



January 8, 2015

Ms. Gina Castleberry
Director
Miller-Motte Technical College
1820 Business Park Drive
Clarksville, TN 37040-6023
Phone: (931)553-0071

UPS Tracking #
1Z A87 964 01 9292 1700

RE: **Final Program Review Determination**
OPE ID: 02614200
PRCN: 201230727889

Dear Ms. Castleberry:

The U.S. Department of Education's (Department's) School Participation Division – Kansas City issued a program review report on October 1, 2012 covering Miller-Motte Technical College's (MMTC) 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 2010-11 and 2011-12 (year to date) award years. MMTC's final response was received on August 9, 2013. A copy of the program review report (and related attachments) and MMTC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by MMTC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, (3) notify the institution of its right to appeal, (4) close the review, and (5) notify MMTC of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if the institution has an application pending for renewal of its certification,

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
School Participation Division – Kansas City
1010 Walnut Street, Suite 336, Kansas City, MO 64106-2147
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denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

This FPRD contains one or more findings regarding MMTC's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) in Section 485(f) of the HEA, 20 U.S.C. § 1092(f), and the Department's regulations at 34 C.F.R. §§ 668.41, 668.46, and 668.49. Because *Clery Act* findings do not result in a financial liability, such findings may not be appealed. If an adverse administrative action is initiated, additional information about TCTC's appeal rights will be provided under separate cover.

The total liabilities due from the institution from this program review are **\$207,222.66**. This final program review determination contains detailed information about the liability determination for all findings.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. In addition, Appendices B through F also contain PII.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the October 1, 2012 program review report. If MMTC wishes to appeal to the Secretary for a review of financial liabilities established by the FPRD, the institution must file a written request for an administrative hearing. Please note that institutions may appeal financial liabilities only. The Department must receive the request no later than 45 days from the date MMTC receives this FPRD. An original and four copies of the information MMTC 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

MMTC'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 MMTTC'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).

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Mr. Chaney at (816) 268-0426. 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)

for Ralph L. LoBosco
Division Director

Enclosure:

Miller-Motte Technical College
OPE ID 02614200
PRCN 201230727889
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Protection of Personally Identifiable Information

cc: Ms. Debbie Stratman, Financial Aid Director
Mr. Dean Hall, Vice-President for Compliance, Delta Career Education Corporation
Director, Accrediting Council for Independent Colleges and Schools (ACICS)
Director, Tennessee Higher Education Commission
Director, Tennessee Student Assistance Corporation
Ms. Dawn Bilodeau, Department of Defense
Mr. Bill Spruce, Department of Veterans Affairs
Director, Consumer Financial Protection Bureau

Prepared for

Miller-Motte Technical College

OPE ID 02614200

PRCN 201230727889

Prepared by

U.S. Department of Education

Federal Student Aid

School Participation Division – Kansas City

Final Program Review Determination

January 8, 2015

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A. Institutional Information

Miller-Motte Technical College
1820 Business Park Drive
Clarksville, TN 37040-6023

Type: Proprietary

Highest Level of Offering: Bachelor's Degree

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

Current Student Enrollment: 5,475 (April 2012)

Percentage of Students Receiving Title IV: 76.9% (April 2012)

Title IV Participation (from G5):

	2011-12 Award Year
Federal Pell Grant Program (Pell)	\$24,846,640
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$343,816 (FCC)
Federal Work Study Program (FWS)	\$139,251
Federal Direct Loan Program (Direct Loans)	\$58,825,622

Default Rate FFEL/DL:	2011	12.7%
	2010	6.6%
	2009	20.3%
	2008	18.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Miller-Motte Technical College (MMTC) from April 23 to April 26, 2012. The review was conducted by Mr. Roy Chaney, Mr. Bill Hudson, and Ms. Angela Beam.

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

A sample of 30 files was identified for review from the 2010-11 and 2011-12 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. In addition, 52 files were selected based on various characteristics, including Return of Title IV Funds calculations, withdrawals, and Title IV credit balances. Appendix A lists the names and partial Social Security numbers of the students whose files were examined during the program review. A program review report was issued on October 1, 2012.

Disclaimer:

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

C. Findings and Final Determinations

Resolved Findings

MMTC has taken the corrective actions necessary to resolve Findings 5, 6, and 7 of the program review report (PRR). Therefore, those findings may be considered closed. The narrative portion of MMTC's response to the PRR is attached as Appendix J.

Findings requiring further action by MMTC are discussed below.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of MMTC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on October 1, 2012 is attached as Appendix G.

Findings 1-3. Late Return of Title IV Funds; Failure to Perform Return of Title IV Funds Calculations; Improper Return of Title IV Funds Calculations

Citation Summary: *Federal regulations state that 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 (not including FWS or the non-Federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date.*

If the total amount of Title IV grant or loan assistance, or both, that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. If the total amount of Title IV grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. 34 C.F.R. § 668.22(a)

Federal regulations require an institution to calculate and return Title IV refunds no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j)

For the purposes of the Return of Title IV Funds calculation, in each payment period or period of enrollment a pro rata schedule is used, up through the 60 percent point, to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60 percent point in the payment period or period of enrollment, a student has earned 100 percent of the Title IV funds he or she was scheduled to receive during the period. For a student who withdraws after the 60 percent point-in-time, there are no unearned funds. However, a school must still complete a Return of Title IV Funds calculation in order to determine whether the student is eligible for a post-withdrawal disbursement. 2011-12 Federal Student Aid Handbook, Volume 5, Chapter 2

Federal regulations state that 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, or a student who takes a leave of absence that does not meet the Department's requirements, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date determined in accordance with Department requirements and maintain the documentation as of the date of the institution's determination that the student withdrew.

An institution is required to take attendance if—

- (1) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance;*
- (2) The institution itself has a requirement that its instructors take attendance; or*
- (3) 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. 34 C.F.R. § 668.22(b)*

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records.

If a student provides notification to the school of his or her withdrawal prior to the date that the school normally would determine that the student withdrew, the date of determination is the date of the student's notification. The school is not required to administratively withdraw a student who has been absent for 14 days (or less if applicable). However, after 14 days, it is expected to have determined whether the student intends to return to classes or to withdraw. If the student is

eventually determined to be a withdrawal, the end of the 14-day period begins the time frame for completing a Return of Title IV Funds calculation.

If a school has a policy that states the maximum number of excused absences that can occur after which a student will be administratively withdrawn, it may delay contacting the student until that date. However, if the student eventually is determined to be withdrawn, the date of determination of the student's withdrawal remains 14 days from the student's last day of attendance. If the number of days in the school's policy is less than 14 days, then the date of the school's determination that the student withdrew is the date the school's policy indicates that the student will be administratively withdrawn. A school must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after it determines or should have determined that the student withdrew. In addition, if a student is due a post-withdrawal disbursement, then the date of the school's determination must allow for the school to meet the 30-day post-withdrawal disbursement notification requirement.

This requirement does not affect a student's withdrawal date. At a school that is required to take attendance, a student's withdrawal date is always the last date of attendance. 34 CFR § 668.22(b)(1); 2011-12 Federal Student Aid Handbook, Volume 5, Chapter 2

Noncompliance Summary: With regard to **Finding 1**, in nine of 18 2010-11 and 2011-12 Return of Title IV Funds calculations reviewed, MMTC failed to make the necessary Returns within the required time frame. The nine instances identified in this finding include students #31, #32, #33, #35, #36, #37, #39, #41, #42.

With regard to **Finding 2**, in one of 18 2010-11 and 2011-12 Return of Title IV Funds calculations reviewed, MMTC failed to return the Title IV funds identified as unearned. The one instance included in this finding involved student #44.

With regard to **Finding 3**, the PRR noted that in three respects, MMTC improperly performed Return of Title IV Funds calculations.

First, in five of 18 2010-11 and 2011-12 Return of Title IV Funds calculations reviewed, MMTC failed to properly identify the disbursement status of Title IV funds when performing a Return of Title IV Funds calculation. An additional instance of this error was identified within the general sample of 30 students. The six instances included in this portion of the finding included students #4, #32, #34, #35, #37, and #40.

Second, in seven of 18 2010-11 and 2011-12 Return of Title IV Funds calculations reviewed, MMTC failed to record the date of determination for a student's withdrawal as occurring within the allowable 14-day time period. One of the seven instances occurred in the 30 2010-11 and 2011-12 financial aid files that were reviewed as part of the general sample. The seven instances identified in this portion of the finding included students #7, #32, #33, #35, #36, #38, and #46.

Third, in one of 18 2010-11 and 2011-12 Return of Title IV Funds calculations reviewed, MMTC incorrectly identified the length of a payment period. The one instance identified in this finding involved student #45.

The students cited in these findings, and the circumstances of each violation of federal regulations pertaining to Return of Title IV Funds calculations, appear in Appendix G of this FPRD.

Required Action: MMTC was directed to review the student files of all Title IV recipients who officially or unofficially withdrew during the 2009-10, 2010-11, 2011-12, and 2012-13 award years, and identify all Return calculations that were paid late, not paid, improperly paid, improperly calculated, or not calculated. MMTC was directed to provide a comprehensive list of the Return errors for each student in a spreadsheet format, and submit the spreadsheet, along with supporting documentation, with its response.

MMTC was also tasked with engaging an Independent Public Accountant (IPA) to test the completed file review and prepare a report in accordance with the American Institute of Certified Public Accountants (AICPA) Attestations Standards that identifies any exceptions noted during its testing.

Additionally, MMTC was directed to review and revise its internal policies and procedures to ensure that Returns of Title IV Funds are performed properly and in a timely manner in the future.

MMTC's Response: With regard to the issue identified in **Finding 1**, MMTC stated that in reviewing the instances of late Returns noted in the PRR, of the nine determined to be late, five of them—students #31, #32, #35, #36, and #37—all withdrew early in the 2010-11 award year. MMTC addressed student #36 in its response to Finding 5 of the PRR. For the other four, MMTC believes that these were caused by the delay in the hand-off of Return of Title IV Funds calculations and processing that occurred when the institution took back the Return process from its servicer at the time, Global Financial Aid Systems (Global), and established a centralized office at Delta to handle Return calculations.

MMTV noted that it entered into an agreement with Global to provide financial aid processing services beginning with the 2009-10 award year. As part of that agreement Global was to provide exit services, which included Return calculations, coordination with the school on payment of Returns, and reporting Returns to COD. However, as MMTC stated, it experienced difficulties in the financial aid processes performed by Global and, in an effort to avoid further issues, beginning with the 2010-11 award year MMTC's parent corporation created an internal exit department to handle all such tasks for its schools, including the proper calculation of Returns, as well as tracking the prompt repayment of Title IV funds.

MMTC stated that it was during the hand-off and subsequent ramp-up of the exit process from Global to MMTC that the withdrawals cited in the PRR occurred. The newly formed exit department experienced a backlog in the early part of 2010-11 which was quickly resolved by the hiring of additional well-trained staff.

Of the other four refunds in this finding, the return for students #33 and #39 were paid timely, but the COD system was updated late. MMTC believes that these errors should properly be viewed as late or improper COD reporting rather than late refunds.

In the case of students #41 and #42, MMTC stated that the Returns were late due to initial confusion on the part of financial aid personnel as to whether the programs in question were clock hour or credit hour in nature. Although the confusion was cleared up the Returns were ultimately not performed within the required timeframes.

With regard to the issue identified in **Finding 2**, MMTC stated that in reviewing the records for student #44, the school paid the refund by EFT which cleared the bank on 9/23/11 which, as noted in the PRR, was posted to the student's ledger card. However, at the time of the review the COD record had not been processed. On 8/9/12, after the date of the program review but before the PRR was received, the \$716 Return was posted in COD. MMTC believes this was an isolated instance.

