



JUL 31 2014

Mr. Thomas F. Schutte
President
Pratt Institute
200 Willoughby Avenue
Brooklyn, NY 11205

Certified Mail Return Receipt Requested
7006 0810 0004 0470 5091

RE: **Final Program Review Determination**
OPE ID: 00279800
PRCN: 201310228126

Dear Mr. Schutte:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on 7/31/2013 covering Pratt Institute's (Pratt's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010/2011 through 2012/2013 award years. Pratt's final response was received on 4/22/2014. A copy of the program review report (and related attachments) and Pratt's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Pratt upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to: (1) identify liabilities resulting from the findings of this program review report, (2) provide instructions for payment of liabilities to the Department, and (3) notify the institution of its right to appeal.

The total liabilities due from the institution from this program review are **\$874,910.55**

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

Protection of Personally Identifiable Information (PII):

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

Appeal Procedures:

This constitutes the Department's FPRD with respect to the liabilities identified from the 7/31/2013 program review report. If Pratt 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 Pratt receives this FPRD. An original and four copies of the information Pratt 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

Pratt'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 Pratt's appeal will be those provided in 34 C.F.R. Part 668, Subpart H. **Interest on the appealed liabilities shall continue to accrue at the applicable value of funds rate, as established by the United States Department of Treasury, or if the liabilities are for refunds, at the interest rate set forth in the loan promissory note(s).**

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Lydia Gonzalez at (646) 428-3743. 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)

Betty Coughlin *D*
Division Director

Enclosure:
Protection of Personally Identifiable Information
Program Review Report (and appendices)
Final Program Review Determination Report (and appendices)

cc: Mr. Nedi Goga, Financial Aid Administrator
New York State Department of Education
Middle States Higher Education

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

PRATT INSTITUTE

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

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the AMERICAN MIND™

OPE ID 00279800
PRCN 201310228126

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – New York/Boston

Final Program Review Determination

JUL 31 2014

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A. Institutional Information

Pratt Institute
200 Willoughby Avenue
Brooklyn, NY 11205

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Middle States Higher Education

Current Student Enrollment: 4,735 (2012/2013)

% of Students Receiving Title IV: 74.13% (2012/2013)

Source: School Records

Title IV Participation:	Award Year
Title IV Program	2011-2012
Pell Grant	\$ 3,710,979
Federal Direct Loan Program Stafford Subsidized (FDLP)	14,654,765
Federal Direct Loan Program Stafford Unsubsidized (FDLP)	13,738,132
Federal Direct Loan PLUS Federal Direct Loan Program	17,204,209
Grad Professional PLUS	16,758,078
Federal Perkins Loans	1,127,200
Federal Supplemental Educational opportunity Grant (FSEOG)	360,697
Federal Work Study (FWS)	708,620
Total	\$68,262,680

Default Rate FFEL/DL: 2011 5.2%
 2010 5.7%
 2009 6.0%

Default Rate Perkins: 2012 12.8%
 2011 13.1%
 2010 12.8%

Source: U.S. Department of Education

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Pratt Institute (Pratt) from December 5, 2012 to December 14, 2012. The review was conducted by Lydia Gonzalez and Tonya Sydney.

The focus of the review was to determine Pratt'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 Pratt'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 45 files was identified for review from the 2010/2011, 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, the sample was expanded to include 7 files to test Return of Title IV funds, 3 files to test Perkins Loans, 3 files to test the Federal Work Study, 3 files to test verification, and 2 files to test graduate students. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review. A program review report was issued on **July 31, 2013**.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Pratt'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 Pratt 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

Findings 7, 8, 9, 10, 11, 12, and 13

Pratt has taken the corrective actions necessary to resolve findings 7, 8, 9, 10, 11, 12, and 13 of the program review report. Therefore, these findings may be considered closed. The institution's written responses related to these findings are included in Appendix C. Findings requiring further action by Pratt are discussed below.

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 1. Lack of Administrative Capability

Noncompliance:

By entering into a program participation agreement with the Department, the institution, and its officers, accepted the responsibility to act as fiduciaries in the administration of the Title IV, HEA programs. As fiduciaries, the institution and officers are subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accordance to the Secretary for the funds received. 34 C.F.R. § 668.82(a) and (b). In order to meet its responsibilities to the Department, an institution must be capable of adequately administering the Title IV, HEA programs. In this regard, an institution must comply with all Title IV statutory and regulatory requirements. 34 C.F.R. § 668.16(a).

The Department found that Pratt lacks the administrative capability to properly administer the Title IV programs. The institution's impaired administrative capability may cause the institution to disburse Title IV funds to ineligible students, which creates a financial burden for the U.S. Department of Education. The following serious findings, which are included in the program review report, demonstrate that the institution has a lack of administrative capability:

- Finding 2. Failure to Report an Employee's Engagement of Fraud within a Timely Manner to the Office of the Inspector General of the U.S. Department of Education for Investigation
- Finding 3. System Internal Control Weaknesses
- Finding 4. Inadequate Determination of Student Enrollment- Adjustments Required
- Finding 5. Incorrect Return of Title IV (R2T4) Calculations
- Finding 6. Verification Violations
- Finding 8. Federal Direct Loan Exit Counseling Deficiencies
- Finding 11. Failure to Evaluate Students' Eligibility for Student-Academic Competitiveness Grant (ACG)

Directives From Program Review Report:

In response to this finding, Pratt was required to prepare a training plan for its staff, including senior school officials, to ensure it develops adequate internal controls to properly administer the Title IV, HEA programs, and meets its responsibility to the

Department. Pratt was also required submit details of that plan to this office with the response to this report.

