



August 26, 2014

Dr. Michael J. Kearns, President  
Mohave Community College  
1971 Jagerson Avenue  
Kingman, AZ 86409-1238

Certified Mail  
Return Receipt Requested  
#: 70070710000106756735

RE: **Final Program Review Determination**  
OPE ID: 01186400  
PRCN: 201420928514

Dear Dr. Kearns:

The U.S. Department of Education's (Department's) San Francisco/Seattle School Participation Division issued a program review report (PRR) on April 24, 2014 covering Mohave Community College's (MCC's) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2012-2013 and 2013-2014 award years. MCC's final response was received on May 29, 2014.

The San Francisco/Seattle School Participation Division has reviewed MCC's responses to the PRR. A copy of the program review report (and related attachments) and MCC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by MCC 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.

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

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

Mohave Community College  
OPE ID: 01186400  
PRCN: 201420928514  
Page 2 of 2

If you have any questions please call Tracy Simmonds at 415-486-5688.

(b)(6)

Martina Fernandez-Rosario  
Division Director  
San Francisco/Seattle School Participation Division

Enclosures: Program Review Report  
MCC Response to the Program Review Report

cc: Shannon Sheaff, Director of Financial Aid  
North Central Association of Colleges and Schools – CIHE (Higher Education)



April 24, 2014

Dr. Michael J. Kearns, President  
Mohave Community College  
1971 Jagerson Avenue  
Kingman, AZ 86409-1238

Certified Mail  
Return Receipt Requested  
#: 70070710000106747528

RE: **Program Review Report**  
OPE ID: 01186400  
PRCN: 201420928514

Dear Dr. Kearns:

From February 24, 2014 through February 28, 2014, Tracy Simmonds and Adeline Espinosa conducted a review of Mohave Community College's (MCC's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by MCC. The response should include a brief, written narrative for each finding that clearly states MCC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, MCC must provide supporting documentation as required in each finding.

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

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

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for

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

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

The institution's response should be sent directly to Tracy Simmonds of this office within 30 calendar days of receipt of this letter.

**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. The appendix was encrypted and sent separately to the institution via e-mail. Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data/documents containing PII.

**Record Retention:**

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Tracy Simmonds at (415) 486-5688 or by email at [tracy.simmonds@ed.gov](mailto:tracy.simmonds@ed.gov).

Sincerely,

(b)(6)

Gayle E. Palumbo, Ed.D.  
Compliance Manager  
San Francisco/Seattle School Participation Division

cc: Ms. Shannon Sheaff, Director of Financial Aid

Enclosures:

Program Review Report  
Protection of Personally Identifiable Information

Prepared for  
**Mohave Community College**

---

OPE ID: 01186400  
PRCN: 201420928514

Prepared by  
U.S. Department of Education  
Federal Student Aid  
San Francisco/Seattle School Participation Division

**Program Review Report**  
**April 24, 2014**

## Table of Contents

	Page #
<b>A. Institutional Information .....</b>	<b>2</b>
<b>B. Scope of Review .....</b>	<b>3</b>
<b>C. Findings .....</b>	<b>3</b>
Finding 1. Incorrect Return to Title IV (R2T4) Calculation.....	3
Finding 2. Failure to Properly Complete Verification .....	4
Finding 3. Early Disbursement of Direct Loan (DL) Funds.....	6
Finding 4. Late Payment of Credit Balance.....	6
Finding 5. Missing Exit Counseling .....	7
Finding 6: Inadequate Federal Supplemental Educational Opportunity Grant (FSEOG) Awarding Policies/ Incorrect Award of FSEOG Funds .....	8
Finding 7. Unprotected Personally Identifiable Information (PII) in Student Files .....	9
Appendix A: Student Sample .....	11

Mohave Community College  
OPE ID: 01186400  
PRCN: 201420928514  
Page 2

**A. Institutional Information**

Mohave Community College  
1971 Jagerson Avenue  
Kingman, AZ 86409-1238

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools – CIHE  
(Higher Education)

Current Student Enrollment: 4585 students

% of Students Receiving Title IV: 52.6%

Title IV Participation per U.S. Department of Education Records:

	<u>2012-2013 Award Year</u>	<u>2011-2012 Award Year</u>
Federal Pell Grant Program (Pell)	\$ 9,525,399	\$ 11,508,465
Federal Work Study Program	\$ 152,451	\$ 185,326
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$ 181,705	\$ 167,697
Federal Direct Loan Program - Subsidized	\$ 4,750,763	\$ 6,264,480
Federal Direct Loan Program - Unsubsidized	\$ 3,773,368	\$ 5,160,609
Default Rate DL:	2011 24.8%	
	2010 24.9%	
	2009 25.4%	

## **B. Scope of Review**

The U.S. Department of Education (the Department) conducted a program review at Mohave Community College (MCC) from February 24, 2014 through February 28, 2014. The review was conducted by Tracy Simmonds and Adeline Espinosa. The focus of the review was to determine MCC'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 MCC'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 32 files was identified for review from the 2012-2013 and 2013-2014 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

### **Disclaimer:**

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

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination (FPRD) letter.