With regard to the issues identified in **Finding 3**, MMTC stated that in regards to the first issue—disbursements of Title IV funds improperly identified—the Department, in its correspondence of 1/3/13, agreed to withdraw students #32, #35, and #37 from this finding. MMTC agreed that the remaining three students identified in the finding represented the errors noted in the PRR.

In regards to the second issue identified in Finding 3—late dates of determination—the report identified seven of 18 Returns for which the date of determination as recorded on the Return was greater than 14 days (students #7, #32, #33, #35, #36, #38, and #46). As MMTC pointed out in its correspondence of 11/16/12, in all seven instances the actual Return calculation was correct. MMTC stated that its position on this matter is that any misreporting of the date of determination did not actually result in an incorrect return calculation, but instead only affected the determination of the date that any resulting return of funds is due. MMTC believes that any misreporting of the date of determination that resulted in a late Return of funds is more appropriately attributable to Finding 1 of the PRR.

In regards to the third issue identified in Finding 3—incorrect payment period length—MMTC agreed that the institution utilized an incorrect payment period length. MMTC believes that this was an isolated error caused by the unfamiliarity of the person responsible for performing clock-hour Return calculations.

With its response to Findings 1 through 3, MMTC provided revised policies and procedures for the performance of Return of Title IV Funds calculations. MMTV also provided the results of the necessary review of the 14,572 Return calculations that the institution performed in the 2009-10, 2010-11, 2011-12, and 2012-13 award years, accompanied by the required auditor attestation.

Final Determination: First, MMTC is liable for the full amount of the unpaid Returns of Title IV Funds that the institution identified in its file review of Return activity in the 2009-10, 2010-11, 2011-12, and 2012-13 award years. The file reconstruction identified 374 Return of Title IV Funds transactions that were not paid, totaling **\$197,183**. The total amount of unmade Returns includes \$63,602 in Pell Grant funds, \$45,329 in Direct Subsidized Stafford Loan funds, \$50,997

in Direct Unsubsidized Stafford Loan funds, \$161 in FFEL PLUS Loan funds, \$22,020 in FFEL Subsidized Stafford Loan funds, and \$15,074 in FFEL Unsubsidized Stafford Loan funds.

Second, MMTC is also liable for the Cost of Funds associated with the late and unmade Returns of Title IV Funds. The government incurs a cost when it makes funds available for an institution because those funds are borrowed from the U.S. Treasury. Interest is charged to the Department on those funds as a simple interest calculation. The Cost of Funds is determined using the U.S. Treasury Current Value Funds Rate (CVFR) to calculate simple interest on the principal amount only. (The CVFR can be found at the U.S. Treasury website at the following link: <http://fms.treas.gov/cvfr/index.html>.)

The total Cost of Funds liability as a result of the unpaid Returns of Title IV Funds identified in MMTC's file review for Findings 1 through 3 is **\$7,101.15**, with \$2,554 of the liability due to the Department, and \$4,547.15 of the liability due to individual students. The total liability includes \$16.08 in FFEL PLUS Loan Cost of Funds, \$430 in Direct Subsidized Stafford Loan Cost of Funds, \$557 in Direct Unsubsidized Stafford Loan Cost of Funds, \$2,998.86 in FFEL Subsidized Stafford Loan Cost of Funds, \$2,015.21 in FFEL Unsubsidized Stafford Loan Cost of Funds, and \$1,084 in Pell Grant Cost of Funds.

Third, MMTC is liable for the Cost of Funds on the Returns of Title IV Funds that were paid late, as identified in MMTC's PRR Response to Findings 1 through 3. The total Cost of Funds liability as a result of the 414 Returns paid late is **\$2,932.26**, with \$935 of the liability due to the Department, and \$1,997.26 of the liability due to individual students. The total liability includes \$4.28 in FFEL PLUS Loan Cost of Funds, \$32 in Direct Subsidized Stafford Loan Cost of Funds, \$72 in Direct Unsubsidized Stafford Loan Cost of Funds, \$1,282 in FFEL Subsidized Stafford Loan Cost of Funds, \$1,274.98 in FFEL Unsubsidized Stafford Loan Cost of Funds, and \$267 in Pell Grant Cost of Funds.

For liabilities due to students, MMTC 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. Amounts that cannot be applied to loans because the loan has previously been paid in full must be paid directly to the student.

Complete listings of unpaid and late Returns of Title IV Funds appear in Appendices B and D, respectively. Complete listings of the Cost of Funds liabilities associated with unpaid and late Returns appear in Appendices C and E, respectively. Instructions for repayment of this liability appear in Section E of this FPRD letter.

Finding 4. Late and Unpaid Title IV Credit Balances

Citation: *Federal regulations state that whenever an institution disburses Title IV program funds by crediting a student's account and the total amount of all Title IV 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—*

- (1) 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*
- (2) 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. 34 C.F.R. § 668.164(e)*

A school may pay a credit balance to a student by issuing a check payable to and requiring the endorsement of the student or parent. A school is considered to have issued the check on the date that it (1) mails the check to the student or parent, or (2) notifies the student that the check is available for immediate pickup and provides the specific location.

A school that is paying a student his or her credit balance with a direct disbursement must pay the student within the 14-day time frame. A school can, within that 14-day period, do a number of things, including sending a notice to the student that his or her money is available. A school that does that is considered to have met the 14-day requirement to give the student his or her credit balance, as long as the school's process complies with the rest of the regulation. That is, the school must be able to give the student a check when the student comes to the office within the 14-day time frame.

If a student is told (within the 14-day period) to come to the business office to pick up his or her credit balance, the student must be able to leave the business office with the funds in some form (e.g., a check, cash, or an appropriate stored value card), and not be told that a check will be mailed to him or her. A school may hold the check for up to 21 days after the date it notifies the student. If the student does not pick up the check within this 21-day period, the institution must immediately mail the check to the student or parent, initiate an EFT to the student's or parent's bank account, or return the funds to the appropriate FSA program.

A school may pay a credit balance by initiating an electronic funds transfer (EFT) to a bank account designated by the student or parent. Moreover, a school may establish a policy requiring its students to provide information about an existing bank account or open an account at a bank of the student's choosing as long as this policy does not delay the disbursement of FSA funds to students. Consequently, if a student does not comply with the school's policy, the school must nevertheless disburse the funds to the student either by dispensing cash, for which the school obtains a signed receipt, or issuing a check. A school must disburse the credit balance within the regulatory time frame. 2011-12 Federal Student Aid Handbook, Volume 4, Chapter 1

If a school attempts to disburse the credit balance by check and the check is not cashed, the school must return the funds no later than 240 days after the date the school issued the check. If a check is returned to a school or an EFT is rejected, the school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. When a check is returned or EFT is rejected and the school does not make another attempt to disburse the funds, the funds must be returned before the end of the initial 45-day period. The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check. 2011-12 Federal Student Aid Handbook, Volume 5, Chapter 2

Noncompliance Summary: *In 15 of 63 Title IV credit balance payments reviewed, MMTC failed to pay a Title IV credit balance within the required time frame. In four of those cases, the Title IV credit balances or portions of credit balances were not paid.*

The 15 instances of late or unpaid Title IV credit balances involved 12 Title IV recipients, including students #57, #58, #60, #61, #63, #64, #65, #73, #74, #77, #78, and #82. The 12 students cited in this finding, and the circumstances of each late or unpaid Title IV credit balance, appear in Appendix G of this FPRD.

Required Action Summary: *First, MMTC was directed to attempt to pay the overdue Title IV credit balances to students #60, #64, and #65, and provide proof that payment was made to the students, including a copy of the front and back of the negotiated checks.*

Second, MMTC was directed review the accounts of all Title IV recipients who attended the institution in the 2009-10, 2010-11, 2011-12, and 2012-13 award years and identify any late or unmade Title IV credit balances. MMTC was tasked with compiling a report listing these Title IV credit balances, in a spreadsheet format and with supporting documentation, for submission with its response to the PRR.

MMTC was also tasked with engaging an IPA to test the completed file review and prepare a report in accordance with the AICPA Attestations Standards that identifies any exceptions noted during its testing.

Additionally, MMTC was also tasked with reviewing and, as necessary, revising its procedures for monitoring Title IV credit balances to ensure that all such credit balances are paid in a timely manner in the future.

MMTC's Response: *MMTC stated that it had reviewed each of the 15 reported instances of noncompliance reported in the PRR. MMTC indicated that for nine of the students cited in the PRR—students #58, #60, #64, #65, #73, #74, #77, #78, and #82—the institution does not agree that the Title IV credit balances in question were paid late, or not paid.*

In the cases of students #60 and #64, MMTC indicates that additional documentation obtained from their servicer, Sallie Mae Campus Solutions of Newton, Massachusetts, subsequent to the program review, reflects that the credit balance checks in question were, in fact, paid to the students. MMTC provided copies of these additional documents.

In the case of student #65, MMTC stated that the account card provided to the program review team was in error, and the full amount of the Title IV credit balance in question was, in fact, paid to the student. MMTC provided additional documentation to support this claim.

In the cases of students #58, #73, #77, and #82, MMTC reviewed the student files in question and contends that the students did have valid Title IV credit balance holding authorizations on file for the time period in question. MMTC provided copies of these authorizations.

In the case of student #74, MMTC disagrees with the Department's position that, for Title IV credit balances paid by check, the valid date for making a determination of when the credit balance is paid is the date the check is negotiated by a student. MMTC notes that the Department has not provided such guidance in writing to institutions, and also that there is no applicable law or regulation that supports or suggests such a requirement.

In the case of student #78, MMTC contends that the credit balance in question was properly handled, due to the fact that the student had withdrawn from the institution at the time of the credit balance, and a Return of Title IV Funds calculation needed to be performed before a credit balance could be paid. MMTC noted that the bulk of the credit balance was properly paid, although a small portion was paid a few days late.

MMTC noted in its response that the PRR directed the institution to attempt to pay the overdue Title IV credit balances to students #60, #64, and #65. However, based on the additional information provided in its response, MMTC believes that it has adequately documented the fact that the Title IV credit balances in question were paid and that no further action is needed.

The PRR also required MMTC to review the accounts of all Title IV recipients who attended the school in 2009-10, 2010-11, 2011-12, and 2012-13 (through 12/31/12) and identify any late or unmade Title IV credit balances. An Excel spreadsheet, with the required supporting documentation and IPA attestation, was included with the institution's response to the PRR.

The review of all institutional accounts for the time period identified involved 52,198 instances of credit balances. Of those, roughly 7,000 were considered late and, of those, roughly 800 Title IV credit balances are considered to have a Title IV credit balance that was not paid directly to the student at the time that it was created.

MMTC believes that the primary reason for the Title IV credit balance errors it identified was the failure of campus staff to consistently follow company policies and procedures with regard to the timely identification and payment of Title IV credit balances.

MMTC noted that in August 2012, as part of its enhanced policies and procedures, it established a centralized student accounts team, based in the institution's parent corporation's offices in Tempe, Arizona. The team is designed to help ensure that Title IV credit balances are handled properly. One of the primary functions of the team is to monitor and maintain credit balances for all active as well as inactive students. To ensure all credit balances are maintained properly by each specialist, the team supervisor runs weekly reports to confirm that all credit balances are being handled promptly.

To further ensure consistent and accurate implementation of student authorizations to hold a credit balance, MMTC has implemented a revised Title IV credit balance holding authorization process that will eliminate the current possibilities of discrepancies between a student's account card and the student's actual authorization. This new process will ensure that students' credit balance elections are implemented consistently and accurately.

