PRCN: 200840226763**

Dear Mr. Camp:

From September 3, 2008 through September 5, 2008, and then from September 23, 2008 through September 26, 2008, Christopher Curry and Judith Ortiz-Velazquez conducted a review of Harris School of Business' (Harris') 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 Harris. The response should include a brief, written narrative for each finding that clearly states Harris' position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, Harris must provide supporting documentation as required in each finding.

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

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

---

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

Federal Student Aid, New York/Boston School Participation Division  
32 Old Slip, 25<sup>th</sup> Floor, New York, NY 10005  
[www.FederalStudentAid.ed.gov](http://www.FederalStudentAid.ed.gov)

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 Harris upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Christopher Curry of this office within **60** calendar days of receipt of this letter, except for specific cases where additional time is identified.

**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. 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).

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 me at 646-428-3738 or Christopher.Curry@ed.gov.

Sincerely,



Christopher Curry  
Compliance Manager

cc: Michele Sinusas, Financial Aid Administrator

Enclosure:  
Protection of Personally Identifiable Information

Prepared for

**Harris School of Business**

---



START HERE  
GO FURTHER  
FEDERAL STUDENT AID

OPE ID 02104000

PRCN 200840226763

Prepared by

**U.S. Department of Education**

**Federal Student Aid**

**School Participation Team – New York/Boston**

# Program Review Report

JUN 27 2012

## Table of Contents

Table of Contents		Page
A.	Institutional Information.....	2
B.	Scope of Review.....	3
C.	Findings .....	3
	Finding #1. Conflicting or Missing Information.....	4
	Finding #2. Incomplete Verification.....	6
	Finding #3: Program Hours Not Offered.....	10
	Finding #4 Inadequate Monitoring of Student Attendance.....	13
	Finding #5: Incorrect Calculation of Return to Title IV (R2T4).....	15
	Finding #6. Inadequate Document of Need Calculations for Direct Loans..	19
	Finding #7. Inaccurate Loan Certification.....	21
	Finding #8. Failure to Document Refunds to Title IV Programs.....	22
	Finding #9: Misrepresentation.....	24
D.	Appendices .....	26
	Appendix A: Student Sample .....	26

**A. Institutional Information**

Harris School of Business  
One Cherry Hill Suite 700  
One Mall Drive  
Cherry Hill, NJ 08002-2983

Type: Proprietary

Highest Level of Offering: Non-Degree 1 Year (900-1799 hours)

Accrediting Agency: Accrediting Council for Independent Colleges and Schools (ACICS)

Current Student Enrollment: 1149

% of Students Receiving Title IV: 85%

Title IV Participation: Source – Postsecondary Educational Participants System (PEPS)

	2010/11
Federal Pell Grant Program (Pell)	\$4,571,935
William D Ford Federal Direct Loan Program (FDL)	\$6,803,058
Federal Supplemental Education Opportunity Grant(SEOG)	\$121,025

Default Rate FFEL/DL:	2009	15.5%
	2008	16.1%
	2007	13.5%

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Harris School of Business (Harris) from September 3, through September 5, 2008 at the Trenton location, and September 22 through September 26, 2008 at the Cherry Hill location. The review was conducted by Christopher Curry and Judith Ortiz-Velazquez. A follow-up visit was conducted by Shari Mecca to the Parent organization's office in East Haven, Connecticut, on April 25, 2011.

The focus of the review was to determine Harris' 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 Harris' 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 2006-07 and 2007-08 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, 7 files were selected to further test verification and refund procedures. 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 Harris' specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Harris 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 Harris to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding #1. Conflicting or Missing Information**

**Citation:** An institution is required to develop and apply an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to the student's application for financial aid under Title IV programs. 34 C.F.R. § 668.16(f).

The records that an institution must maintain in order to comply with the provisions of this section include but are not limited to—

- (i) The Student Aid Report (SAR) or Institutional Student Information Record (ISIR) used to determine eligibility for Title IV, HEA program funds;
- (ii) Application data submitted to the Secretary, lender, or guaranty agency by the institution on behalf of the student or parent. 34 C.F.R. § 668.24(c)

**Noncompliance:** The reviewers noted that the 2006/07 FAFSA in **student #18's** file was incomplete, the answers to all the questions in Step Two relating the student's income and assets were left blank, as were the answers for the student on the Worksheet for reporting untaxed income and benefits. Nevertheless, the student's ISIR had answers to all questions in Step Two. Since the application was submitted electronically by the institution, the source of the information that Harris transmitted for Part Two of the ISIR is unclear. As discussed in Finding #2, there were no tax returns in the institution's records that could have served as a source of at least some of the information in Part Two of the FAFSA.

**Student #20's** FAFSA indicated that the student had filed a 1040 tax return, that she was not eligible to file a 1040A or 1040EZ tax form, that her AGI for 2005 was \$11,470, and that she paid \$70 in taxes that year. However, her ISIR, which was based on an electronic application submitted by Harris, reports that she was a non-tax filer for 2005. Based on the non-filer status, the student's record was processed using the auto-zero EFC indicator, instead of her information being subject to a full need analysis calculation.

**Student #27** reported on his 2007/08 FAFSA that his Adjusted Gross Income (AGI) for 2006 was \$25,309, which included \$3,000 in earnings for himself, and \$22,309 in earning from his spouse. However, his ISIR showed that his \$3,000 earnings reported on Line 38 of the FAFSA had apparently not been reported. When the institution was notified of this during the program review, a recalculation was performed which resulted in the student's EFC being reduced from \$3876 to \$3613 based on the student now being eligible for an employment expense allowance, which then increased the student's Pell Grant eligibility by \$100.

**Student #9's** 2008/09 FAFSA reported that the student had \$800 in cash, checking or savings accounts, while her parent had \$2,300 in cash/checking/savings. However, the

amounts reported on the ISIR were \$0 for both the student and parent, and there was no documentation explaining the difference between the amounts reported by the student on the FAFSA, and transmitted by the school. In this case, the student/parent qualified for an automatic \$0 EFC so this would not impact this student's EFC. However any failure by the institution to accurately transmit data reported on FAFSAs could have a material impact in other cases.

