MAY 22 2015

Mr. James K. Stiff
President
Helms College & Helms Career Institute
5171 Eisenhower Parkway
Macon, Georgia 31206-5309

RE: Final Audit Determination
Audit Control Number (ACN): 04-2013-40454
FAC ACN: 04-2013-48765
OPE ID Numbers: 04026400, 02266200

Dear Mr. Stiff:

The U.S. Department of Education (Department) has reviewed a single audit report (Report) of Goodwill Industries of Middle Georgia, Inc. (Goodwill) and its combined affiliates, including Helms College (HC) (OPEID 04026400) and Helms Career Institute (HCI) (OPEID 02266200). HCI is known as both School of Health and as American Professional Institute (API), and is referred to by those names in the Report. Goodwill administers the federal student assistance programs for both HC and HCI. The Report, prepared by Mauldin & Jenkins, Certified Public Accountants, LLC (Mauldin), in accordance with the Office of Management and Budget Circular A-133, covers the period January 1, 2013 through December 31, 2013. The Department has also reviewed a March 18, 2015 letter from Mauldin in which Mauldin clarified which findings in the Report are associated with which OPEID.

Enclosed is the Department's final audit determination, which advises HC and HCI of the Department's final determination concerning the portions of the Report that relate to 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 Department has also reviewed the corrective action plan and/or management's response provided with the Report. Any supporting documentation submitted with the institution's written response is not included with this final audit determination, however, it will be retained and available for inspection by HC and HCI upon request. Copies of the final audit determination, 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 this final audit determination is issued.

Although the enclosure to this letter may not address each of the auditor's findings, HC and HCI must take the necessary actions to correct all of the deficiencies noted in the audit report. Sections .315(b) and .320 (c) of OMB Circular A-133 require HC and HCI to prepare and submit as part of the reporting package a *Summary Schedule of Prior Audit Findings* that reports the status of prior audit findings. In preparing that Schedule, HC and HCI must comment on all actions taken to correct each applicable finding noted in the Report, including any action required in the enclosure to this letter.

HC and HCI are advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 C.F.R. Part 668, Subpart G.

If HC or HCI elects to appeal to the Secretary of Education for a review of the financial liabilities established by this final audit determination, the respective institution must file a written request for a hearing. Please note that institutions may appeal financial liabilities only. The Department must receive a request for an appeal no later than 45 days from the date the institution receives this final audit determination letter. **An original and four copies of the information submitted to support the appeal must be included with the request.** The request must be sent to:

Attn: 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

The institution'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 personally identifiable information (PII) must be redacted except the student's name and last four digits of his/her social security number (please see the enclosed document, "Protection of Personally Identifiable Information," for instructions on how to mail records containing PII); and
(4) include a copy of the final audit determination letter.

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 an appeal are those provided at 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).

Program records relating to the period covered by this audit must be retained until the later of: resolution of any loans, claims, or expenditures questioned in the audit, 34 C.F.R. § 668.24(e)(3)(i), or the end of the retention period applicable to the record under 34 C.F.R. §§ 668.24(e)(1) and (e)(2).

HC and HCI's continued cooperation throughout the audit resolution process is appreciated. If HC or HCI has any questions about the Department's review, please call Jon Finkelstein at 404-974-9341.

Sincerely,

(b)(6)

Chris Miller
Director

Enclosure: Final Audit Determination
Appendix A - Cost of Funds HCI Finding 1
Appendix B - Cost of Funds HCI Finding 1
Appendix C - Cost of Funds HCI Finding 2
Appendix D - Cost of Funds HCI Finding 2
Appendix E – Listing of Students Identified as HCI R2T4's Not Made
Appendix F – Listing of Students Identified as HCI Late R2T4's
Appendix G - FEDWIRE Instructions

cc: James Garner, Vice President of Administrative Affairs of HC and HCI
Southern Association of Colleges and Schools Commission on Colleges
GA Non-Public Postsecondary Education Commission
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau

Institution: **Helms College**

OPEID: **04026400**

Finding 2013-1: Late Return of Title IV Funds (R2T4)

The auditor determined at page 44-45 of the Report that HC did not return Title IV funds in a timely manner for three students out of a sample of four students, out of a population of 13 students who withdrew from the college. *See* Report at 44 (Auditor Finding 2013-002).

Final Audit Determination:

Under 34 C.F.R. § 668.22 (j)(1), an institution must return the amount of Title IV aid for which it is responsible as soon as possible but not later than 45 days after the date of the institution's determination that the student withdrew.

