



April 28, 2014

Sam Hiranandaney, President
International School of Health, Beauty & Technology
D/B/A Superior Career Institute
5950 West Oakland Park Blvd
Suite 300
Lauderhill, FL 33313-1238

UPS Tracking # 1ZA879640296458480

RE: Final Program Review Determination
OPE ID: 03564300
PRCN: 201230428061

Dear Mr. Hiranandaney:

The U.S. Department of Education's (Department's) Atlanta School Participation Division issued a program review report on July 27, 2013 covering International School of Health, Beauty & Technology's administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 awards years. The institution's final response was received on December 11, 2013. A copy of the program review report and related documents are attached.

Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by the institution upon request. The Department has made final determinations based on information obtained during the program review and from documentation submitted by the institution. 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.

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

The total liabilities due from the institution from this program review are \$1,551.

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

Appeal Procedures:

If International School of Health, Beauty & Technology wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request

Federal Student Aid

AN OFFICE of the U.S. DEPARTMENT of EDUCATION

Federal Student Aid, School Participation Division, Atlanta
61 Forsyth Street SW • Atlanta, GA 30303
Student Aid.gov

for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date the institution receives this FPRD. An original and four copies of the information the institution submits must be attached to the request. The request for an appeal must be sent to:

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

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 PII data must be redacted except the student's name and last four digits of his / her social security number (please see the attached document, "Protection of Personally Identifiable Information," for instructions on how to mail "hard copy" records containing PII); and
- (4) Include a copy of the FPRD. The program review control number (PRCN) must also accompany the request for review.

If the appeal request is complete and timely, the Department will schedule an administrative hearing in accordance with § 487(b)(2) of the HEA, 20 U.S.C. § 1094(b)(2). The procedures followed with respect to the institution's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

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

If the institution has any questions regarding this letter, please contact Meghan Gladden at 404-974-9302. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

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

Christopher Miller
Division Director

Enclosure:
Final Program Review Determination Report (and appendices)

cc: Lavern Walden, Financial Aid Administrator
Florida Commission for Independent Education
Council on Occupational Education

Prepared for:
International School of Health, Beauty & Technology

OPE ID 03564300
PRCN 201230428061

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

Final Program Review Determination
April 28, 2014

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A. Institutional Information

International School of Health, Beauty & Technology
5950 West Oakland Park Blvd
Suite 300
Lauderhill, FL 33313-1238

Type: Proprietary

Highest Level of Offering: Certificate/Diploma

Accrediting Agency: Council on Occupational Education

Title IV Participation (Postsecondary Education Participants System):

	2010-2011
William D. Ford Direct Loan Program (Direct Loan)	\$1,310,589
Federal Pell Grant Program	\$1,678,961
Federal Family Education Loan Program (FFEL)	\$148,419
Federal Supplemental Educational Opportunity Grant	\$21,519
Total	\$3,159,488

Default Rate (FFEL/DL):	2010	11.0%
	2009	17.4%
	2008	15.7%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at International School of Health, Beauty & Technology from June 11, 2012 to June 15, 2012. The review was conducted by Meghan Gladden, Charles Thompson, and LaTonya Nesbitt.

The focus of the review was to determine International School of Health, Beauty & Technology'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 the 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 2010-2011 and 2011-2012 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. A program review report was issued on July 27, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning International School of Health, Beauty & Technology'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 the institution of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

I. Resolved Findings

International School of Health, Beauty & Technology has taken the corrective actions necessary to resolve findings 1, 3, 5, 6, 7, 9, 11, 12, and 13 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by the institution are discussed below.

II. Findings Requiring Further Action

Findings 2, 4, 8, and 10 require further action because the institution's response revealed further regulatory violations. At the conclusion of each finding is a summary of the institution's response to the finding, followed by the steps the institutions must take.

Finding 2: Leave Of Absence Deficiencies

Citation Summary: 34 C.F.R. §668.22(d) states that a leave of absence is an approved leave of absence if: (i) The institution has a formal policy regarding leaves of absence; (ii) The student followed the institution's policy in requesting the leave of absence; (iii) The institution determines that there is a reasonable expectation that the student will return to the school; (iv) The institution approved the student's request in accordance with the institution's policy; (v) The leave of absence does not involve additional charges by the institution; (vi) The number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12-month period; (vii) Except for a clock hour or nonterm credit hour program, upon the student's return from the leave of absence, the student is permitted to complete the coursework he or she began prior to the leave of absence; and (viii) If the student is a Title IV, HEA program loan recipient, the institution explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.

Additionally, per C.F.R. 668.16(f), the Secretary considers an institution to have administrative capability if, among other factors, 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 the Title IV, HEA programs.

Noncompliance Summary: The institution did not appear to be following a clearly defined leave of absence policy. Students 3, 8, 11, 13, and 30 were noted in this particular finding. (The original student-level text from the program review report appears below if the institution's response was insufficient.)

***Student 3:** The ISIR indicates the student is a dependent with no dependents of her own. The verification documents appear to corroborate this, but a leave of absence (LOA) was later granted due to childcare issues she was facing.*

***Student 8:** A leave of absence (LOA) was granted for this student, covering the period between 7/19/11 – 8/11/11. However, the withdrawal date is listed as 8/1/11 on the R2T4 documentation. If the student did not return from her LOA, the withdrawal date should have been prior to 7/19/11, but attendance records suggest the student was actually in class during her documented leave of absence.*

***Student 13:** A leave of absence (LOA) was granted for the period 9/5/10 – 11/15/10, but the status change form that accompanied the R2T4 calculation on 10/25/2010 indicated that the student had missed the maximum allowable absences and was withdrawn. Her last date of attendance (LDA) occurred during her documented leave of absence.*

***Student 30:** The ISIR indicates the student is single with no dependents, but a leave of absence (LOA) was later granted because his wife was having a baby.*

***Required Action Summary:** International School of Health, Beauty & Technology was required to revise its leave of absence policy and ensure consistent application of the new policy. The response to the program review report was required to include a copy of this updated policy as well as an implementation plan*

Institutional Response to Student 3 (institution is quoted): “Concur with finding however the zero EFC as a dependent student would not change if she had a child to be independent. Financial aid would not change. In the future leave of absences will be reviewed by the financial aid office to prevent recurrence. As a result the institution believes this part of finding # 2 for student # 3 should be considered closed.”