**Student #25's** ISIR indicated that the student had filed a 1040 tax return for 2006, but that she was eligible to have filed a 1040A or EZ tax form, making her eligible for an Automatic Zero EFC. However, the 2006 1040 tax return in her file included income on Line 17 for rental real estate, royalties, partnerships, etc., requiring that she attach Schedule E. Therefore, the student would not have been able to file a 1040 A or EZ tax form in 2006. Given the potential impact this could have on whether or not the student is eligible for an auto-zero EFC, it is an important items that Harris should monitor and resolve discrepancies.

**Student # 23's** ISIR indicated that she was an independent student based on her having children that she would be supporting during the 2007/08 award year. The student was not selected for verification, but her file contained a Verification Worksheet, and 2006 tax documents. The Verification Worksheet listed a niece and nephew as members of her household. Her tax document also listed to tax dependents, but identified them as a daughter and son. This apparent "confusion" by the student of her relationship with the persons she claimed as her dependents raises questions about the accuracy of the information on the ISIR and the tax return, and must be resolved before her financial aid awards can be considered finalized.

Harris failed to provide a copy of **student #25's** complete FAFSA during the program review, the reviewers were only provided a copy of the signature page. The student's ISIR indicated that it was generated based on an electronic application submitted by Harris, so Harris should have maintained a copy of the FAFSA that served as the basis for the information reported by the institution.

**Required Action:** Harris must attempt to secure documentation to resolve the discrepancies identified in this finding. If there are changes to the information originally reported, Harris must perform all required needs analysis to confirm that the student remained eligible for Title IV program funds that were awarded. If a revised calculation results in an overaward, those amounts will be considered institutional liabilities. Harris must provide copies of all documentation collected and any recalculations performed in response to this finding and identify any liabilities that result from the recalculations. If discrepancies cannot be resolved, all Title IV funds disbursed are liabilities. Instructions for the repayment of liabilities, if any, will be provided in the final program review determination (FPRD) letter.

Harris must attempt to secure documentation to demonstrate that all of the information that was submitted in Part Two on **student #18's** ISIR is complete and accurate as of the date the student signed the FAFSA.

Harris adjusted **student #27's** remaining balance by \$100 to reflect the additional Pell Grant funds he should have received.

The electronic FAFSA application process invests a great deal of faith that institutions will use proper diligence in the reporting of information to the Department. Therefore, any situations where there is a lack of documentation supporting the data transmitted, or where the information is incorrectly reported, is a significant concern, which is exacerbated by the number of cases identified in this finding. As a result, Harris must perform an evaluation to attempt to discern the cause and the extent of the apparent misreporting. Harris must also review its procedures to ensure that any ISIR data transmitted is accurate and supported by adequate documentation, and include in its response a report of the results of its evaluation, and a description of the measures that have been taken to prevent future occurrences.

The institution will be apprised of any additional requirements upon review of the response to this finding.

## **Finding #2. Incomplete Verification**

**Citation:** An institution shall require each applicant whose application is selected for verification on the basis of edits specified by the Secretary of Education, to verify all of the applicable items specified in 34 C.F.R. § 668.56, except that no institution is required to verify the applications of more than 30% of its total number of applicants for assistance under the Federal Pell Grant, Federal Direct Loan, Campus Based, and Federal Stafford Loan programs in an award year. 34 C.F.R. § 668.54(a)(2)(i)

The data elements that are required to be verified when a student is selected for verification by the Department are identified at 34 C.F.R. § 668.56, and the documentation acceptable for completing verification is identified at 34 C.F.R. § 668.57.

34 C.F.R. § 668.57 specifies the criteria for acceptable documentation, as follows:

(a)(2) specifies that, acceptable documentation for verifying the amounts of adjusted gross income and federal income taxes paid, includes a copy of the applicable tax return, or a copy of an IRS form which lists the tax account information.

(a)(3) An institution shall accept, in lieu of an income tax return or an IRS listing of tax account information of an individual whose income was used in calculating the EFC of

an applicant, the documentation set forth in paragraph (a)(4) of this section if the individual for the base year—

(i) Has not filed and is not required to file an income tax return;  
(ii) Is required to file a U.S. tax return and has been granted a filing extension by the IRS;  
or

(iii) Has requested a copy of the tax return or a Listing of Tax Account Information, and the IRS or a government of a U.S. territory or commonwealth or a foreign central government cannot locate the return or provide a Listing of Tax Account Information.

(4) An institution shall accept—

(i) For an individual described in paragraph (a)(3)(i) of this section, a statement signed by that individual certifying that he or she has not filed nor is required to file an income tax return for the base year and certifying for that year that individual's—

(A) Sources of income earned from work as stated on the application; and

(B) Amounts of income from each source;

(ii) For an individual described in paragraph (a)(3)(ii) of this section—

(A) A copy of the IRS Form 4868, “Application for Automatic Extension of Time to File U.S. Individual Income Tax Return,” that the individual filed with the IRS for the base year, or a copy of the IRS's approval of an extension beyond the automatic four-month extension if the individual requested an additional extension of the filing time; and

(B) A copy of each IRS Form W-2 that the individual received for the base year, or for a self-employed individual, a statement signed by the individual certifying the amount of adjusted gross income for the base year; and

(iii) For an individual described in paragraph (a)(3)(iii) of this section—

(A) A copy of each IRS Form W-2 that the individual received for the base year; or

(B) For an individual who is self-employed or has filed an income tax return with a government of a U. S. territory or commonwealth, or a foreign central government, a statement signed by the individual certifying the amount of adjusted gross income for the base year.

(5) An institution shall require an individual described in paragraph (a)(3)(ii) of this section to provide to it a copy of his or her completed income tax return when filed.

When an institution receives the copy of the return, it may re-verify the adjusted gross income and taxes paid by the applicant and his or her spouse or parents.

(6) If an individual who is required to submit an IRS Form W-2 under this paragraph is unable to obtain one in a timely manner, the institution may permit that individual to set forth, in a statement signed by the individual, the amount of income earned from work, the source of that income, and the reason that the IRS Form W-2 is not available in a timely manner.