If a student provides official notification of his or her intent to withdraw, the date of the institution's determination that the student withdrew is the date the student began the official withdrawal process, or the date of notification, whichever is later. For a student who withdraws without providing notification from an institution not required to take attendance, the institution must determine the withdrawal date no later than 30 days after the end of the earlier of the payment period or the period of enrollment, the academic year, or the student's educational program.

Moreover, 34 C.F.R. 668.173 (a)(3) states the Secretary considers that an institution has sufficient cash reserves, as required under § 668.171(b)(2), if the institution returns, in a timely manner as described in section 668.173(b), unearned Title IV, HEA program funds that it is responsible for returning under the provisions of § 668.22 for a student that withdrew from the institution.

Further, 34 C.F.R. 668.173 (c)(1) states that an "institution does not comply with the reserve standard under § 668.173(a)(3) if, in a compliance audit conducted under § 668.23, an audit conducted by the Office of the Inspector General, or a program review conducted by the Department or guaranty agency, the auditor or reviewer finds … [i]n the sample of student records audited or reviewed that the institution did not return unearned title IV, HEA program funds within the timeframes described in paragraph (b) of this section for 5% or more of the students in the sample. (For purposes of determining this percentage, the sample includes only students for whom the institution was required to return unearned funds during its most recently completed fiscal year.)."

The Department's regulations further provide at 34 C.F.R. § 668.173(d)(1) that, with certain exceptions, "an institution that can satisfy the reserve standard only under … [§ 668.173](a)(3)…, must submit an irrevocable letter of credit acceptable and payable to the Secretary if a finding in an audit or review shows that the institution exceeded the compliance

thresholds in paragraph (c) of this section for either of its two most recently completed fiscal years."

The amount of the letter of credit required under paragraph (d)(1) of this section is 25 percent of the total amount of unearned Title IV, HEA program funds that the institution was required to return under § 668.22 during the institution's most recently completed fiscal year. **Any communications regarding a request for a letter of credit will be made in separate correspondence.**

HC agreed with the auditor's finding. In its response, HC noted that the responsible party for the processing of the Helms College return calculations left the organization in October of 2013. HC also noted that, with one exception, the late institutional refunds arose prior to the change in ownership of the College, and that all staff responsible for the calculation of refunds has been replaced following that change. HC has implemented weekly reconciliations and reviews of students no longer attending.

Except for any separate correspondence relating to a letter of credit, this finding is closed.

Institution: **Helms College**

OPEID: **04026400**

Finding 2013-2: Student Status – Inaccurate/Untimely Reporting

The auditor determined at pages 46-47 of the Report that HC had significant variances in the student enrollment status per institutional records and the student enrollment status per the National Student Loan Data System (NSLDS). *See* Report at 46-47 (Auditor Finding 2013-003). Specifically, the auditor determined that, out of a population of 25 students who had enrollment changes, of the eight students selected in the sample, four had a student status that did not agree to the NSLDS record and the remaining four students had a time lag that significantly exceeded 60 days between the date of a status change per the college's records and the date of the NSLDS certification of that change.

Final Audit Determination:

34 C.F.R. § 685.309(b) states that a school—

(1) must, upon receipt of a student enrollment report from the Secretary, update all information included in the report and return the report to the Secretary in the manner and format, and within the timeframe, prescribed by the Secretary; and

(2) unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—

(i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;

(ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or

(iii) Has changed his or her permanent address.

HC provided documentation of NSLDS enrollment reporting for the entire population of students who received Title IV aid during the 2012-2013 award year. Documentation included a spreadsheet that was completed according to Department instructions. A sample of the students reported to the Department was reviewed for accuracy. The Department has accepted the results of the file review conducted by HC in response to this finding.

This finding is closed.

Institution: **Helms College**

OPEID: **04026400**

Finding 2013-3: Qualified Auditor's Opinion Cited in Audit

The auditor issued a qualified opinion on compliance with the Title IV, HEA programs. The audit report disclosed reportable conditions in internal controls over compliance. Reportable conditions applicable to HC are described in the schedule of findings and questioned costs were as follows:

- Return to Title IV – HC Finding 2013-1 (Auditor Finding 2013-002)
- Enrollment Reporting – HC Finding 2013-2 (Auditor Finding 2013-003)

Final Audit Determination:

Under 34 C.F.R. § 668.16, HC must, among other requirements, show no evidence of significant problems that affect, as determined by the Secretary, its ability to administer Title IV programs and that are identified in reviews of the institution conducted by the Secretary, the Department's Office of Inspector General, nationally recognized accrediting agencies, guaranty agencies, as defined in 34 C.F.R. Part 682, the State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or, any other law enforcement agency; or, any findings made in criminal, civil or administrative proceedings.

