

DC - ERM



September 2, 2014

Dr. Paul Young
President
Northern Wyoming Community College District
3059 Coffeen Avenue
Sheridan, WY 82801

Certified Mail Return Receipt Requested
7012 1640 0000 0216 0835

RE: **Final Program Review Determination**
OPE ID: 00393000
PRCN: 2013 1082 8099

Dear Dr. Young,

The U.S. Department of Education's (Department's) School Participation Team – Chicago/Denver issued a program review report on January 29, 2014 covering Northern Wyoming Community College District's (NWCCD's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2011-2012 and 2012-2013 award years. A copy of the program review report (and related attachments) and the institution's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by NWCCD upon request. The Department has made final determinations based on information obtained during the program review and from documentation already submitted by NWCCD. 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, and (3) notify the institution of its right to appeal.

This FPRD contains one or more findings regarding NWCCD'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 NWCCD's appeal rights will be provided under separate cover.

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

School Participation Division – Chicago/Denver

500 West Madison Street, Suite 1576, Chicago, IL 60661

StudentAid.gov

The total liabilities due from the institution from this program review are **\$229,933.00**.

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. Appendices B, D, H, I, J, and K contain PII. These appendices were encrypted and sent separately to the institution via e-mail.

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the January 29, 2014 program review report. If NWCCD 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 NWCCD receives this FPRD. An original and four copies of the information NWCCD 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

NWCCD'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 NWCCD'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).

If the institution has any questions regarding this letter, please contact Mark Kreutzer, Institutional Review Specialist, at 312-730-1722. 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)

Douglas Parrott
Division Director

Enclosure:
Protection of Personally Identifiable Information

cc: Jennifer Smith, Financial Aid Administrator
North Central Association of Colleges and Schools (Higher Learning Commission)
Wyoming Community College Commission
U.S. Department of Defense
U.S. Department of Veteran's Affairs
Consumer Financial Protection Bureau

PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. 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).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.

Prepared for

**Northern Wyoming
Community College District**

Federal Student Aid
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OPE ID 00393000
PRCN 2013 1082 8099

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

Final Program Review Determination September 2, 2014

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A. Institutional Information

Northern Wyoming Community College District
3059 Coffeen Avenue
Sheridan, WY 82801

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools – The Higher Learning Commission

Current Student Enrollment: 3,723 (Spring 2013)

Percentage of Students Receiving Title IV aid: 25.1% (Spring 2013)

Title IV Participation (Source: PCNet):

2012-2013 Award Year:

Federal Pell Grant Program	\$3,103,832.00
William D. Ford Federal Direct Loan (Direct Loan) Program	\$2,951,008.00
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	\$52,256.00
Federal Work-Study Program	\$59,245.00

Default Rate FFEL/DL:	2011 – 14.5%
(Source: PEPS)	2010 – 8.6%
	2009 – 8.6%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Northern Wyoming Community College District (NWCCD) from October 22, 2012 to October 26, 2012. The review was conducted by Mark Diestler and Jeremy Early.

The focus of the review was to determine NWCCD's compliance with the statutes and federal regulations as they pertain to the institution's administration of the Federal Student Aid 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 review consisted of, but was not limited to, an examination of NWCCD'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 2011-2012 and 2012-2013 (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, 103 files were selected based on self-reported data provided in a report generated by consultants (The Evans Consulting Group) hired by the institution. Appendix B lists the names and social security numbers of the students whose files were examined during the program review. Appendix D lists the names and social security numbers of the students whose files were examined based on self-reported data from the institution. A program review report (PRR) was issued on January 29, 2014.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning NWCCD's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, the review does not relieve NWCCD 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 with Comments:

The following program review findings have been resolved by the institution, and may be considered closed. These findings are included solely for the purpose of discussing resolution of the finding.

Finding 8: Consumer Information Requirements Not Met

***Citation Summary:** HEA Sec. 485 (a)(1)(V) states that each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media, to an enrolled student and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this section and section 444 of the General Education Provisions Act (commonly known as the 'Family Educational Rights and Privacy Act of 1974'), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe institutional policies regarding vaccinations.*

34 C.F.R. § 668.41(d) states an institution must make available to any enrolled student or prospective student through appropriate publications, mailings, or electronic media, information concerning (5) The placement of, and types of employment obtained by, graduates of the institution's degree or certificate programs.

***Noncompliance Summary:** NWCCD did not make available to any enrolled student or prospective student through appropriate publications, mailings, or electronic media, the placement of, and types of employment obtained by, graduates of the institution's degree or certificate programs.*

***Required Action Summary:** NWCCD must revise all of its consumer information documents (including its catalog) to include the missing elements identified above. Copies of the revised documents and catalog must be submitted with the institution's response to the program review report. Furthermore, the school must immediately disseminate the above listed consumer information to all enrolled and prospective students. As evidence of this action, NWCCD must provide a written statement attesting to its compliance in disseminating this information; this statement must also include the date the information was disseminated and a description of how it was disseminated.*

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. NWCCD stated that it has revised all of its consumer information documents (including the online catalog) to include placement of and types of employment obtained by graduates of NWCCD degree and certificate programs. In addition, the institution attests information was distributed to all enrolled students by email on September 30, 2013 and is made available to all prospective students by posting on the Sheridan.edu website (*see Appendix C*).

Final Determination: The Department reviewed NWCCD's revised consumer information and concluded that the revisions are satisfactory. In addition, the Department corroborated that the information is available on the institution's web site as well as in its online catalog, wherein prospective students may access the data. Finally, in accordance with the required action, NWCCD provided a written statement attesting that the revised consumer information was distributed to all enrolled students. Consequently, this finding may be considered closed.

Finding 9: Inadequate Record Keeping/Inaccurate Accounting Records

Citation Summary: *34 C.F.R. § 668.24(b) states that: "An institution shall account for the receipt and expenditure of Title IV funds in accordance with generally accepted accounting principles and establish and maintain on a current basis: 1. Financial records that reflect each Title IV program transaction and; 2. General ledger control accounts and related subsidiary accounts (i.e. student account ledgers) that identify each Title IV program transaction and separate those transactions from all other institutional financial activity."*

34 C.F.R. § 668.14(b)(4) states that: "An institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV programs."

34 C.F.R. § 668.16(c)(1) further states that: "An institution is considered to have administrative capability if it administers Title IV programs with adequate checks and balances in its system of internal controls."

Noncompliance Summary: *Individual student account ledgers for students 16, 17, 19, 21, 23, 24, 25, and 26 were inaccurate, resulting in an error rate of 53%. It was determined that – due to a data entry error – NWCCD was back dating Title IV transactions on student account ledgers and the transactions should have been posted on 9/17/2012, yet the ledgers indicated a date of 8/22/2012. The reviewers confirmed the data entry error and that the funds should have been posted to ledgers with a date of 9/17/2012, rather than 8/22/2012.*

Required Action Summary: *NWCCD was required to enact written procedures which ensures that all Title IV funds are properly accounted for with adequate checks and balances, including accurate student account ledgers and submit a copy of the record keeping procedure with its response to the program review report.*

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. NWCCD states that it has implemented written procedures and trained staff on these written procedures that will ensure all Title IV funds are properly accounted for with adequate checks and balances, including accurate student account ledgers (*see Appendix C*).

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient. As a result, this finding may be considered closed. Still, in order to continue to participate in any Title IV, HEA program, an institution must demonstrate to the Department that it has the administrative capability outlined in 34 C.F.R. § 668.16. In essence, to demonstrate appropriate administrative capability, an institution must administer the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA, and all applicable regulatory provisions prescribed under that statutory authority.

Finding 10: Exit Counseling Not Performed

Citation Summary: *34 C.F.R. § 685.304(b) explains that the institution must conduct an exit interview with each loan recipient shortly before the student ceases enrollment on at least a half-time basis, in order to emphasize the obligation and consequences of default. Moreover, 34 C.F.R. § 685.304(b)(3) instructs that general information such as repayment options, consolidation, and debt management strategies must be provided to the borrower at this time. If the borrower withdraws/graduates without the institution's prior knowledge and did not attend an exit interview, the institution must mail written counseling materials to the borrower within 30 days after learning that the borrower has withdrawn/graduated. An institution must maintain documentation substantiating its compliance with these loan counseling requirements.*

Noncompliance Summary: *There was no documentation on file to substantiate that the institution provided exit counseling to students 3, 13, and 15.*

Required Action Summary: *NWCCD was required to send exit counseling materials to the students cited above via certified mail (return receipt requested). In addition, documentation to substantiate the mailing as required to be submitted with the institution's response to the program review report (copy of the letter, exit counseling forms, and return receipt). Additionally, the institution was instructed to develop and implement written procedures to ensure that exit counseling requirements are adhered to and provide a copy of the procedures must be provided with its response to the program review report.*

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. The institution stated that exit counseling materials were sent to students cited in the finding via certified mail, return receipt requested and that it provided documentation to substantiate the mailings. Furthermore, NWCCD explained that it has implemented written procedures and trained staff on these written procedures to ensure that exit counseling requirements are adhered to (*see Appendix C*).

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient. In addition, the Department corroborated that exit counseling materials were sent to the students cited in the finding. As a result, this finding may be considered closed.

NWCCD's failure to provide exit loan counseling increases the possibility of a student defaulting on her/his loan. Loans that go into default status create increased expense for the Department. Therefore, NWCCD is directed to strictly enforce its procedures to make certain that this finding does not recur.

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 NWCCD's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on January 29, 2014 is attached as Appendix A.

Finding 1: Title IV Funds Disbursed to Ineligible Students

Citation Summary: *34 C.F.R. § 668.32(f) explains that a student is eligible to receive Title IV funds if that student maintains satisfactory academic progress (SAP) in his or her course of study according to the institution's published standards of satisfactory academic progress that meet the requirements of 34 C.F.R. § 668.34. Additionally, 34 C.F.R. § 668.32(g)(1) mandates that in order for a student to be eligible to receive Title IV funds the student cannot be in default, and certifies that he or she is not in default, on a loan made under any Title IV, HEA loan program.*

Noncompliance Summary: *There were two different instances in which the institution awarded Title IV funds to ineligible students: Federal Pell Grant funds were disbursed to a student on SAP suspension (student 28) and Federal Pell Grant funds were disbursed to student 12 who was reported as in default on the National Student Loan Data System (NSLDS®).*

Required Action Summary: NWCCD was required to implement written procedures to ensure these types of deficiencies do not occur in the future and a copy of the written procedures must accompany the institution's response to this program review report.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. NWCCD states that has implemented written procedures and trained staff on these written procedures to ensure these types of deficiencies do not occur in the future. The institution submitted a copy of this procedure with its response (see Appendix C).

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient.

Because student 28 was on SAP suspension and no appeal to the suspension status was recorded, she was ineligible for the \$2,775.00 in Federal Pell Grant Funds she received in the Fall, 2012 term. Consequently, these funds must be returned to the Department¹.

Because student 12 was in default on a federal loan, she was ineligible for the \$2,775.00 in Federal Pell Grant Funds she received in the Spring, 2012 term. Consequently, these funds must be returned to the Department.

Failure by the institution to properly award and disburse Federal Pell Grant funds results in the students receiving funding for which they are not entitled. This causes an increased expense to the Department.

The total amount of liabilities (principle and interest) owed as a result of this finding are summarized below (see Appendix H for details of the liability assessment):

Ineligible Disbursements (Non-Loan):

Principle Owed to the Department	\$4,477.99
Interest Owed to the Department	\$36.07
Total Owed:	\$4,514.06

Finding 2: Federal Direct Loan Overaward – Financial Need Exceeded

Citation Summary: 34 C.F.R. § 685.203(j) states: "In no case may a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan amount exceed the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less: (1) The student's estimated financial assistance for that period; and (2) In the case of a Direct Subsidized Loan, the borrower's expected family contribution (EFC) for that period."