**Noncompliance:** The reviewers found numerous cases where student’s files contained copies of documents titled “Federal Tax Return Recap”, used to document students’ income and taxes paid, including **student #19** (who is discussed in more detail later in this finding). Harris was asked to clarify the source of these records, since they did not appear to be IRS documents, nor did they appear to be a record of the tax record that had

been electronically submitted to the IRS. Harris replied that these documents are summaries of tax information from tax preparers and, although they did not meet the criteria specified in regulation, the student did meet the criteria which allowed them to submit a signed statement confirming the amount and source of their income. However, the regulations allow only very specific circumstances under which a signed statement can be submitted in lieu of copies of actual tax returns or transcripts (e.g., the tax filer has requested and been granted an extension to file a tax return, a tax return or tax listing was requested from the IRS and none could be located), and there was no documentation in the student's files to indicate that they met that criteria.

**Student #18's** ISIR for 2006/2007 was selected for verification, but Harris' records do not document that verification was completed. The ISIR indicated that the student was a dependent student, and that both the student and her parent filed federal income tax returns in 2005. However, there were no tax returns in the student's file. In addition, Sections C and D on the Verification Worksheet were not filled out, where she and her mother were required to confirm whether or not they filed tax returns, and whether they received any other untaxed income in 2005.

**Student #10's** ISIR was selected for verification. In reviewing the verification documentation found in the student's file, the reviewers noted the following concerns. The ISIR included \$1969 in untaxed income on Line 84 from "Worksheet A" for the parent. The separate worksheet in the student's file indicated that \$598 of this amount was from an Additional Child Tax Credit. However, the parent's tax return shows that the Additional Child Tax Credit was actually \$1000. The \$598 amount appears to be a Child & Dependent Care Credit, which is not reportable on the FAFSA. Additionally, the verification worksheet was not signed by the student's parent, as required by regulation. Finally, the student's ISIR had been corrected to add a fourth person to the parent's household size. The verification worksheet also listed four names, but one of those listed was identified as a stepfather. Since the ISIR lists the mother's marital status as single, this entry raises a question as to whether the marital status was correctly reported and also whether the stepfather's income should have also been reported.

**Student #19** reported on her ISIR that she filed a 1040A/EZ in 2005. However, the document that was submitted indicated that she filed a 1040 form. This could impact whether she was eligible for an Automatic Zero EFC. Furthermore, the document that she submitted to verify her income information was a print-out identified as a "Federal Return Recap". Guidance from the Department indicates, if a person submits their tax return through the e-file process, they may submit a copy of the return in the format provide by the e-file provider. However, it is unclear if this document is related to an e-file application. Finally, the ISIR identifies the amount of taxes paid as \$436, but the Federal Return Recap indicates the total taxes paid amount was \$106, the \$436 amount being the amount of withholding. If it turns out the student was actually eligible for an Automatic Zero EFC, this would not matter, however this still needs to be confirmed.

**Student #36** reported on the FAFSA that her mother's AGI for 2006 was \$14,332. The student's file contained a copy of the "Federal Return Recap" print-out that appears to show a summary of all information on an income tax return for her parent as it would have been reported to the IRS. That form is not identified as an official IRS form, as proscribed in regulation. The Department's Application and Verification Guide does discuss that, if a filer uses a software program to submit tax information to the IRS, the e-file provider might print out a copy of the return using its own format. Any of these paper copies of the return are acceptable documentation for verification as long as they are signed by at least one of the tax filers. However, the "Federal Return Recap" in the file was not signed. Additionally, Federal Return Recap showed her mother's AGI was \$23,038 in 2006. There was no documentation in the file showing that a recalculation had been performed to determine whether this information would have affected the student's eligibility.

**Student #6's** IRS transcript indicated on Line 36 that the student had \$4000 in adjustments to her AGI in 2006. The specific adjustments that result in the amount on Line 36 are supposed to be listed on lines 24 through 36, but those amounts are all \$0 on the transcript. Amounts reported on lines 28 or 32 are reportable on the FAFSA. Since the IRS transcript did not contain complete information, Harris should have requested further clarification of the source of those adjustments from the student, to ascertain whether any of the \$4000 amount should have been reported on the FAFSA.

**Student #30's** 2005 tax return was not signed.

**Student #33's** ISIR indicated that she did not file a tax return, and had \$0 income in 2006. Although the student did sign the verification worksheet that was in her file, Section C was not completed. Section C is where the student is asked to verify tax filing status, and to identify any untaxed income they received in the applicable award year.

**Required Action:** As a result of the deficiencies found in the review sample, and since most of the cited students attended the Trenton location, Harris must review the files of all Title IV recipients who were selected for verification and attended the Trenton location, for the 2007/08 award year to confirm whether all required documentation was collected, and the students were eligible for all Title IV funds disbursed. Harris must also consider the issues discussed in Finding #1 when performing this file review.

Additionally, Harris must determine whether any of the students cited in this finding who were not from the Trenton location were eligible for the Title IV funds disbursed to them.

In those cases where verification was not properly completed, Harris must attempt to collect any missing documentation and perform all required need analyses to confirm students' eligibility if information was revised as a result of verification. Please note, in

cases where information on verification worksheets is revised, the changes must be initialed and the worksheets must be signed **again** by the required persons. Harris is liable for the amounts of any need-based Title IV funds disbursed in excess of students' revised need. Additionally, the institution is liable for all need-based Title IV funds awarded if the required documentation cannot be collected.

In response to this finding, Harris must provide a report identifying the amount of need-based Title IV funds awarded to and received by students for which they were not eligible due to incomplete verification, in the following format.

Award Year  
Student Name  
Social Security Number  
Original Award (by Title IV Program)  
Revised Award (by Title IV Program)  
Difference (by Title IV Program)  
Date ineligible funds disbursed

FFEL amounts reported must reflect the certified amount, not the disbursed amount. In the case of multiple disbursements, where only one disbursement was made, report half of the amount certified.