Failure to take corrective action on prior audit or program review findings constitutes an inability by the institution to properly administer the Title IV programs.

HC must continue to take steps to ensure that all findings are resolved. In addition, the institution must indicate if it has resolved the findings noted in the current audit in its next scheduled audit. The institution must have the auditor attest to the completeness of the corrective actions for each finding.

Recurrences of these findings in a future audit or program review may result in a referral to the Department's Administrative Actions and Appeals Services group for review and/or other administrative action.

This finding is closed.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-1: R2T4 Not Made

The auditor at page 44-45 stated with respect to HCI, that out of a population of 301 students who withdrew from HCI and a sample of 60 students, Title IV funds were not returned for 18 students. *See* Report at 44-45 (Auditor Finding 2013-002).

Final Audit Determination:

Under 34 C.F.R. § 668.22 (a)(1), when a recipient of Title IV grant or loan 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 grant or loan assistance that the student earned as of the student's withdrawal date. Further, "[a]n institution must return the amount of title IV funds … 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 the regulations. *See* 34 C.F.R. § 622.22(j).

The regulations detail the means by which an institution should determine both the date of withdrawal and the amount of funds to be returns. For example, 34 C.F.R. § 668.22 (e)(2) states the percentage of Title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period or period of enrollment that the student completed as of the student's withdrawal date. And 34 C.F.R. § 668.22 (f) (ii) states for purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined—

In the case of a program that is measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date.

~~(B) The scheduled clock hours used must be those established by the institution prior to the~~ student's beginning class date for the payment period or period of enrollment and must be consistent with the published materials describing the institution's programs, unless the schedule was modified prior to the student's withdrawal.

34 C.F.R. § 668.22 (i) states the total amount of unearned Title IV assistance to be returned is equal to the total amount of institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of Title IV grant or loan assistance that has not been earned by the student.

34 C.F.R. § 668.22 (g) states that the institution must return, in the order specified in paragraph (i) of this section, the lesser of—

(i) The total amount of unearned Title IV assistance to be returned as calculated under paragraph (e)(4) of this section; or

(ii) An amount equal to the total institutional charges incurred by the student for the payment period or period of enrollment multiplied by the percentage of title IV grant or loan assistance that has not been earned by the student, as described in paragraph (e)(3) of this section.

(2) For purposes of this section, "institutional charges" are tuition, fees, room and board (if the student contracts with the institution for the room and board) and other educationally-related expenses assessed by the institution.

Due to the error rate for this finding, HCI was required to provide a complete listing of all affected students. HCI provided this information on March 13, 2015. The reported unmade returns were reviewed by the Audit Resolution Specialist. The data provided to the Department included students that were also included in the auditor's sample. Initially, these students did not have information regarding the amount of unearned funds that were not returned. The Audit Resolution Specialist requested an additional review to report the amount of unearned funds not returned for each student noted in the auditor's original sample. A full listing of affected students is provided in Appendix E.

In addition to the identified liabilities for the unearned funds, HCI is also required to repay the Cost of Funds (COF) associated with these amounts. A copy of the COF calculations are included in Appendix A (Pell Grant) and Appendix B (Direct Loan) of this report.

The liabilities associated with this finding are $177,424.45, broken down as follows:

Fund	**Title IV Refunds Not Made**	**Cost of Funds**	**Total**
Pell	$37,711.86	$459.71	$38,171.57
Direct Loan (Sub & Unsub)	$137,510.88	$1,742.00	$139,252.88
* Subsidized Direct Loan	$45,571.78		
* Unsubsidized Direct Loan	$91,939.10		
TOTAL			**$177,424.45**

HCI is liable for the total amount and must pay the Department $177,424.45. Repayment instructions are provided in the repayment section of this report.

In addition to repayment of the liabilities, 34 C.F.R. 668.173 (a)(3) states the Secretary considers that an institution has sufficient cash reserves, as required under § 668.171(b)(2), if the institution "[r]eturns, in a timely manner as described in paragraph (b) of this section, unearned

title IV, HEA program funds that it is responsible for returning under the provisions of § 668.22 for a student that withdrew from the institution."