Institutional Response to Student 8 (institution is quoted): “Program review report is in error when it reports the LOA ended 8/11/2011 when it is actually 8/1/11. She was not in school during her leave of absence as incorrectly reported on the program review report. The R2T4 was processed with accurate enrollment data. See attachment # 5 leave of absence form which supports this response. As a result, the institution believes this part of finding #2 for student #8, should be considered closed.”

Institutional Response to Student 13 (institution is quoted): “We concur however we have now created a tracking form called a strength report to keep track of students LOA time frame and will use this tracking form to insure reoccurrence does not happen. See attachment #7 for the strength report.”

Institutional Response to Student 30 (institution is quoted): “The student is a male, not married, was granted LOA for the birth of his child. His EFC of zero would not

change even if the family size of 1 went to 2. We will use the enrollment status change report to keep track of students' LOA and compare the basis for the LOA to see if it raises any conflicts in his/her financial aid folder.

Final Determination:

The institution addresses Students 3 and 30 in terms of the students' expected family contribution, indicating that a revision of the information would not have an impact on the EFC and the amounts disbursed to the students. International School of Health, Beauty & Technology is reminded that institutions cannot disregard certain aspects of their regulatory obligation because they had no direct monetary bearing in a particular circumstance. The institution has a regulatory obligation to ensure the integrity of its records, regardless of the monetary implications.

With regard to Student 8, if the student was not in class as indicated by the attendance records, the student's last date of attendance (LDA) should have been prior to the first date of the LOA (i.e., prior to 7/19/11). The R2T4 documentation incorrectly identified 8/1/11 as the student's last date of attendance. As a result, Student 8 is now associated with Findings 8 and 10.

The institution did not address the fundamental issue associated with this finding, which was the indiscriminate granting of leaves of absence. It is unclear how the strength report or enrollment status change report will assist the institution in making better determinations regarding the validity of a student's request for a leave of absence. As stated in Volume 5 of the FSA Handbook, "A school's policy must require a student to apply in advance for an LOA unless unforeseen circumstances prevent the student from doing so." Because both of these reports appear to document leaves of absence after they have been granted, it is unlikely that they will be useful in corroborating information and improving institutional determinations.

Additionally, the updated leave of absence policy provided by the institution is in violation of 34 C.F.R. § 668.22(b)(1). Please see the italicized section below:

A request for a Leave of Absence form must be completed and signed in advance by the student specifying the reason. If, however, due to unforeseen circumstances, a student is prevented from completing the Request Form, the institution may grant the student's request for a leave of absence on a condition that student must provide the documentation at least by his/her return to school or earlier. A school official must approve all leave of absence requests. Federal regulations allow an approved leave of absence of no more than 180 days in any 12-month period. A student may be granted more than one leave of absence in the event of catastrophic illness affecting the student or the student's immediate family, military service requirements, or jury duty, provided that the combined leaves of absence do not exceed 180 days within the 12-month period. A student

on a leave of absence will incur no additional charges by the school. *Any student failing to return to school after the expiration of a leave of absence will be withdrawn from school that day and a withdrawal date will be based on the school's refund policy* [emphasis added by the Department] and refunds will be due 30 days from that date. Please note that student's failure to return from an LOA may affect the student's loan repayment terms, including the expiration of the student's grace period.

Per 34 C.F.R. §668.22(b)(1), when a student does not return from a leave of absence, the student's last date of attendance (LDA) is the last date of *academic attendance* as determined by the institution from its attendance records. For example, if a student is granted a leave of absence from February 1, 2014 until February 28, 2014 and does not return, the last date of attendance would be prior to February 1, 2014. Because the student was not in class during the month of February, these days cannot be counted as days attended in the R2T4 calculation.

Because this finding was not resolved prior to the issuance of the FPRD, the institution must present a copy of the FPRD to its auditor—along with an updated LOA policy—so the auditor can comment on the institution's compliance during the next non-Federal audit for the period ending December 31, 2014. Failure to comply may result in administrative actions against the institution.

Finding 4: Pell Overpayment

Citation Summary: According to 34 C.F.R. § 690.63(e), the Federal Pell Grant for a payment period for a student in a program using clock hours is calculated by determining the student's Scheduled Federal Pell Grant using the Payment Schedule. This payment schedule is available on the U.S. Department of Education's Information for Financial Aid Professional (IFAP) website (<http://ifap.ed.gov/ifap/>).

Additionally, under 34 C.F.R. § 690.63(f), the institution may not disburse an amount that exceeds 50 percent of the student's annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50 percent of the weeks of instructional time in the program's academic year.

Noncompliance Summary: Three students received Pell awards that were in excess of their eligibility. Students 1, 3, and 5 were noted in this particular finding. (The original student-level text from the program review report appears below if the institutional response was insufficient.)

Student 1: This particular student had an expected family contribution (EFC) of \$258, but received a full Pell award in the amount of \$5550. This resulted in an over-award of \$250. The actual amount that was disbursed in excess of the maximum award was \$125.

Required Action Summary: *Because the error rate for this particular finding exceeds 10 percent, International School of Health, Beauty & Technology was required to provide a table of students enrolled in the Full Specialist program during the award year 2010-2011. For students who did not attend the second payment period, the first disbursement in excess of 50 percent was considered an over-award.*

Institutional Response to Student 1 (institution is quoted): "The title 4 award letter correctly shows the Pell Grant award to be \$2,650 for the first payment and \$2,650 for the second payment. The amount drawn down was the correct at \$2,650. The R2T4 correctly used the \$2,650 amount received. There is no liability in this matter as the school received the correct amount. The institution will exercise more care to make sure the amounts requested and drawn down are correctly posted to the ledger. The student's ledger has now been corrected to show the actual amount of \$2,650 drawn down."