This information must be provided to this office with auditor's verification within ninety (90) days of receipt of this letter. We define auditor verification as a confirmation statement that a corrective action was accurately taken by the institution in accordance with the Department's instructions (which includes the confirmation of documents, liabilities paid, file reviews, projection sampling, and formulas used to calculate liabilities).

Instructions for the repayment of liabilities will be provide in the Final Program Review Determination (FPRD) letter.

### **Finding #3: Program Hours Not Offered.**

**Citation:** 34 C.F.R. § 668.8(l) establishes a criteria for determining the number of credit hours of instruction for students enrolled in a program at an proprietary institution of higher education that offers programs of less than two years. Under that criteria, which was in effect at the time of the program review, a quarter hour must include at least 20 clock hours of instruction. The regulatory conversion criteria was amended effective July 1, 2011 so that a quarter hour must include at least 25 clock hours of instruction. 34 C.F.R. § 668.9 requires that an institution must use the formula described in 668.8(l) to

determine the number of quarter hours in the program, in order to determine the amount of Title IV funds a student is eligible to receive.

34 C.F.R. § 690.63(d) specifies that the Pell Grant calculation for a payment period for a student in a program using credit hours with non-standard terms requires prorations of the award for each payment period. The calculation for the payment period prorates a student's scheduled award based on weeks of instructional time that most full-time students are attending, and the credit hours in the payment period as they compare to the defined academic year.

**Noncompliance:** The reviewers tested the detail of the program offerings for two files from the review sample and found cases where Harris's records appeared to show that the institution did not always offer all hours of instruction as stated in catalogs and program approvals, which could then affect the number of credit hours offered in the students' programs.

For example, **student #5** enrolled in the Professional Massage program (approved to offer 45 quarter credit hours), which started on 7/9/07. Harris's catalog describes this program as containing a total of 900 clock hours of classwork, including 120 hours of clinical practicum. However, a review of the official class schedule and the actual attendance records show that Harris did not offer all the specified hours of instruction. The number of hour of instruction for some of the individual classes identified on the student's final transcript did not always agree with the hours documented on the computerized Detail Attendance report generated from the institution's CampusVue system.

The chart below shows the differences in the hours offered between the two records.

Class Name	Clock Hours Transcript	Clock Hours Detail	Clock Hours Offered & Approved
The Business of Massage Therapy	60	64	60
Personal Psychology	30	32	30
Law and Ethics	30	32	30
Anatomy and Physiology	60	64	60
CPR and First Aid	20	24	20
Prof. Medical Terminology	40	40	40
Kinesiology & Myology	80	<b>64</b>	<b>64</b>
Pathology I	40	40	40
Art of Massage	60	64	60
Career Development	20	28	20
Pathology II	40	<b>30</b>	<b>30</b>

Anatomy & Physiology – Body Com	30	30	30
Seated Massage	30	30	30
Complimentary Bodyworks	60	60	60
Assessments and Special Populations	60	60	60
Body Therapies of Asia	60	60	60
Science of Touch	60	<b>52</b>	<b>52</b>
Practicum	<u>120</u>	<u>128.45</u>	<u>120</u>
Total	900	902.45	866

Based on the Detail Attendance report, Harris did not provide all the required hours of instruction in three of the classes (bolded above), for a total of 34 clock hours less than identified in the institution’s catalog and on the student’s transcript. Although there were also classes where Harris provided excess hours, such hours cannot be counted for purposes of awarding Title IV funds. In addition, Finding #4 describes how the total number of hours offered in the Practicum class are subject to question.

Although Harris’s educational programs are approved to be offered in quarter credit hours, the programs are subject to a conversion formula based on the number of clock hours offered, making the actual number of clock hours offered critical.

Based on the 34 clock hours not offered, the total number of hours applicable to Title IV eligibility would have been 866. Applying the credit/clock conversion ratio applicable at the time of the program review, this student’s program would have been Harris would have consisted of  $866/20$  or 43 (43.3) credits.

The Department has confirmed with the State of New Jersey that any variations in the approved number of hours offered in each course in an approved program must be approved by the state, and an institution cannot substitute additional clinical/practicum hours for classroom hours.

Finding #4 also describes how the attendance records in the CampusVue system do not always accurately reflect what is in the institution’s manual attendance records, therefore the number of hours actually offered may be different from either of the figures reported above.

**Student #23** was enrolled in a Professional Medical Assistant Program at Trenton. Harris’s catalog indicates that the Medical Assisting & Clinical Procedures class in this program should offer 40 hours of instruction. However, the student’s attendance records indicate that this class, offered between 10/30/07 and 11/20/07, only offered 36 hours of instruction. The student’s academic transcript indicates that the course end date was 11/21/07, but there is no indication of classes offered on that date.

**Required Action:** An institution's failure to offer the complete academic program as documented in its catalog, and as approved by its accrediting and licensing bodies, may impact the amount of Title IV funds that a student is eligible to receive.

In response to this finding, Harris must review all other students in the program review sample to determine whether they were offered all hours of instruction as specified in program approvals. Harris must then prepare and submit information identifying any students who were not provided with all required instruction, also identifying whether there was any impact on those students' Title IV eligibility. This response must be submitted within 30 days of receipt of this letter. Please note that the results of this initial evaluation are subject to review, and all document used in the evaluations must be retained for expedited retrieval and submission.

Harris will be apprised of any further requirements upon review of the initial response.

Instructions for the repayment of any liabilities will be provided in the Final Program Review Determination letter (FPRD).