Further, 34 C.F.R. 668.173 (c)(1) states that an "institution does not comply with the reserve standard under § 668.173(a)(3) if, in a compliance audit conducted under § 668.23, an audit conducted by the Office of the Inspector General, or a program review conducted by the Department or guaranty agency, the auditor or reviewer finds … [i]n the sample of student records audited or reviewed that the institution did not return unearned title IV, HEA program funds within the timeframes described in paragraph (b) of this section for 5% or more of the students in the sample. (For purposes of determining this percentage, the sample includes only students for whom the institution was required to return unearned funds during its most recently completed fiscal year.)."

The Department's regulations further provide at 34 C.F.R. § 668.173(d)(1) that, with certain exceptions, "an institution that can satisfy the reserve standard only under … [§ 668.173](a)(3)…, must submit an irrevocable letter of credit acceptable and payable to the Secretary if a finding in an audit or review shows that the institution exceeded the compliance thresholds in paragraph (c) of this section for either of its two most recently completed fiscal years." The amount of the letter of credit required under paragraph (d)(1) of this section is 25 percent of the total amount of unearned Title IV, HEA program funds that the institution was required to return under § 668.22 during the institution's most recently completed fiscal year.

Any communications regarding a request for a letter of credit will be made in separate correspondence.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-2: Late Return of Title IV Funds (R2T4)

The auditor at page 44-45 determined that the institution did not return funds in a timely manner for two students out of a sample of 60 (Helms Career Institute). *See* Report at 44-45 (Auditor Finding 2013-002). HCI was required to complete a file review for R2T4 calculations not made. During the course of the review of the data submitted to the Department as part of that file review, the Audit Resolution Specialist noted several additional instances of late R2T4s.

Final Audit Determination:

Under 34 C.F.R. § 668.22 (j)(1), an institution must return the amount of Title IV aid for which it is responsible as soon as possible but not later than 45 days after the date of the institution's determination that the student withdrew.

If a student provides official notification of his or her intent to withdraw, the date of the institution's determination that the student withdrew is the date the student began the official withdrawal process, or the date of notification, whichever is later. For a student who withdraws without providing notification from an institution not required to take attendance, the institution must determine the withdrawal date no later than 30 days after the end of the earlier of the payment period or the period of enrollment, the academic year, or the student's educational program.

Moreover, 34 C.F.R. 668.173 (a)(3) states the Secretary considers that an institution has sufficient cash reserves, as required under § 668.171(b)(2), if the institution "[r]eturns, in a timely manner as described in paragraph (b) of this section, unearned title IV, HEA program funds that it is responsible for returning under the provisions of § 668.22 for a student that withdrew from the institution."

HCI agreed with the auditor's finding. In its response, HCI noted that the responsible party for the processing of the Helms College return calculations left the organization in October of 2013. HCI also noted that, with one exception, the late institutional refunds arose prior to the change in ownership of the College, and that all staff responsible for the calculation of refunds has been replaced following that change. HCI has implemented weekly reconciliations and reviews of students no longer attending.

Nevertheless, HCI is required to repay the Cost of Funds (COF) on the late Title IV returns. The COF is the expense the Department incurred as a result of HCI retaining ineligible funds. The rate of interest is based on when the funds should have been returned to the Department. A copy of the COF calculations is included in Appendix C (Pell) and D (Loans) of this report.

Pell	$ 63.62
Direct Loans	$150.00
Total	**$213.62**

In addition to repayment of the liabilities, 34 C.F.R. 668.173 (a)(3) states the Secretary considers that an institution has sufficient cash reserves, as required under § 668.171(b)(2), if the institution "[r]eturns, in a timely manner as described in paragraph (b) of this section, unearned title IV, HEA program funds that it is responsible for returning under the provisions of § 668.22 for a student that withdrew from the institution."

Further, 34 C.F.R. 668.173 (c)(1) states that an "institution does not comply with the reserve standard under § 668.173(a)(3) if, in a compliance audit conducted under § 668.23, an audit conducted by the Office of the Inspector General, or a program review conducted by the Department or guaranty agency, the auditor or reviewer finds … [i]n the sample of student records audited or reviewed that the institution did not return unearned title IV, HEA program funds within the timeframes described in paragraph (b) of this section for 5% or more of the students in the sample. (For purposes of determining this percentage, the sample includes only students for whom the institution was required to return unearned funds during its most recently completed fiscal year.)."