Final Determination:

Per the required actions, the institution provided a list of all students who were enrolled in the Full Specialist program. Of the 22 students listed, five had errors, resulting in a negligible liability of \$13.

With regard to Student 1, the updated ledger the institution provided did not adjust and amend the previous ledger; it completely replaced it. The first version of the ledger indicated the \$2,775 was disbursed on 8/23/2010, but the updated ledger made no mention of the \$2,775 listed on the first ledger. That new ledger indicated that \$2,650 was disbursed on 8/23/2010, but that amount still did not correspond with the data in COD. COD indicates that \$2,419 was disbursed on 11/18/2010. (Please see the discrepant documents provided in Appendix D.)

These discrepancies suggest a lack of integrity in the documentation associated with Student 1. International School of Health Beauty and Technology is reminded that providing inauthentic documents can be grounds for administrative action by the Department that could jeopardize the institution's Title IV eligibility.

Finding 8: Inaccurate/Unsupported Attendance Records

Citation Summary: *In accordance with 34 C.F.R. § 668.22(b)(3)(i), an institution is required to take attendance if (A) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance; (B) The institution itself has a requirement that its instructors take attendance; or (C) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program.*

Noncompliance Summary: *During the review, it was determined that International School of Health, Beauty & Technology had minimal mechanisms in place to flag students who were not attending in accordance with the institutional attendance policy. Student 10 was noted in this particular finding and Student 8 has been added as a result of the institutional response. (The original student-level text from the program review report appears below if the institutional response was insufficient.)*

Student 8: *A leave of absence (LOA) was granted for this student, covering the period between 7/19/11 – 8/11/11. However, the withdrawal date is listed as 8/1/11 on the R2T4 documentation. If the student did not return from her LOA, the withdrawal date should have been prior to 7/19/11, but attendance records suggest the student was actually in class during her documented leave of absence.*

Required Action Summary: *International School of Health, Beauty & Technology was required to provide a copy of its updated policy as well as an implementation plan.*

Institutional Response to Student 8 (institution is quoted): *“Program review report is in error when it reports the LOA ended 8/11/2011 when it is actually 8/1/11. She was not in school during her leave of absence as incorrectly reported on the program review report. The R2T4 was processed with accurate enrollment data. See attachment # 5 leave of absence form which supports this response. As a result, the institution believes this part of finding #2 for student #8, should be considered closed.”*

Final Determination: *Although the institution indicated that the student was, in fact, on a leave of absence, attendance records in the file do not corroborate this. (Please see the copy of the attendance records provided by the institution in Appendix C.) This brings the integrity of the attendance records into question. International School of Health, Beauty and Technology is reminded that providing inauthentic documents can be grounds for administrative action by the Department that could jeopardize the institution’s Title IV eligibility.*

Finding 10: Incorrect Return to Title IV Calculation

Citation Summary: *According to 34 C.F.R. § 668.22(e)(1)(i) and (e)(2), the amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student. 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.*

Additionally, as noted in the 2010-2011 FSA Handbook (volume 5, chapter 2, page 50), percentages should be calculated to four decimal places, and rounded to three decimal places. The third decimal place is rounded up if the fourth decimal place is 5 or above.

For example, .4486 would be rounded to .449, or 44.9%. These instructions are also at the top of the R2T4 worksheets provided by the U.S. Department of Education.

Noncompliance Summary: *International School of Health, Beauty & Technology failed to round returns to Title IV correctly.*

Required Action Summary: *International School of Health, Beauty & Technology was required to correct its procedures to perform R2T4 calculations for withdrawals, following the above instructions related to 'rounding' the percentage of aid earned.*

Institutional Response Summary: The institution provided assurance that its policy now takes into account that percentages should be calculated to four decimal places and rounded to three decimal places.

Final Determination: The above portion of this finding is closed, but as a result of the institution's leave of absence policy, incorrect returns to Title IV will persist, as evidenced by Student 8 (please see Finding 2, page 4). It is imperative that the institution revise its leave of absence policy in order to process returns to Title IV in accordance with 34 C.F.R. § 668.22(b)(1).

Finding 14: Information in Student Files Missing

Citation Summary: *Per 34 C.F.R. § 668.37(a)(1), to be eligible to receive Title IV, HEA program funds, a male student who is subject to registration with the Selective Service must register with the Selective Service.*

Furthermore, per 34 C.F.R. § 668.37(c)(1), if the Selective Service does not confirm through the data match that the student is registered, the student can establish that he (i) is registered; (ii) is not, or was not required to be, registered; (iii) has registered since the submission of the FAFSA; or (iv) meets the conditions of paragraph (d) of this section.

Per 34 C.F.R. § 668.40(a)(1), a student is ineligible to receive Title IV, HEA program funds, for the period described in paragraph (b) of this section, if the student has been convicted of an offense under any Federal or State law involving the possession or sale of illegal drugs for conduct that occurred during a period of enrollment for which the student was receiving Title IV, HEA program funds.

Per 34 C.F.R. § 668.40(c), if a student successfully completes a drug rehabilitation program following the student's most recent drug conviction, the student regains Title IV eligibility on the date of successful completion of the rehabilitation program.

Noncompliance Summary: *Student 28 had ISIR codes requiring resolution, but International School of Health, Beauty & Technology failed to resolve the issue.*

Additionally, the same student provided a criminal registrant card as identification, but additional research was not conducted to determine if a drug conviction precluded his eligibility for aid. (Please note the original draft of the program review report inadvertently listed Student 4. The institution was given the opportunity to amend its response on December 10, 2013.)

