

Index Sheet

Ope Id No: 00181300

School Name: INDIANA UNIV - PURDUE UNIVERSITY INDIANAPOLIS

Subfolder: Program Review/FPRD

Doc Type: FPRD with Attachments

Rec Date:

Org Date:

School Year: 2013

ACN:

PRCN: 201140527878

Box ID: 1407

Unique ID: SC1000000793358





October 31, 2012

Dr. Charles R. Bantz, Chancellor
Indiana University – Purdue University Indianapolis
355 Lansing Street, Room 104
Indianapolis, IN 46202-5145

Certified Mail
Return Receipt Requested
7012 1640 0000 0567 5268

RE: **Final Program Review Determination**
OPE ID: 00181300
PRCN: 2011-4-05-27878

Dear Dr. Bantz:

The U.S. Department of Education's (Department's) Chicago/Denver School Participation Division issued a program review report on May 10, 2012 covering Indiana University – Purdue University Indianapolis' (IUPUI's) 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 2010-2011 award years. IUPUI's final response was received via e-mail on October 31, 2012.

The Chicago/Denver School Participation Division has reviewed IUPUI's response to the Program Review Report (PRR). A copy of the program review report (and related attachments) and IUPUI's final response are attached.¹ Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by IUPUI 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 and can be provided to other oversight entities after this FPRD is issued.

IUPUI's response resolved all findings. In addition IUPUI has provided assurances that the appropriate corrective action has been taken to resolve and prevent future occurrences of all findings. Therefore, IUPUI may consider the program review closed with no further action required.

¹ The PRR required IUPUI to conduct a file review and subsequent to the issuance of the PRR the Department sent guidance to the divisions that specifically addressed one of the students in the sole finding in the PRR. As a result of the guidance, a file review was no longer required.

Federal Student Aid, Chicago/Denver School Participation Division
500 West Madison Street, Room 1576, Chicago, IL 60661
www.FederalStudentAid.ed.gov

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Indiana University – Purdue University Indianapolis

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Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

If you have any questions please call Clare Barger at 312-730-1595.

Sincerely,

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

Douglas A. Parrott
Director

Enclosure: Program Review Report
Response to the Program Review Report

cc: Marvin L. Smith III, Financial Aid Administrator

IUPUI's Program Review Report Response

Barger, Clare

From: Smith, Marvin <mlsiii@iupui.edu>
Sent: Wednesday, October 31, 2012 11:09 AM
To: Barger, Clare
Cc: Porter, Rebecca E; Street, Kathy J
Subject: IUPUI Program Review Report

Clare:

Thank you for taking the time yesterday to discuss the IUPUI Program Review Report. We appreciate your time and effort in assisting IUPUI review our processes to assure the integrity of the Federal Student Aid programs. We also appreciate your review of student #6 (a single mother with a dependent and zero income) and the fact that the Department of Education has "decided not to pursue such conflicting information issues".

Per our discussion, we want to summarize IUPUI perspective regarding student #10, the other "verification violation" noted in the IUPUI Program Review Report. Via separate email we will send you documentation that supports our perspective.

According to the Program Review Report "student #10 indicated on her ISIR and in verification documents that she was married and living with her husband. The tax documents she submitted for verification showed that she filed separately; she filed as a single person and her husband filed as head of household".

In our analysis of student #10 ISIR data and the Quality Assurance Verification Worksheet (pages 1-6 in attachment sent separately) we note that the ISIR had correct information regarding the student's marital status (married) and tax return type (1040) and tax filing status (complete). Regarding the tax returns submitted with the verification worksheet, IUPUI confirmed that the student tax return data if amended would not change the student's EFC or aid eligibility (see page 7 summary in separate attachment with our own "worksheets" of potential changes to the 2009 tax returns).

According to the Program Review Report "a school must have an adequate internal system to identify conflicting information—regardless of the source and regardless of whether the student is selected for verification—that would affect a student's eligibility". In our opinion, IUPUI has demonstrated that adequate internal system (documented in attachment) and confirmed that student aid eligibility was not impacted by the tax filing errors made by the family for student #10.

Thanks in advance for your further review of IUPUI perspective.

Marvin

Marvin Smith, Director of Student Financial Services, Indiana University-Purdue University-Indianapolis
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mlsiii@iupui.edu Phone 317-274-5924



The IUPUI Campus Center is the heart of campus activity.

Prepared for

**Indiana University – Purdue
University Indianapolis**



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**OPE ID: 00181300
PRCN: 2011-4-05-27878**

Prepared by
**U.S. Department of Education
Federal Student Aid
School Participation Team – Chicago/Denver**

Program Review Report

May 10, 2012

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A. Institutional Information

Indiana University – Purdue University Indianapolis
355 Lansing Street
Indianapolis, Indiana 46202-5145

Type: Public Institution

Highest Level of Offering: Master/Doctorate

Accrediting Agency: North Central Association of Colleges and Schools - CIHE

Title IV Participation:

	<u>2010-2011</u>
Pell	\$37,361,239
ACG	\$1,262,708
SMART	\$1,167,707
DL Subsidized	\$88,132,446
DL Unsubsidized	\$129,781,826
DL PLUS	\$6,664,173
Perkins	\$867,255
FSEOG	\$1,177,236
FWS	\$2,332,161

Default Rate DL:	2009: 3.8%
	2008: 3.2%
	2007: 3.5%

Default Rate Perkins:	2010: 3.3%
	2009: 1.9%
	2008: 3.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Indiana University – Purdue University Indianapolis (IUPUI) from September 27 to September 29, 2011. The review was conducted by Clare Barger and Briget Jans.