¹ \$1072.01 of the \$2,775.00 was returned on November 13, 2012, as reflected in the Cost of Funds Worksheet for Finding 1 in Appendix H.

Noncompliance Summary: *NWCCD exceeded financial need for student 14 by awarding her/him a subsidized loan from the William D. Ford Federal Direct Loan (Direct Loan) Program in the amount of \$2,687.00 for the 2011-2012 award year.*

Required Action Summary: *NWCCD was either liable for the overaward associated with this finding or – upon written confirmation from the student – the institution was permitted to reclassify this Subsidized Direct Loan of \$2,687.00 as an Unsubsidized Direct Loan. NWCCD was required to provide written confirmation from the student for the reclassification (or if unable to obtain such confirmation, payment of liabilities was required). NWCCD was also required to include with its response a discussion about the steps it has taken to strengthen its processes as a result of the deficiency noted in this finding.*

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. NWCCD asserts that it has implemented written procedures and trained staff on these written procedures to strengthen their processes in regards to this finding. In addition, the institution states that it has attempted to contact the student by phone without response and sent her/him a certified letter concerning the Federal Subsidized Direct Loan (DL) overaward (see Appendix C).

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient.

Because no authorization from student 14 permitting the reclassification of the Subsidized Direct Loan of \$2,687.00 as an Unsubsidized Direct Loan was produced by NWCCD at the time of this Final Program Review Determination, the institution is liable for the overaward.

Funds disbursed to students in excess of their need are improperly disbursed to ineligible students, which results in students receiving funds to which they are not entitled and causes increased expense to the Department.

The total amount of Direct Loans disbursed to student 14 during the 2011-2012 award year is \$2,687.00. However, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder, the Department has asserted a liability not for the loan amounts, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amounts. The estimated actual loss² for this ineligible loan is based on NWCCD's most recent cohort default rate available. As a result, the estimated actual loss that NWCCD must pay to the Department for the ineligible loans is \$442.75. A copy of the results of that calculation is included as Appendix N.

² For more information on the formula used to calculate the estimated actual loss, please see Appendix L.

Finding 3: Return of Title IV Funds Paid Late

Citation Summary: 34 C.F.R. § 668.22(j) requires an institution to return the amount of unearned Title IV funds for which it is responsible as specified under paragraph (g) of this section, as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section. In addition, 34 C.F.R. § 668.22(j)(2) states that: "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 the: Payment period or period of enrollment, as appropriate, in accordance with paragraph (e)(5) of this section or Academic year in which the student withdrew; or Educational program from which the student withdrew."

Noncompliance Summary: The Department identified one late Return of Title IV funds (R2T4), for student 13.

Required Action Summary: NWCCD was required to provide evidence that it has procedures in place to ensure future compliance with returning Title IV funds within the required timeframe.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. The institution affirms that it has implemented written procedures and trained staff on these written procedures to ensure future compliance with returning Title IV funds within the required timeframe (see Appendix C). NWCCD also notes that it has educated students receiving federal aid about the potential impacts of reducing credit hours, withdrawing from school, or for non-attendance.

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient.

An institution that does not return Title IV, HEA funds to the appropriate programs in the designated timeframe is in violation of 34 C.F.R § 668.22(j) and has improperly retained federal funds to which it was not entitled. NWCCD's improper retention of federal funds represents a financial loss to the federal programs for which the institution is liable.

The total amount of liabilities (interest) owed as a result of this finding are summarized below (see Appendix I for details of the liability assessment):

Late Federal Stafford Loan Returns:

Interest Owed to the Department	<u>\$4.00</u>
Total Owed:	\$4.00

Finding 4: Failure to Properly Complete Verification

Citation Summary: *According to 34 C.F.R. § 668.56, an applicant selected for verification is required to submit specific documentation that will verify or update the information used in determining the applicant's EFC. Moreover, 34 C.F.R. § 668.57 notes that adjusted gross income and untaxed income and benefits for the base year are among some of the required items that must be verified. A signed copy of the federal income tax return is acceptable documentation to verify adjusted gross income and can be used to verify some sources of untaxed income and benefits.*

Noncompliance Summary: *NWCCD failed to properly complete verification for student 1.*

Required Action Summary: *NWCCD was required to recalculate the student's EFC based on properly completing verification and supply demonstrating the recalculation of the student's EFC, as part of the response to the program review report. Further, if the resulting EFC changed the student's awards, then the institution is to be liable for funds associated with this finding.*

Additionally, verification procedures must be updated to strengthen your institution's compliance surrounding this finding. A copy of the updated procedures - to strengthen your institution's compliance surrounding this finding - was also required with NWCCD's response.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. The institution attests that it recalculated the student's EFC based on a properly completed verification. NWCCD stated that it also had implemented updated written verification procedures and trained staff on these written procedures to strengthen our compliance with verification requirements (*see Appendix C*).

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient.

NWCCD provided the requested documentation corroborating that it has accurately recalculated student 1's EFC. Corrections made to the "making work pay credit" from line 63 of the Federal Tax Return (IRS Form 1040), the untaxed retirement benefits (line 12a - 'D') from the student's W-2, and the number in household resulted in an increase in the student's EFC (from 2976 to 5848). As a result, the student was ineligible for the Federal Pell Grant disbursement of \$975.00 she received in the Spring, 2012 term.

NWCCD's inaccurate completion of verification resulted in a failure to properly determine student 1's eligibility for Title IV, HEA assistance and this improper use of Title IV, HEA funds created an increased expense to the Department. Funds disbursed to students whose eligibility is not properly determined represents an institutional liability.

The total amount of liabilities (principle and interest) owed as a result of this finding are summarized below (*see* Appendix J for details of the liability assessment):

Ineligible Disbursements (Non-Loan):

Principle Owed to the Department	\$975.00
Interest Owed to the Department	<u>\$6.33</u>
Total Owed:	\$981.33

Finding 5: Crime Awareness Requirements Not Met – Improper Disclosure of Crime Statistics and Required Campus Security Policies Omitted/Inadequate

Citation Summary: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the Clery Act) and the Department’s regulations require that all institutions that receive Title IV, HEA funds must, by October 1st of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a materially-complete Annual Security Report (ASR). To be materially-complete, an ASR must contain all of the statistical and policy disclosures described in 34 C.F.R. § 668.46(b).

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution’s website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report’s availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41(e)(4).

The Clery Act and the Department’s regulations require institutions to include statistics for the most serious incidents of crime that were reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hates crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs; illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1).

Several policy statements must be included in the ASR. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies regarding the issuance of timely warnings and emergency notifications. An institution's evacuation procedures and missing students' response protocol also must be disclosed. All required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. § 485(f) of the HEA; 34 C.F.R. § 668.46(b).

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool." This data must be submitted in the manner designated by the Secretary and in accordance with the timelines published in the Federal Register. 34 C.F.R. § 668.41(e)(5).

Noncompliance Summary: *Northern Wyoming Community College District violated multiple provisions of the Clery Act. Specifically, the College failed to prepare, publish, and distribute a comprehensive 2011 ASR that included all of the statistical and policy disclosures by October 1st, as required. At the time of the review, the following areas of noncompliance were identified:*

- *The ASR did not include statistics for the three most recent calendar years at several of its campuses and did not include any crime statistics which occurred on Public Property category for any of its campuses.*
- *Crime statistics submitted to the Department's Campus Crime and Security Website revealed the following discrepancies in ASR crime statistics reported in the years 2009 and 2010:*
 - *Annual Security Report: 0 (2009) and 0 (2010) for arrests on-campus for drug abuse violations;*
 - *Department's Web Site: 1 (2009) and 1 (2010) for arrests on campus for drug abuse violations;*
- *Finally, NWCCD's annual security report did not contain the following subsets surrounding a statement of policy regarding the institution's campus*

sexual assault programs to prevent sex offenses and procedures to follow when a sex offense occurs:

- *A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses;*
- *Notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses;*

Failure to publish an accurate and complete ASR in accordance with Federal regulations deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

Required Action Summary: *As a result of this finding, NWCCD must implement written procedures to ensure that crime statistics are verified prior to publishing its ASR, as well as prior to completing its submission to the Department's Web Site. NWCCD must also ensure that it has an adequate system of checks in place to identify any data entry errors prior to publishing its ASR. While the reviewers were on-site, NWCCD did update their Annual Security Report to reflect the correct statistics to 1 and 1, for 2009 and 2010, respectively, at the Gillette Campus for arrests on-campus for drug abuse violations.*

NWCCD must develop and implement policies and procedures that will govern the preparation, publication, and distribution of ASR and ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified about the availability of the ASR, its contents, and the means by which interested persons may obtain a copy. Using the policies as a guide, NWCCD must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.46(b). A copy of the revised policies, as well as their Annual Security Report must be provided with the institution's response to this program review report.

Once the new ASR is evaluated by the review team for accuracy and completeness, The College will be required to actively distribute the ASR to all current students and employees in accordance with 34 C.F.R. § 668.41(e). Finally, the institution will also be required to provide documentation to the Department evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that Northern Wyoming Community College District understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that this violation does not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act that by their nature cannot be cured. Northern Wyoming Community College District will be given an opportunity to bring its campus security operations into compliance with the Clery Act as required by its Program Participation Agreement (PPA). However, the College is advised that these remedial measures 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.

Northern Wyoming Community College District officials may wish to refer to the Department's "Handbook for Campus Safety and Security Reporting" (2011 Edition) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the Clery Act can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

The Department will evaluate Northern Wyoming Community College District's response and advise the institution accordingly in the Final Program Review Determination.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. The institution asserts that it implemented written procedures to ensure that crime statistics are verified prior to publishing its ASR and submitting statistics to the Department. These written policies and procedures include steps to identify and correct any data entry errors prior to publishing the ASR; outline the preparation, publication, and distribution of the ASR in accordance with federal regulations; and specifically articulates how prospective students and employees will be notified about the availability of the ASR. Further, NWCCD stated that it has prepared and published an accurate 2013 ASR, using The Handbook for Campus Safety and Security Reporting, published by Department of Education, as a guide.

Final Determination: The Department has determined that NWCC's 2012 ASR did not include statistics for the three most recent calendar years at several of its campuses and did not include any crime statistics which occurred on Public Property category for any of its campuses. Additionally, crime statistics submitted to the Department's Campus Crime and Security Website did not match those included in the 2012 ASR. Specifically, the 2012 ASR showed zero (2009) and zero (2010) for arrests on-campus for drug abuse violations; however, the Department's Web Site showed one (2009) and one (2010) for arrests on campus for drug abuse violations.

NWCCD's 2012 ASR did not contain a description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses; and notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses.

The review team examined the material submitted with the response and found that the revised 2013 ASR included three calendar years of crime statistics and contained the required statements of policy regarding the institution's campus sexual assault programs to prevent sex offenses and procedures to follow when a sex offense occurs. Additionally, NWCCD developed and implemented policies and procedures to govern the preparation,

publication, and distribution of the ASR and specified how prospective students and employees will be notified about the availability of the ASR.

NWCCD is required to provide documentation to the Department's Clery Act Compliance Division's clery@ed.gov electronic mailbox evidencing the distribution of the ASR as well as a statement of certification attesting to the fact that the ASR was distributed in accordance with the *Clery Act*, and must also affirm that NWCCD understands its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that this violation does not recur. The submission must reference its Program Review Control Number (PRCN) that appears on the cover letter to this report in the in the subject line of its e-mail message.