Required Action Summary: *International School of Health, Beauty & Technology was required to provide additional information regarding the student's registration for the Selective Service, as well as the status of drug convictions. If unable to obtain the required documentation, the institution was required to report the total amount of Pell, FSEOG, and/or subsidized loan disbursed to this student. These funds are considered to be ineligible.*

Institutional Response to Student 28 (institution is quoted): We checked the records, and ISIR did correctly point to student having not registered with Selective Service. The student had informed our financial aid office that the reason for him not registering with Selective Service was that he was on disability during that period and we see the copy of regulation highlighted kept in the file. We however can not find documentation supporting Student's assertion. Our FA department did drop the student and processed the R2T4 (TITLE IV Pell Disbursed \$2,775.00 - FAiD Returned \$ 2,158.39 FA earned of \$616.61) that is attached herewith. We have changed our Financial aid compliance procedures since June of 2012 where an independent third party servicer ECM Financial Aid verifies each file for document and financial aid disbursement compliance. Since they are the third party requesting funds on our behalf already, they are not authorized to request any funds until the files are fully compliant. Yes the student had provided documentation in the form of arrest card to verify his income eligibility requirement and yes our FA department did verify his arrest record, but since he was not convicted at the time of enrollment, he was allowed to continue. Probation department used to be located at the back of the building at our old location and they would walk in the students and expected us to rehabilitate them through education. We have since then moved to a newer current facility and changed our process and hired the third party compliance to keep a watchful eye on such situations.

Final Determination:

Because the student did not submit clear and unambiguous evidence that he was unable to present himself for Selective Service registration for reasons beyond his control, this student was not eligible to receive Title IV funds.

With regard to his drug-related charges, the student was convicted of drug possession during his period of enrollment (06/13/2011) and was therefore ineligible to receive Title IV funds. Although the institution performed a partial refund, all funds awarded to this student must be returned because he was ineligible during the period of enrollment.

International School of Health, Beauty & Technology

OPEID 03564300

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Additionally, per 34 C.F.R. § 668.40(b)(1), students are ineligible to receive Title IV, HEA program funds for one year after the date of conviction, so the subsequent Pell disbursement of \$913 on 4/27/2012 was ineligible.

D. Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. This information is provided so that the institution understands the liabilities associated with each finding.

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

International School of Health, Beauty & Technology must notify all students and/or borrowers in writing regarding payments made on their behalf. This notification must include the amount and date of the payments.

Liabilities	Pell (Closed Award Year)
Finding 14:	\$1,530
Subtotal:	\$1,530
Interest:	\$21
Total:	\$1551
Payable to U.S. Department of Education:	\$1551

E. Payment Instructions

1. Liabilities Owed to the Department

Student-level Pell Grant adjustments must be made prior to payment of the liability. Because the liability established for this finding is for a closed award year, the institution must contact COD School Relations at codsupport@acs-inc.com or by telephone at 1-800-848-0978 to request extended processing relief before any student-level adjustments can be processed. Extended processing will allow the institution to transmit student-level adjustments to the Department's Common Origination and Disbursement (COD) System for closed award years.

International School of Health, Beauty & Technology must perform student-level downward Pell Grant adjustments in the amount of \$617 for 2010-2011 and \$913 for 2011-2012 for student #28 as noted in Finding 14. The student-level adjustments for both award years must be made prior to the payment of the liability.

International School of Health, Beauty & Technology owes to the Department \$1551.00. Payment must be made by forwarding a check made payable to the "U.S. Department of Education" to the following address within 45 days of the date of this letter:

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

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

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

The following identification data must be provided with the payment:

Amount:	\$1551
DUNS:	780399809
TIN:	204765078
PRCN:	201230428061

Terms of Payment

As a result of this final determination, the Department has created a receivable for this liability and payment must be received by the Department within 45 days of the date of this letter. If payment is not received within the 45-day period, interest will accrue in monthly increments from the date of this determination, on the amounts owed to the Department, at the current value of funds rate in effect as established by the Treasury Department, until the date of receipt of the payment. International School of Health, Beauty & Technology is also responsible for repaying any interest that accrues. If you have any questions regarding interest accruals or payment credits, contact the Department's Accounts Receivable Group at (202) 245-8080 and ask to speak to the institution's account representative.

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

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

If within 45 days of the date of this letter, the institution has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the Department, the Department intends to collect the amount due and payable by administrative offset against payments due International School of Health, Beauty & Technology from the Federal Government. The institution may object to the collection by offset only by challenging the existence or amount of the debt. To challenge the debt, the institution must appeal this determination in a timely manner under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. No separate appeal opportunity will be provided. If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

F. Appendices

The following items are attached to the FPRD:

- Appendix A: Program Review Report
- Appendix B: Institution's Written Response
- Appendix C: Attendance Record for Student 8
- Appendix D: Ledgers for Student 1
- Appendix E: Cost of Funds

Final Program Review Determination
PRCN: 201230428061

Appendix A
Program Review Report

Prepared for
**International School of
Health, Beauty & Technology**

OPE ID 03564300
PRCN 201230428061

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

Program Review Report

July 26, 2012

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A. Institutional Information

International School of Health, Beauty & Technology
5950 West Oakland Park Blvd
Suite 300
Lauderhill, FL 33313-1238

Type: Proprietary

Highest Level of Offering: Certificate/Diploma

Accrediting Agency: Council on Occupational Education

Funding (Title IV Participation Postsecondary Education Participants System):

	2010-2011
William D. Ford Direct Loan Program (Direct Loan)	\$1,310,589
Federal Pell Grant Program	\$1,678,961
Federal Family Education Loan Program (FFEL)	\$148,419
Federal Supplemental Educational Opportunity Grant	\$21,519
Total	\$3,159,488

Default Rate (FFEL/DL):	2010	11.0%
	2009	17.4%
	2008	15.7%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at International School of Health, Beauty & Technology from June 11, 2012 to June 15, 2012. The review was conducted by Meghan Gladden, Charles Thompson, and LaTonya Nesbitt.