A complete copy of MMTC's revised policies and procedures concerning the management of Title IV credit balances was submitted with the institution's response to the PRR. In restructuring the institution's resources to bring greater scrutiny on this function, MMTC believes that it has taken the appropriate actions to ensure that Title IV credit balance errors will not recur.

Final Determination: MMTC's Title IV credit balance review of the student files of Title IV recipients identified 727 Title IV credit balances totaling \$477,624.30 that were not paid directly to students at the time they were created in the 2009-10, 2010-11, 2011-12, or 2012-13 award years, and for which MMTC did not possess an appropriate holding authorization from the student. MMTC's review also identified 6,321 Title IV credit balances totaling \$131,510.05 that were paid late to students in the 2009-10, 2010-11, 2011-12, or 2012-13 award years, and 137 Title IV credit balances totaling \$47,968.88 that were partly paid late and partly unpaid during the same award years.

It is noted that in almost all cases the Title IV credit balances that MMTC identified in its student file review were, subsequently, resolved either by the application of future institutional charges to the student's account, the return of Title IV funds to FFEL lenders or through the COD system, or the eventual payment of the credit balance to the student in the form of a routine stipend check.

However, in two instances it was noted that MMTC appears to have written off small amounts of Title IV funds as "bad debt." In each of the two cases, it appears that the "bad debt" entry is synonymous with a credit balance that the institution viewed as too small to attempt to pay to the student or the Title IV programs.

In the case of student #83, the account card reflects that a disbursement of Pell Grant funds in the amount of \$891 on 2/22/10 created a credit balance of \$4.60. The account card also reflects that the credit balance was written off as "bad debt" on 5/13/10. Because there is no balancing entry on the account card to indicate that the credit balance was applied to a contemporaneous bad debt determination, and because there are no funds applied to the student's charges for the period in question other than Title IV funds, the credit balance can only be a Title IV credit balance.

In the case of student #84, the account card reflects that a disbursement of Direct Unsubsidized Stafford Loan funds in the amount of \$68 made on 11/1/10 created a credit balance of \$1.65. The account card also reflects that the credit balance was written off as "bad debt" on 11/17/10. Because there is no balancing entry on the account card to indicate that the credit balance was applied to a contemporaneous bad debt determination, and because there are no funds applied to

the student's charges for the period in question other than Title IV funds, the credit balance can only be a Title IV credit balance.

MMTC is reminded that all credit balances composed of Title IV funds must be paid to the student or returned to the Department. There is not a "write off" option available to institutions in the case of Title IV credit balances that the institution views as *de minimus* in nature.

MMTC is also reminded that unless the "bad debt" in question represents a current charge that is allowable under Title IV regulations, or an allowable prior year charge, a Title IV credit balance should not be applied to bad debt write-offs. Rather, the Title IV credit balance should be paid to the student, except in cases where the institution has the written permission of the student to apply a Title IV credit balance to a bad debt write-off.

In sum, MMTC is liable for the payment to the students of the two Title IV credit balances identified above. The total liability of \$6.25 includes \$4.60 in Pell Grant funds, and \$1.65 in Direct Unsubsidized Stafford Loan funds.

Identifying information for each of the credit balances appears in Appendix F.

Also, MMTC is responsible for further developing its financial aid processes and procedures to ensure that no Title IV credit balances are written off of student accounts because they are composed of amounts that the institution considers minimal. As with the other findings of this FPRD, the implementation of these revised procedures must be verified by the institution's auditor in the institution's next regularly scheduled FSA compliance audit.

Instructions for repayment of liabilities appear in Section E of this FPRD letter.

Finding 8. Failure to Develop and Implement a Drug and Alcohol Abuse Prevention Program

Citation Summary: The Drug-Free Schools and Communities Act (DFSCA) and the Department's regulations requires each participating institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each institution of higher education must provide the following information in writing to each student (enrolled for any type of academic credit except for continuing education units) and each employee:

- (1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;*

- (2) *A description of the applicable legal sanctions under local, state, or federal law for the unlawful possession or distribution of illicit drugs and alcohol;*
- (3) *A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;*
- (4) *A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and*
- (5) *A clear statement that the institution of higher education will impose disciplinary sanctions on students and employees (consistent with local, state, and federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct. For the purpose of this section, a disciplinary sanction may include the completion of an appropriate rehabilitation program.*

In addition, each institution of higher education must conduct a biennial review to determine the effectiveness of its drug and alcohol abuse education and prevention program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies for violators. The biennial review materials must be maintained by the institution of higher education and made available to the Department upon request. 34 C.F.R. § 86.100

Noncompliance Summary: *MMTC had not conducted a biennial review of its drug and alcohol abuse education and prevention program.*

In the absence of a biennial review, MMTC was unable to properly identify how the institution measures the effectiveness of its drug and alcohol abuse education and prevention program, and how the institution ensures consistency in its enforcement of its disciplinary sanctions.

Required Action Summary: *MMTC was directed to conduct a biennial review to measure the effectiveness of its drug and alcohol abuse education and prevention program. In its response, MMTC was directed to describe the methods and data analysis tools that were used to determine the effectiveness of the program, as well as identifying the responsible official or office that conducted the review. MMTC was tasked with providing a detailed discussion of the completed biennial review, along with a copy of the newly developed policies and procedures, with its response to the PRR.*

MMTC's Response: In its response, MMTC substantially concurred with the finding. College officials claimed that each campus has a Drug and Alcohol Abuse Prevention Policy/Program that applies to both students and staff. In addition, MMTC stated that it is aware of the requirement to review the effectiveness of each campus's DAAPP biennially. Prior to the site visit, management asserted that officials at each campus would perform some type of a review; however, these reviews typically were informal and consisted of each campus director (or other campus official) examining whatever records of infractions might have been generated during the review period. Subsequent to this review of campus records, local MMTC officials decide if they felt that the DAAPP was effective.

In its response, management conceded that while this type of examination may have been adequate for certain institutional purposes that it did not result in a substantive and documented inquiry of the type required by the *DFSCA*. To address these deficiencies, MMTC stated that a formal, written review policy was formulated to improve the biennial review process and ensure that the review is documented properly. Per the new policy, biennial reviews will be conducted in the first week of November of every even-numbered year at each campus.

In addition, the College claimed that the initial round of formal biennial reviews was conducted in July 2013 to measure the effectiveness of MMTC's DAAPP. MMTC management asserted that it examined the results of each review and concluded that the DAAPP was adequate. This determination was based primarily on the fact that violations of the College's policy were reported or adjudicated during the preceding two years. As required, MMTC provided copies of each of the biennial review reports to the Department for further analysis.

In its biennial review reports, MMTC asserted that its campuses tend to be relatively small in size with no on-campus housing. These characteristics led management to believe that there were few opportunities for drug and alcohol abuse violations to occur on-campus. The reports also indicate that each school director analyzed institutional data in accordance with the new policy and made a common sense determination that the program was adequate. Per the response, the new policy requires that the Regulatory Compliance Department to collect each biennial review report and supporting documentation and revise the DAAPP accordingly.

Once all revisions and updates are completed, the new policy indicates that the Regulatory Compliance department must finalize the DAAPP program materials and transmit them to the school directors. MMTC asserted that each school director is then charged with ensuring that the program disclosure is distributed to all students and employees by means of campus mailboxes, direct mail, student/staff orientation, or classroom distribution.

As required by the program review report, management stated that all policies and procedures related to its DAAPP and biennial review process were reviewed and revised as needed to ensure future compliance and submitted documents in support of its claims as part of its response. MMTC also stated each campus now has policies and procedures in place to ensure that the effectiveness of its DAAPP is evaluated on the required schedule.

Final Determination: Finding #8 of the PRR cited MMTC for its failure to comply with the *DFSCA* and Part 86 of the Department's General Administrative Regulations. Specifically, MMTC failed to conduct and document substantive biennial reviews of the effectiveness of its DAAPP during the review period. As a result of this violation, MMTC was directed to take all necessary corrective action to ensure that the *DFSCA* deficiencies identified during the program review do not recur and to revise its DAAPP as needed and to conduct proper reviews of the program's effectiveness in a manner that provides for a record that substantiates its efforts.

In its response, MMTC concurred with the finding while asserting that personnel at the campuses were charged with the responsibility to conduct some type of informal policy review. The College also stated that officials were supposed to revise policies based on the outcome of said

reviews; however, the campuses were unable to provide any documentation in support of these claims. The College also conceded that no substantive policies, procedures, or protocols were established to inform the work of campus-level staff and records were not maintained to substantiate the review process, findings, or action on recommendations. To address this deficiency, MMTC stated that a system of policies and procedures was developed for conducting biennial reviews. Finally, the College submitted documents in support of its claims of remedial action including copies of reports from its first round of campus reviews. Management asserted that the first set of biennial review reports was produced based on data provided by campus directors.

The Department carefully examined MMTC's narrative response and supporting documentation. The review team's examination showed that the identified violations were, for the most part, satisfactorily addressed by the institution's response and initial biennial review reports. The Department also determined that the College revised its DAAPP policies to address several deficiencies that were identified by the review team subsequent to the issuance of the program review report. Based on the Department's examinations and MMTC's admission of noncompliance, the violations identified in the finding are sustained. The Department also determined that MMTC's remedial action plan meets minimum requirements. For these reasons, the Department has accepted the response and considers this finding to be closed for purposes of this program review. Nevertheless, the officials and directors of MMTC are put on notice that the institution must take any additional action that may be needed to address the deficiencies and weaknesses identified by the Department as well as those that were detected during the preparation of the response to the Department's report and/or as may otherwise be needed to ensure that these violations do not recur. To that end, the College is reminded that it must ensure that its DAAPP includes all required components, that DAAPP materials are actively distributed to all required recipients on an annual basis, and that the biennial review process is evidence-based and ensures a substantive examination of the effectiveness of its DAAPP and that the review process and any findings are fully-documented in its reports going forward.

Although this finding is now closed, MMTC is reminded that the exceptions documented above constitute serious violations of the *DFSCA* that by their nature cannot be cured. There is no way to truly "correct" violations of this type once they occur. MMTC was required to develop a strategy for conducting substantive and well-documented biennial reviews to assess the effectiveness of its drug and alcohol prevention programs. The College claimed that it has brought its program and operations into compliance with the *DFSCA* as required by the terms and conditions of its Program Participation Agreement. While this is an important first step, MMTC officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment, especially in light of the fact that more than 90 percent of all violent campus crimes are drug and alcohol-related. MMTC's failure to conduct comprehensive biennial reviews in the required manner deprived the institution of important information about the effectiveness of any drug and alcohol programs that were in place during the review period. Such failures may contribute to increased drug and alcohol abuse on-campus as well as an increase in drug and alcohol-related violent crime. For these reasons, MMTC

officials are reminded that its remedial actions cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures as a result.

In light of the serious consequences associated with compliance failures of this type, the Department strongly recommends that MMTC re-examine its campus safety, drug and alcohol, and general Title IV policies and procedures on at least an annual basis ensure that they continue to reflect current institutional policy and are in full compliance with Federal regulations. In this regard, the Department notes that MMTC's first biennial review report did not contain any data analysis or fact-based conclusions. The next set of reports must include evidence-based findings about the program's effectiveness. Please be advised that the Department may request information on a periodic basis to independently test the effectiveness of the College's drug and alcohol abuse prevention policies, procedures, and programs.