The review team's analysis of the response materials indicated that the new ASR content was at least minimally adequate. Based on that determination and NWCCD's representations that it has addressed these violations and their underlying causes, the Department accepts the institution's response and considers this program review finding to be closed.

Although the finding is now closed for the purposes of the program review, NWCCD is reminded that the exceptions identified above constitute serious violations of the Clery Act that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NWCCD was required to initiate all necessary remedial measures and in doing so, has begun to remediate the conditions that led to these violations. NWCCD has stated that it has brought its overall campus security program into compliance with the Clery Act as required by its Program Participation Agreement. Nevertheless, NWCCD is advised that such 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 actions as a result.

Finding 6: Failure to Publish and Distribute the Annual Fire Safety Report

Citation Summary: As of October 1, 2010, the Clery Act and the Department's regulations require that all institutions that receive Title IV, HEA funds and maintain an on-campus student housing facility must, by October 1 of each year, prepare, publish and distribute to its current students and employees through appropriate publications and mailings, an Annual Fire Safety Report (AFSR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. § 668.49(b). These institutions must disclose fire statistics for each on-campus student residential facility for the three most-recent calendar years. An institution's statistics must accurately and completely identify the number of on-campus fires and the cause of each fire, the number of persons who sustained fire-related injuries that resulted in treatment at a medical facility (including on-campus health centers), the number of fire-related deaths, and the dollar value of property damage caused by such fires. 34 C.F.R. § 668.49(c).

In addition, the AFSR must include several fire safety information disclosures covering topics such as the type(s) of fire safety systems that are used in each student housing facility, the number of fire drills that were conducted during the previous calendar year, any institutional policies, procedures, and programs regarding: 1) the use and/or possession of portable electrical appliances; 2) smoking and the use/presence of open flames in student housing facilities; 3) evacuation procedures to be followed in the case of a fire; 4) fire safety education and training programs; 5) the institutional official(s) and departments to whom students and employees should report the occurrence of fires so that those incidents can be included in the institution's annual fire statistics; and, 6) any plans for future improvements to the institution's fire safety program. 34 C.F.R. § 668.49(b).

The AFSR must each be published and distributed as materially-complete, comprehensive publication. If an institution chooses to combine the ASR and AFSR and publish them as a single document then the title of both reports must conspicuously appear on the cover page. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all current students and employees that includes a direct link to each report (exact electronic address), a description of its contents, as well as an advisement that a paper copy will be provided upon request. The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the AFSR's availability, the content of each report, and the exact electronic address of each report, if posted to an internet or intranet site. This notice must also advise interested parties how to obtain a paper copy of the AFSR.

Finally, an institution is required to submit its campus crime and fire statistics to the Secretary on an annual basis. 34 C.F.R. § 668.41(e)(1)-(6).

Noncompliance Summary: *Northern Wyoming Community College District failed to compile and distribute a Fire Safety Report which is required by the above regulation when the College provides or arranges for student housing. Although some very minimal fire safety information was located in the institution's ASR, Department officials found that NWCCD had, in fact, failed to publish an adequate AFSR as a comprehensive document. The Department's review indicates that compliance failure has persisted since the fire safety requirements were added to the Clery Act in 2010.*

As a result of this systemic failure, the Department finds that NWCCD has failed to ever meet the AFSR active distribution and notification requirements.

Failure to publish an accurate and complete AFSR and to actively distribute it to students and employees deprives interested persons of important fire safety information to which they are entitled. Access to this information permits campus community members,

especially those who live in campus housing, to make well-informed decisions about where to work and study and empowers them to play a more active role in their own safety and security.

Required Action Summary: *As a result of this violation, NWCCD must develop and implement policies and procedures that will govern the preparation, publication, and distribution of the AFSR and ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability.*

Using the policies as a guide, NWCCD must prepare and publish an accurate and complete AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required under 34 C.F.R. § 668.49(b). A copy of the institution's new and revised policies and procedures and its draft 2013 AFSR must accompany its response to this program review report. Once the AFSR is evaluated by the review team for accuracy and completeness, the institution will be required to actively distribute it to all current students and employees in accordance with 34 C.F.R. § 668.41(e).

Finally, NWCCD will be required to provide documentation to the Department evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that the institution understands all of its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act's fire safety requirements that by their nature cannot be cured. NWCCD will be given an opportunity to publish and distribute an accurate and complete AFSR and in so doing, finally begin to bring its overall fire safety program into compliance with the Clery Act as required by its PPA. While enhanced safety is the Department's primary focus, we note that such improvements will likely result in a better risk management environment for the institution as well. Nevertheless, NWCCD is advised that these remedial measures 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.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's findings. NWCCD stated that it has implemented written procedures to ensure that fire statistics are verified prior to publishing its AFSR and submitting statistics to the Department. These written policies and procedures include steps to identify and correct any data entry errors prior to publishing the AFSR; outline the preparation, publication, and distribution of the AFSR in accordance with federal regulations; and specifically articulates how prospective students and employees will be notified about the availability of the ASR.

NWCCD states that it has prepared and published an accurate 2013 AFSR, using The Handbook for Campus Safety and Security Reporting as a guide. NWCCD has opted to prepare, publish and distribute a combined ASR/AFSR.

Once the report is reviewed by the Department for accuracy and completeness, NWCCD notes that it will distribute the 2013 ASR/AFSR and provide documentation to the Department evidencing the distribution and certify that the report was distributed in accordance with the *Clery Act*. Finally, NWCCD affirms that it understands all of its *Clery Act* obligations and has taken the necessary corrective actions to ensure that these violations do not recur.

Final Determination: The Department has determined that NWCCD did not compile, publish and distribute an Annual Fire Safety Report (AFSR). Although some very minimal fire safety information was located in the institution's 2012 ASR, Department officials found that NWCCD had, in fact, failed to publish an adequate AFSR as a comprehensive document. The Department's review indicates that compliance failure has persisted since the fire safety requirements were added to the *Clery Act* in 2010. The review team examined the material submitted with the response and found that NWCCD prepared an accurate and complete 2013 AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information. In addition, the institution developed and implemented policies and procedures to govern the preparation, publication, and distribution of the ASFR and specified how prospective students and employees will be notified about the availability of the ASFR.

NWCCD must provide documentation to the Department's *Clery Act* Compliance Division's clery@ed.gov electronic mailbox evidencing the distribution of the ASFR as well as a statement of certification attesting to the fact that the ASR was distributed in accordance with the *Clery Act*, and must also affirm that NWCCD understands its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that this violation does not recur. The submission must reference its Program Review Control Number (PRCN) and the finding number in the subject line of its e-mail message.

The review team's analysis of the response materials indicated that the ASFR content was at least minimally adequate. Based on that determination and NWCCD's representations that it has addressed these violations and their underlying causes, the Department accepts the institution's response and considers this program review finding to be closed.

Although the finding is now closed for the purposes of this program review, NWCCD is reminded that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. NWCCD was required to initiate all necessary remedial measures and in doing so, has begun to remediate the conditions that led to these violations. NWCCD has stated that it has brought its overall campus security program into compliance with the

Clery Act as required by its Program Participation Agreement. Nevertheless, NWCCD is advised that such 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 actions as a result.

Finding 7: Drug and Alcohol Abuse Prevention Program Requirements Not Met

Citation Summary: *The Drug-Free Schools and Communities Act (DFSCA) and Part 86 of the Department's General Administrative 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, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll at a date after the initial distribution, and for employees who are hired at different times throughout the year. The information must include:

- 1) A written statement about the institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;*
- 2) A written description of legal sanctions imposed under Federal, state and local laws for 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 students and employees; and,*
- 5) A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.*

In addition, each IHE must conduct a biennial review in order to measure the effectiveness of its drug prevention program, and to ensure consistent treatment in the enforcement of its disciplinary sanctions. Each IHE must prepare a report of findings and maintain its biennial review report and supporting materials and make them available to the Department upon request. 34 C.F.R. §§ 86.3 and 86.100.

Noncompliance Summary: *Northern Wyoming Community College District violated multiple requirements of the DFSCA. Specifically, NWCCD did not provide adequate information on the health risks of drugs and alcohol nor on the legal penalties for drug or alcohol law violations by the Federal, State and local law enforcement agencies.*

Moreover, NWCCD failed to distribute its DAAPP disclosure to students and employees as required.

In addition, NWCCD failed to conduct a Biennial Review (BR) to: 1) evaluate the effectiveness of its DAAPP; 2) identify areas requiring improvement or modification; and, 3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. As a consequence of this condition, the institution also failed to produce a report of findings.

Failure to comply with the DFSCA's DAAPP requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the BR requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime at NWCCD.

Required Action Summary: *NWCCD is required to take all necessary corrective action to resolve these violations. At a minimum, NWCCD must develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations. While the reviewers were on-site, the institution did create a final draft of a written drug prevention program which is minimally acceptable.*

In addition, NWCCD must develop policies and procedures to ensure that all subsequent BRs are conducted in a timely manner and are fully documented. Moreover, NWCCD must take all other necessary action to ensure that these violations do not recur. These new policies also must address how NWCCD will ensure that the DAAPP disclosure will be distributed annually to every student who is currently enrolled for academic credit and to all employees.

NWCCD also must submit a copy of its new and revised policies and a final copy of its DAAPP with its response to this program review report. Once the materials are reviewed and approved by the Department, NWCCD will be required to distribute it in accordance with the Part 86 regulations and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA.

Furthermore, NWCCD must 1) conduct a biennial review to evaluate the effectiveness of its drug and alcohol programs, to identify necessary improvements, and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and 2) prepare a detailed report of its findings.

The BR report must describe the research methods and data analysis tools that will be used to assess the program's effectiveness and the consistency of its enforcement strategy. Additionally, the BR report must identify the responsible official(s) who conducted the BR.

Finally, the BR report must be approved by the institution's chief executive. The biennial review must be completed by February 28, 2014 and be submitted to the Department by March 1, 2014.

As noted above, violations of the DFSCA are serious and by their nature, cannot be cured. NWCCD will be given an opportunity to conduct a meaningful review of its DAAPP and to bring its drug and alcohol programs into compliance with the DFSCA for the first time as required by its Program Participation Agreement (PPA). However, the institution is advised that these remedial measures 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.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's findings and explained the steps it has taken to address the deficiencies. NWCCD stated that it has developed policies to ensure that biennial reviews of the DAAPP are conducted in a timely manner and are fully documented and distributed. Moreover, the institution stated that it has completed a comprehensive DAAPP Review Report.

Once the report is reviewed by the Department, NWCCD notes that it will distribute the DAAPP in accordance with the Department's regulations and provide documentation evidencing the distribution, and a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA.

Final Determination: The Department has determined that NWCCD violated multiple requirements of the DFSCA. Specifically, NWCCD did not provide adequate information on the health risks of drugs and alcohol nor on the legal penalties for drug or alcohol law violations by the Federal, State and local law enforcement agencies. Moreover, NWCCD failed to distribute its DAAPP disclosure to students and employees as required.

In addition, NWCCD failed to conduct a Biennial Review to: 1) evaluate the effectiveness of its DAAPP; 2) identify areas requiring improvement or modification; and, 3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. As a consequence of this condition, the institution also failed to produce a report of findings. As a result of these violations, NWCCD was required to develop and implement a comprehensive DAAPP, including adequate information on the health risks of drugs and alcohol and the legal penalties for drug or alcohol law violations by the Federal, State and local law enforcement agencies. Additionally, the institution was required to develop policy and procedures to ensure that the DAAPP will be distributed annually to every student who is currently enrolled for academic credit and to all employees. Finally, NWCCD was required to conduct a substantive biennial review of its drug and alcohol prevention procedures and produce a detailed report of findings. The review team examined materials submitted with the response and found them to be at least minimally adequate in several respects.