## **C. Findings**

During the review, some areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by MCC to bring operations of the financial aid programs into compliance with the statutes and regulations.

### **Finding 1. Incorrect Return to Title IV (R2T4) Calculation**

**Citation:** An institution must determine the withdrawal date, for a student who withdraws without providing notification to the institution, no later than 30 days after the end of the earlier of: (1) the payment period or period of enrollment of the student; (2) the academic year in which the student withdrew; or (3) the educational program from which the student withdrew. When a student withdraws from an institution prior to completion of a payment period, the institution must calculate the amount of Title IV funds that the student did not earn and return all unearned Title IV funds for which it is

responsible. The regulatory formula for determining unearned funds uses the ratio of number of days attended by a student to the number of days in the student's payment period of withdrawal. Unearned Title IV funds (R2T4) must be returned as soon as possible, but 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:** MCC incorrectly calculated funds to return to Title IV by utilizing the incorrect start date and date of withdrawal.

Student #16: The start date used to calculate this student's R2T4 was February 4, 2013 instead of January 14, 2013. In addition, the date of withdrawal used to calculate this student's R2T4 was March 29, 2013 instead of May 1, 2013. MCC returned \$228 to the Direct Loan program for this student on May 26, 2013, when in fact the student earned all the Title IV funds received, and there was no unearned Title IV due from MCC. MCC returned Title IV funds to the Department that it was entitled to keep because it used an incorrect start date and date of withdrawal when it calculated this student's R2T4.

**Required Action:** MCC must review its policies and procedures for the proper calculation of R2T4. A copy of *any* revised policies and procedures must be submitted in response to this Program Review Report (PRR).

## **Finding 2. Failure to Properly Complete Verification**

**Citation:** Institutions must require Title IV applicants to verify information used to calculate an applicant's Expected Family Contribution (EFC) in two events: when the application is selected by the Secretary to be verified; or when an institution has reason to believe that any information on an application used to calculate an EFC is inaccurate. For each award year, the Secretary publishes in the FEDERAL REGISTER a notice of the Free Application for Federal Student Aid (FAFSA) information that an institution and an applicant may be required to verify. For each applicant whose FAFSA information is selected for verification by the Secretary, the Secretary specifies the specific information that the applicant must verify. Acceptable documentation for verification is listed in 34 C.F.R. § 668.57. 34 C.F.R. §§ 668.54, 668.56, 668.57. Also see DCL GEN-12-11 – FAFSA Information to be Verified and Acceptable Documentation

**Noncompliance:** The following students were all selected for verification as indicated on their Institutional Student Information Records (ISIRs). MCC failed to verify each of the student's information properly.

Student #5: The student's 2012-13 ISIR transaction 03 was selected for verification. The student is 20 years of age and indicated on her ISIR that she has children that she supported, making her independent. However, MCC had the student complete a dependent verification worksheet rather than an independent worksheet, which conflicted with her independent status. On the dependent worksheet, the student listed only herself and her mother in the household but no children. Both the student and mother signed the

worksheet. The student also marked the box indicating that one member in the household received Supplemental Nutrition Assistance Program (SNAP) benefits for 2011. However, the supporting document that the student submitted does not identify who was receiving the benefit as it does not contain a name or any identifier. The form only disclosed the case number, the dates, and the amounts of the benefits. Along with the verification worksheet, the student provided a copy of her 2011 income tax form 1040A, which showed a filing status of single and no dependents. In failing to document resolution of the conflicting information, MCC failed to properly verify the student's information prior to awarding and disbursing Title IV funds for the 2012-13 award year. Additionally, as part of the verification process, MCC was required to collect a copy of and verify the student's high school diploma. However, MCC failed to collect a copy and verify the student's high school information.

**Student #19:** The student's 2013-14 ISIR transaction 01 was selected for verification. MCC failed to perform verification correctly as the student's number of household members did not match the number of household members on the verification worksheet submitted and signed by the student. According to the student's ISIR, his total number of household members is six. However, the student listed only five members on the verification worksheet. The student's ISIR reflected an EFC of 2197. The number of household members could impact the student's EFC and Title IV eligibility.