D. Summary of Liabilities

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

Established Liabilities			
Liabilities	Pell (Closed Award Year)	DL / FFEL	
Finding 1-3	\$63,602	\$133,581	
Finding 4	\$4.60	\$1.65	
Subtotal	\$63,606.60	\$133,582.65	
Interest/SA	\$1,351	\$8,682.41	
Excess Cash	\$0	\$0	
Subtotal	\$1,351	\$8,682.41	
TOTAL	\$64,957.60	\$142,266.06	
Payable To:			Totals
Department	\$64,953	\$97,417	\$162,370
Students	\$4.60	\$6,546.06	\$6,550.66
Lenders		\$38,302	\$38,302
Inst Accounts			\$0

E. Payment Instructions

1. Liabilities Owed to the Department

MMTC owes to the Department **\$162,370**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. MMTC 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 MMTC'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 program review 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.

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. MMTC 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 MMTC 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, MMTC 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 MMTC from the federal government. MMTC **may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, MMTC must **timely appeal** this determination under the procedures described in the "Appeal Procedures" section of the cover letter. The Department will use those procedures to consider any objection to offset. **No separate appeal opportunity will be provided.** If a timely appeal is filed, the Department will defer offset until completion of the appeal, unless the Department determines that offset is necessary as provided at 34 C.F.R. § 30.28. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996.

2. Liabilities Owed to Students

Findings: 1-3, 4
 Appendix: B-E

Students	
Amount	Award Year
\$1,264.40	2008-09
\$5,285.28	2009-10
\$0.98	2010-11
Total	
\$6550.66	

MMTC must make a good faith effort to pay the amount listed above to the student(s) listed in the above Appendices.

If MMTC cannot locate a student, payment must be made to the account of the program from which the award was made. If that cannot be determined, the funds must be paid in the order required for the return of funds specified in 34 C.F.R. § 668.22(i):

- Unsubsidized Federal Stafford loans
- Subsidized Federal Stafford loans
- Unsubsidized Federal Direct Stafford loans
- Subsidized Federal Direct Stafford loans
- Federal Perkins Loans
- Federal PLUS loans received on behalf of the student
- Federal Direct PLUS received on behalf of the student
- Federal Pell Grants
- Academic Competitiveness Grants

National SMART Grants
 FSEOG Program aid
 TEACH Grants

MMTC must provide proof of payment to the student by submitting a copy of the front and back of the canceled check to Mr. Roy Chaney of this office within 45 days of the date of this letter.

In the event the student cannot be located, does not cash a check that has been mailed, and the institution is unable to initiate an EFT to the student's or parent's bank account, MMTC must return the funds to the appropriate Title IV program account via G5 and make the corresponding downward adjustments to the applicable disbursements in COD. MMTC must document its attempts to contact the student and provide proof of payment and COD adjustments to the applicable Title IV program to Mr. Chaney. The Department will not consider this program review closed until the information requested has been received.

3. FFEL and Direct Loan Liabilities

Federal Family Education Loan (FFEL) Liabilities:

Findings: 1-3
 Appendix: B-E

FFEL		
Amount (Principal)	Amount (Interest, rounded)	Award Year
\$3,360	\$246	2008-09
\$33,895	\$801	2009-10
Total Principal	Total Interest	
\$37,255	\$1,047	

MMTC must pay the amount above to the holder(s) of the FFEL loans on behalf of the students identified in the appendices listed above, plus any interest that has accrued since the date of this letter and the day the school pays the holder.

The appendices identified above list each of the applicable students and the corresponding amount owed to the student's FFEL loan, except for the interest that continues to accrue. MMTC must access NSLDS to determine if the FFEL loan(s) have been purchased and/or are serviced by the Department. See Chapter 4, Volume 4 (Returning funds from FFEL loans purchased/serviced by the Department) of the FSA Handbook for additional guidance.

As proof of payment, a copy of the front and back of the canceled checks, or proof of electronic transfer of the funds, must be provided to Mr. Chaney **within 45 days of the date of this letter.**

William D. Ford Federal Direct Loan (Direct Loan) Liabilities:

Direct Loan Closed Award Years (Request Extended Processing)

Findings: 1-3
Appendices: B-E

MMTC must repay the following Direct Loan liabilities:

DL Closed Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$38,546	\$211	2011-12
\$7,905	\$11	2012-13
Total Principal	Total Interest	
\$46,451	\$222	

The disbursement record for each student identified in the appendices listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the/these appendix/appendices. A copy of the adjustment to each student's COD record must be sent to Mr. Chaney **within 45 days of the date of this letter.**

The funds will be returned to the applicable G5 award for the applicable Title IV program.

Request Extended Processing

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

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

Direct Loan Archived Award Years

Finding(s): 1-3
Appendices: B-E

MMTC must repay the following Direct Loan liabilities:

DL Archived Award Year		
Amount (Principal)	Amount (Interest)	Award Year
\$14,832	\$396	2009-10
\$35,044	\$473	2010-11
Total Principal	Total Interest	
\$49,876	\$869	

The disbursement record for each student identified in the appendices listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the/these appendix/appendices.

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

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. The interest will be applied to the general program account.

The funds will be returned to the applicable G5 award for the applicable Title IV program.

The Direct Loan records for award years prior to 2008-2009 are archived, please contact the Internal Controls Division's School Reconciliation Team, Lisa Howell at (202) 377-3290 or Constance Daly at (202) 377-3119, or send an email to SchoolReconciliation@ed.gov, for assistance in making the adjustments. When contacting the Internal Controls Division School Reconciliation Team the following information must be provided:

- DL Award ID:
- School Name:
- Year Requested:
- Reason: Program Review
- Program Review Control Number: 201230727889

5. Title IV Grant Liabilities Owed to the Department

Pell Grant – Closed Award Year

Findings: 1-3
Appendices: B-E

MMTC must repay:

Pell Grant - Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$75	\$6	Pell Grant	2008-09
\$20,614	\$1057	Pell Grant	2009-10
\$15,289	\$202	Pell Grant	2010-11
\$25,526	\$86	Pell Grant	2011-12
\$2,097	\$0	Pell Grant	2012-13
<i>Total Principal</i>	<i>Total Interest</i>		
\$63,602	\$1,351		

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

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. The interest will be applied to the general program account.

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

**Appendix G:
Narrative of Program Review Report of October 1, 2012**

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 MMTC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1. Late Return of Title IV Funds

Citation: Federal regulations state that 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 (not including FWS or the non-Federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date.

If the total amount of Title IV grant or loan assistance, or both, that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. If the total amount of Title IV grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. 34 C.F.R. § 668.22(a)

Federal regulations require an institution to calculate and return Title IV refunds no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j)

Noncompliance: In nine of 18 2010/11 and 2011/12 Return of Title IV Funds calculations reviewed, MMTC failed to make the necessary Returns within the required time frame.

Student #31 The financial aid file indicates that the student unofficially withdrew from MMTC on 8/2/10, and the institution's date of determination was 8/17/10. A Return of Title IV Funds calculation was performed on 10/13/10—12 days late. The calculation identified a Return of \$1,062 in Unsubsidized Direct Stafford Loan funds, \$1,162 in Subsidized Direct Stafford Loan funds, and \$419.93 in Pell Grant funds. The student's account card indicates that the returns were made on 10/18/10. The Department's Common Origination and Disbursement System (COD) indicates that the return of the Direct Loan funds was made on 10/25/10—24 days late.

Student #32 The financial aid file indicates that the student unofficially withdrew from MMTC on 8/11/10, and the institution's date of determination was 8/26/10. A Return of Title IV Funds calculation was performed on 10/19/10—10 days late. The calculation identified a Return of \$1,291 in Unsubsidized Direct Stafford Loan funds. The student's account card indicates that the Return was made on 10/18/10. The Department's COD indicates that the return of the Direct Loan funds was made on 10/21/10—12 days late (see Finding 3 for a further discussion of the timeline for this Return).

Student #33 The financial aid file indicates that the student unofficially withdrew from MMTC on 5/11/11, and the institution's date of determination was 5/27/11. A Return of Title IV Funds calculation was performed on 6/30/11. The calculation identified a Return of \$664 in Unsubsidized Direct Stafford Loan funds, and \$827.45 in Subsidized Direct Stafford Loan funds. The student's account card indicates that the Return was made on 7/7/11. The COD system indicates that the return of the Direct Loan funds was made on 1/4/12—179 days late (see Finding 3 for a further discussion of the timeline for this Return).

Student #35 The financial aid file indicates that the student withdrew from MMTC on 8/11/10, and the institution's date of determination was 8/27/10. A Return of Title IV Funds calculation was performed on 9/29/10. The calculation identified a Return of \$289 in Unsubsidized Direct Stafford Loan funds. The student's account card indicates that the Return was made on 10/1/10. The COD system indicates that the return of the Direct Loan funds was made on 10/19/10—ten days late (see Finding 3 for a further discussion of the timeline for this Return).

Student #36 The financial aid file indicates that the student withdrew from MMTC on 7/29/10, and the institution's date of determination was 8/16/10—four days beyond the 14-day time period required by Federal regulations. A Return of Title IV Funds calculation was performed on 9/9/10. The calculation identified a Return of \$1,493 in Unsubsidized Direct Stafford Loan funds, \$871 in Subsidized Direct Stafford Loan funds, and \$735 in Pell Grant funds. The COD system reflects that the Pell Grant funds were returned on 9/15/10, while the Unsubsidized and Subsidized Direct Stafford Loan funds were returned on 11/8/10—43 days late. The student's account card does not reflect that any of the disbursed Title IV funds were returned (see Findings 3 and 6 for further discussions of this Return).

Student #37 The financial aid file indicates that the student withdrew from MMTC on 8/5/10, and the institution's date of determination was 8/20/10. A Return of Title IV Funds calculation was performed on 10/19/10—15 days late. The calculation identified a Return of \$1,227 in Unsubsidized Direct Stafford Loan funds, and \$1,162 in Subsidized Direct Stafford Loan funds. The student's account card indicates that the Return was made on 10/21/10. The COD system indicates that the return of the Direct Loan funds was made on 10/27/10—23 days late.

Student #39 The financial aid file indicates that the student unofficially withdrew from MMTC on 2/19/11, and the institution's date of determination was 3/2/11. A Return of Title IV Funds calculation was performed on 4/1/11. The calculation identified a Return of \$614 in Unsubsidized Direct Stafford Loan funds, and \$1,128 in Subsidized Direct Stafford Loan

funds. The student's account card indicates that the Return was made on 4/6/11. The COD system indicates that the return of the Unsubsidized Direct Loan funds was made on 4/12/11. The COD system also reflects that the return of the Subsidized Direct Loan funds was made on 6/7/11—52 days late.

Student #41 The financial aid file indicates that the student withdrew from MMTC on 9/27/11, and the institution's date of determination was that same date. A Return of Title IV Funds calculation was performed on 12/2/11—21 days late. The calculation identified a Return of \$2,985 in Unsubsidized Direct Stafford Loan funds, \$1,742 in Subsidized Direct Stafford Loan funds, and \$839 in Pell Grant funds. The student's account card indicates that the returns were made on 12/5/11. The Department's COD system indicates that the return of the Direct Loan and Pell Grant funds was made on 12/6/11—25 days late.

Student #42 The financial aid file indicates that the student unofficially withdrew from MMTC on 12/19/11, and the institution's date of determination was 1/2/12. A Return of Title IV Funds calculation was performed on 2/22/12—six days late. The calculation identified a Return of \$2,985 in Unsubsidized Direct Stafford Loan funds, and \$1,419 in Subsidized Direct Stafford Loan funds. The student's account card indicates that the funds were returned on 2/24/12. The COD system indicates that the return of the Direct Loan funds occurred on 2/28/12—12 days late.