NWCCD must also submit documented proof of active distribution of its revised DAAPP and a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA (e-mail records will suffice) to the to the Department's Clery Act Compliance Division's clery@ed.gov electronic mailbox and the submission must reference its Program Review Control Number (PRCN) and the finding number in the subject line of its e-mail message.

Notwithstanding the Department's conditional acceptance of the response, NWCCD officials are reminded that they must initiate all necessary corrective actions to ensure that the deficiencies identified in this finding do not recur. Although the finding is now closed for the purposes of this program review, NWCCD is reminded that the exceptions identified above constitute serious violations of the *DFSCA* that by their nature cannot be cured. NWCCD was required to initiate corrective actions and has taken some steps to address the conditions that led to these violations. While this is an important step, NWCCD officials must understand that compliance with the *DFSCA* is essential to maintaining a safe and healthy learning environment.

Data compiled by the Department shows that the use of illicit drugs and alcohol abuse is highly correlated to increased incidents of violent crime on campus. NWCCD's failure to conduct comprehensive biennial reviews deprives the institution of important information about the effectiveness of any drug and alcohol programs that are in place. 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, the institution is reminded that corrective measures 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.

Finding 11: Title IV Funds Disbursed to Students Enrolled in an Ineligible Program

Citation Summary: Pursuant to 34 C.F.R. § 668.32(a)(1)(i), a student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program, as described in 34 C.F.R. § 668.8.

Noncompliance Summary: The institution self-reported - through a report generated by hired consultants, The Evans Consulting Group - that in the 2004-2005 to 2010-2011 award years, Title IV, HEA funding was disbursed to students who were enrolled in academic programs ineligible for said funding.

Required Action Summary: As a result of the breadth of the finding, a full file review of all students who received Federal Title IV funding while enrolled in ineligible programs during the 2004-2005 to 2010-2011 award years was required. However, in their report, The Evans Consulting Group attests that NWCCD identified the disbursement of Federal

Title IV aid to students enrolled in ineligible programs as they reviewed the enrollment of their student population. Consequently, this step had already been completed³.

In order for the Department to complete its review of this data, NWCCD was required to identify which program each student was enrolled in when she/he received a Federal Title IV aid disbursement.

The Department also requested any accrediting and state licensing agency documentation regarding approval of the Cyber Security and Industrial Electricity programs (please provide any documentation dating back to each program's initial accrediting and state licensing agency approval.

Finally, NWCCD was instructed to generate and apply written procedures to combat disbursing Title IV funding to students enrolled in ineligible programs to make certain this noncompliance is not repeated in the future and copy of this procedure must be included with the institution's response to the program review report.

NWCCD's Response: The response submitted on March 12, 2014 indicates that NWCCD concurred with the Department's finding. NWCCD stated that it had identified which program students were enrolled in when they received a Federal Title IV aid disbursement, as mandated in the program review report (*see Appendix D*). In addition, the institution provided state licensing agency documentation from the Wyoming Community College Commission regarding approval of the Cyber Security and Industrial Electricity programs. Finally, NWCCD stated that it has implemented written procedures and trained staff on these written procedures to combat disbursing Title IV funding to students enrolled in ineligible programs to make sure this noncompliance is not repeated in the future (*see Appendix C*).

Final Determination: The Department reviewed NWCCD's written procedure and concluded that it is sufficient.

Based on the file review data submitted by NWCCD, as well as information provided by The Evans Consulting Group, the Department determined that – over the course of the 2004-05 to 2010-11 award years – there were 94 students who received Federal Title IV disbursements when enrolled in programs ineligible for Title IV aid (*see Appendix D*⁴).

Two students in the file review population (students A29 and A88) were enrolled in the Music Technology program, which ineligible for Title IV funding on NWCCD's Eligibility and Certification Approval Report (ECAR); hence, these students were ineligible for Title IV aid while enrolled in this program.

³ As described in correspondence from The Evans Consulting Group in Appendix E.

⁴ Students in Appendix D are identified by the letter "A." Identifying numbers for the students listed were assigned based on the number in the corresponding spreadsheet row (beginning with A4).

One student (A47) was enrolled in the Biotechnology program, which was ineligible for Title IV funding on NWCCD's ECAR; thus, this student was ineligible for Title IV aid while enrolled in this program.

Finally, one student (A92) was not enrolled in an eligible degree or certificate program; as a result, she was ineligible for Title IV aid.

The remaining 90 students were enrolled in the Medical Transcription program. As concluded by the Evans Consulting Group (*see* Appendix F)⁵

The medical transcription program is offered by [NWCCD] as a pass through using third-party software. There is no teaching faculty associated with the program and the coursework is offered entirely online and is self-paced. Students who enroll in [this] program have one year to complete the modules and can pay additional fees to extend the time if desired. The medical transcription program is offered wholly on a correspondence basis.

As stated in 34 C.F.R. § 600.2 during award years 2004-05 through 2009-10, a correspondence course is:

A 'home study' course provided by an institution under which the institution provides instructional materials, including examinations on the materials, to students who are not physically attending classes at the institution. When the students complete a portion of the instructional materials, the students take the examinations that relate to that portion of the materials, and return the examinations to the institution for grading.

Beginning with award year 2010-11, 34 C.F.R. § 600.2 defined a correspondence course as:

A course provided by an institution under which the institution provides instructional materials, by mail or electronic transmission, including examinations on the materials, to students who are separated from the instructor. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. Correspondence courses are typically self-paced.

As the Evans Consulting Group concluded, the Medical Transcription Program is a correspondence course under the above definitions. Further, pursuant to 34 C.F.R. § 668.38(a), if a student is enrolled in correspondence courses, the student is eligible to

⁵ The other nine students (of the 103 in the total file review population) were determined to be eligible for all disbursements of Title IV aid.

receive Title IV, HEA program assistance only if the correspondence courses are part of a program that leads to an associate, bachelor's, or graduate degree.

Although NWCCD self-reported on its ECAR that all courses within the Medical Transcription program lead to an associates, bachelor's, or graduate degree, this representation was in error, as acknowledged by NWCCD and The Evans Consulting Group during this program review. Consequently, students enrolled in the Medical Transcription program were ineligible to receive Federal Title IV aid.

The institution also submitted documentation regarding approval of its Cyber Security and Industrial Electricity programs, as requested. Because no students enrolled in these programs appeared on the data provided from The Evans Counseling Group nor the full file review spreadsheet provided by NWCCD, this information was not utilized in this FPRD.⁶

The total amount of Federal Family Education Loans (FFEL) disbursed to students who were enrolled in programs ineligible to receive Federal Title IV funding during the 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, and 2010-2011 award years is \$213,861.87. However, in lieu of requiring the institution to assume the risk of default by purchasing the ineligible loans from the holder, the Department has asserted a liability not for the loan amounts, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amounts. The estimated actual loss⁷ to the Department that has resulted or will result from those ineligible loans is based on NWCCD's official cohort default rate for each award year (for instance, for the 2004-05 award year, the 2006 cohort default rate was utilized). As a result, the estimated actual loss that NWCCD must pay to the Department for the ineligible loans is **\$3,404.10**⁸. A copy of the results of that calculation is included as Appendices M and N.

The total amount of liabilities owed from disbursements of Federal Pell Grant and FSEOG funds to students enrolled in ineligible programs are summarized below (*see* Appendix K for details of the liability assessment):

Ineligible Disbursements (Non-Loan- Unmade Returns):

Principle Owed to the Department	\$197,947.98
Interest Owed to the Department	<u>\$22,638.34</u>
Total Owed:	\$220,586.32

⁶ Thus, this information is not included in the FPRD appendices, but is available upon request.

⁷ For more information on the formula used to calculate the estimated actual loss, please see Appendix L.

⁸ The 2007-2008 and 2010-2011 award years had no estimated loss liabilities as a result of the estimated actual loss calculation, as described in appendices M and N.

D. Summary of Liabilities

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

Liabilities ⁹	Pell Principal	Pell Interest	FSEOG Principal	FSEOG Interest	FFEL Interest	EALF ¹⁰ DL	EALF FFEL	TOTALS
Finding 1	\$4,477.99	\$36.07	--	--	--	--	--	\$4,514.06
Finding 2	--	--	--	--	\$4.00	\$442.75	--	\$442.75
Finding 3	--	--	--	--	\$4.00	--	--	\$4.00
Finding 4	\$975.00	\$6.33	--	--	--	--	--	\$981.33
Finding 11	\$194,675.99	\$22,059.30	\$3,271.99	\$579.04	--	--	\$3,404.10	\$223,990.42
TOTAL	\$200,128.98	22,101.70	\$3,271.99	\$579.04	\$4.00	\$442.75	\$3,404.10	\$229,932.56
TOTAL (with rounding)	\$200,129.00	22,102.00	\$3,272.00	\$579.00	\$4.00	\$443.00	\$3,404.00	\$229,933.00

⁹ Interest charges in the liability determinations are calculated using the applicable Current Value Funds Rate (CVFR) published in the Federal Register by the U.S. Department of the Treasury (for instance, the CVFR from January, 1, 2004 through December 31, 2005 was 1.00%, while the CVFR from January, 1, 2006 through June 30, 2006 was 2.00%). For each CVFR utilized in the liability determinations, please see Appendices H, I, J, and K.
¹⁰ Estimated Actual Loss Formula. For further information on this calculation, see Appendix L.

E. Payment Instructions

NWCCD owes to the Department **\$229,933.00**. Instructions for repaying \$228,124.00 using FED-WIRE are described in Section I: Payments to the Department using FED-WIRE below. Instructions for repaying the remaining \$1,809.00 by adjusting NWCCD's FISAP are described in Section II: FSEOG Liabilities Requiring FISAP Corrections.

Section I: Payments to the Department using FED-WIRE:

This liability of \$228,124.00 must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FED-WIRE. NWCCD must make this transfer within **45 days of the date of this letter**. This repayment through FED-WIRE is made via the Federal Reserve Bank in New York. If NWCCD 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 FED-WIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FED-WIRE. 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 findings (below), remit payment, and upon receipt of payment the Department will apply the funds to the appropriate G5 award.

Instructions for completing the electronic fund transfer message format are included on the attached FED-WIRE form (see Section F).

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. NWCCD is also responsible for repaying any interest that accrues. If NWCCD has any questions regarding interest accruals or payment credits, please contact the Department's Accounts Receivable Group at the address below or at (202) 245-8080 and ask to speak to NWCCD's account representative.

If full payment cannot be made within **45 days** of the date of this letter, contact the Department's Accounts Receivable Group at the address below to apply for a payment plan. Interest charges and other conditions apply.

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, NWCCD 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 NWCCD from the Federal Government. **NWCCD may object to the collection by offset only by challenging the existence or amount of the debt.** To challenge the debt, NWCCD 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.

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

Amount: \$228,124.00¹¹
TIN: 836000221
DUNS: 086711256
PCRN: 2013 1082 8099

¹¹ \$1,809.00 in FSEOG funds is to be returned via the FISAP adjustment process (see "Section II: FSEOG Liabilities Requiring FISAP Corrections" below). Consequently, this amount had been omitted from the total liability of \$229,933.00, resulting in \$228,124.00 to be paid utilizing FED-WIRE.