The Department's regulations further provide at 34 C.F.R. § 668.173(d)(1) that, with certain exceptions, "an institution that can satisfy the reserve standard only under … [§ 668.173](a)(3)…, must submit an irrevocable letter of credit acceptable and payable to the Secretary if a finding in an audit or review shows that the institution exceeded the compliance thresholds in paragraph (c) of this section for either of its two most recently completed fiscal years." The amount of the letter of credit required under paragraph (d)(1) of this section is 25 percent of the total amount of unearned Title IV, HEA program funds that the institution was required to return under § 668.22 during the institution's most recently completed fiscal year.

Any communications regarding a request for a letter of credit will be made in separate correspondence.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-3: Student Status – Inaccurate/Untimely Reporting

The auditor determined at pages 46-47 of the Report that HCI had significant variances in the student enrollment status per institutional records and the student enrollment status per the NSLDS. *See* Report at 46-47 (Auditor Finding 2013-003). Specifically, the auditor determined that, out of a population of 562 students who had enrollment changes, of the sixty students selected in the sample, twenty-one had a student status that did not agree to the NSLDS record and the remaining four students had a time lag that significantly exceeded 60 days between the date of a status change per the college's records and the date of the NSLDS certification of that change.

Final Audit Determination:

34 C.F.R. § 685.309 (b) states that a school—

(1) must, upon receipt of a student enrollment report from the Secretary, update all information included in the report and return the report to the Secretary in the manner and format, and within the timeframe, prescribed by the Secretary; and

(2) unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—

(i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;

(ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or

(iii) Has changed his or her permanent address.

HCI provided documentation of NSLDS enrollment reporting for the entire population of students who received Title IV aid during the 2012-2013 award year. Documentation included a spreadsheet that was completed according to Department instructions. A sample of the students reported to the Department was reviewed for accuracy. The Department has accepted the results of the file review conducted by HCI in response to this finding.

This finding is closed.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-4: Enrollment Status Not Verified Before Disbursement

The auditor noted at page 42-43 one student out of a sample of 51 students, from a population of 138, who had been accepted for enrollment and to whom Federal funds had been awarded and disbursed but who had not begun attendance at the HCI. *See* Report at 42-43 (Auditor Finding 2013-001). The institution had not documented the student's lack of attendance until inquiry during the audit.

Final Audit Determination:

Under 34 C.F.R. § 668.32(a)(1)(i), a student is only eligible to receive Title IV, HEA program funds if he or she "[i]s a regular student enrolled, or accepted for enrollment, in an eligible program at an eligible institution." *See also, e.g.*, 34 C.F.R. § 668.164(b)(3) (except as otherwise provided, "an institution may disburse Title IV, HEA program funds … only if the student is enrolled for classes for that payment period and is eligible to receive those funds."). The 2012-2013 Student Aid Handbook, Volume 4, Chapter 1, pp. 9 states before an institution awards funds to a student, the institution must confirm that he or she is an eligible student and is making satisfactory academic progress (See *Volume 1, Student Eligibility*). However, before disbursing FSA funds, an institution must determine and document that a student remains eligible to receive them. That is, the institution must confirm that:

- the student is enrolled in classes for the period;
- a student enrolled in a non-term program or non-standard term program with terms that are not substantially equal in length has completed the previous period (credits and weeks or clock-hours and weeks of instruction);
- if the disbursement occurs on or after the first day of classes, that the student has begun attendance;
- for Direct Loans (DL), the student is enrolled at least half time;
- first-time Federal Student Aid (FSA) borrowers have completed entrance counseling, received the required disclosures, and completed the first 30 days of their academic program (See *Volume 3*.)

34 C.F.R. § 668.25 states subject to the provisions of paragraph (d) of this section, a third-party servicer is eligible to enter into a written contract with an institution for the administration of any aspect of the institution's participation in any Title IV, HEA program only to the extent that the servicer's eligibility to contract with the institution has not been limited, suspended, or

terminated under the proceedings of subpart G of this part. A third party servicer in contract with an institution must agree to confirm the eligibility of a student before disbursing funds. 34 C.F.R. § 668.25(c)(4)(i).

HCI agreed with the auditor's finding. In its corrective action response, HCI stated that it has revised its policy regarding the disbursement of Title IV funds to provide that funds are not to be requested until the completion of the add/drop period. According to HCI, this will ensure that only those students who meet the school's definition of an enrolled student will receive funding. HCI stated that the funds issued to the student identified in the finding were returned.