Required Action: In response to this finding, MMTC must provide comprehensive information for all Title IV recipients who officially or unofficially withdrew during the 2009/10, 2010/11, 2011/12, and 2012/13 award years. MMTC must identify and review the files of all Title IV recipients for whom a Return calculation was performed or should have been performed in any of the three award years.

For Returns that are found to have been paid late, not paid, improperly paid, improperly calculated, or not calculated, MMTC must provide the following information:

- (1) A spreadsheet that contains, for each Title IV recipient who officially or unofficially withdrew, the following information:
 - (a) Student's last name, first name;
 - (b) Student's Social Security number;
 - (c) Student's last date of attendance;
 - (d) Student's withdrawal date;
 - (e) The date that MMTC determined that the student withdrew;
 - (f) The date that the original Return was calculated;
 - (i) The amount of Title IV funds returned, if applicable (organized by Title IV program);
 - (j) The date(s) the Return(s) were made (organized by Title IV program);
 - (k) Amount of post-withdrawal disbursement (PWD), if applicable;
 - (l) Title IV program from which PWD was made;
 - (m) Date PWD was paid;
 - (n) Date of corrected Return of Title IV Funds calculation, if applicable;

- (o) Corrected amount of Return, if applicable;
- (p) Difference between original and corrected Return, organized by Title IV program;
- (q) Title IV program(s) to which corrected Return should be made, if applicable;
- (r) Amount of corrected PWD that should be made, if applicable;
- (s) Title IV program from which corrected PWD should be made, if applicable;
- (t) Difference between original and corrected PWD, if applicable.

The spreadsheet should be organized first by award year, then by individual student. The spreadsheets should be compiled in an Excel spreadsheet program and submitted in CD-ROM format;

- (2) A copy of the complete original Return of Title IV Funds calculation worksheet for each Title IV recipient who withdrew in the 2009/10, 2010/11, 2011/12, and 2012/13 award years (MMTC must identify calculations that were first performed as a result of the PRR);
- (3) A copy of the complete corrected Return of Title IV Funds calculation, if applicable;
- (4) A copy of all pertinent student account cards for the Returns identified above. The account card should reflect the disbursements included in the Return calculation as well as the return of the Title IV funds, if applicable;
- (5) Legible copies of all audit trail documentation (i.e. wire transfer records on bank statements, institutional drawdown and refund reports, screen prints of Common Origination and Disbursement [COD] screens with pertinent detail information) to support the return of the funds to the Title IV accounts. The documentation must clearly identify the amount of the Return for the individual in question. If a Return was repaid to the Title IV programs by check, then a legible copy of the cancelled check, front and back, must be submitted;
- (6) A copy of MMTC's official withdrawal form (or other official withdrawal documentation) for each Title IV recipient who officially withdrew, with the official date of withdrawal notated.
- (7) Copies of all pertinent attendance records supporting MMTC's determination of the student's last date of attendance.
- (8) In cases where a post-withdrawal disbursement was calculated, copies of documentation establishing that the post-withdrawal disbursement was offered to the student or parent, and the student or parent's response to that offer. In cases where no such documentation is necessary, MMTC must provide documentation indicating that the student, or parent in the case of a PLUS loan, was notified that a post-withdrawal disbursement was made on their behalf, the amount of the disbursement, and the date that it occurred;
- (9) For unearned Title IV aid that is required to be returned by a student, copies of all supporting documentation establishing that MMTC contacted the student and made appropriate repayment arrangements, as outlined in federal regulations.

The Return of Title IV Funds spreadsheets discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Award year	Student's last name, first name	SSN	Last date of attendance	Withdrawal date	Date of determination
2010/11	Doe, Jane	***	6/20/11	6/20/11	6/24/11
" "	Doe, Jill	"	" "	" "	" "
" "	" "	"	" "	" "	" "

(continued)

Date Return calculation performed	Amount of Return, if applicable	Title IV program	Date Return was made	Amount of PWD, if applicable	PWD program
6/25/11	\$2,000	DL Unsub	7/6/11	n/a	n/a
" "	\$1,356	DL Sub	7/6/11	" " "	" "
" "	\$312	Pell	7/4/11	" " "	" "

(continued)

Date PWD paid	Date of corrected Return calculation, if applicable	Corrected amount of Return, if applicable	Difference between original and corrected calculation	Title IV program	Amount of corrected PWD, if applicable
n/a	6/24/11	\$2,000	\$0	DL Unsub	n/a
" "	" "	\$1,356	\$0	DL Sub	" "
" "	" "	\$517	\$205	Pell	" "

(continued)

PWD program	Difference between original and corrected PWD
n/a	n/a
" "	" "
" "	" "

The file review spreadsheet must also clearly indicate the particular Title IV program or programs that a particular Return was or should have been made to. The following abbreviations should be used in the spreadsheet to indicate the various programs: Pell, FSEOG, FWS, Perk, DL Sub, DL Unsub, DL PLUS, FFEL Sub, FFEL Unsub, FFEL PLUS, ACG, and SMART,

In responding to this finding, MMTC must engage an Independent Public Accountant (IPA) to test the completed file review. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Mr. Chaney within 30 days of the institution's receipt of this Program Review Report (PRR). Mr. Chaney will review the procedures, indicate if any changes are needed, and approve the procedures. The IPA must apply the Agreed Upon Procedures to test the file reviews completed by MMTC, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the PRR. The IPA must prepare the report in accordance with the American Institute of Certified Public

Accountants (AICPA) Attestations Standards. The IPA's report must be submitted with MMTC's response to this PRR.

Additionally, MMTC must review and revise its internal policies and procedures to ensure that Returns of Title IV Funds are performed properly and in a timely manner in the future. A copy of these procedures must accompany King's response to this report.

Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for repayment of any liabilities will be provided in the Final Program Review Determination (FPRD) letter. MMTC must not attempt to repay any funds owed to the Department until the FPRD is issued. However, MMTC is allowed to make PWDs to students when such a disbursement falls within the normal six-month window for making PWDs.

Finding 2. Failure to Perform Return of Title IV Funds Calculations

Citation: Federal regulations state that 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 (not including Federal Work Study or the non-Federal share of FSEOG awards if an institution meets its FSEOG matching share by the individual recipient method or the aggregate method) that the student earned as of the student's withdrawal date. If the total amount of Title IV grant or loan assistance, or both, that the student earned is less than the amount of Title IV grant or loan assistance that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be returned to the Title IV programs. If the total amount of Title IV grant or loan assistance, or both, that the student earned is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a PLUS loan, as of the date of the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement. 34 C.F.R. § 668.22(a)

For the purposes of the Return of Title IV Funds calculation, in each payment period or period of enrollment a pro rata schedule is used, up through the 60 percent point, to determine the amount of Title IV funds the student has earned at the time of withdrawal. After the 60 percent point in the payment period or period of enrollment, a student has earned 100 percent of the Title IV funds he or she was scheduled to receive during the period. For a student who withdraws after the 60 percent point-in-time, there are no unearned funds. However, a school must still complete a Return of Title IV Funds calculation in order to determine whether the student is eligible for a post-withdrawal disbursement. *2011/12 Federal Student Aid Handbook*, Volume 5, Chapter 2

Noncompliance: In one of 18 2010/11 and 2011/12 Return of Title IV Funds calculations reviewed, MMTC failed to return the Title IV funds identified as unearned.

Student #44 The financial aid file indicates that the student unofficially withdrew from MMTC on 8/19/11, and the institution's date of determination was 9/7/11. A Return of Title IV Funds calculation was performed on 9/23/11. The calculation identified a Return of \$716 in Unsubsidized Direct Stafford Loan funds. The student's account card indicates that the funds were returned on 9/23/11. The Department's COD system reflects that as of 4/26/12—the last day of the on-site portion of the program review—the \$716 in Unsubsidized Direct Stafford Loan funds had not been returned to the Title IV programs.

Required Action: A previous finding requires MMTC to review the records of all Title IV recipients who officially or unofficially withdrew during the 2009/10, 2010/11, 2011/12, and 2012/13 award years and identify any late, unpaid, improperly paid, improperly calculated, or uncalculated Returns of Title IV Funds. Consequently, no additional reconstructive action will be required as a result of this finding at this time.

Finding 3. Improper Return of Title IV Funds Calculations

Citation: Federal regulations state that when a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a Return of Title IV Funds calculation identified in pertinent federal regulations. 34 C.F.R. § 668.22

Federal regulations state that 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, or a student who takes a leave of absence that does not meet the Department's requirements, the student's withdrawal date is the last date of academic attendance as determined by the institution from its attendance records. An institution must document a student's withdrawal date determined in accordance with Department requirements and maintain the documentation as of the date of the institution's determination that the student withdrew.

An institution is required to take attendance if—

- (1) An outside entity (such as the institution's accrediting agency or a State agency) has a requirement that the institution take attendance;
- (2) The institution itself has a requirement that its instructors take attendance; or
- (3) 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. 34 C.F.R. § 668.22(b)

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records.

If a student provides notification to the school of his or her withdrawal prior to the date that the school normally would determine that the student withdrew, the date of determination is the date of the student's notification. The school is not required to administratively withdraw a student who has been absent for 14 days (or less if applicable). However, after 14 days, it is expected to have determined whether the student intends to return to classes or to withdraw. If the student is eventually determined to be a withdrawal, the end of the 14-day period begins the time frame for completing a Return of Title IV Funds calculation.

If a school has a policy that states the maximum number of excused absences that can occur after which a student will be administratively withdrawn, it may delay contacting the student until that date. However, if the student eventually is determined to be withdrawn, the date of determination of the student's withdrawal remains 14 days from the student's last day of attendance. If the number of days in the school's policy is less than 14 days, then the date of the school's determination that the student withdrew is the date the school's policy indicates that the student will be administratively withdrawn. A school must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after it determines or should have determined that the student withdrew. In addition, if a student is due a post-withdrawal disbursement, then the date of the school's determination must allow for the school to meet the 30-day post-withdrawal disbursement notification requirement.

This requirement does not affect a student's withdrawal date. At a school that is required to take attendance, a student's withdrawal date is always the last date of attendance. 34 CFR § 668.22(b)(1); *2011/12 Federal Student Aid Handbook*, Volume 5, Chapter 2

Institutions that are required to take attendance are expected to have a procedure in place for routinely monitoring attendance records to determine in a timely manner when a student withdraws. Except in unusual instances, the date of the institution's determination that the student withdrew should be no later than 14 days (less if the school has a policy requiring determination in fewer than 14 days) after the student's last date of attendance as determined by the institution from its attendance records.

If a student provides notification to the school of his or her withdrawal prior to the date that the school normally would determine that the student withdrew, the date of determination is the date of the student's notification. The school is not required to administratively withdraw a student who has been absent for 14 days (or less if applicable). However, after 14 days, it is expected to have determined whether the student intends to return to classes or to withdraw. If

the student is eventually determined to be a withdrawal, the end of the 14-day period begins the time frame for completing a Return of Title IV Funds calculation.

If a school has a policy that states the maximum number of excused absences that can occur after which a student will be administratively withdrawn, it may delay contacting the student until that date. However, if the student eventually is determined to be withdrawn, the date of determination of the student's withdrawal remains 14 days from the student's last day of attendance. If the number of days in the school's policy is less than 14 days, then the date of the school's determination that the student withdrew is the date the school's policy indicates that the student will be administratively withdrawn. A school must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after it determines or should have determined that the student withdrew. In addition, if a student is due a post-withdrawal disbursement, then the date of the school's determination must allow for the school to meet the 30-day post-withdrawal disbursement notification requirement.