Section IA: Federal Pell Grant Liabilities for Closed Award Year Payment Instructions

Findings: 1, 4, 11

Appendices: H, J, and K.

NWCCD must repay:

Federal Pell Grant – Closed Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$9,461.00	\$1,177.29	Federal Pell Grant	2008-2009
\$40,584.86	\$2,953.64	Federal Pell Grant	2009-2010
\$36,653.77	\$875.79	Federal Pell Grant	2010-2011
\$3,750.00	\$33.85	Federal Pell Grant	2011-2012
\$1,703.00	\$8.55	Federal Pell Grant	2012-2013
Total Principal	Total Interest		
\$92,152.63	\$5,049.12		
Total Principal (rounded)	Total Interest (rounded)		
\$92,153.00	\$5,049.00		

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

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

A copy of the adjustment to each student’s COD record must be sent to Mark Kreutzer **within 45 days of the date of this letter.**

Section 1B: Federal Pell Grant Liabilities for Cancelled Award Year Payment Instructions

Finding: 11
 Appendix: K

NWCCD must repay:

Federal Pell Grant – Cancelled Award Year			
Amount (Principal)	Amount (Interest)	Title IV Grant	Award Year
\$19,994.50	\$1,728.84	Federal Pell Grant	2004-2005
\$44,938.50	\$4,877.65	Federal Pell Grant	2005-2006
\$28,763.36	\$7,082.54	Federal Pell Grant	2006-2007
\$14,280.00	\$3,363.55	Federal Pell Grant	2007-2008
Total Principal	Total Interest		
\$107,976.36	\$17,052.58		
Total Principal (rounded)	Total Interest (rounded)		
\$107,976.00	\$17,053.00		

The liabilities above are for award years 5 years or older and student adjustments in the Common Origination and Disbursement (COD) system are no longer possible. Instead, the funds (principal and interest) will be returned to the general program fund for the applicable Title IV program.

Section IC: FFEL and DL EAL Liabilities Payment Instructions:

Estimated Actual Loss (EAL)¹²:

The total amount of FFEL and DL that NWCCD improperly disbursed during the 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, and 2011-2012 award years for findings 2 and 11 is \$216,548.87. The total estimated actual loss that NWCCD must pay to the Department for the ineligible loans is **\$3,847.00** (rounded). Copies of the results of those calculations are included in Appendices M and N.

¹² A description of the EAL formula methodology may be found in Appendix L.

Federal Family Education Loan (FFEL) Estimated Actual Loss Liabilities:

Finding: 11
 Appendices: M, N

FFEL – Estimated Actual Loss	
Amount	Award Year
\$1,038.47	2004-2005
\$1,886.43	2005-2006
\$104.80	2006-2007
\$185.70	2008-2009
\$188.70	2009-2010
Total	
\$3,404.10	
Total (rounded)	
\$3,404.00	

NWCCD must pay the amount above in FFEL estimated actual loss liabilities for the award years reflected above. The liabilities will be applied to the general loan fund.

Direct Loan (DL) Estimated Actual Loss Liabilities:

Finding: 2
 Appendix: N

DL – Estimated Actual Loss	
Amount	Award Year
\$442.75	2011-2012
Total	
\$442.75	
Total (rounded)	
\$443.00	

NWCCD must pay the amount reflected above in DL estimated loss liabilities for the award year reflected above. The liabilities will be applied to the general Direct Loan fund.

Section ID: DL Liabilities – Closed Award Year Payment Instructions

Finding: 3
 Appendix: I

NWCCD must repay the following Direct Loan liabilities:

DL Closed Award Year	
Amount (Interest)	Award Year
\$4.00	2011-2012
Total Interest	
\$4.00	

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

Section IE. FSEOG Liabilities Payment Instructions:

Finding: 11
 Appendix: K

NWCCD must repay \$2,042.03 (\$2,042.00 rounded) in Federal Supplemental Education Opportunity Grant (FSEOG) funds.

Principle	Interest	Award Year
\$712.50	\$57.68	2004-2005
\$750.49	\$81.35	2005-2006
See Section II	\$262.39	2006-2007
See Section II	\$177.62	2007-2008

Section II: FSEOG Liabilities Requiring FISAP Corrections:

Finding: 11

Appendix: K

NWCCD must return \$1,809.00 in FSEOG funds utilizing the FISAP correction process.

Depending on the results of the FISAP correction process NWCCD will be required to return some or all of the \$1,809.00 via G5 in accordance with the third bullet point of the instructions below:

NWCCD must make corrections to its FISAP for award years 2006-2007 and 2007-2008 as follows:

- Log into eCB and make changes to the Working Copy, click on Submit and choose "Change Request". Provide the justification for the changes in the comments box, including that the changes are a result of a program review and include the Program Review Control Number (2013 1082 8099).
- Once the request is approved, submit the changes within five days. Prior to submitting the change, **NWCCD should contact eCB Call Center at (877) 801-7168 to confirm that the FISAP changes are correct** (changes to the FISAP may result in changes to subsequent FISAPS. The eCB Call Center will assistance in making this determination as well).
- If the recalculation of the school's funding results in an unprocessed deobligation (negative balance) because the school has drawn down its full authorization, **return those funds via G5 in accordance with the automated notification from eCB**. If the school has not drawn down its full authorization, the authorization will be reduced.

NWCCD must submit proof of the FISAP corrections and payment via G5 for any unprocessed deobligation to Mark Kreutzer **within 45 days of the date of this letter.**

F. FED-WIRE Form and Instructions

DEPARTMENT OF EDUCATION FED-WIRE EFT MESSAGE FORMAT & INSTRUCTIONS		
ABA Number 021030004	Type/Sub-Type	
Sender No.:	Sender Ref. No.	Amount <div style="text-align: right; font-size: 1.2em;">①</div>
Sender Name (Automatically inserted by the Federal Reserve Bank)		
Treasury Department Name/CTR/ TREAS NYC / CTR /		
BNF=ED / AC - 91020001 OBI=		
Name / City / State: <div style="text-align: center; font-size: 1.2em;">②</div>		
DUNS / TIN: <div style="text-align: center; font-size: 1.2em;">③</div>		
FOR: <div style="text-align: center; font-size: 1.2em;">④</div>		
INSTRUCTIONS		
A. Complete circled items 1-4 above as follows:		
<div style="margin-left: 20px;"> ① Indicate amount including cents digits. </div>		
<div style="margin-left: 20px;"> ② Indicate Name, City, and State. </div>		
<div style="margin-left: 20px;"> ③ Indicate DUNS Number and Taxpayer Identification Number (TIN). </div>		
<div style="margin-left: 20px;"> ④ Enter the reason for the remittance: Bill Number / Document Number / Other. </div>		
B. Provide the sending bank with a copy of the completed form. This form contains other information the bank will need to transmit the FEDWIRE message.		

G. Appendices

Appendices B, D, H, I, J, and K contain personally identifiable information and will be emailed to NWCCD as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendices A, C, E, F, G, L, M, and N are attached to this report.

Appendix A: Program Review Report (PRR), January 29, 2014

Note: Appendices A and B were removed from the program review report. For a list of students in the program review sample see Appendix B in this final program review determination.

Northern Wyoming Community College District
OPE ID: 00393000
PRCN: 2013 1082 8099

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Prepared for

Northern Wyoming Community
College District

Federal Student Aid
in OFFICE of the U.S. DEPARTMENT of EDUCATION

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OPE ID 00393000
PRCN 2013 1082 8099

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division- Chicago/Denver

Program Review Report

January 29, 2014

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A. Institutional Information

Northern Wyoming Community College District
3059 Coffeen Avenue
Sheridan, WY 82801

Type: Public

Highest Level of Offering: Associate's Degree

Accrediting Agency: North Central Association of Colleges and Schools – The Higher Learning Commission

Current Student Enrollment: 3,723 (Spring 2013)

% of Students Receiving Title IV: 25.1% (Spring 2013)

Title IV Participation, per U.S. Department of Education database:

	<u>2011-2012 Award Year</u>
Federal Pell Grant Program	\$2,912,739
William D. Ford Federal Direct Loan Program (Direct Loan)	\$2,662,131
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	\$28,316
Federal Work-Study Program	\$75,813

Default Rate FFEL/DL: 2010 – 8.6%
 2009 – 8.6%
 2008 – 11.0%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Northern Wyoming Community College District (NWCCD) from October 22, 2012 to October 26, 2012. The review was conducted by Mark Diestler and Jeremy Early.

The focus of the review was to determine NWCCD'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 NWCCD'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 2011-2012 and 2012-2013 (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, 103 files were selected based on self-reported data provided in a report generated by consultants (The Evans Consulting Group) hired by the institution. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. Appendix B lists the names and social security numbers of the students whose files were examined based on self-reported data from the institution.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning NWCCD'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 NWCCD 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, 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 NWCCD to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Title IV Funds Disbursed to Ineligible Students

Citation: *34 C.F.R. § 668.32(f)* explains that a student is eligible to receive Title IV funds if that student maintains satisfactory academic progress (SAP) in his or her course of study according to the institution's published standards of satisfactory academic progress that meet the requirements of *34 C.F.R. § 668.34*.

34 C.F.R. § 668.32(g)(1) mandates that in order for a student to be eligible to receive Title IV funds the student cannot be in default, and certifies that he or she is not in default, on a loan made under any Title IV, HEA loan program.

Noncompliance: There were two different instances in which the institution awarded Title IV funds to ineligible students:

1 - NWCCD disbursed Title IV funds to a student who was on SAP suspension. Specifically, student 28 received \$2,775 in Federal Pell Grant funds for the Fall, 2012 term for which she/he was ineligible. The student was on SAP suspension following the Fall, 2007 term as the quantitative standard of the institution's SAP standards were not being met. The student completed 3 out of 12 credits for the Spring, 2007 term, which would have put her/him on probation. The following term, Fall, 2007, the student completed 0 out of 12 credits, which would have put her/him on financial aid suspension. The student did not return to the institution until the Fall, 2012 term, at that point, the student should have entered the school on financial aid suspension, as she/he never appealed the status. However, the student was awarded Title IV aid as though they she/he was eligible without an appeal on record.

2 – NWCCD disbursed Title IV funds to a student who was in default on a Title IV loan. Specifically, student 12 received \$2,775 in Federal Pell Grant funds for the Spring, 2012 term for which she/he was ineligible. The student had a number of loans from a previous institution which were being reported as “defaulted, unresolved” on the National Student Loan Data System (NSLDS®).

Required Action: While it appears these were isolated incidents, the institution must implement written procedures to ensure these types of deficiencies to do not occur in the future. A copy of the written procedures must be supplied with the institution's response to this program review report.

The institution will be liable for funds associated with this finding. Instructions for the payment of liabilities attributable to this finding will be provided in the Department's Final Program Review Determination letter.

Finding 2: Federal Direct Loan Overaward – Financial Need Exceeded

Citation: *34 C.F.R. § 685.203(j)* states: "In no case may a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan amount exceed the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less:

- (1) The student's estimated financial assistance for that period; and
- (2) In the case of a Direct Subsidized Loan, the borrower's expected family contribution (EFC) for that period."

Noncompliance: NWCCD exceeded financial need for student 14 by awarding her/him a subsidized loan from the William D. Ford Federal Direct Loan (Direct Loan) Program in the amount of \$2,687 for the 2011-2012 award year. The institution used a cost of attendance (COA) budget for an "on-campus student" instead of using the proper "with parents" COA. The Institutional Student Information Record (ISIR) indicated the student would be living with parents and there was no documentation in the student's file to indicate otherwise. The proper COA was \$10,586 minus the student's estimated family contribution (EFC) of \$7,899 which equals available need of \$2,687. The student received scholarships in the amount of \$3,283 for the 2011-2012 award year, which would leave no available need to be packaged in the way of a Subsidized Direct Loan.