**Required Action:** MCC must establish and maintain written procedures to assure that it properly verifies all ISIRs marked for verification, including the collection of documentation that resolves conflicting information. A copy of the corrective procedures must be provided in MCC's response to this Program Review Report.

**Student #5:** MCC must complete the verification process for this student using accurate information and submit the documentation for review in response to this PRR. In addition, MCC must determine whether this student meets the Title IV eligibility requirements as a result of the completion of verification. If this student does not meet Title IV eligibility criteria, verification is not completed, or verification results in overpayments having been made to the student, MCC will be liable for the return of any ineligible Title IV funds disbursed to this student. Repayment instructions for those liabilities, if any, will be provided in the FPRD.

**Student #19:** MCC changed this student's number of household members on his 2013-14 ISIR and recalculated his EFC. MCC submitted the correction to the Central Processing Service (CPS) while the review team was onsite and adjusted the student's Title IV award accordingly. (The Pell Grant award was adjusted from \$874 to \$449 due to his EFC adjustment from 2197 to 3893). On April 2, 2014, the review team verified that the correction was processed and the funds were paid accordingly for this student. There is no further action required by MCC.

**Finding 3. Early Disbursement of Direct Loan (DL) Funds**

**Citation:** Regulations state that if a student is enrolled in the first year of an undergraduate program of study and has not previously received a Federal Stafford, Federal Supplemental Loan for Students, Direct Subsidized, or Direct Unsubsidized Loan, a school may not disburse the proceeds of a Direct Subsidized or Direct Unsubsidized Loan until 30 days after the first day of the student's program of study. 34 C.F.R. § 685.303(b)(4)(i).

**Noncompliance:** MCC disbursed loan funds prior to the 30 day delay period for a first time loan borrower.

**Student #16:** This student, a first-year, first-time borrower, started attending MCC on January 14, 2013. On February 12, 2013, this student was disbursed a subsidized Federal Direct Loan, two days early.

**Required Action:** MCC must review its policies and procedures on disbursement of DL funds, ensuring that disbursements to first-time, first-year borrowers are delayed. A copy of any revised policies and procedures must be submitted in response to this PRR.

**Finding 4. Late Payment of Credit Balance**

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

In order to retain Title IV funds on behalf of a student, institutions must obtain written authorization from a student or parent, as applicable. The institution may use the student's or parent's Title IV, HEA program funds to pay for allowable charges that are included in that authorization. In obtaining the student's or parent's authorization to retain credit balances, an institution may not coerce the student or the parent to provide that authorization; must allow the student or parent to cancel or modify that authorization at any time; and must clearly explain how it will carry out that activity.

A student or parent may authorize an institution to hold credit balances for the period during which the student is enrolled at the institution. If a student or parent modifies an authorization, the modification takes effect on the date the institution receives the modification notice. If a student or parent cancels an authorization to use Title IV, HEA program funds to pay for authorized charges under 34 C.F.R. § 668.164(d)(2), the institution may use Title IV, HEA program funds to pay only those authorized charges

incurred by the student before the institution received the notice. If a student or parent cancels an authorization to hold Title IV, HEA program funds, the institution must pay those funds directly to the student or parent as soon as possible but no later than 14 days after the institution receives that notice.

In addition, if an institution holds excess student funds, the institution must:

Identify the amount of funds the institution holds for each student or parent in a subsidiary ledger account designed for that purpose;

Maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the student; and

Notwithstanding any authorization obtained by the institution under this paragraph, pay any remaining balance on loan funds by the end of the loan period and any remaining other Title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded. 34 C.F.R. § 668.164(e) and 34 C.F.R. § 668.165(b).

**Noncompliance:** MCC failed to pay one student credit balance in a timely manner.

Student #31: A credit balance of \$309 arose on the student's account on January 18, 2012 upon the disbursement of Pell Grant funds. MCC did provide a "Oncecard" refund of \$31 to this student on January 19, 2012, which left a credit balance of \$278. MCC did not provide a the credit balance funds to the student until April 22, 2013, 80 days late.

**Required Action:** MCC must review the regulatory requirements governing the retention and payment of credit balances. MCC must also review its policies and procedures to ensure that Title IV credit balances are paid to students within the required timeframes in accordance with applicable regulations. A copy of any revised policies and procedures must be submitted in response to this PRR.