#### **Finding #4 Inadequate Monitoring of Student Attendance**

**Citation:** Regulations define a Clock hour as: A period of time consisting of—  
(1) A 50- to 60-minute class, lecture, or recitation in a 60-minute period;  
(2) A 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period. 34 C.F.R. §600.2

The records that an institution must maintain in order to comply with the provisions of the regulations include, but are not limited to, documentation of each student's or parent borrower's eligibility for Title IV funds. At a clock-hour school this includes attendance records to document that the appropriate number of clock hours were offered or completed. 34 C.F.R. § 668.24(c)(1)(iii)

34 C.F.R. § 668.8(l) establishes a criteria for determining the number of credit hours of instruction for students enrolled in a program at an proprietary institution of higher education that offers programs of less than two years. Under that criteria, which was in effect at the time of the program review, a quarter hour must include at least 20 clock hours of instruction. The regulatory conversion criteria was amended effective July 1, 2011 so that a quarter hour must include at least 25 clock hours of instruction. 34 C.F.R. § 668.9 requires that an institution must use the formula described in 668.8(l) to determine the number of quarter hours in the program, in order to determine the amount of Title IV funds a student is eligible to receive.

**Noncompliance:** The reviewers found documentation in students' files indicating the students may not have been offered all hours of instruction specified in program approvals, and on the student's enrollment agreement. This could affect the number of credit hours offered in the students' programs, for purposes of awarding Title IV funds.

**Student #36** enrolled in the Professional Medical Assistant program, which consists of 900 clock hours of instruction, encompassing 45 quarter-credit hours. The program included an externship that consisted of 180 hours/9 credits. The attendance documentation provided by the student's externship site appeared to document that the student was offered 180 hours of instruction. In most cases, the records showed that the student worked at the externship site from 8AM to 2PM, and was given credit for 6 full hours of work/instruction. However, the timesheets indicated that the student took a half-hour meal break on most days, but the student's hours were not adjusted to reflect those breaks.

There were no detailed attendance records provided to document the number of hours offered for **student #6** for her externship. Harris only provided a computer-generated report that showed total hours completed for a weekly period.

**Student #30's** externship time sheets often reported the student's hours to be "8 – 4", and the student was given credit for 8 full hours of class time. For this student, Harris must confirm whether it is the externship site's practice to work all day without at least a meal break, or whether break times were included in the hours completed by the student.

**Student #5** was enrolled in a 120 hour Practicum as part of her Massage Therapy Program, which was provided at the school's location. As with the externship described for student #30, this student's timesheets indicated that she worked all day, in many cases 8 full hours without credit for any break time. For instances, for the week of 3/24/08, the student was signed in for the hours 8:00 – 4:00 each day, and given credit for the full 8 hours. In the 17 days reported on the timesheets during which the student usually worked between 6 and 8 hours, there was only one day that indicated any break in her schedule. Harris was asked to clarify the student's work hours, but provided no additional information, other than to hi-lite a statement from the institution's mission statement that internship/externship hours are arranged according to the needs of the sites, and students are responsible for adjusting their schedules to the availability of the hours offered. However, this does not relieve the institution of the responsibility for ensuring that students' records accurately reflect the instruction received, and that any apparent conflicting information is reconciled. Given that the institution's own externship timesheets specify that students' hours should be adjusted to reflect break times, Harris is responsible for documenting that student are offered hours of instruction, while also ensuring that it follows its' own procedures for ensuring students are provided with adequate working conditions, including scheduled breaks. This student is also discussed in Finding #3.

Furthermore, the Practicum records indicate that the student often completed only 1 massage in an 8-hour period. Harris must provide clarification of what other activities the students would have completed during the practicum, in the absence of clients.

**Student #11's** externship timesheet for the period ending 6/6/08 indicated that the student was in attendance for a total of 3 hours each on both that Monday and Tuesday, but there was no indication on the timesheet of the actual times when the student was in attendance either of those days. Additionally, that timesheet indicated the student was present for 13 hours that Thursday, but the times recorded for that day account for 12 ½ hours – in this case there is a documented ½ hour meal break.

**Student #25's** externship hours were incorrectly calculated for 9/17/07, 9/20/07, 9/25/07, 9/27/07, 10/2/07, and 10/4/07, apparently not adjusting for the student's documented meal breaks. No externship timesheet was provided for the week ending 11/7/07, during which the summary documents indicate the student completed the final 15.5 hours of her program. A subsequent request was sent for the documentation for the hours completed for the week ending 11/7/07. In response Harris hi-lited a notation on the bottom of the student's externship evaluation form, indicating "Verbal/15.5". This notation does not constitute adequate documentation of instruction offered.

**Required Action:** Harris must immediately develop and implement an improved system for recording students' attendance, that includes documentation that accurately records the number of hours of instruction offered and completed, especially with regard to attendance at the externship sites. Harris must provide copies of procedures that describe the enhanced monitoring system that has been developed and implemented.

An institution's failure to offer the complete academic program as documented in its catalog, and as approved by its accrediting and licensing bodies, may impact the amount of Title IV funds that a student is eligible to receive. The issues discussed herein include four of the five students whose externship records were tested.

Harris must review the records for the students identified in this finding, and provide copies of documentation to address the issues. The response to this finding must be provided within 30 days of receipt of this letter. Harris will be apprised of any additional requirements upon review of the response to this finding.

#### **Finding #5: Incorrect Calculation of Return to Title IV (R2T4)**

**Citation:** According to 34 C.F.R. § 668.22(e)(1), the amount of Title IV grant or loan assistance that is earned by the student is calculated by—

- (i) Determining the percentage of Title IV grant or loan assistance that has been earned by the student, as described in paragraph (e)(2) of this section; and
- (ii) Applying this percentage to the total amount of title IV grant or loan assistance that was disbursed (and that could have been disbursed, as defined in paragraph (l)(1) of this section) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date.

The percentage of Title IV grant or loan assistance that has been earned by the student is—

- (i) Equal to the percentage of the payment period or period of enrollment that the student completed (as determined in accordance with paragraph (f) of this section) as of the student's withdrawal date, 34 C.F.R. § 668.22(e)(2)

Additionally, 34 C.F.R. § 668.22(f) specifies that, for purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined—

- (i)(A) In the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period, as of the student's withdrawal date.

**Noncompliance:** Harris failed to accurately account for the number of calendar days completed for some students who withdrew in their second and subsequent payment periods. Harris' procedures specify the use of LDAs in the R2T4 calculations.