Required Action: NWCCD will either be liable for the overaward associated with this finding or – upon written confirmation from the student – the institution may reclassify this Subsidized Direct Loan of \$2,687 as an Unsubsidized Direct Loan. NWCCD must provide the written confirmation from the student for the reclassification or if unable to obtain such confirmation, instructions for the payment of liabilities attributable to this finding will be provided in the Department's Final Program Review Determination Letter.

NWCCD must also include with its response a discussion about the steps it has taken to strengthen its processes as a result of the deficiency noted in this finding.

Finding 3: Return of Title IV Funds Paid Late

Citation: *34 C.F.R. § 668.22(j)* requires an institution to return the amount of unearned Title IV funds for which it is responsible as specified under paragraph (g) of this section, as soon as possible but no later than 45 days after the date of the

institution's determination that the student withdrew as defined in paragraph (1)(3) of this section.

34 C.F.R. § 668.22(j)(2) states that: "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 the:

- i. Payment period or period of enrollment, as appropriate, in accordance with paragraph (e)(5) of this section;
- ii. Academic year in which the student withdrew; or
- iii. Educational program from which the student withdrew."

Noncompliance: NWCCD had one late Return of Title IV funds (R2T4). Specifically, the last day of the payment period for the Spring 2012 term was 5/11/2012. Per the regulation cited above, the institution has 30 days to determine that a student withdrew without providing notification to the institution that she/he withdrew. That would have given the school until 6/10/2012 to determine that student 13 had withdrawn as she/he did not pass any courses for the Spring, 2012 term. Following those 30 days, the school would have no more than an additional 45 days to make the actual return. According to the ledger for student 13, Direct Loan funds were returned on 6/18/12, prior to the requirement of 7/25/2012. However, those funds did not post to the Department's systems until 8/29/2012, which was after the required timeframe for a timely return.

Required Action: As part of its response to this program review report NWCCD must provide evidence that it has procedures in place to ensure future compliance with returning Title IV funds within the required timeframe. NWCCD is also liable for the interest owed as a result of its failure to return the Title IV funds within the regulatory timeframe. Instructions for the payment of liabilities attributable to this finding will be provided in the Department's Final Program Review Determination letter.

Finding 4: Failure to Properly Complete Verification

Citation: According to 34 C.F.R. § 668.56, an applicant selected for verification is required to submit specific documentation that will verify or update the information used in determining the applicant's EFC. Moreover, 34 C.F.R. § 668.57 notes that adjusted gross income and untaxed income and benefits for the base year are among some of the required items that must be verified. A signed copy of the federal income tax return is acceptable documentation to verify adjusted gross income and can be used to verify some sources of untaxed income and benefits.

Noncompliance: The institution failed to properly complete verification for student 1. Specifically, the "making work pay credit" from line 63 of the Federal Tax Return (IRS

Form 1040) and the untaxed retirement benefits (line 12a – ‘D’) from the student’s W-2 were not reported on the student’s ISIR.

Required Action: NWCCD must recalculate the student’s EFC based on properly completing verification. Documentation must be supplied as part of your response to this program review report demonstrating the recalculation of the student’s EFC. If the resulting EFC changes the student’s awards, then the institution will be liable for funds associated with this finding. Instructions for the payment of liabilities attributable to this finding will be provided in the Department’s Final Program Review Determination letter.

Additionally, verification procedures must be updated to strengthen your institution’s compliance surrounding this finding. A copy of the updated procedures must be supplied with NWCCD’s response to this program review report.

Finding 5: Crime Awareness Requirements Not Met – Improper Disclosure of Crime Statistics and Required Campus Security Policies Omitted/Inadequate

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the *Clery Act*) and the Department’s regulations require that all institutions that receive Title IV, HEA funds must, by October 1st of each year, publish and distribute to its current students and employees through appropriate publications and mailing, a materially-complete Annual Security Report (ASR). To be materially-complete, an ASR must contain all of the statistical and policy disclosures described in 34 C.F.R. § 668.46(b).

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include regular U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution’s website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report’s availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41(e)(4).

The *Clery Act* and the Department’s regulations require institutions to include statistics for the most serious incidents of crime that were reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics for certain hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs; illegal usage of controlled substances, liquor, and weapons also must

be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities; 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. *34 C.F.R. § 668.46(c)(1)*.

Several policy statements must be included in the ASR. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies regarding the issuance of timely warnings and emergency notifications. An institution's evacuation procedures and missing students' response protocol also must be disclosed. All required statistics and policies must be included in a single comprehensive document, known as an ASR. With the exception of certain drug and alcohol program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. *§ 485(f) of the HEA; 34 C.F.R. § 668.46(b)*.

Finally, each institution must also submit its crime statistics to the Department for inclusion in the Office of Postsecondary Education's "Campus Safety and Security Data Analysis Cutting Tool." This data must be submitted in the manner designated by the Secretary and in accordance with the timelines published in the Federal Register. *34 C.F.R. § 668.41(e)(5)*.

Noncompliance: Northern Wyoming Community College District violated multiple provisions of the *Clery Act*. Specifically, the College failed to prepare, publish, and distribute a comprehensive 2011 ASR that included all of the statistical and policy disclosures by October 1st, as required. At the time of the review, the following areas of noncompliance were identified:

- The ASR did not include statistics for the three most recent calendar years at several of its campuses and did not include any crime statistics which occurred on Public Property category for any of its campuses.
- Crime statistics submitted to the Department's Campus Crime and Security Website revealed the following discrepancies in ASR crime statistics reported in the years 2009 and 2010:
 - Annual Security Report: 0 (2009) and 0 (2010) for arrests on-campus for drug abuse violations;

- Department's Web Site: 1 (2009) and 1 (2010) for arrests on campus for drug abuse violations;
- Finally, NWCCD's annual security report did not contain the following subsets surrounding a statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses and procedures to follow when a sex offense occurs:
 - A description of educational programs to promote the awareness of rape, acquaintance rape, and other forcible and non-forcible sex offenses;
 - Notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses;

Failure to publish an accurate and complete ASR in accordance with Federal regulations deprives the campus community of important security information that can empower its members to be informed and play an active role in their own safety and security.

Required Action: As a result of this finding, NWCCD must implement written procedures to ensure that crime statistics are verified prior to publishing its ASR, as well as prior to completing its submission to the Department's Web Site. NWCCD must also ensure that it has an adequate system of checks in place to identify any data entry errors prior to publishing its ASR. While the reviewers were on-site, NWCCD did update their Annual Security Report to reflect the correct statistics to 1 and 1, for 2009 and 2010, respectively, at the Gillette Campus for arrests on-campus for drug abuse violations.

NWCCD must develop and implement policies and procedures that will govern the preparation, publication, and distribution of ASR and ensure that all facets of the process are carried out in a manner that meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified about the availability of the ASR, its contents, and the means by which interested persons may obtain a copy. Using the policies as a guide, NWCCD must prepare and publish an accurate and complete ASR that includes all of the statistical disclosures and policy, procedure and programmatic information required under *34 C.F.R. § 668.46(b)*. A copy of the revised policies, as well as their Annual Security Report must be provided with the institution's response to this program review report.

Once the new ASR is evaluated by the review team for accuracy and completeness, The College will be required to actively distribute the ASR to all current students and employees in accordance with *34 C.F.R. § 668.41(e)*. Finally, the institution will also be required to provide documentation to the Department evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the *Clery Act*. This certification must also affirm that Northern Wyoming Community College District understands its *Clery Act* obligations

and that it has taken all necessary corrective actions to ensure that this violation does not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. Northern Wyoming Community College District will be given an opportunity to bring its campus security operations into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). However, the College is advised that these remedial measures 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.

Northern Wyoming Community College District officials may wish to refer to the Department's "Handbook for Campus Safety and Security Reporting" (2011 Edition) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

The Department will evaluate Northern Wyoming Community College District's response and advise the institution accordingly in the Final Program Review Determination.

Finding 6: Failure to Publish and Distribute the Annual Fire Safety Report

Citation: As of October 1, 2010, the *Clery Act* and the Department's regulations require that all institutions that receive Title IV, HEA funds and maintain an on-campus student housing facility must, by October 1 of each year, prepare, publish and distribute to its current students and employees through appropriate publications and mailings, an Annual Fire Safety Report (AFSR) that contains, at a minimum, all of the statistical and policy elements described in 34 C.F.R. § 668.49(b). These institutions must disclose fire statistics for each on-campus student residential facility for the three most-recent calendar years. An institution's statistics must accurately and completely identify the number of on-campus fires and the cause of each fire, the number of persons who sustained fire-related injuries that resulted in treatment at a medical facility (including on-campus health centers), the number of fire-related deaths, and the dollar value of property damage caused by such fires. 34 C.F.R. § 668.49(c).

In addition, the AFSR must include several fire safety information disclosures covering topics such as the type(s) of fire safety systems that are used in each student housing facility, the number of fire drills that were conducted during the previous calendar year, any institutional policies, procedures, and programs regarding: 1) the use and/or possession of portable electrical appliances; 2) smoking and the use/presence of open flames in student housing facilities; 3) evacuation procedures to be followed in the case of a fire; 4) fire safety education and training programs; 5) the institutional official(s)

and departments to whom students and employees should report the occurrence of fires so that those incidents can be included in the institution's annual fire statistics; and, 6) any plans for future improvements to the institution's fire safety program. *34 C.F.R. § 668.49(b)*.

The AFSR must each be published and distributed as materially-complete, comprehensive publication. If an institution chooses to combine the ASR and AFSR and publish them as a single document then the title of both reports must conspicuously appear of the cover page. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all current students and employees that includes a direct link to each report (exact electronic address), a description of its contents, as well as an advisement that a paper copy will be provided upon request. The Department's regulations also require participating institutions to provide a notice to all prospective students and employees that includes a statement about the AFSR's availability, the content of each report, and the exact electronic address of each report, if posted to an internet or intranet site. This notice must also advise interested parties how to obtain a paper copy of the AFSR.

Finally, an institution is required to submit its campus crime and fire statistics to the Secretary on an annual basis. *34 C.F.R. § 668.41(e)(1)-(6)*.

Noncompliance: Northern Wyoming Community College District failed to compile and distribute a Fire Safety Report which is required by the above regulation when the College provides or arranges for student housing. Although some very minimal fire safety information was located in the institution's ASR, Department officials found that NWCCD had, in fact, failed to publish an adequate AFSR as a comprehensive document. The Department's review indicates that compliance failure has persisted since the fire safety requirements were added to the Clery Act in 2010.

As a result of this systemic failure, the Department finds that NWCCD has failed to ever meet the AFSR active distribution and notification requirements.

Failure to publish an accurate and complete AFSR and to actively distribute it to students and employees deprives interested persons of important fire safety information to which they are entitled. Access to this information permits campus community members, especially those who live in campus housing, to make well-informed decisions about where to work and study and empowers them to play a more active role in their own safety and security.

Required Action: As a result of this violation, NWCCD must develop and implement policies and procedures that will govern the preparation, publication, and distribution of the AFSR and ensure that all facets of the process are carried out in a manner that

meets Federal regulations. The procedures must also specifically articulate how prospective students and employees will be notified of the report's availability.