The focus of the review was to determine International School of Health, Beauty & Technology'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 the 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 2010-2011 and 2011-2012 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. The appendix 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 International School of Health, Beauty & Technology'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 the institution 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 (FPRD) letter.

C. Findings

Finding 1: Verification Not Documented/Incomplete

Citation: Pursuant to 34 C.F.R. § 668.16(f) and § 668.51 – 668.61, the purpose of verification is to ensure Title IV funds are awarded in the correct amount. An institution must establish procedures to request, receive, and verify applicant data for each award year. Institutions are also responsible for resolving conflicting information related to a student's application for federal student aid. There are five elements that should be verified:

1. Household size
2. Number enrolled in college
3. Adjusted gross income (AGI)
4. U.S. income tax paid
5. Other untaxed income and benefits

Supporting documentation collected from the student (and parents or spouse, if applicable) must be compared to the information reported on the Institutional Student Information Record (ISIR). Verification documentation collected also must be retained in the student's file as evidence that the process was completed.

Noncompliance: International School of Health, Beauty & Technology failed to complete verification in certain instances.

- **Student 2:** The ISIR indicates the student is married (household size of two) and has a joint income of \$1,256, but the verification document does not list the student's income, nor does it corroborate the household size that appears on the ISIR. Conversely, the verification document lists a zero income and a household size of one. This unrealistic and discrepant applicant data was not resolved by the institutional officials before aid was disbursed.
- **Student 4:** The ISIR indicates there are four members in the household, but the verification documents (i.e., form and tax return) only list three. This discrepant applicant data was not resolved by the institutional officials before aid was disbursed.

Required Action: International School of Health, Beauty & Technology must resolve the discrepancies. When applicant information varies from data reported on the student's ISIR, the correct information must be obtained and the student's EFC must be recalculated. If the revised EFC results in a change to the amount of funds a student is eligible to receive, these changes must be reported to the Department. For students in this category, the institution must provide the following data in a spreadsheet or table and submit with its response to the program review report.

- Student name and social security number
- Original EFC
- Corrected EFC
- Date of financial aid disbursements
- Amount of disbursement
- Amount student was eligible for
- Over-award amount

If International School of Health, Beauty & Technology is unable to obtain the required verification documentation (or documents to resolve discrepant data), it must report the total amount of Pell, FSEOG, and/or subsidized loan disbursed to each student. These funds are considered to be ineligible.

In addition to reviewing applications selected for verification by the central processing system (CPS), International School of Health, Beauty & Technology must develop an adequate internal system to identify conflicting or unrealistic information—regardless of the source and whether the student is selected for verification—that would affect a student's eligibility. The school must resolve all such conflicting information.

If applicable, instructions regarding repayment of ineligible disbursements will be provided in the final program review determination.

Finding 2: Leave Of Absence Deficiencies

Citation: 34 C.F.R. § 668.22(d) states that a leave of absence is an approved leave of absence if: (i) The institution has a formal policy regarding leaves of absence; (ii) The student followed the institution's policy in requesting the leave of absence; (iii) The institution determines that there is a reasonable expectation that the student will return to the school; (iv) The institution approved the student's request in accordance with the institution's policy; (v) The leave of absence does not involve additional charges by the institution; (vi) The number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12-month period; (vii) Except for a clock hour or nonterm credit hour program, upon the student's return from the leave of absence, the student is permitted to complete the coursework he or she began prior to the leave of absence; and (viii) If the student is a Title IV, HEA program loan recipient, the institution explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.

Additionally, per 34 C.F.R. § 668.16(f), the Secretary considers an institution to have administrative capability if, among other factors, 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 the Title IV, HEA programs.

Noncompliance: The institution did not appear to be following a clearly defined leave of absence policy.

- **Student 3:** The ISIR indicates the student is a dependent with no dependents of her own. The verification documents appear to corroborate this, but a leave of absence (LOA) was later granted due to childcare issues she was facing.
- **Student 8:** A leave of absence (LOA) was granted for this student, covering the period between 7/19/11 – 8/11/11. However, the withdrawal date is listed as 8/1/11 on the R2T4 documentation. If the student did not return from her LOA, the withdrawal date should have been prior to 7/19/11, but attendance records suggest the student was actually in class during her documented leave of absence.
- **Student 11:** The leave of absence (LOA) was not properly defined. No return date was listed.
- **Student 13:** A leave of absence (LOA) was granted for the period 9/5/10 – 11/15/10, but the status change form that accompanied the R2T4 calculation on 10/25/2010 indicated that the student had missed the maximum allowable absences and was withdrawn. Her last date of attendance (LDA) occurred during her documented leave of absence.
- **Student 30:** The ISIR indicates the student is single with no dependents, but a leave of absence (LOA) was later granted because his wife was having a baby.

Required Action: International School of Health, Beauty & Technology must revise its leave of absence policy and make sure that the updated policy is applied consistently and uniformly in the future. The response to the program review report should include a copy of this updated policy as well as an implementation plan. The implementation plan should indicate how the financial aid office will work with other officials (to include instructors) to ensure the appropriateness of leaves of absence.

Finding 3: Incorrect Federal Pell Grant Calculation

Citation: Per 34 C.F.R. § 690.63(f), institutions may not disburse an amount that exceeds 50 percent of the student's annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50 percent of the weeks of instructional time in the program's academic year.

Noncompliance: For the Full Specialist program (605 clock hours and 20 weeks), International School of Health, Beauty & Technology consistently disbursed more than 50 percent during the first payment period.

- **Student 7:** This particular student received her disbursements in the amounts of \$1,869 and \$1,862. The first disbursement was in excess of 50 percent of the total award.
- **Student 3:** This particular student received her disbursements in the amounts of \$1,869 and \$1,862. The first disbursement was in excess of 50 percent of the total award.
- **Student 5:** This particular student received her disbursements in the amounts of \$1,869 and \$1,862. The first disbursement was in excess of 50 percent of the total award.