**Student #23** enrolled at Harris on 7/10/07, stopped attending on 9/6/07, re-enrolled on 10/23/07, and then apparently stopped attending permanently on 12/6/07. Harris's records did recognize the period of withdrawal between 9/6/07 and 10/23/07, but there was no record that an R2T4 calculation was performed. Given the student's return on 10/23/07 even if an R2T4 calculation had been performed and the funds returned, Harris would have been able to re-request the return of any returned funds. The R2T4 calculation that was performed based on the student's withdrawal in December 2007 used 150 completed days in determining the percentage of the program completed. However, the 150 days includes all days between 7/10/07 and 12/6/07. The calculation did not exclude the 47 days of non-enrollment based on the student's temporary withdrawal in September and October, as it should have. As a result, the student's completion percentage was overstated in the R2T4 calculation.

Additionally, the attendance records for the period when the student re-enrolled beginning on 10/23/07 do not adequately support Harris's determination for her last date of attendance. Harris's records indicate the student re-enrolled in a 20-hour Pharmacology class, along with a Medical Assisting & Clinical Procedures class that lasted from 10/23/07 through 11/20/07 (although the records seem to show that there were actually 24 hours of classes offered). The student was then scheduled to attend an

Anatomy & Physiology class, along with a Medical Terminology class, between 11/27/07 and 1/5/08. Harris's computerized attendance records do not record the Medical Terminology class, and the manual attendance records confirm the student never attended any of those classes. The computerized attendance records for the student in the Anatomy & Physiology class reflect the following:

Date	Hours Attended	Hours Scheduled
11/27/07	2	2
11/28/07	0	2
11/29/07	0	2
12/4/07	0	2
12/5/07	0	2
12/6/07	2	2

The manual attendance records indicate the student never attended class on 11/27/07. The only date that there is some indication of class attendance is on 12/6/07. However, given the improbability that the student would not attend one class at all after 11/27/07, and only attend one session of the Anatomy & Physiology class 10 days after the class started, and the issues with the apparent inaccuracies in attendance records for other students cited in this finding, this office cannot accept the use of 12/6/07 as an LDA for R2T4 calculations without affirmative confirmation of that date from the student. Otherwise, the appropriate withdrawal date would be 11/20/07. Even that date might be called into question, since the last date attended before then was 11/8/07.

**Student #7's** file contained a Status Change Form, dated 5/12/08, that indicated she had stopped attending classes as of 4/23/08. However, the R2T4 calculation in her file was based on a 5/12/08 last date of attendance (LDA). Using the 5/12/08 date, Harris determined the student had completed 66% of the hours in the payment period, and no Return was due to the Title IV programs. The reviewers requested the detailed attendance records based on the conflicting LDA information. Those records showed that she had originally been marked present on 5/12/08, but then the record was corrected with a note "not here". Furthermore, the last date of recorded attendance prior to that was on 4/14/08, although the records on the 4/14/08 appear to be conflicting as well.

There is an attendance sheet for a Medical Terminology class that began at 8AM on 4/14/08, which went for three hours – the student was absent for those classes. Then, there is another sheet that shows she was in attendance for the Pharmacology B class beginning at 11AM, and the Medical Assisting Class at 12 Noon. However, there is a third attendance sheet for 4/14/08, with all the same classmates, that also shows that she was not present for the Pharmacology C class (also beginning at 11AM), and not present for the Medical Assisting Class at 12 Noon. Prior to that date, the student's last recorded

date of attendance was on 3/27/08. An LDA of either 4/14/08 or 3/27/08 would likely have resulted in a return of funds payable to the Title IV programs.

Harris's records for **student #29** indicate that she last attended school on 2/26/07, and the R2T4 calculation was performed using that date, which resulted in a 49% completion rate. A review of Harris's computerized attendance records shows that the 2/26/07 date was approximately in the middle of a two classes (Keyboarding I, and Intro to Microcomputers) that began on 2/12/07 and ended on 3/14/07. The records also showed that the student was not in attendance several days in those classes. The last date of recorded attendance prior to that was 2/7/07. A closer review of the manual attendance records shows that the student was originally marked absent in the Keyboarding I class on 2/26/07, but that was later changed to present. The manual attendance record for the Intro to Microcomputers class does record the student as present on 2/26/07.

Harris was asked to submit copies of the manual attendance records for the student's attendance in the two previous classes (Math, and Business Communications), which were offered from 1/8/07 through 2/7/07, where the computerized attendance records showed attendance on 2/7/07. However Harris did not provide copies of the manual attendance records for those classes for the first week in February.

**Student #19's** records indicate that she started her second payment period on 4/23/07, and stopped attending school on 7/17/07. Harris' R2T4 calculations indicated that she had been enrolled for 86 of 111 days in that payment period. However, Harris' school calendar indicates that there was a "Summer Break" from 7/1/07 through 7/7/07. This period of non-enrollment was not subtracted from the number of days in the institution's calculation, as required by 668.22((f)(2)). This changed the calculated percentage of the program that the student completed. In this student's case, the percentage of the program completion still exceeded 60%, so there was no change in the actual R2T4 calculation.

**Required Action:** In immediate response to this finding, Harris must provide information and documentation to address the specific cases cited in this finding. The institution must also apprise this office of procedures implemented to ensure the regulatory requirements will be met in the future. **This initial response is due within 30 days of receipt of this letter.** Harris will be apprised of any additional requirements upon review of the response to this finding.

Due to the systemic and material nature of this finding, Harris will also be required to perform a review of all Title IV recipients who withdrew from the school during the 2006/07 and 2007/008 award years to determine correct LDAs, and then perform R2T4 calculations to ascertain whether additional returns of funds are due to the Title IV programs. Harris will also need to consider the issues discussed in findings # 2, 3 and 4 to ensure complete and accurate determinations are made of the accurate number of hours of instruction offered, in addition to confirming the actual LDA for students.

Harris must then provide a report identifying the results of this file review for all students who withdrew from the institution during the specified period, in the following format.