This finding is closed.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-5: Excess Cash Balances Maintained

The auditor stated at page 50-51 that HCI drew funds and retained excess cash for a period that significantly exceeded the seven day regulatory timeframe. *See* Report at 50 (Auditor Finding 2013-005).

Final Audit Determination:

34 C.F.R. § 668.166 states the Secretary considers excess cash to be any amount of Title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution—

(i) Received those funds from the Secretary; or

(ii) Deposited or transferred to its Federal account previously disbursed title IV, HEA program funds received from the Secretary, such as those resulting from award adjustments, recoveries, or cancellations.

(2) The provisions of this section do not apply to the title IV, HEA program funds that an institution receives from the Secretary under the just-in-time payment method.

(b) *Excess cash tolerances.* An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period.

(c) *Consequences for maintaining excess cash.* Upon a finding that an institution maintains excess cash for any amount or timeframe over that allowed in the tolerance provisions in paragraph (b) of this section, the actions the Secretary may take include, but are not limited to—

(1) Requiring the institution to reimburse the Secretary for the costs the Secretary incurred in providing that excess cash to the institution; and

(2) Providing funds to the institution under the reimbursement payment method or cash monitoring payment method described in §668.163(d) and (e), respectively.

HCI agreed with the auditor's finding. In its response, HCI stated that the excess cash situation resulted from two transactions occurring under the institution's prior ownership. HCI stated that,

upon notification of the excess cash, the Institution returned those funds. Moreover, the Institution stated that its current policies require the monitoring of the account reconciliations generated by the third party servicer to ensure that no cash out of balance situations occur in the future and that any excess cash is returned timely.

This finding is closed.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-6: Records Not Maintained Three Years

The auditor stated at page 48-49 that there was insufficient evidence to demonstrate that HCI had policies and procedures in place to comply with Federal Work Study (FWS) requirements regarding documentation of FWS participation. *See* Report at 48-49 (Auditor Finding 2013-004). Specifically, only one file out of seven files reviewed for students receiving FWS funds included FWS in the awards calculation. According to the auditor, HCI maintains FWS information in centralized binders, but after the ownership transaction, HCI was unable to locate those binders. As a result, there was insufficient evidence to demonstrate that the institution was in compliance with FWS federal regulations.

Final Audit Determination:

34 C.F.R. § 668.24(d) requires an institution to maintain required records in a systematically organized manner, and to make its records readily available for review by the Secretary or the Secretary's authorized representative at an institutional location designated by the Secretary or the Secretary's authorized representative.

34 C.F.R. § 668.24(e) requires an institution, unless directed otherwise, to keep records relating to its administration of federal work study for three years after the end of the award year for which the aid was awarded and disbursed.

The FWS regulations, moreover, require an institution to follow the record retention and examination provisions contained in 34 C.F.R. §§ 668.24 and 675.

HCI agreed with the auditor's finding. In its response, HCI stated that the institution could not locate the documentation in support of the administration of work study funds. HCI also advised that, since the change of ownership, no new work study awards have been made and that HCI will not be eligible for campus based awards for the subsequent year. Finally, HCI stated that it has updated record retention policies to ensure all future award documentation is maintained, including contracts, timesheets, and payment records.

This finding is closed.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-7: Repeat Finding - Failure to Take Corrective Action

Finding 2013-2 (Late Return of Title IV Funds) is a repeat finding from the 2012 audit. *See* 2012 Audit of American Professional Institute at Finding 12-4. Repeat findings from prior audits indicate an impaired ability to administer the Title IV Programs

Final Audit Determination:

Pursuant to 34 C.F.R. § 668.16 (j), an institution must show no evidence of significant problems that affect, as determined by the Secretary, the institution's ability to administer a Title IV program. These problems are identified in, *inter alia*, reviews of the institution conducted by the Secretary, the Department's Office of Inspector General, nationally recognized accrediting agencies, guaranty agencies as defined in 34 C.F.R. Part 682, the State agency or official by whose authority the institution is legally authorized to provide postsecondary education, any other law enforcement agency; or any other findings made in any criminal, civil, or administrative proceedings. To continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that it is capable of adequately administering that program.

HCI must be diligent when resolving recurrent findings. Repeat findings in future audits or failure to satisfactorily resolve the findings in this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 C.F.R. Part 668 Subpart G.