Required Action: Effective immediately, the institution is required to correct its procedures so that proper disbursements occur in the first payment period. Additionally, due to the error rate associated with the Full Specialist program, a file review of this particular program is necessary. Please see Students 3 & 5 below in Finding 5 for additional information.

Finding 4: Pell Overpayment

Citation: According to 34 C.F.R. § 690.63(e), the Federal Pell Grant for a payment period for a student in a program using clock hours is calculated by determining the student's Scheduled Federal Pell Grant using the Payment Schedule. This payment schedule is available on the U.S. Department of Education's Information for Financial Aid Professional (IFAP) website (<http://ifap.ed.gov/ifap/>).

Additionally, under 34 C.F.R. § 690.63(f), the institution may not disburse an amount that exceeds 50 percent of the student's annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50 percent of the weeks of instructional time in the program's academic year.

Noncompliance: Three students received Pell awards that were in excess of their eligibility.

- **Student 1:** This particular student had an expected family contribution (EFC) of \$258, but received a full Pell award in the amount of \$5550. This resulted in an over-award of \$250. The actual amount that was disbursed in excess of the maximum award was \$125.
- **Student 3:** This particular student was enrolled in a program of 605 clock hours, so she was eligible for \$3731 of her \$5550 Pell award (or \$1,866 for each payment period). International School of Health, Beauty & Technology disbursed \$1,869 during her first payment period instead of \$1,866. Because she withdrew before her second disbursement, this resulted in an over-award of \$3.00.
- **Student 5:** This particular student was enrolled in a program of 605 clock hours, so she was eligible for \$3731 of her \$5550 Pell award (or \$1,866 for the first payment period and \$1,865 for the second). International School of Health,

Beauty & Technology disbursed \$1,869 during her first payment period instead of \$1,866. Because the student only attended for one payment period, this resulted in an over-award of \$3.00.

Required Action: Because the error rate of this particular finding exceeds 10 percent, all students enrolled in the Full Specialist program must be reviewed for the award year 2010-2011. In response to this finding, International School of Health, Beauty & Technology must provide a table with the following information:

- Student name and social security number
- EFC
- Amount of award
- Amount of first disbursement
- Amount of second disbursement
- Amount of over-award

For students who did not attend the second payment period (or withdrew prior to its completion), the first disbursement in excess of 50 percent would be considered an over-award. All over-awarded funds must be returned.

In lieu of performing a file review for the entire population of students enrolled in the Full Specialist program to determine actual liabilities, International School of Health, Beauty & Technology can use the statistical sample 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 the institution chooses to project liabilities in lieu of a file review, Meghan Gladden can be contacted at 404-974-9302 or Meghan.Gladden@cd.gov for further instructions.

If applicable, instructions regarding repayment of ineligible disbursements will be provided in the final program review determination.

Finding 5: Ineligible Student - High School Student

Citation: Per 34 C.F.R. § 668.32(e)(1), a student must have a high school diploma or its recognized equivalent in order to receive Title IV funds.

Noncompliance: The reviewers noted that one student provided an inauthentic high school diploma to International School of Health, Beauty & Technology.

- **Student 4:** The diploma submitted to support this student's graduation status bears many indicators of inauthenticity: (1) the student's name is misspelled; (2)

standard capitalization and punctuation conventions are not used in the high school's title; and (3) the location of the school could not be determined.

Required Action: International School of Health, Beauty & Technology must demonstrate that Student 4 had a valid high school diploma or its equivalent, or the Title IV funds disbursed to this student must be returned.

Additionally, in response to this finding, International School of Health, Beauty & Technology must submit its policy for vetting high school diplomas. The institution must provide assurances that, in the future, students will not receive Title IV funds unless they have a valid high school diploma or its equivalent.

If applicable, instructions regarding repayment of ineligible disbursements will be provided in the final program review determination.

Finding 6: Student Credit Balance Deficiencies

Citation: 34 C.F.R. § 668.16(e) states that whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

Per 34 C.F.R. § 668.15(a) and § 668.15(b), in order to participate in any Title IV, HEA program, an institution must demonstrate to the Secretary that the institution is financially responsible under the requirements established in the general standards of financial responsibility section. In general, the Secretary considers an institution to be financially responsible only if it is meeting all of its financial obligations, including but not limited to refunds that it is required to make.

Noncompliance: In two instances, International School of Health, Beauty & Technology held student credit balances without proper authorization.

- **Student 7:** The student's credit balance should have been returned within 14 days of its occurrence on 7/19/2011, but the institution held the funds until 9/19/2011. There was no student authorization in the file to hold the Title IV credit balance.
- **Student 13:** The student's credit balance should have been returned within 14 days of its occurrence on 6/20/2011, but the institution held the funds until 2/28/2012. There was no student authorization in the file to hold the Title IV credit balance.

Required Action: International School of Health, Beauty & Technology must review its credit balance procedures and policy, and update both accordingly. The response to the program review report should include a copy of the updated policies and/or procedures, as well as an implementation plan.

Finding 7: Attendance Policy Inadequate

Citation: In accordance with 34 C.F.R. § 668.22(b)(3)(i), an institution is required to take attendance if (A) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance; (B) The institution itself has a requirement that its instructors take attendance; or (C) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program.

Noncompliance: International School of Health, Beauty & Technology has caveats in its attendance policy that can result in differing consequences for its students. The institutional policy states:

All students are expected to attend all classes as attendance is taken on a daily, class by class basis. A student must notify the school when an absence occurs. Unexcused absences must be made up. Students having in excess of 3 days of unexcused within a 30 day period *may* [emphasis added by the Department] be given a warning. Six or more days within a 30 day period, or more than 10% of the total program length of unexcused absences *may* [emphasis added by the Department] result in dismissal from the program and the student may not receive their financial aid. This will result in the student being responsible for payment.

Because of its current phrasing, the consequences are ambiguous and optional. Additionally, the policy can be applied differently toward students.