Award Year  
Student Name  
Social Security Number  
Confirmed Withdrawal Date  
Date of Determination of Withdrawal  
Original Amount(s) of Returns paid (by program)  
Additional Amount(s) of Returns Due (by Title IV Program)  
Difference (by Title IV Program)

This information must be provided to this office with auditor's verification within ninety (90) days of receipt of this letter. We define auditor verification as a confirmation statement that a corrective action was accurately taken by the institution in accordance with the Department's instructions (which includes the confirmation of documents, liabilities paid, file reviews, projection sampling, and formulas used to calculate liabilities).

Instructions for the repayment of liabilities will be provide in the Final Program Review Determination (FPRD) letter.

#### **Finding #6. Inadequate Document of Need Calculations for Direct Loans**

**Citation:** An institution must maintain documentation of each student's or parent borrower's eligibility for Title IV program funds, including 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. 34 C.F.R. § 668.24(c)(1)(iv)

A Direct Subsidized Loan borrower must demonstrate financial need in accordance with title IV, Part F of the Higher Education Act. 34 C.F.R. § 685.200(a)(v)(2)

PART F, SEC. 471. ø20 U.S.C. defines that he financial need as the amount of need of any student for financial assistance under this title equal to—

- (1) the cost of attendance of such student, minus
- (2) the expected family contribution for such student, minus
- (3) estimated financial assistance

34 C.F.R. § 685. 303(e), provides the following criteria for the treatment of excess loan proceeds. Before the disbursement of any Direct Subsidized, Direct Unsubsidized, or

Direct PLUS Loan proceeds, if a school learns that the borrower will receive or has received financial aid for the period of enrollment for which the loan was intended that exceeds the amount of assistance for which the student is eligible (except for Federal Work-Study Program funds up to \$300), the school shall reduce or eliminate the overaward by either—

- (1) Using the student's Direct Unsubsidized, Direct PLUS, or State-sponsored or another non-Federal loan to cover the expected family contribution, if not already done; or
- (2) Reducing one or more subsequent disbursements to eliminate the overaward

**Noncompliance:** Harris' records for **student #22** appear to indicate the student was improperly certified as eligible to receive a Subsidized Direct Loan. The report from the CampusVue system for this student shows the following information pertaining to the student's period of enrollment (1/8/07 to 8/10/07):

Cost of Attendance (COA)	\$18,244.
Packaged EFC	15,504

Harris certified the student for a \$2,625 Subsidized Direct Loan based on this information. However, CampusVue also shows that the student was scheduled to receive \$4,922 in assistance from the State of New Jersey to pay for the program, and the student's account record confirms that those funds were disbursed. Since the EFC and the additional financial assistance exceeded the total COA, the student was not eligible for any subsidized loan funds. The state funds were paid in two disbursements, the first disbursement being paid after the first disbursement of the Direct Loan funds, but prior to the second disbursement of Direct Loan funds. Even if Harris was unaware of the student's eligibility for the state funds at the time the loan was certified and/or the first disbursement was paid, the school should have determined the overaward before the second disbursement of loan funds. Harris was asked after the on-site review to confirm the reviewers' calculation that the student was ineligible for the subsidized loan funds, and concurred.

The documentation in **student #11's** file indicated an incorrect need analysis calculation. The Financial Aid Summary form in the student's file, which appears to be generated from the automated CampusVue system, indicates that the EFC used to calculate the student's Direct Loan eligibility was \$880. That EFC is based on a one-month period, while the loan period for the subsidized loan was 6 months. Based on that period, the correct EFC was \$5,280. The student would have remained eligible for the funds awarded and disbursed, in this case. However, incorrect proration of an EFC could result in incorrect awards in other cases.

**Student #6's** Financial Aid Summary indicated that the EFC used to determine her eligibility for the loan for her second academic period (loan period 7/9/07 through 8/31/07) was \$6400. However, that amount appears to reflect the EFC used to determine the student's eligibility for her first loan, which was based on an EFC for 8 months from the 2006/07 award year. The correct EFC for the 2-month loan period in 2007/08 was \$494, which would appear to have made the student eligible for the subsidized loan funds certified.

However, in both student's cases discussed above, the reviewers were not able to find any documents that demonstrated the statutory need calculations were performed for the each specific loan period. The reviewers were able to confirm the appropriate Costs of Attendance from the Financial Aid Summary, and the Estimated Financial Assistance for the loan period from various other worksheets in the students' files. However, as discussed above, the reviewers were unable to confirm whether the correct EFC's were used, especially in cases where students received loans for a second period of enrollment.

**Required Action:** Instructions for the repayment of liabilities for the overaward to student #22 will be provided in the FPRD.

Although the reviewers did not identify any overawards for students in the program review sample in the cases where the institution's files did not contain any systemic documented need analysis calculations for the specific loan periods, this issue raises concerns about whether there are adequate controls in place to ensure loans are being certified for the proper amounts for subsequent loan periods.

In response to this finding, Harris must describe what procedures are in place to ensure and document that appropriate need analysis calculations are being performed for each Direct Loan certification.

The institution will be apprised of any additional requirements upon review of the response to this finding.

#### **Finding #7. Inaccurate Loan Certification**

**Citation:** Regulations require that a school shall ensure that any information it provides to the Secretary in connection with the loan origination is complete and accurate. A school shall provide borrower information that includes, but is not limited to the anticipated and actual disbursement dates and disbursement amounts of the loan proceeds. 34 C.F.R. § 685.301(1)(a)

**Noncompliance:** Reviewers noted a situation where it appears that inaccurate information was provided for the origination of a Direct Loan.

**Student #32** enrolled in the Pharmacy Technician program (45 quarter credit hours), beginning classes on 9/17/07, and the student's enrollment agreement indicated that the anticipated graduation date was 6/21/08. The student's financial aid was awarded based on this anticipated timeframe, with Direct Loan applications certified for the first award year (36 quarter credits) for the period 9/17/07 to 4/20/08. Based on the original timeframe, the student would have been eligible for additional Direct Loan funds for the remaining 9 quarter credits for the period 4/21/08 to 6/21/08. However, the student's academic transcript shows that she did not actually complete the 36 credits in her first academic year until 6/27/08. Nevertheless, Harris originated a Direct Loan for the remaining 9 credits in the student's program on 6/6/08, reporting the loan period based on the student's original expected schedule of 4/21/08 to 6/21/08 and with expected disbursement dates of 4/21/08 and 5/21/08, when the academic records clearly indicated the student had not yet finished her first award year. As a result both the first and second disbursements of this loan were received and disbursed by Harris on 7/6/08. The student withdrew as of 7/16/08, having completed 36 credits, and both loan disbursements were returned on 8/1/08.