#### **Finding 5. Missing Exit Counseling**

**Citation:** A school is required to conduct exit counseling with each Direct Loan borrower shortly before the borrower ceases half-time study at the school. Student borrowers should be advised to complete online exit counseling or attend an exit counseling session shortly before graduating. If the student borrower drops out without notifying the school, the school must confirm that the student has completed online counseling or mail counseling material to the borrower's last known address. The materials must be mailed within 30 days of learning that the borrower has withdrawn or failed to participate in an exit counseling session. Counseling may be provided in person, by audiovisual presentation, or by interactive electronic means. 34 C.F.R. § 685.304(b).

**Noncompliance:** MCC did not always conduct exit counseling to its students or ensure that exit counseling documentation was maintained in all student files.

The files of Students ## 6 and 16 had communication logs that noted that exit counseling material was sent on May 13, 2013, but there was no documentation of what was sent to each student. Failure to perform exit counseling could lead to misunderstandings on the part of borrowers with respect to the repayment of their loans and higher institutional default rates.

**Required Action:** MCC must review its policies and procedures to ensure that all students are provided with exit counseling and that complete documentation is maintained in the student files. A copy of any revised policies and procedures must be submitted in response to this PRR.

**Finding 6: Inadequate Federal Supplemental Educational Opportunity Grant (FSEOG) Awarding Policies/Incorrect Award of FSEOG Funds**

**Citation:** To begin and to continue to participate in any Title IV, HEA program, an institution must demonstrate to the Secretary that the institution has written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance. 34 C.F.R. § 668.16(b)(4).

In addition, institutions must include, as part of their student consumer information available to all prospective and current students, the criteria for selecting Title IV aid recipients from the group of eligible applicants. 34 C.F.R. § 668.42(b)(3).

In selecting among eligible students for FSEOG awards in each award year, an institution must select those students with the lowest expected family contributions who will also receive Federal Pell Grants in that year. If the institution has FSEOG funds remaining after giving FSEOG awards to all the Federal Pell Grant recipients at the institution, the institution shall award the remaining FSEOG funds to those eligible students with the lowest expected family contributions who will not receive Federal Pell Grants. If an institution's allocation of FSEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution as less-than-full-time or independent students, a reasonable portion of the allocation must be offered to those students. 34 C.F.R. § 676.10.

**Noncompliance:** MCC has a written policy and procedure for the awarding of FSEOG to students which indicates that in the 2012-13 award year, a student with an expected family contribution (EFC) between 0 and 1501 will be awarded a FSEOG in the amount of \$800/ an EFC between 1502 and 3001 will be awarded an amount of \$600; and FSEOG awards continue to decline based on a student's EFC.

Student #2: This student had an EFC of 335. Per MCC's record, he was manually packaged for FSEOG in the amount of \$500 for the 2012-13 award year. The student only attended the Fall semester of 2012; thus, his total disbursement was only \$250. Under MCC's FSEOG awarding policy, the student should have been packaged with an amount of \$800 and received \$400 for the Fall semester of 2012.

**Required Action:** MCC must adhere to its own FSEOG awarding policy and procedures to ensure that students are awarded consistently. In addition, MCC must revise its FSEOG awarding policy and procedures to ensure that students with the lowest EFCs who also receive Federal Pell Grants (in particular, those students with zero (0) EFCs) receive FSEOG awards before students with higher EFCs. MCC must develop and strengthen its system to avoid over or under awarding FSEOG to students. MCC must submit a copy of the revised FSEOG policy and procedures with its response to this PRR.

#### **Finding 7. Unprotected Personally Identifiable Information (PII) in Student Files**

**Citation:** Institutions are required to protect the personally identifiable information (PII) of students in accordance with the Family Educational Rights and Privacy Act of 1974 and implementing regulations. 34 C.F.R. Part 99. Additionally, the Secretary considers any breach to the security of student records and information as a potential lack of administrative capability with respect to safeguarding and protecting the confidentiality of customer information.

To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program. The Secretary considers an institution to have that administrative capability if, among other requirements, the institution administers Title IV, HEA programs with adequate checks and balances in its system of internal controls. 34 C.F.R. § 668.16.

**Noncompliance:** MCC does not always protect its students' personally identifiable information.

Student #13: The student file contained an email about class overload which listed the details of seven additional students' data (i.e. name and student numbers), to be moved from Lab section 222 to Lab section 223.

Student #14: The student file contained a printed page from the staff and faculty portal of updated student grades that listed details of fifteen additional students' data (i.e. name, student numbers, final grades, and last date of attendance).

**Required Action:** MCC must review its policies and procedures for the handling of PII. MCC must also establish and implement policies and procedures to ensure that its staff is