Required Action: Because International School of Health, Beauty & Technology is a school that is required to take attendance, it must revise its policy so that clear guidelines and consequences exist for financial aid recipients. Additionally, caveats should not permit the policy to be applied differently toward students. After updating its policy, the institution must ensure the updated policy is applied consistently and uniformly in the future. The response to the program review report should include a copy of this updated policy.

Finding 8: Inaccurate/Unsupported Attendance Records

Citation: In accordance with 34 C.F.R. § 668.22(b)(3)(i), an institution is required to take attendance if (A) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance; (B) The institution itself has a requirement that its instructors take attendance; or (C) The institution or an outside entity has a requirement that can only be met by taking attendance or a comparable process, including, but not limited to, requiring that students in a program demonstrate attendance in the classes of that program, or a portion of that program.

Noncompliance: During the review, it was determined that International School of Health, Beauty & Technology has minimal mechanisms in place to flag students who are not attending in accordance with the institutional attendance policy.

The institutional policy states:

All students are expected to attend all classes as attendance is taken on a daily, class by class basis. A student must notify the school when an absence occurs. Unexcused absences must be made up. Students having in excess of 3 days of unexcused within a 30 day period may be given a warning. Six or more days within a 30 day period, or more than 10% of the total program length of unexcused absences may result in dismissal from the program and the student may not receive their financial aid. This will result in the student being responsible for payment.

- **Student 10:** This particular student missed more than six days in a 30-day period (no attendance occurred between 12/7/2010 and 1/3/2011), but the student was not dropped. No documentation excusing the absences or granting a leave of absence was in the file.

Required Action: In response to this finding, International School of Health, Beauty & Technology must provide a copy of its updated policy—as well as an implementation plan—and make sure that the updated policy is applied consistently and uniformly in the future. The implementation plan should indicate how the financial aid office will work with other officials (to include instructors) to ensure proper flagging of students who are not attending in accordance with the institutional policy.

Finding 9: Exit Counseling Deficiencies

Citation: 34 C.F.R. § 685.304(b)(1) states that a school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school. (2) The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In

each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student borrower may be provided with written counseling materials within 30 days after the student borrower completes the program. (3) If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

Noncompliance: The reviewers noted that exit counseling was missing from two files.

- **Student 10:** This particular student ceased attendance on 1/7/2011 and Title IV funds were returned on 4/4/2011. No exit counseling was in the file.
- **Student 4:** This particular student ceased attendance on 7/28/2011 and the institution performed an R2T4 calculation on 9/9/2011. No exit counseling was in the file.

Required Action: In response to this finding, the institution must provide written assurance that entrance and exit counseling will be conducted with each student borrower in accordance with regulatory requirements, and that the borrowers' records will contain adequate documentation to demonstrate that counseling was provided. The institution must provide its updated procedures in response to this finding.

Finding 10: Incorrect Return to Title IV Calculation

Citation: According to 34 C.F.R. § 668.22(e)(1)(i) and (e)(2), the amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student. 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.

Additionally, as noted in the 2010-2011 FSA Handbook (volume 5, chapter 2, page 50), percentages should be calculated to four decimal places, and rounded to three decimal places. The third decimal place is rounded up if the fourth decimal place is 5 or above. For example, .4486 would be rounded to .449, or 44.9%. These instructions are also at the top of the R2T4 worksheets provided by the U.S. Department of Education.

Noncompliance: International School of Health, Beauty & Technology failed to round returns to Title IV correctly. For example:

- **Student 2:** The institution calculated the amount to return based on .3377 (or 33.77%) instead of the correct .338 (or 33.8%). This resulted in the institution returning \$418.53 instead of \$416.44, an overpayment of \$2.09.
- **Student 5:** The institution calculated the amount to return based on .3564 (or 35.64%) instead of the correct .356 (or 35.6%). This resulted in the institution returning \$1,202.89 instead of \$1,203.64, an underpayment of \$0.75.
- **Student 11:** The institution calculated the amount to return based on .1111 (or 11.11%) instead of the correct .111 (or 11.1%). This resulted in the institution returning \$4,640.06 instead of \$ 4,640.58, an underpayment of \$0.52.

Required Action: Effective immediately, International School of Health, Beauty & Technology is required to correct its procedures to perform R2T4 calculations for withdrawals, following the above instructions related to ‘rounding’ the percentage of aid earned. Your response to the program review report must provide a written assurance that this finding will not be repeated in future audits or program reviews.

Finding 11: Late Return to Title IV

Citation: 34 C.F.R. § 668.22(j)(1) states that an institution must return the amount of Title IV funds for which it is responsible under paragraph (g) of 668.22 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 paragraph (l)(3) of this section. Per § 668.173(b), funds must be returned within 45 days.

Noncompliance: In two instances, funds were not returned within 45 days.

- **Student 10:** This student ceased attendance on 1/7/2011, but Title IV funds were not returned until 4/4/2011.
- **Student 11:** This student ceased attendance on 5/26/2011, but Title IV funds were not returned until 7/25/2011.

Required Action: As described in the finding pertaining to its attendance policy, International School of Health, Beauty & Technology must devise a way to enhance coordination among various offices and officials, to include the students’ instructors. When students are not attending in accordance with the attendance policy, the financial aid office should be privy to the students’ status so that appropriate actions—including Returns to Title IV—can be taken.

In response to this finding, International School of Health, Beauty & Technology must provide a copy of its updated attendance policy and implementation plan, as well as an explanation of how various offices will work together to ensure regulatory compliance. The implementation plan should indicate how the financial aid office will work with other officials (to include instructors) to ensure proper flagging of students who are not

attending in accordance with the institutional policy. The institution should also explain how the new policy will facilitate returns to Title IV in a timely manner.

It should be noted that, when refunds are not made in a timely manner, the institution may be required to submit an irrevocable letter of credit, acceptable and payable to the Secretary, equal to 25 percent of the total amount of Title IV refunds the institution made or should have made during its most recently completed fiscal year.