This requirement does not affect a student's withdrawal date. At a school that is required to take attendance, a student's withdrawal date is always the last date of attendance. 34 CFR § 668.22(b)(1); *2011/12 Federal Student Aid Handbook*, Volume 5, Chapter 2

Noncompliance: In three respects, MMTC improperly performed Return of Title IV Funds calculations.

Disbursements of Title IV funds improperly identified: In five of 18 2010/11 and 2011/12 Return of Title IV Funds calculations reviewed, MMTC failed to properly identify the disbursement status of Title IV funds when performing a Return of Title IV Funds calculation. An additional instance of this error was identified within the general sample of 30 students.

Student #4 On 12/14/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 10/20/10. MMTC determined the student had withdrawn on 11/3/10. The Return calculation identifies \$1,961 in Unsubsidized Direct Stafford Loan funds and \$1,161 in Subsidized Direct Stafford Loan funds as funds that could have been disbursed. However, the student's account card indicates that the full amount of the Unsubsidized and Subsidized Stafford Loan disbursements were applied to the student's account on 10/27/10—seven days before MMTC determined the student had withdrawn and 48 days before the Return calculation was performed.

Student #32 On 10/19/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 8/11/10. MMTC determined the student had withdrawn on 8/26/10. The Return calculation identifies \$1,850 in Pell Grant funds as funds that could have been disbursed. However, the student's account card indicates that the full amount of the Pell Grant disbursement was applied to the student's account on 8/18/10—eight days before MMTC determined the student had withdrawn and 62 days before the Return calculation was performed.

Student #34 On 12/8/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 10/19/10. MMTC determined the student had withdrawn on 10/21/10. The Return calculation identifies \$1,333 in Pell Grant funds as funds

that could have been disbursed. However, the student's account card indicates that the full amount of the Pell Grant disbursement was applied to the student's account on 10/25/10—four days after MMTC determined the student had withdrawn and 44 days before the Return calculation was performed.

Student #35 On 9/29/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 8/11/10. MMTC determined the student had withdrawn on 8/27/10. The Return calculation identifies \$1,185 in Unsubsidized Direct Stafford Loan funds and \$1,162 in Subsidized Direct Stafford Loan funds as funds that could have been disbursed. However, the student's account card indicates that the full amount of the Unsubsidized and Subsidized Direct Stafford Loan disbursements were applied to the student's account on 8/17/10—10 days before MMTC determined the student had withdrawn and 43 days before the Return calculation was performed.

Student #37 On 10/19/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 8/5/10. MMTC determined the student had withdrawn on 8/20/10. The Return calculation identifies \$1,227 in Unsubsidized Direct Stafford Loan funds and \$1,162 in Subsidized Direct Stafford Loan funds as funds that could have been disbursed. However, the student's account card indicates that the full amount of the Unsubsidized and Subsidized Direct Stafford Loan disbursements were applied to the student's account on 8/17/10—three days before MMTC determined the student had withdrawn and 63 days before the Return calculation was performed.

Student #40 On 2/8/12 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 12/21/11. MMTC determined the student had withdrawn on 1/3/12. The Return calculation identifies \$2,339 in Unsubsidized Direct Stafford Loan funds as funds that could have been disbursed. However, the student's account card indicates that the full amount of the Unsubsidized Stafford Loan disbursement was applied to the student's account on 1/7/12—four days after MMTC determined the student had withdrawn and 32 days before the Return calculation was performed.

Late date of determination: In seven of 18 2010/11 and 2011/12 Return of Title IV Funds calculations reviewed, MMTC failed to record the date of determination for a student's withdrawal as occurring within the allowable 14-day time period. This issue was also identified in one of 30 2010/11 and 2011/12 financial aid files that were reviewed as part of the general sample.

Student #7 On 11/22/10 MMTC performed a Return of Title IV Funds calculation for this student after she withdrew on 9/28/10. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 10/19/10—22 days after the student's last date of attendance and eight days beyond the allowable 14-day period for withdrawal determinations.

Student #32 On 10/19/10 MMTC performed a Return of Title IV Funds calculation for this student after she withdrew on 8/11/10. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 8/26/10—15 days after the student's last date of attendance and one day beyond the allowable 14-day period for withdrawal determinations.

Student #33 On 6/30/11 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 5/11/11. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 5/27/11—16 days after the student's last date of attendance and two days beyond the allowable 14-day period for withdrawal determinations.

Student #35 On 9/29/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 8/11/10. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 8/27/10—16 days after the student's last date of attendance and two days beyond the allowable 14 day period for withdrawal determinations.

Student #36 On 9/9/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 7/29/10. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 8/16/10—18 days after the student's last date of attendance and four days beyond the allowable 14 day period for withdrawal determinations.

Student #38 On 9/23/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 8/12/10. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 9/10/10—29 days after the student's last date of attendance and 15 days beyond the allowable 14 day period for withdrawal determinations.

Student #46 On 12/12/11 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 10/19/11. As noted on the Return calculation worksheet, MMTC determined that the student had withdrawn on 11/7/11—21 days after the student's last date of attendance and seven days beyond the allowable 14 day period for withdrawal determinations.

Incorrect payment period length: In one of 18 2010/11 and 2011/12 Return of Title IV Funds calculations reviewed, MMTC incorrectly identified the length of a payment period.

Student #45 On 12/28/11 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 11/7/11. As noted on the Return calculation worksheet, the length of the payment period for the student's Massage Therapy program was identified as 465 clock hours. However, financial aid office reference materials and academic schedules indicate that the payment period length was 450 clock hours—a fact that was corroborated by institutional personnel during the on-site portion of the program review.

Required Action: A previous finding requires MMTC to review the records of all Title IV recipients who officially or unofficially withdrew during the 2009/10, 2010/11, 2011/12, and 2012/13 award years and identify any late, unpaid, improperly paid, improperly calculated, or uncalculated Returns of Title IV Funds. Consequently, no additional reconstructive action will be required as a result of this finding at this time.

Finding 4. Late and Unpaid Title IV Credit Balances

Citation: Federal regulations state that whenever an institution disburses Title IV program funds by crediting a student's account and the total amount of all Title IV 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—

(1) 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

(2) 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. 34 C.F.R. § 668.164(e)

A school may pay a credit balance to a student by issuing a check payable to and requiring the endorsement of the student or parent. A school is considered to have issued the check on the date that it (1) mails the check to the student or parent, or (2) notifies the student that the check is available for immediate pickup and provides the specific location.

A school that is paying a student his or her credit balance with a direct disbursement must pay the student within the 14-day time frame. A school can, within that 14-day period, do a number of things, including sending a notice to the student that his or her money is available. A school that does that is considered to have met the 14-day requirement to give the student his or her credit balance, as long as the school's process complies with the rest of the regulation. That is, the school must be able to give the student a check when the student comes to the office within the 14-day time frame.

If a student is told (within the 14-day period) to come to the business office to pick up his or her credit balance, the student must be able to leave the business office with the funds in some form (e.g., a check, cash, or an appropriate stored value card), and not be told that a check will be mailed to him or her. A school may hold the check for up to 21 days after the date it notifies the student. If the student does not pick up the check within this 21-day period, the institution must immediately mail the check to the student or parent, initiate an EFT to the student's or parent's bank account, or return the funds to the appropriate FSA program.

A school may pay a credit balance by initiating an electronic funds transfer (EFT) to a bank account designated by the student or parent. Moreover, a school may establish a policy requiring its students to provide information about an existing bank account or open an account at a bank of the student's choosing as long as this policy does not delay the disbursement of FSA funds to students. Consequently, if a student does not comply with the school's policy, the school must nevertheless disburse the funds to the student either by dispensing cash, for which the school obtains a signed receipt, or issuing a check. A school must disburse the credit balance within the regulatory time frame. *2011/12 Federal Student Aid Handbook*, Volume 4, Chapter 1

If a school attempts to disburse the credit balance by check and the check is not cashed, the school must return the funds no later than 240 days after the date the school issued the check. If a check is returned to a school or an EFT is rejected, the school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. When a check is returned or EFT is rejected and the school does not make another attempt to disburse the funds, the funds must be returned before the end of the initial 45-day period. The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check. *2011/12 Federal Student Aid Handbook, Volume 5, Chapter 2*

Noncompliance: In 15 of 63 Title IV credit balance payments reviewed, MMTC failed to pay a Title IV credit balance within the required time frame. In four of those cases, the Title IV credit balances or portions of credit balances were not paid.

Student #57 The financial aid file and account card indicate that the student's account was credited with \$1,850 in Pell Grant funds and \$100 in FSEOG funds on 9/12/11, creating a Title IV credit balance of \$403. MMTC issued a check dated 9/29/11 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 10/3/11—seven days beyond the allowable 14-day time frame. It is noted that an authorization signed by the student on 3/11/11 prohibited MMTC from holding Title IV credit balances against future charges.

Student #58 The financial aid file and account card indicate that the student's account was credited with \$1,783 in Pell Grant funds on 8/18/09, creating a Title IV credit balance of \$1,438.92. MMTC issued a check dated 9/8/09 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 11/18/09—78 days beyond the allowable 14-day time frame.

The financial aid file and account card of student #58 also indicate that the student's account was credited with \$1,783 in Pell Grant funds and \$100 in FSEOG funds on 5/7/10, creating a Title IV credit balance of \$1,230.66. MMTC issued a check dated 6/10/10 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 6/17/10—27 days beyond the allowable 14-day time frame.

It is noted that MMTC was unable to provide an authorization to hold Title IV credit balances signed by the student that covered the periods of the Title IV credit balances under discussion.

Student #60 The financial aid file and account card indicate that the student's account was credited with \$2,775 in Pell Grant funds on 9/27/11, creating a Title IV credit balance of \$97. A tuition adjustment to the student's account on 10/2/11 increased the Title IV credit balance to \$1,325. MMTC issued a check dated 10/26/11 for the full amount of the Title IV credit balance. A copy of the check provided to the reviewers carries the student's endorsement but does not bear any information relating to where or when it might have been negotiated, nor was MMTC able to otherwise provide that information. In the absence of such information, it can only be concluded that as of 4/26/12—the last day of the program review—the check remained un-negotiated and the credit balance was 198 days beyond the allowable 14-day time frame.

Also, student #60's account was credited with \$50 in FSEOG funds on 12/6/11, creating a Title IV credit balance of \$50. MMTC issued a check dated 12/27/11 for the full amount of the Title IV credit balance. A copy of the check provided to the reviewers carries the student's endorsement but does not bear any information relating to where or when it might have been negotiated, nor was MMTC able to otherwise provide that information. In the absence of such information, it can only be concluded that as of 4/26/12—the last day of the program review—the check remained un-negotiated and the credit balance was 127 days beyond the allowable 14-day time frame.

It is noted that an authorization signed by the student on 6/15/11 prohibited MMTC from holding Title IV credit balances against future charges.

Student #61 The financial aid file and account card indicate that the student's account was credited with \$1,850 in Pell Grant funds on 2/4/11, creating a Title IV credit balance of \$287.09. MMTC issued a check on 2/10/11 for the full amount of the Title IV credit balance, then voided that check on 2/14/10. A second check for the same amount was issued on or about 2/18/11, and the check was negotiated by the student on 3/11/11—21 days beyond the allowable 14-day time frame. It is noted that an authorization signed by the student on 8/23/10 prohibited MMTC from holding Title IV credit balances against future charges.