This finding is closed.

Institution: **Helms Career Institute**

OPEID: **02266200**

Finding 2013-8: Qualified Auditor's Opinion Cited in Audit

The auditor issued a qualified opinion on compliance with the Title IV, HEA programs. The audit report disclosed reportable conditions in internal controls over compliance. Reportable conditions described in the schedule of findings and questioned costs were as follows:

- Return to Title IV - Findings 2013-1 & 2013-2
- Enrollment Reporting - Finding 2013-3
- Federal Work Study Finding 2013-6

Final Audit Determination:

Under 34 C.F.R. § 668.16, HCI must, among other requirements, show no evidence of significant problems that affect, as determined by the Secretary, its ability to administer Title IV programs and that are identified in reviews of the institution conducted by the Secretary, the Department's Office of Inspector General, nationally recognized accrediting agencies, guaranty agencies, as defined in 34 C.F.R. Part 682, the State agency or official by whose authority the institution is legally authorized to provide postsecondary education, or, any other law enforcement agency; or, any findings made in criminal, civil or administrative proceedings.

Failure to take corrective action on prior audit or program review findings constitutes an inability by the institution to properly administer the Title IV programs.

HCI must continue to take steps to ensure that all findings are resolved. In addition, the institution must indicate if it has resolved the findings noted in the current audit in its next scheduled audit. The institution must have the auditor attest to the completeness of the corrective actions for each finding.

Recurrences of these findings in a future audit or program review may result in a referral to the Department's Administrative Actions and Appeals Services group for review and/or other administrative action.

This finding is closed.

Closed Award Year - Payment Instruction

Findings: 1
Appendices: A, B

HCI owes the Department **$177,638.** Of this amount, $177,424 is attributable to Finding 2013-1, as further detailed:

Pell - Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
$1,717.22	$ 44.98	Pell	2011-2012
$27,5534.17	$ 368.48	Pell	2012-2013
$8,640.61	$ 46.25	Pell	2013-2014
Total Principal	Total Interest		
$37,711.86	$ 459.71		

Direct Loan - Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
$134,884.65	$ 1,718.00	Direct Loan	2012-2013
$2,626.23	$ 24.00	Direct Loan	2013-2014
Total Principal	Total Interest		
$137,510.88	$ 1,742.00		

The disbursement record for each student identified in Finding 1 (COF - Appendix A and Appendix B) must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount (principal) identified in the applicable finding and appendix.

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 FEDWIRE, the Department will apply the principal payment to the applicable G5 award. Interest will be applied to the general program account.**

A copy of the adjustment to each student's COD record must be sent to Jon Finkelstein **within 45 days of the date of this letter**. HCI must retain a copy of the adjustment to each student's COD record so that the auditor can attest to the institution's corrective action in the next audit.

Payment Instructions

HCI owes the Department **$177,638.** This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. HC must make this transfer within **45 days of the date of this letter**. This repayment through

FEDWIRE is made via the Federal Reserve Bank in New York. If HCI's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of $100,000 or more identified through a compliance audit must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

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 applicable).

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form. The repayment must be accomplished within 45 days of the date of this letter. If payment is not received through FEDWIRE within that period, interest will accrue in monthly increments, starting with the day after the date of this letter until the date of receipt at FEDWIRE.

If you have any questions regarding interest accruals or payment credits, you may telephone 202-245-8080 and ask to speak to your institution's account representative.

If full payment cannot be made within 45 days of the date of this letter, contact the Debt Management Group at (202) 245-8080 to apply for a payment plan. Interest charges and other conditions apply. Written request may be sent to:

U.S. Department of Education
Office of the Chief Financial Officer
Accounts Receivable Group
550 12th Street, SW, Room 6114
Washington, DC 20202-4461

If within forty-five days of the date of this letter, your institution has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the U.S. Department of Education, the Department intends to collect the amount due and payable by administrative offset against payments due to your organization from the Federal Government. Your institution may object to the collection by offset only by challenging the existence or amount of the debt. Your institution makes this challenge by timely appealing this determination under the procedures described in the "Appeal Procedures" section of this 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 in 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.

The following identification data applies to this repayment and must be written on the attached FEDWIRE form and any other documents submitted related to this liability:

Amount: **$177,638**
TIN: 581249683
ACN: 04-2013-40454
FAC CAN: 04-2013-48765
DUNS: 079127406