Using the policies as a guide, NWCCD must prepare and publish an accurate and complete AFSR that includes all of the statistical disclosures and policy, procedure and programmatic information required under *34 C.F.R. § 668.49(b)*. A copy of the institution's new and revised policies and procedures and its draft 2013 AFSR must accompany its response to this program review report. Once the AFSR is evaluated by the review team for accuracy and completeness, the institution will be required to actively distribute it to all current students and employees in accordance with *34 C.F.R. § 668.41(e)*.

Finally, NWCCD will be required to provide documentation to the Department evidencing the distribution as well as a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. This certification must also affirm that the institution understands all of its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the Clery Act's fire safety requirements that by their nature cannot be cured. NWCCD will be given an opportunity to publish and distribute an accurate and complete AFSR and in so doing, finally begin to bring its overall fire safety program into compliance with the Clery Act as required by its PPA. While enhanced safety is the Department's primary focus, we note that such improvements will likely result in a better risk management environment for the institution as well. Nevertheless, NWCCD is advised that these remedial measures 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.

Based on an evaluation of all available information, the Department will determine if additional actions will be required and will advise NWCCD accordingly in its FPRD.

Finding 7: Drug and Alcohol Abuse Prevention Program Requirements Not Met

Citation: The Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative 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, the IHE must distribute written information about its drug and alcohol abuse prevention program (DAAPP) to all students, faculty, and staff. The distribution plan must make provisions for providing the material to students who enroll at a date after the initial distribution, and for employees who are hired at different times throughout the year. The information must include:

- 6) A written statement about the institution's standards of conduct that prohibits the unlawful possession, use or distribution of illicit drugs and alcohol by students and employees;
- 7) A written description of legal sanctions imposed under Federal, state and local laws for unlawful possession or distribution of illicit drugs and alcohol;
- 8) A description of the health risks associated with the use of illicit drugs and the abuse of alcohol;
- 9) A description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to students and employees; and,
- 10) A statement that the IHE will impose disciplinary sanctions on students and employees for violations of the institution's codes of conduct and a description of such sanctions.

In addition, each IHE must conduct a biennial review in order to measure the effectiveness of its drug prevention program, and to ensure consistent treatment in the enforcement of its disciplinary sanctions. Each IHE must prepare a report of findings and maintain its biennial review report and supporting materials and make them available to the Department upon request. *34 C.F.R. §§ 86.3 and 86.100.*

Noncompliance: Northern Wyoming Community College District violated multiple requirements of the DFSCA. Specifically, NWCCD did not provide adequate information on the health risks of drugs and alcohol nor on the legal penalties for drug or alcohol law violations by the Federal, State and local law enforcement agencies. Moreover, NWCCD failed to distribute its DAAPP disclosure to students and employees as required.

In addition, NWCCD failed to conduct a Biennial Review (BR) to: 1) evaluate the effectiveness of its DAAPP; 2) identify areas requiring improvement or modification; and, 3) assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct. As a consequence of this condition, the institution also failed to produce a report of findings.

Failure to comply with the DFSCA's DAAPP requirements deprives students and employees of important information regarding the educational, disciplinary, health, and legal consequences of illegal drug use and alcohol abuse. Failure to comply with the BR requirements also deprives the institution of important information about the effectiveness of its own drug and alcohol programs. Such failures may contribute to

increased drug and alcohol abuse as well as an increase in drug and alcohol-related violent crime at NWCCD.

Required Action: NWCCD is required to take all necessary corrective action to resolve these violations. At a minimum, NWCCD must develop and implement a comprehensive DAAPP that includes all of the required elements found in the DFSCA and the Department's Part 86 regulations. While the reviewers were on-site, the institution did create a final draft of a written drug prevention program which is minimally acceptable.

In addition, NWCCD must develop policies and procedures to ensure that all subsequent BRs are conducted in a timely manner and are fully documented. Moreover, NWCCD must take all other necessary action to ensure that these violations do not recur. These new policies also must address how NWCCD will ensure that the DAAPP disclosure will be distributed annually to every student who is currently enrolled for academic credit and to all employees.

NWCCD also must submit a copy of its new and revised policies and a final copy of its DAAPP with its response to this program review report. Once the materials are reviewed and approved by the Department, NWCCD will be required to distribute it in accordance with the Part 86 regulations and provide documentation evidencing the distribution as well as a statement of certification attesting to the fact that the materials were distributed in accordance with the DFSCA.

Furthermore, NWCCD must 1) conduct a biennial review to evaluate the effectiveness of its drug and alcohol programs, to identify necessary improvements, and to assess the consistency of sanctions imposed for violations of its disciplinary standards and codes of conduct and 2) prepare a detailed report of its findings.

The BR report must describe the research methods and data analysis tools that will be used to assess the program's effectiveness and the consistency of its enforcement strategy. Additionally, the BR report must identify the responsible official(s) who conducted the BR. Finally, the BR report must be approved by the institution's chief executive. The biennial review must be completed by February 28, 2014 and be submitted to the Department by March 1, 2014.

As noted above, violations of the DFSCA are serious and by their nature, cannot be cured. NWCCD will be given an opportunity to conduct a meaningful review of its DAAPP and to bring its drug and alcohol programs into compliance with the DFSCA for the first time as required by its Program Participation Agreement (PPA). However, the institution is advised that these remedial measures 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.

Based on an evaluation of all available information, including NWCCD's response, the Department will determine if additional action will be required and will advise the institution accordingly in the FPRD.

Finding 8: Consumer Information Requirements Not Met

Citation: HEA Sec. 485 (a)(1)(V) states that each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available upon request, through appropriate publications, mailings, and electronic media, to an enrolled student and to any prospective student. Each eligible institution shall, on an annual basis, provide to all enrolled students a list of the information that is required to be provided by institutions to students by this section and section 444 of the General Education Provisions Act (commonly known as the 'Family Educational Rights and Privacy Act of 1974'), together with a statement of the procedures required to obtain such information. The information required by this section shall accurately describe institutional policies regarding vaccinations.

34 C.F.R. § 668.41(d) states an institution must make available to any enrolled student or prospective student through appropriate publications, mailings, or electronic media, information concerning –

- (5) The placement of, and types of employment obtained by, graduates of the institution's degree or certificate programs.

Noncompliance: NWCCD did not make available to any enrolled student or prospective student through appropriate publications, mailings, or electronic media, the placement of, and types of employment obtained by, graduates of the institution's degree or certificate programs.

Required Action: NWCCD must revise all of its consumer information documents (including its catalog) to include the missing elements identified above. Copies of the revised documents and catalog must be submitted with the institution's response to this program review report. Furthermore, the school must immediately disseminate the above listed consumer information to all enrolled and prospective students. As evidence of this action, NWCCD must provide a written statement attesting to its compliance in disseminating this information; this statement must also include the date the information was disseminated and a description of how it was disseminated.

Finding 9: Inadequate Record Keeping/Inaccurate Accounting Records

Citation: *34 C.F.R. § 668.24(b)* states that: "An institution shall account for the receipt and expenditure of Title IV funds in accordance with generally accepted accounting principles and establish and maintain on a current basis:

1. Financial records that reflect each Title IV program transaction and;
2. General ledger control accounts and related subsidiary accounts (i.e. student account ledgers) that identify each Title IV program transaction and separate those transactions from all other institutional financial activity."

34 C.F.R. § 668.14(b)(4) states that: "An institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under the Title IV programs."

34 C.F.R. § 668.16(c)(1) further states that: "An institution is considered to have administrative capability if it administers Title IV programs with adequate checks and balances in its system of internal controls."

Noncompliance: Individual student account ledgers for students 16, 17, 19, 21, 23, 24, 25, and 26 were inaccurate. It appears this was isolated to the 2012-2013 award year and more specifically, one date. 8 out of the 15 students from the reviewer's original sample for 2012-2013 had inaccurate account ledgers resulting in an error rate of 53%. Specifically, the institution was back dating Title IV transactions on student account ledgers. After speaking with the school, this was a data entry error. Those transactions should have been posted on 9/17/2012, but the ledger indicated a date of 8/22/2012. Originally, it appeared as those these were student credit balances that had been paid late, as they paid to students on 9/26/2012, which was greater than 14 days after 8/22/2012. However, the reviewers confirmed this was a data entry error and the funds should have been posted to ledgers with a date of 9/17/2012, not 8/22/2012. The credit balances were paid to students on 9/26/2012, which was within the regulatory timeframe of 14 days.

Required Action: NWCCD must enact written procedures that will ensure that all Title IV funds are properly accounted for with adequate checks and balances, including accurate student account ledgers. A copy of the record keeping procedures must be provided with the institution's response to this program review report.

Finding 10: Exit Counseling Not Performed

Citation: As asserted in *34 C.F.R. § 685.304(b)*, the institution must conduct an exit interview with each loan recipient shortly before the student ceases enrollment on at

least a half-time basis, in order to emphasize the obligation and consequences of default.

Moreover, *34 C.F.R. § 685.304(b)(3)* instructs that general information such as repayment options, consolidation, and debt management strategies must be provided to the borrower at this time. If the borrower withdraws/graduates without the institution's prior knowledge and did not attend an exit interview, the institution must mail written counseling materials to the borrower within 30 days after learning that the borrower has withdrawn/graduated. An institution must maintain documentation substantiating its compliance with these loan counseling requirements.

Noncompliance: There was no documentation on file to substantiate that the institution provided exit counseling to students 3, 13, and 15.

Required Action: Exit counseling materials must be sent to the students via certified mail (return receipt requested). Documentation to substantiate the mailing must be submitted with the institution's response to this program review report (copy of the letter, exit counseling forms, and return receipt).

Additionally, the institution must develop and implement written procedures to ensure that exit counseling requirements are adhered to. A copy of the procedures must be provided with the institution's response to this program review report.

Finding 11: Title IV Funds Disbursed to Students in Ineligible Programs

Citation: Pursuant to *34 C.F.R. § 668.32(a)(1)(i)*, a student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled, or accepted for enrollment, in an eligible program, as described in *34 C.F.R. § 668.8*.

Noncompliance: The institution self-reported - through a report generated by hired consultants, The Evans Consulting Group (see Appendix B) - that in the 2004-2005 to 2010-2011 award years, Title IV, HEA funding was disbursed to students who were enrolled in academic programs ineligible for said funding.

Required Action:

As a result of the breadth of this finding, a full file review of all students who received Federal Title IV funding while enrolled in ineligible programs during the 2004-2005 to 2010-2011 award years is required. However, in their report, The Evans Consulting Group attests that NWCCD identified the disbursement of Federal Title IV aid to students enrolled in ineligible programs as they reviewed the enrollment of their student population (See Appendix C). Consequently, this step has already been completed.

In order for the Department to complete its review of this data, NWCCD must identify which program each student was enrolled in when she/he received a Federal Title IV aid disbursement for all students listed in Appendix B (if the student received Title IV funding in more than one award year, NWCCD must identify what program she/he was enrolled in during each specific award year).

Further, the Department requests any accrediting and state licensing agency documentation regarding approval of the Cyber Security and Industrial Electricity programs (please provide any documentation dating back to each program's initial accrediting and state licensing agency approval, if possible).

Finally, NWCCD must generate and apply written procedures to combat disbursing Title IV funding to students enrolled in ineligible programs to make certain this noncompliance is not repeated in the future. A copy of this procedure must be included with the institution's response to the program review report.

The institution will be liable for funds associated with this finding. Instructions for the payment of liabilities attributable to this finding will be provided in the Department's Final Program Review Determination letter.

D. Appendices

Appendices A (Student Sample) and B (Self-reported List of Students in Ineligible Programs) contains personally identifiable information and will be emailed to NWCCD as encrypted WinZip files using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip files will be sent in a separate email.