Student #63 The financial aid file and account card indicate that the student's account was credited with \$1,979.01 in Subsidized and Unsubsidized Direct Stafford Loan funds on 11/5/09, creating a Title IV credit balance of \$1,030.23. MMTC issued a check on 12/8/09 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 12/17/09—28 days beyond the allowable 14-day time frame. MMTC was unable to provide an authorization to hold Title IV credit balances signed by the student that covered the period of the Title IV credit balance.

Student #64 The financial aid file and account card indicate that the student's account was credited with \$1,850 in Pell Grant funds on 10/19/11, creating a Title IV credit balance of \$447.47. MMTC issued a check on 10/27/11 for the full amount of the Title IV credit balance. A copy of the check provided to the reviewers carries the student's endorsement but does not bear any information relating to where or when it might have been negotiated, nor was MMTC able to otherwise provide that information. In the absence of such information, it can only be concluded that as of 4/26/12—the last day of the program review—the check remained un-negotiated and was, therefore, 176 days beyond the allowable 14-day time frame. It is noted that an authorization signed by the student on 9/27/11 prohibited MMTC from holding Title IV credit balances against future charges.

Student #65 The financial aid file and account card indicate that the student's account was credited with \$990 in Unsubsidized Direct Stafford Loan funds on 11/20/09, creating a Title IV credit balance of \$521.08. The student's account was also credited with \$2,675 in Pell Grant funds on 11/23/09, increasing the existing Title IV credit balance to \$3,196.08. Although the student's account card reflects that the full amount of the Title IV credit balance was paid to the student on or about 12/8/09, the record of cancelled checks related to this student's account reflects that MMTC issued a check dated 12/8/09 for \$2,304.08 of the Title IV credit balance.

The check was negotiated on 12/17/09—13 days beyond the allowable 14-day time frame. The remaining \$892 of the Title IV credit balance was not maintained on the student's account and was not, apparently, repaid to the student. As of 4/26/12—the last day of the program review—payment to the student of the remaining portion of the Title IV credit balance was 144 days overdue.

It is noted that an authorization signed by the student on 11/7/11 prohibited MMTC from holding Title IV credit balances against future charges.

Student #73 The financial aid file and account card indicate that the student's account was credited with \$1,850 in Pell Grant funds on 2/4/11, creating a Title IV credit balance of \$287.09. MMTC issued a check on 2/10/11 for the full amount of the Title IV credit balance, and then voided that check on 2/14/10. A second check for the same amount was issued on or about 2/18/11, and the check was negotiated by the student on 3/11/11—21 days beyond the allowable 14-day time frame. It is noted that an authorization signed by the student on 8/23/10 prohibited MMTC from holding Title IV credit balances against future charges.

Student #74 The financial aid file and account card indicate that the student's account was credited with \$925 in Pell Grant funds on 9/3/10, creating a Title IV credit balance of \$925. MMTC issued a check dated 9/9/10 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 9/20/10—three days beyond the allowable 14-day time frame. It is noted that an authorization signed by the student on 8/8/09 prohibited MMTC from holding Title IV credit balances against future charges.

Student #77 The financial aid file and account card indicate that the student's account was credited with \$1,733.92 in Unsubsidized Direct Stafford Loan funds on 2/5/10, creating a Title IV credit balance of \$934.07. MMTC issued a check dated 2/25/10 for the full amount of the Title IV credit balance, and the check was negotiated on 2/26/10—seven days beyond the allowable 14-day time frame. It is noted that an authorization signed by the student on 10/29/09 prohibited MMTC from holding Title IV credit balances against future charges.

Student #78 The financial aid file and account card indicate that the student's account was credited with \$498 in Unsubsidized Direct Stafford Loan funds on 9/27/11, creating a Title IV credit balance of \$254.20. The student's account was also credited with \$925 in Pell Grant funds on 10/2/11, increasing the existing Title IV credit balance to \$1,169.20. MMTC issued a check on or about 10/20/11 for \$173.20, and the check was negotiated by the student on 10/28/11—17 days beyond the allowable 14-day time frame for payment of a Title IV credit balance. MMTC returned \$996 in Unsubsidized Direct Stafford Loan funds to the Department on 10/21/11, and then wrote a further check to the student on 11/7/11 for the remaining Title IV credit balance amount of \$10. The second check was negotiated by the student on 11/11/11—31 days beyond the allowable 14-day time frame for payment of the full amount of the Title IV credit balance.

It is noted that an authorization signed by the student on 8/31/11 prohibited MMTC from holding Title IV credit balances against future charges. It also prohibited MMTC from returning the student's Direct Loan funds to the Department to help reduce loan indebtedness.

Student #82 The financial aid file and account card indicate that the student's account was credited with \$1,850 in Pell Grant funds on 10/21/10, creating a Title IV credit balance of \$336.71. MMTC issued a check dated 11/2/10 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 11/22/10—18 days beyond the allowable 14-day time frame.

The financial aid file and account card of student #82 also indicate that the student's account was credited with \$1,850 in Pell Grant funds on 2/4/11, creating a Title IV credit balance of \$85.74. MMTC issued a check dated 2/17/11 for the full amount of the Title IV credit balance, and the check was negotiated by the student on 3/16/11—26 days beyond the allowable 14-day time frame.

MMTC was unable to provide an authorization to hold Title IV credit balances signed by the student that covered the periods of the Title IV credit balances under discussion.

Required Action: MMTC must attempt to pay the overdue Title IV credit balances to students #60, #64, and #65. In its response, MMTC must provide proof that payment was made to the students, including a copy of the front and back of the negotiated checks.

MMTC must also review the accounts of all Title IV recipients who attended the institution in the 2009/10, 2010/11, 2011/12, and 2012/13 award years and identify any late or unmade Title IV credit balances. A report listing these Title IV credit balances must be submitted with MMTC's response to this report. The listing of late or unmade Title IV credit balances should be arranged in a spreadsheet format and should include the following elements:

- (1) Student's name;
- (2) Student's Social Security number;
- (3) Award year;
- (4) Title IV program(s), date(s), and amount(s) of disbursement causing the Title IV credit balance;
- (5) Amount of Title IV credit balance;
- (6) Date Title IV credit balance sent to student (or Title IV programs), if applicable;
- (7) Date that Title IV credit balance was paid (i.e. date that check was negotiated, date that student signed for Title IV credit balance, etc.)
- (8) Amount of Title IV credit balance outstanding;
- (8) Legible copies, front and back, of all Title IV credit balance checks (in the case of credit balances signed over to students, a copy of the signature document);
- (9) Legible copy of student's original account card.

The Title IV credit balance spreadsheet discussed above should be compiled in an Excel spreadsheet program and submitted in CD-ROM format in the following manner:

Award year	Name	SSN	Title IV program	Date of disbursement	Amount of disbursement	Amount of Title IV credit balance	Date credit balance sent to student	Date credit balance paid, if applicable	Amount of credit balance outstanding
2009/10	***	***	Pell	3/15/10	\$2,025	\$516	3/21/10	3/24/10	\$0
			DL Unsub	5/2/10	\$2,000	\$1,478	n/a	n/a	\$1,478

The following abbreviations should be used in the spreadsheet to indicate the various programs: Pell, FSEOG, FWS, Perk, DL Sub, DL Unsub, DL PLUS, FFEL Sub, FFEL Unsub, FFEL PLUS, ACG, and SMART.

In responding to this finding, MMTC must engage an Independent Public Accountant (IPA) to test the completed file review. The IPA must develop a set of procedures designed for testing the accuracy and completeness of the file review. The suggested procedures must be provided to Mr. Chaney within 30 days of the institution's receipt of this PRR. Mr. Chaney will review the procedures, indicate if any changes are needed, and approve the procedures. The IPA must apply the Agreed Upon Procedures to test the file reviews completed by MMTC, and prepare a report including any exceptions noted during its testing. The exceptions must be detailed and identified. Exceptions must be reported for all file review elements as specified in the finding requirement as presented in the PRR. The IPA must prepare the report in accordance with the American Institute of Certified Public Accountants (AICPA) Attestations Standards. The IPA's report must be submitted with MMTC's response to this PRR.

Additionally, MMTC must review and, as necessary, revise its procedures for monitoring Title IV credit balances to ensure that all such credit balances are paid in a timely manner in the future. A copy of those updated policies and procedures must accompany MMTC's response. Hard copy and electronic files containing PII must be safeguarded as described in the enclosure to the cover letter of this report. Instructions for payment of outstanding Title IV credit balances will appear in the FPRD letter.

Finding 5. Incomplete Audit Trail

Citation: Federal regulations stipulate that an institution shall establish and maintain, on a current basis, financial records that reflect each Title IV program transaction, and general ledger control accounts and related subsidiary accounts that identify each Title IV program transaction and separate those transactions from all other institutional financial activity. An institution shall account for the receipt and expenditure of Title IV program funds in accordance with generally accepted accounting principles. 34 C.F.R. § 668.164(b)

Federal regulations require that an institution exercise the level of care and diligence required of a fiduciary with regard to maintaining and investing Title IV program funds. 34 C.F.R. § 668.163(e)

Noncompliance: In one instance, MMTC failed to record Title IV funds activity on a student's account card.

Student #36 On 9/9/10 MMTC performed a Return of Title IV Funds calculation for this student after she unofficially withdrew on 7/29/10. The calculation identified a return of \$1,493 in Unsubsidized Direct Stafford Loan funds, \$871 in Subsidized Direct Stafford Loan funds, and \$735 in Pell Grant funds. The Department's COD system reflects that the Pell Grant funds were returned on 9/15/10, while the Unsubsidized and Subsidized Direct Stafford Loan funds were returned on 11/8/10. However, the student's account card does not reflect that any of the disbursed Title IV funds were returned.

Required Action: MMTC must update student #36's account card to reflect the return of the Title IV funds identified in the Return of Title IV Funds calculation performed on 9/9/10. A copy of the corrected account card should be submitted with MMTC's response.

Also, MMTC must review and, as necessary, revise its internal policies and procedures to ensure that an appropriate audit trail is maintained for all Title IV transactions. A detailed discussion of these policies and procedures must accompany MMTC's response to this report.

Finding 6. Ineligible Disbursements of Direct Loan Funds

Citation: Federal regulations state that a student is eligible to receive a Subsidized Direct Stafford Loan, an Unsubsidized Direct Stafford Loan, or a combination of these loans if, among other requirements, the student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Direct Loan Program. 34 C.F.R. § 685.200(a)

Generally, for the Direct Loan program, an otherwise eligible student or parent becomes ineligible to receive FSA funds on the date that the student is no longer enrolled at least half time. However, if certain conditions are met, students must be considered for a late disbursement after the date they became ineligible. (...) A student must be considered for a late disbursement if the Department processed a SAR/ISIR with an official EFC before the student became ineligible. Therefore, a school must review its records to see if a student who did not receive a disbursement of FSA funds before becoming ineligible is eligible for a late disbursement. In addition, for a Direct Loan, the loan must be originated prior to the date the student became ineligible. *2011/12 Federal Student Aid Handbook, Volume 4, Chapter 1*

Noncompliance: In one of 18 2010/11 and 2011/12 Return of Title IV Funds files reviewed, MMTC improperly awarded and disbursed Direct Stafford Loan funds to a student who was not enrolled at the institution on at least a half time basis.

Student #38 The financial aid file reflects that the student enrolled in 12 units for the summer 2010 term that began on 7/14/10. On 8/11/10 the student officially dropped one four-unit course, and on 8/25/10 the student officially dropped a second four-unit course.

Meanwhile, the student had stopped attending his last four-unit course, and on 9/10/10 MMTC determined that the student had withdrawn and that his last date of attendance was 8/12/10 (see Finding 3 for a discussion of the late date of determination). MMTC performed a Return calculation on 9/23/10 that identified \$1,161 in Unsubsidized Direct Stafford Loan funds, \$663 in Subsidized Direct Stafford Loan funds, and \$436 in Pell Grant funds to be returned.