**Required Action:** Reporting incorrect information in the Direct Loan origination process may result in funds being improperly or prematurely disbursed. In the case noted in this finding the improperly-disbursed funds were returned.

As a result of this finding, Harris must ensure that all current information is considered when awarding, originating, or disbursing any Title IV funds, and provide assurances that procedures have been updated to reflect this.

#### **Finding #8. Failure to Document Refunds to Title IV Programs**

**Citation:** Regulations require that when a recipient of Title IV assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV assistance that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1).

34 C.F.R. § 668.22(j) states that an institution must return the amount of Title IV funds for which it is responsible as determined under the requirements of 34 C.F.R. § 668.22(g) as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew, as defined in 34 C.F.R. § 668.22 (i)(3). The 45-day requirement was effective for students who withdrew from the institution on or after July 1, 2006. For withdrawals prior to July 1, 2006, returns were to be paid within 30 days of the date of determination of withdrawal.

The records that an institution must maintain in order to comply with the record retention requirements include the date and amount of each disbursement or delivery of grant or

loan funds, as well as the payment of any overpayment or the return of any Title IV funds to the title IV program fund, a lender, or the Secretary, as appropriate. 34 C.F.R. 668.24(c)(1)(iv)(B),(D)

**Noncompliance:** The reviewers identified a number of examples from the student sample where the students' account records indicated that funds had been returned to the Title IV programs. A list of the returns was provided to Harris subsequent to the on-site visit, with a request to provide documentation of the actual transfer of the funds from the institution's fiscal records. Harris responded with copies of records that indicated that the institution maintained a "buffer" of over \$200,000 in funds that students were eligible to receive in the Title IV programs, for which Harris had not drawn the funds from the Department. Harris provided further clarification that it did not need to document returns of funds for any of the requested students due to the following statement that was included in the 2009/10 Federal Student Aid Handbook (Handbook), Volume 4, page 4-44):

"If a school has not drawn down federal funds or has made disbursements that exceed the amount the school has drawn, the school does not need to be (sic) deposit funds in its federal account."

However, the cited statement from the Handbook also has the following statement immediately following:

"Of course, the school's accounting records must show that school funds were used to credit the student's account".

School officials explained that the drawdown of funds and other fiscal controls were administered through the parent organization's offices, at the Premier Education Group (Premiere) located in East Haven, Connecticut. In order to gain a clearer understanding of Harris' fiscal procedures, a follow-up visit was conducted by Institutional Review Specialist Shari Mecca to Premiere's offices on April 25, 2011.

At that time Harris described its fiscal process as follows:

Harris/Premiere initially posts from their operating fund to the student's accounts. At this time, they report the disbursements to COD. Then when they are ready to drawdown funds from G5, they check COD to make sure they have enough of a funding level. At that point funds are drawn from the Department, always leaving a buffer for refunds. Officials review several spreadsheets and reports prior to determining how much to drawdown, so that they do not drawdown the exact amount of the disbursements because of the buffer (typically at 5% of funding).

Harris/Premiere then provided detailed listings of all disbursements for the 2006/07 and 2007/08 award years to document that their fund control always maintained the buffer.

**Required Action:** Upon review of the listings from Harris/Premiere, it was noted that those listings identified the transaction dates for those disbursement. However, since the actual posting date of the disbursement (i.e., the date the transaction was actually recorded in the school's records, as opposed to the effective date) would be an important consideration, Harris/Premiere must provide information to confirm whether the actual posting date differs from the transaction dates identified on the listings. If these dates do differ, revised listings must be provided that identify both the transaction dates and the posting dates for the applicable award years.

The institution will be apprised of any additional requirements upon review of the response to this finding.

#### **Finding #9: Misrepresentation to Students**

**Citation:** 34 C.F.R. § 668.72(c) (2011) specifies that misrepresentation concerning the nature of an eligible institution's educational program includes, but is not limited to, false, erroneous or misleading statements concerning—

Whether successful completion of a course of instruction qualifies a student—

- (1) For acceptance to a labor union or similar organization; or
- (2) To receive, to apply to take or to take the examination required to receive, a local, State, or Federal license, *or a nongovernmental certification required as a precondition for employment, or to perform certain functions in the States in which the educational program is offered, or to meet additional conditions that the institution knows or reasonably should know are generally needed to secure employment in a recognized occupation for which the program is represented to prepare students...*;

**Noncompliance:** The Department became aware, through a media report from Fox Channel 29 News, that students from the institution's Linwood location alleged that Harris had misrepresented to them during the admissions process that the school was accredited by the American Association of Medical Assistance (AAMA), and that the students would be able to take the Certified Medical Assistance (CMA) exam upon graduation. The students further claimed that, after they had enrolled in the program, and just before their graduation, a school official had them complete the applications to take the certification exam, and gave them copies of their transcripts to submit with the applications. The students allege that they were subsequently informed by AAMA that Harris was not accredited by that entity, and the students were not eligible to take the CMA exam.

This issue was discussed with institutional officials during the program review. At that time, school officials contended that the representations about accreditation by AAMA were made by an individual employee at the Linwood location without the knowledge of Harris officials, and that Premiere had taken steps to address the issue.

**Required Action:** In response to this finding, Harris must provide details of the full scope of the misrepresentation, including confirming which school officials were involved in either directly providing the erroneous information, or who were aware of the misrepresentation at the time it was occurring. Harris must also identify the number of students who were enrolled in the program(s) during the period in which the misrepresentation occurred. Additionally, Harris must report the specific steps it has taken to address this issue.

The institution will be informed of any additional requirements upon the Department's review of Harris' response to this finding.