Appendix B: Program Review Student Sample

Appendix B contains personally identifiable information and will be emailed to NWCCD as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix G: Methodology for determining "Return Paid Date" in Cost of Funds calculations

Program Review Report (PRR) composition was scheduled to begin on November 1, 2012.

Number of days Program Review Report was to be sent to NWCCD (per standard procedures) is 75 days.

75 days after November 1, 2012 is January 15, 2013

Number of days from date NWCCD received Program Review Report (February 11, 2014) and date in which NWCCD responded to PRR (March 12, 2014) equals 29 days.

29 days after January 15, 2013 is February 13, 2013.

As a result, February 13, 2013 was used as the "Return Paid Date" in Cost of Funds calculations for Findings 1, 4, and 11.

Appendix H: Finding 1: Cost of Funds Calculation Worksheet

Appendix H contains personally identifiable information and will be emailed to NWCCD as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix I: Finding 3: Cost of Funds Calculation Worksheet

Appendix I contains personally identifiable information and will be emailed to NWCCD as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix J: Finding 4: Cost of Funds Calculation Worksheet

Appendix J contains personally identifiable information and will be emailed to NWCCD as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix K: Finding 11: Cost of Funds Calculation Worksheet

Appendix K contains personally identifiable information and will be emailed to NWCCD as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file will be sent in a separate email.

Appendix L: Estimated Actual Loss Formula (EALF) Description

The Estimated Actual Loss Formula (EALF) is used for only certain types of findings on ineligible loan liabilities. The EALF estimates (1) the principal amount that has or will default; and (2) the interest and special allowance on the entire ineligible loan amount.

The EALF uses an institution's applicable cohort default rate (CDR) to estimate the amount of defaults from the ineligible principal amount. This is usually the institution's latest published CDR. Draft CDRs are not used unless there is no prior CDR.

Example: Ineligible Principal Loan Amount \$100,000
 Cohort Default Rate 10.0%
 Estimated Default Amount Due \$10,000

The EALF calculates interest and special allowance (SA), where applicable, on the entire amount of ineligible loan principal. The number of days used to calculate interest and special allowance is based on average historical data for various time periods for different types of schools.

Period	School Type	One-Year	Two-Year	Four-Year	Rate Types
Disbursement to Repayment		584	774	969	Interest & SA
Repayment to Default		418	498	619	SA
Repayment to Paid In Full		1659	1580	1712	SA

The EALF uses the actual interest rates in effect when the ineligible loans were disbursed and an annualized average of the quarterly special allowance rates in effect. The EALF divides the number of days in each time period so that changes in interest and special allowance rates are considered. The EALF also assumes that the ineligible loans were made in two disbursements after a 30-day delay.

Example for the Disbursement to Repayment Period for a Two-Year Institution (2004-05)

Variable Rate Ineligible Loans: \$40,000 subsidized and \$60,000 unsubsidized
 Interest Rates: 04-05 (2.77), 05-06 (4.70), 06-07 (6.54)
 SA Rates: 04-05 (1.45), 05-06 (1.55), 06-07 (0.53)

Subsidized Loan Amount (Interest and Special Allowance)

$$\begin{aligned}
 & \$40,000/2 \times (451 \times (.0422/365)) \\
 & + \$40,000/2 \times (730 \times (.0625/365)) \\
 & + \$40,000/2 \times (367 \times (.0707/365)) = \$4,964.61
 \end{aligned}$$

Unsubsidized Loan Amount (Special Allowance Only)

$$\begin{aligned}
 & \$60,000/2 \times (451 \times (.0145/365)) \\
 & + \$60,000/2 \times (730 \times (.0155/365)) \\
 & + \$60,000/2 \times (367 \times (.0053/365)) = \$1,627.36
 \end{aligned}$$

NOTE: The number of days of 774 for this time period is doubled to 1548 (451+730+367) because the principal amount is divided by two.

Similar calculations are made for the other two periods. The total liability is the sum of the default amount with the interest and special allowance calculations for all three periods.

Enter Institution Name Northern Wyoming Community College District

Select Institution Type Public 2 Yrs or Less

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	FFEL Subsidized	2004-2005	\$ 8,993.94	7.10%	11.55%	\$ 1,038.47
2	FFEL Unsubsidized	2004-2005	\$ 8,109.62	7.10%	-4.47%	\$ -
3			\$ 17,103.56			\$ 1,038.47
4	FFEL Subsidized	2005-2006	\$ 18,531.61	10.10%	10.18%	\$ 1,886.43
5	FFEL Unsubsidized	2005-2006	\$ 23,546.35	10.10%	-9.89%	\$ -
6			\$ 42,077.96			\$ 1,886.43
7	FFEL Subsidized	2006-2007	\$ 22,429.00	11.00%	0.47%	\$ 104.80
8	FFEL Unsubsidized	2006-2007	\$ 19,989.00	11.00%	-24.53%	\$ -
9			\$ 42,418.00			\$ 104.80
10	FFEL Subsidized	2007-2008	\$ 14,000.00	8.60%	-0.18%	\$ -
11	FFEL Unsubsidized	2007-2008	\$ 20,016.22	8.60%	-17.49%	\$ -
12	FFEL PLUS	2007-2008	\$ 2,763.00	8.60%	-21.52%	\$ -
			\$ 36,779.22			\$ -
Original Ineligible Loan Liability			\$ 138,378.74	Total Estimated Loss		\$ 3,029.70

To calculate estimated loss for a given ineligible loan amount, that amount is multiplied by the total subsidy rates calculated for the ineligible loans. Consolidation Loans will be obtained in the future to prepay some of the ineligible loans; the amount of Consolidation Loans divided by the ineligible Stafford/PLUS loans equals the "Consolidation prepayment rate" (H) for those loans.
 The Department's Budget Office calculates, on an annual basis, the rate per dollar of loan of default subsidies (DSRs) and all other subsidies (OSRs) (D & F) for Stafford and PLUS Loans, by cohort year, program, loan type, and risk group (note that 2008-2010 FFEL loan costs are calculated only by cohort year).

	A	B	C	D	E	F	G	H	I	J
	School CDR	Sector CDR*	Ratio **	DSR ***	Adjusted DSR	OSR ***	Avg Cons Year	Cons Prepay %	Cons DSR ***	Cons OS ***
1	7.10%	13.37%	0.53	0.76%	0.40%	14.83%	2008	28.4%	2.64%	15.60%
2	7.10%	13.37%	0.53	0.72%	0.38%	2.30%	2008	33.8%	2.65%	-23.83%
3										
4	10.10%	13.37%	0.76	0.87%	0.66%	10.41%	2010	17.1%	2.28%	7.49%
5	10.10%	13.37%	0.76	0.86%	0.65%	8.33%	2010	20.5%	2.37%	-13.11%
6										
7	11.00%	13.37%	0.82	0.36%	0.30%	2.23%	2012	23.9%	3.44%	12.06%
8	11.00%	13.37%	0.82	0.34%	0.28%	20.37%	2012	34.3%	3.75%	-16.71%
9										
10	8.60%	13.37%	0.64	0.32%	0.20%	1.59%	2013	22.2%	2.65%	2.79%
11	8.60%	13.37%	0.64	0.28%	0.18%	16.77%	2014	32.8%	2.99%	-5.74%
12	8.60%	13.37%	0.64	0.29%	0.19%	15.50%	2013	19.1%	2.01%	-34.49%

Federal Student Aid (FSA) calculates the cohort default rates (CDRs) of the institution (A), and the average CDR for the sector for that institution (B). FSA applies the CDR comparison ratio (C), $[A/B = C]$ against the Budget Office's cohort loan DSR (D) to determine the default subsidy rate for the institution (E). The Budget Office estimates the default subsidy rate and other subsidy rate for the Consolidation Loans that will prepay some of these Stafford and PLUS Loans (I & J).
 The total subsidy rate for the ineligible Stafford and PLUS Loans is $((E+F) + ((I+J) \times H))$.
 The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.

Enter Institution Name Northern Wyoming Community College District

Select Institution Type Public 2 Yrs or Less

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	FFEL Subsidized	2008-2009	\$ 17,395.00	8.60%	1.07%	\$ 185.70
2	FFEL Unsubsidized	2008-2009	\$ 12,295.00	8.60%	-10.09%	\$ -
3			\$ 29,690.00			\$ 185.70
4	FFEL Subsidized	2009-2010	\$ 20,724.39	14.50%	0.91%	\$ 188.70
5	FFEL Unsubsidized	2009-2010	\$ 18,797.74	14.50%	-6.87%	\$ -
6			\$ 39,522.13			\$ 188.70
7	FFEL Subsidized	2010-2011	\$ 1,696.00	14.50%	-39.31%	\$ -
8	FFEL Unsubsidized	2010-2011	\$ 4,575.00	14.50%	-39.31%	\$ -
9			\$ 6,271.00			\$ -
10	DL Subsidized	2011-2012	\$ 2,687.00	14.50%	16.48%	\$ 442.75
11						
12			\$ 2,687.00			\$ 442.75
Original Ineligible Loan Liability			\$ 78,170.13	Total Estimated Loss		\$ 817.15

To calculate estimated loss for a given ineligible loan amount, that amount is multiplied by the total subsidy rates calculated for the ineligible loans. Consolidation Loans will be obtained in the future to prepay some of the ineligible loans; the amount of Consolidation Loans divided by the ineligible Stafford/PLUS loans equals the "Consolidation prepayment rate" (H) for those loans. The Department's Budget Office calculates, on an annual basis, the rate per dollar of loan of default subsidies (DSRs) and all other subsidies (OSRs) (D & F) for Stafford and PLUS Loans, by cohort year, program, loan type, and risk group (note that 2008-2010 FFEL loan costs are calculated only by cohort year).

	A	B	C	D	E	F	G	H	I	J
	School CDR	Sector CDR*	Ratio **	DSR ***	Adjusted DSR	OSR ***	Avg Cons Year	Cons Prepay %	Cons DSR ***	Cons OS ***
1	8.60%	13.37%	0.64	0.07%	0.04%	-0.41%	2014	21.2%	2.41%	4.36%
2	8.60%	13.37%	0.64	0.07%	0.04%	-8.00%	2015	31.3%	3.12%	-9.93%
3										
4	14.50%	13.37%	1.08	0.02%	0.02%	0.16%	2015	19.4%	2.48%	1.29%
5	14.50%	13.37%	1.08	0.00%	0.00%	-4.83%	2015	28.7%	2.83%	-9.93%
6										
7	14.50%	13.37%	1.08	1.30%	1.40%	-35.16%	2014	18.2%	1.90%	-32.38%
8	14.50%	13.37%	1.08	1.30%	1.40%	-35.16%	2014	18.2%	1.90%	-32.38%
9										
10	14.50%	13.37%	1.08	0.59%	0.64%	12.64%	2020	21.1%	2.63%	12.53%
11										
12										

Federal Student Aid (FSA) calculates the cohort default rates (CDRs) of the institution (A), and the average CDR for the sector for that institution (B). FSA applies the CDR comparison ratio (C), $[A/B = C]$ against the Budget Office's cohort loan DSR (D) to determine the default subsidy rate for the institution (E). The Budget Office estimates the default subsidy rate and other subsidy rate for the Consolidation Loans that will prepay some of these Stafford and PLUS Loans (I & J).
 The total subsidy rate for the ineligible Stafford and PLUS Loans is $((E+F) + ((I+J) \times H))$.
 The total subsidy cost for these loans is the ineligible loan amount multiplied by the total subsidy rate.