The focus of the review was to determine IUPUI's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of IUPUI's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and consumer information requirements.

A sample of 15 files was identified for review from the 2010-2011 award year. The student files were selected randomly from the list of students who 1) withdrew or ceased attendance for any reason other than graduation; 2) were selected for verification; and 3) received all non-passing grades ("0" GPA) for any term within the award year being reviewed. Appendix A identifies 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 IUPUI's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve IUPUI 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 IUPUI to bring operations of the financial aid programs into compliance with the statutes and regulations.

1. Verification Violations

Citation: To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program. The Secretary considers an institution to have that

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

Noted in the 2010-2011 FSA Handbook: Application and Verification Guide (AVG)¹ a school must have an adequate internal system to identify conflicting information – regardless of the source and regardless of whether the student is selected for verification – that would affect a student's eligibility, such as information from the admissions office as to whether the student has a high school diploma or information from other offices regarding academic progress and enrollment status. If a school has conflicting information concerning a student's eligibility or has reason to believe a student's application information is incorrect, the school must resolve the discrepancies before disbursing FSA funds.

On the issue of tax returns, the AVG states that financial aid administrators (FAAs) do not need to be tax experts, yet there are some issues that even a layperson with basic tax law information can evaluate. Because conflicting data often involve such information, FAAs must have a fundamental understanding of relevant tax issues that can considerably affect the need analysis. They are obligated to know: (1) whether a person was required to file a tax return, (2) what the correct filing status for a person should be, and (3) that an individual cannot be claimed as an exemption by more than one person.²

The AVG also states a school may not disburse aid until they have resolved conflicting information. A school has resolved the matter when they have determined which data are correct; this might simply be confirming that an earlier determination was the right one. Furthermore, a school must document the findings in the student's file and explain why, not simply assert that, the decision is justified.

Noncompliance: Student #6's ISIR information stated that there were three people in the household, yet the verification documents indicated that there were only two people in the household. In addition, the student claimed that she will be providing more than half of the support for a dependent child for the award year under review, yet the student had claimed zero income and no public assistance.³ The aforementioned issues are considered conflicting information and were required to be resolved and that resolution documented in the student's file.

¹ See Chapter 5.

² Publication 17 of the IRS, *Your Federal Income Tax*, is a useful resource for aid administrators. It can be viewed it on the Web at www.irs.gov or you can call the IRS at 1-800-829-3676 to order a copy. Publication 17 explains the criteria a person must meet to file as head of household.

³ See <http://ifap.ed.gov/qadocs/FSAVeriModule/activity4verif.doc>

Student #10 indicated on her ISIR and in verification documents that she was married and living with her husband. The tax documents she submitted for verification showed that she filed separately; she filed as a single person and her husband filed as head of household.

Required Action: Because the error rate for this finding is greater than 10%, IUPUI is required to complete a file review of all students selected for verification by the Department's Central Processing System (CPS) and those students that IUPUI selected for verification for the 2010-2011 award year. IUPUI must compile the results of its file review in an Excel spreadsheet as detailed below.

1. Student name
2. Social Security Number (SSN)
3. Original EFC used to award the student
4. Revised EFC, if applicable
5. Amount of original Title IV aid received broken down by program (i.e. Pell, FSEOG, etc.)
6. Date of disbursement to student's account
7. Revised amount of Title IV the student should have received broken down by program
8. Amount of overaward to the student broken down by program

On the Excel spreadsheet, place all the information for the student in one row. In addition to the information required above, for all student files reviewed, IUPUI must provide to the Department all supporting documentation including but not limited to: Student ISIRs, student account ledgers, transcripts, quality assurance worksheets, all verification documents collected from student and other sources, and EFC recalculation forms.

In lieu of performing a file review for the entire population of student files verified by IUPUI to determine actual liabilities, IUPUI has the option of performing this file review on a statistical sample. The results from this file review using the statistical sample will be used to project liabilities for the entire population (i.e., the average liability for the recipients in the statistical sample will be multiplied by the total population). This option is intended to reduce the burden on the institution of conducting a full file review.

If IUPUI wishes to select this option, IUPUI must supply the Department with an Excel spreadsheet containing the name and SSNs of all students whose files were selected for verification by CPS and IUPUI for the award year 2010-2011. The Department will determine the statistical sample using a random selection software program. A file review is required for each student included in the statistical sample.

D. Appendix A

Appendix A: Student Sample Listing

The student sample reviewed during the program review will be password protected and sent via email as it contains personally identifiable information. The password will be sent in a separate email from the student sample.