Failure to make refunds in a timely manner is a demonstration of impaired administrative capability. Continuous demonstration of impaired administrative capability may result in administrative action against the school.

Finding 12: Refund Not Made

Citation: Per 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 in accordance with paragraph (e) of this section.

Per 34 C.F.R. § 668.22(b)(1), the withdrawal date for a student who ceases attendance at an institution that is required to take attendance, including a student who does not return from an approved leave of absence, is the last date of academic attendance as determined by the institution from its attendance records.

Per 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 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) to the student for the payment period or period of enrollment as of the student's withdrawal date.

Noncompliance: In two instances, returns had not been made.

- **Student 6:** This student did not return from a leave of absence that began on 11/7/2011 and ended on 2/6/2012. The student's last date of attendance was on 10/21/2011. International School of Health, Beauty & Technology did not perform an R2T4 calculation.
- **Student 23:** This student last attended 4/11/2011 and appeared to be a withdrawal. At the time of the review, the institution had not yet made a determination regarding the student's Title IV funds.

Required Action: The institution must demonstrate that the refunds were performed or that the students were eligible for their full disbursements.

Furthermore, International School of Health, Beauty & Technology must strengthen its procedures to ensure that refunds are made in a timely fashion. The institution's response must also provide a description of the steps that will be taken to prevent a repeat of this finding in the future.

Please note: When refunds are not made in a timely manner, the institution may be required to submit an irrevocable letter of credit, acceptable and payable to the Secretary, equal to 25 percent of the total amount of Title IV refunds the institution made or should have made during its most recently completed fiscal year.

Failure to make refunds in a timely manner is a demonstration of impaired administrative capability. Continuous demonstration of impaired administrative capability may result in administrative action against the school.

If applicable, instructions regarding repayment of ineligible disbursements will be provided in the final program review determination.

Finding 13: Inaccurate Recordkeeping

Citation: Per 34 C.F.R. § 668.16(f), the Secretary considers an institution to have administrative capability if, among other factors, 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 the Title IV, HEA programs.

Noncompliance: One student's file indicated that information incorrectly populates certain fields in the computer program the institution uses. This may be due to information being manually entered instead of automatically populated by the program.

- **Student 4:** The student's transcript indicates that 497.25 clock hours have been completed and that 702.75 clock hours remain, but the ledger indicates that 706.25 hours have been completed and 493.75 remain.

Required Action: The institution must provide an explanation of how the error occurred and how the error will be prevented in the future.

Finding 14: Information in Student Files Missing

Citation: Per 34 C.F.R. § 668.37(a)(1), to be eligible to receive Title IV, HEA program funds, a male student who is subject to registration with the Selective Service must register with the Selective Service.

Furthermore, per 34 C.F.R. § 668.37(c)(1), if the Selective Service does not confirm through the data match that the student is registered, the student can establish that he (i) is registered; (ii) is not, or was not required to be, registered; (iii) has registered since the submission of the FAFSA; or (iv) meets the conditions of paragraph (d) of this section.

Per 34 C.F.R. § 668.37(d), an institution may determine that a student, who was required to, but did not register with the Selective Service, is not ineligible to receive Title IV, HEA assistance for that reason, if the student can demonstrate by submitting clear and unambiguous evidence to the institution that: (1) He was unable to present himself for registration for reasons beyond his control such as hospitalization, incarceration, or institutionalization; or (2) He is over 26 and when he was between 18 and 26 and required to register (i) He did not knowingly and willfully fail to register with the Selective Service; or (ii) He served as a member of one of the U.S. Armed Forces on active duty and received a DD Form 214, *Certificate of Release or Discharge from Active Duty*, showing military service with other than the reserve forces and National Guard.

Per 34 C.F.R. § 668.40(a)(1), a student is ineligible to receive Title IV, HEA program funds, for the period described in paragraph (b) of this section, if the student has been convicted of an offense under any Federal or State law involving the possession or sale of illegal drugs for conduct that occurred during a period of enrollment for which the student was receiving Title IV, HEA program funds.

Per 34 C.F.R. § 668.40(c), if a student successfully completes a drug rehabilitation program following the student's most recent drug conviction, the student regains Title IV eligibility on the date of successful completion of the rehabilitation program.

Noncompliance: One student had ISIR codes requiring resolution, but International School of Health, Beauty & Technology failed to resolve the issue. Additionally, the same student provided a criminal registrant card as identification, but additional research was not conducted to determine if a drug conviction precluded his eligibility for aid.

- **Student 4:** This particular student did not register for the Selective Service and the student appears to have multiple drug convictions in recent years.

Required Action: International School of Health, Beauty & Technology must provide additional information regarding the student's registration for the Selective Service, as well as the status of drug convictions. If International School of Health, Beauty & Technology is unable to obtain the required documentation, it must report the total amount of Pell, FSEOG, and/or subsidized loan disbursed to this student. These funds are considered to be ineligible.

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Additionally, International School of Health, Beauty & Technology must develop an adequate internal system to resolve issues that may preclude a student's eligibility, regardless of the source.

If applicable, instructions regarding repayment of ineligible disbursements will be provided in the final program review determination.

D. Recommendations

Recommendation 1: Better Utilization of Technology

At the time of the review, International School of Health, Beauty & Technology was manually calculating returns to Title IV from attendance records. Although the total amount of clock hours were calculated electronically and provided on the students' ledgers and transcripts, these figures were not used in the calculation.

While it is a good practice to supplement automatic, electronic calculations with manually calculated figures, it creates a burdensome practice for a financial aid director when he or she must cull the data from attendance records and manually calculate the return every time—especially if the capability for an automatic calculation exists. Furthermore, because the manual and electronic calculations are providing different R2T4 results, the financial aid director is unable to compare the figures to ensure the accuracy of each.

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E. Appendix

Appendix A (Student Sample) contains personally identifiable information and will be emailed to Institution of Health, Beauty & Technology as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.