However, the financial aid and COD records also reflect that MMTC originated a new loan award of \$333 in Unsubsidized Direct Stafford Loan funds for the student. The new award was booked in the COD system on 9/9/10—one day before MMTC determined that the student had withdrawn. At that point, MMTC's administrative records showed that the student was enrolled in one four-unit course, which would make him ineligible to receive Direct Loan funds.

COD reflects that the \$333 in Unsubsidized Direct Stafford Loan funds was disbursed to the student on 9/9/10, while the student's account card reflects that the new award was disbursed to the student on 10/14/10. It is noted that the amount of the new award was not included in the Return of Title IV Funds calculation performed on 9/23/10.

The student's account card reflects that the full amount of the ineligible disbursement of \$333 in Unsubsidized Direct Stafford Loan funds was returned to the Title IV programs on 4/15/11. The Department's COD system reflects that the ineligible disbursement was returned on 4/18/11—185 days after the ineligible disbursement was made.

Required Action: MMTC must review the loan history of student #38 and provide an account of how and why the \$333 in Unsubsidized Direct Stafford Loan funds was awarded and disbursed to the ineligible student, and how the issue was identified and corrected.

Also, MMTC must review and, as necessary, revise its awarding and disbursing practices and procedures to ensure that disbursements are reviewed for eligibility before they are credited to a student's account. A copy of the updated procedures must accompany MMTC's response.

Finding 7. Consumer Information Requirements Not Met

Citation: Federal regulations at 34 C.F.R. § 668.41 state that an institution must, on an annual basis, provide direct individual notice to each currently enrolled student about various

consumer information items. Such notices may be provided to each student via the U.S. Postal Service, direct mail, or directly to student e-mail addresses. The notice must summarize the information required to be disclosed, provide an electronic Web address where the information can be found, inform a student that he or she is entitled to a paper copy of the information, and inform the student how to request a paper copy. In addition, the notice must be sufficiently detailed to allow students to understand the nature of the disclosures and make an informed decision whether to request the full reports.

These disclosures include information on financial assistance available to students, as described in 34 C.F.R. § 668.42, and information about the school, as described in 34 C.F.R. § 668.43. Consumer information disclosures also require the release of information regarding the institution's completion or graduation rate, under 34 C.F.R. § 668.45.

Other consumer information disclosures are required by the Higher Education Opportunity Act (Public Law 110-315) (HEOA), reauthorizing the Higher Education Act of 1965, as amended (HEA). The provisions of the HEOA were effective upon enactment, August 14, 2008, unless otherwise noted in law.

Copyright infringement policies and sanctions, including computer use and file sharing: All institutions participating in Title IV, HEA student financial aid programs must annually make available to prospective and enrolled students, through appropriate publications, mailings, or electronic media, the institution's policies and sanctions related to copyright infringement, including a statement that explicitly informs students that unauthorized distribution of copyrighted material, including unauthorized peer-to-peer file sharing, may subject the students to civil and criminal liabilities; a summary of the penalties for violation of federal copyright laws; and the institution's policies with respect to unauthorized peer-to-peer file sharing, including disciplinary actions taken against students who engage in illegal downloading or unauthorized distribution of copyrighted materials using the institution's information technology system. 34 C.F.R. § 668.43(a)(10)(i) through (iii) and (11)

Voter registration forms: Each school must—

- (1) Make a good faith effort to distribute a mail voter registration form (for federal elections and state elections for governor or other State chief executive) to each student enrolled in a degree or certificate program and physically in attendance at the school;
- (2) Make the voter registration form widely available to students at the school;
- (3) Request the forms from the state 120 days prior to the deadline for registering to vote within the state;
- (4) This requirement does not apply to schools in states that do not have a voter registration requirement or that allow voters to register at the time of voting.

The HEOA (Section 493(a)(1)) added the provision that a school will be considered to be in compliance with the distribution requirement if the school electronically distributes the voter registration form from an Internet address where such a form can be downloaded. The information must be in an electronic message devoted exclusively to voter registration. HEOA Section 493(a)(1) as amended; HEA Section 487(a)(23); *Dear Colleague Letter* GEN 08-12

Notice of availability of institutional and financial aid information: Each school must annually distribute to all enrolled students a notice of the availability of the information that is required to be made available to students under the Family Educational Rights and Privacy Act of 1974 (FERPA), and under Section 485(a)(1), Section 485(f), Section 485(g), Section 485(h) and Section 485(j).

The notice must list and briefly describe the information and include a statement of the procedures required to obtain the information. For information listed in the notice that is disclosed on a school's website, the notice must include the exact electronic address and a statement that the school will provide a paper copy upon request. 34 C.F.R. § 668.43

Contact information for assistance in obtaining institutional or financial aid information: Each school must make available to prospective and enrolled students information regarding how and where to contact individuals designated to assist enrolled or prospective students in obtaining the institutional or financial aid information required to be disclosed under HEA Section 485(a)(1), Section 485(f), Section 485(h), and Section 485(j) during the normal administrative working hours of the institution.

Each institution shall designate an employee or group of employees who shall be available on a full-time basis to assist enrolled or prospective students in obtaining the information specified in 34 C.F.R. §§ 668.42, 668.43, 668.45 and 668.46. If the institution designates one person, that person shall be available, upon reasonable notice, to any enrolled or prospective student throughout the normal administrative working hours of that institution. If more than one person is designated, their combined work schedules must be arranged so that at least one of them is available, upon reasonable notice, throughout the normal administrative working hours of that institution.

National Student Loan Data System (NSLDS): Schools that enter into an agreement with a potential student, student, or parent of a student regarding a Title IV, HEA loan are required to inform the student or parent that the loan will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and schools determined to be authorized users of the data system. HEOA Section 489 amended; HEA Section 485B

Student rights and responsibilities: Each school must make available to prospective and enrolled students the rights and responsibilities of students receiving financial assistance, to include—

- (1) Criteria for continued student eligibility under each program;
- (2) Standards for the student to make satisfactory academic progress;
- (3) Criteria by which student who fails to make satisfactory progress can regain eligibility;
- (4) Method by which financial assistance disbursements will be made and the frequency of the disbursements;
- (5) Terms of any loan received by a student as part of their package, a sample loan repayment schedule and the necessity for repaying loans;
- (6) General conditions and terms applicable to FWS;

- (7) Entrance and exit counseling information (Perkins, DL, Stafford Loan) 34 C.F.R. § 668.42(c)

Private lending: Each school must make available to prospective and enrolled students information about regarding private education loans, including the institution's code of conduct (prominently displayed on the institution's website), the availability of the Self-Certification form and the annual report, and a list of preferred lenders and lender arrangements, if applicable. 34 C.F.R. § 668.42(a)

Student financial aid information: Each school must make available to prospective and enrolled students information about—

- (1) All the need-based and non-need-based federal, state, local, private and institutional student financial assistance programs available to students who enroll at the school;
- (2) Terms and conditions of the Title IV, HEA loans;
- (3) Criteria for selecting recipients and for determining award amount;
- (4) Eligibility requirements and procedures for applying for aid;
- (5) Methods and frequency of disbursements of aid;
- (6) Rights and responsibilities of students receiving Title IV, HEA student financial aid, including criteria for continued student eligibility and standards for satisfactory academic progress;
- (7) Terms of any loan received as part of financial aid package, sample loan repayment schedule, and the necessity for repaying loans;
- (8) A statement that enrollment in a program of study abroad approved for credit by the home school may be considered enrollment in the home school for purposes of applying for federal student financial aid;
- (9) General conditions and terms applicable to employment provided as part of financial aid package; and
- (10) The exit counseling information the school provides and collects. 34 CFR §§ 668.41(a)—(d), 34 CFR 668.42, 34 CFR 668.43

Noncompliance: In five respects, MMTC failed to provide, or make readily available to the campus community and the public, particular categories of consumer information required by federal regulations.

First, MMTC did not provide an annual notice to all enrolled student that summarizes the information MMTC is required to disclose, along with the exact electronic address at which the information is posted (if posted electronically), or a statement that the institution will provide a paper copy of the information upon request during normal administrative working hours.

Second, MMTC's policies do not provide a statement that explicitly informs students that unauthorized distribution of copyrighted material is prohibited, and that copyrighted material includes unauthorized peer-to-peer file sharing. MMTC also does not provide a summary of the penalties for violation of federal copyright laws, or the institution's policies with respect to unauthorized peer-to-peer file sharing, including disciplinary actions taken against students

who engage in illegal downloading or unauthorized distribution of copyrighted materials using the institution's information technology system.

Third, MMTC failed to document how the institution made voter registration forms widely available to students attending the Augusta, Georgia campus.

Fourth, MMTC did not disclose the method and frequency of disbursement of funds, sample loan repayment schedules, or the exit counseling information the school provides and collects.

Fifth, MMTC did not disclose to students or parents who enter into an agreement regarding a Title IV, HEA loan that the loan will be submitted to the National Student Loan Data System (NSLDS), and will be accessible by guaranty agencies, lenders, and schools determined to be authorized users of the data system.

Required Action: MMTC must review and revise its policies and procedures for preparing and disseminating consumer information so that the institution's practices comply with federal regulations. MMTC is reminded that the Department provides a comprehensive checklist for required consumer disclosures titled *Consumer Information Disclosures at a Glance*, that is available online at <http://www.ifap.ed.gov/qahome/qaassessments/consumerinformation.html>.

Additionally, MMTC must immediately make the missing information noted above available to students and employees online. A detailed discussion of the online updates, along with a copy of MMTC's revised policies and procedures, should accompany the institution's response to this report.

Finding 8. Failure to Develop and Implement a Drug and Alcohol Abuse Prevention Program

Citation: The Drug-Free Schools and Communities Act and the Department's regulations requires each participating institution of higher education (IHE) to certify that it has developed and implemented a drug and alcohol abuse education and prevention program. The program must be designed to prevent the unlawful possession, use, and distribution of drugs and alcohol on campus and at recognized events and activities.

On an annual basis, each institution of higher education must provide the following information in writing to each student (enrolled for any type of academic credit except for continuing education units) and each employee:

- (1) Standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;
- (2) A description of the applicable legal sanctions under local, state, or federal law for the unlawful possession or distribution of illicit drugs and alcohol;

- (3) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- (4) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and
- (5) A clear statement that the institution of higher education will impose disciplinary sanctions on students and employees (consistent with local, state, and federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct. For the purpose of this section, a disciplinary sanction may include the completion of an appropriate rehabilitation program.

In addition, each institution of higher education must conduct a biennial review to determine the effectiveness of its drug and alcohol abuse education and prevention program and to ensure consistent enforcement of applicable laws, ordinances, and institutional policies for violators. The biennial review materials must be maintained by the institution of higher education and made available to the Department upon request. 34 C.F.R. § 86.100

Noncompliance: MMTC has not conducted a biennial review of its drug and alcohol abuse education and prevention program.

In the absence of a biennial review, MMTC was unable to properly identify how the institution measures the effectiveness of its drug and alcohol abuse education and prevention program, and how the institution ensures consistency in its enforcement of its disciplinary sanctions.

Required Action: MMTC must conduct a biennial review to measure the effectiveness of its drug and alcohol abuse education and prevention program. MMTC must describe the methods and data analysis tools that will be used to determine the effectiveness of the program, as well as the responsible official or office that will conduct the review. MMTC must provide a detailed discussion of the completed biennial review, along with a copy of the newly developed policies and procedures, with its response to this report.