Final Determination:

In its response to this finding, Pratt stated that it acknowledges the operational challenges that lead to the findings contained in the program review report. It stated that it hired a Financial Aid Director in September 2012, who has mandated strict standards of compliance and thoroughness of review for the Financial Aid Office and that Pratt's policies and procedures has been updated to fully address all Title IV requirements.

With respect to the Financial Aid Office, the institution stated that school officials have carefully reviewed its leadership, operations, and staffing and have made numerous changes to improve its administrative capability, and as requested, submitted copies of the details of the plan, including updated policies and procedures manual.

Although Pratt submitted an acceptable detailed plan to ensure adequate internal controls to properly administer the Title IV programs, the institution's impaired administrative capability caused the institution to disburse Title IV funds to ineligible students.

Finding 2. Failure to Report an Employee Engaging in Fraud within a Timely Manner to the Office of the Inspector General of the U.S. Department of Education for Investigation

Noncompliance:

The Secretary considers an institution to have administrative capability if the institution refers to the Office of Inspector General of the Department of Education for investigation any credible information indicating that any employee, third party servicer, or other agent of the institution that acts in a capacity that involves the administration of the Title IV, HEA programs, or the receipt of funds under those programs, may have engaged in fraud, misrepresentation, conversion or breach of fiduciary responsibility, or other illegal conduct involving the Title IV, HEA Programs. The type of information that an institution must refer is that which is relevant to the eligibility and funding of the institution and its students through the Title IV, HEA programs. 34 C.F.R. § 668.16(g)(2).

Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Title IV funds only after determining that a student is eligible for the disbursement. See 34 C.F.R § 668.32. In this regard, a Direct Subsidized Loan borrower must demonstrate financial need in accordance with specific statutory requirements. See 34 C.F.R. § 685.103; 20 U.S.C. § 1087kk-1087vv.

Whenever an institution disburses Title IV, HEA Program funds by crediting a student's account and the total amount of all Title IV funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. § 668.164(e).

On July 10, 2012, a member of Proskauer Rose LLP, representing Pratt Institute submitted a letter of Self-Disclosure to the Office of the Inspector General (OIG) reporting that officials of Pratt had recently learned that approximately \$285,000 in financial aid funds were misappropriated, and that approximately \$15,325.85 of the stolen funds arguably could be classified as Title IV funds. He stated that a financial aid office employee, Sharon McMillan, confessed to Pratt's internal security officials that she had negotiated approximately 140 fraudulent checks over a period spanning more than six years. Furthermore, he stated that following her confession, Ms. McMillan was arrested, and was charged by the Kings County District Attorney with grand larceny, criminal possession of stolen property and scheming to defraud, and that Pratt is cooperating actively with the prosecution of the criminal case against Ms. McMillan.

Based on documentation provided by Pratt, the security incident report was prepared on 3/22/2012 by Pratt's officials. Pratt failed to report the incident to the office of OIG until months after Ms. McMillan's confession. Since the criminal case is being handled by the state, OIG referred the case to this office to determine whether or not Pratt's investigation, as it pertains to the Title IV programs was sufficient.

While conducting employee interviews during the program review visit, when questioned about the investigation, school officials informed the reviewers that once the incident was reported to Security, the Information Technology (IT) department was charged with running queries using Ms. McMillan's home address to determine the number of student credit balance checks that had been stolen. When asked if that was the only method used to make the determination, officials responded by saying yes.

Based on this information, program reviewers asked the comptroller's office to provide copies of cancelled student refund checks for the years 2010, 2011, and 2012. A brief review of some of the cancelled checks provided for calendar year 2010 indicated that the investigation conducted by Pratt's IT department was not sufficient. **Check #0299340, dated 1/15/2010** payable to Student 64¹ in the amount of \$600.00 did not contain Ms. McMillan's address. As a matter of fact, the check endorsed and deposited by Ms.

¹ This student was not part of the initial sample. Information regarding this student was provided to this office subsequent to the program review visit.

McMillan to bank account number did not contain any address. In addition, on 3/28/12 an interview was conducted by Pratt Security Officials with this particular student. The statement obtained from Student 64 by Pratt included information that eight checks had been stolen with his name. This particular check **0299340** did not appear on the student's statement. This brings into question how Ms. McMillan obtained this particular check, and whether or not there were any other employees potentially involved.

In addition, in her letter of confession Ms. McMillan stated that she awarded more funds to the students' account after the students' balance had cleared, and students would have had received their regular credit balance checks. This brings into question whether or not those additional awards, such as Pratt Grants, resulted in an over award of the students' "need- based aid" which could then have created an over award of Pell grant, campus based funds, and FFEL or Direct Stafford Subsidized loan.

Directives From Program Review Report:

In response to this finding, Pratt was required to conduct a thorough investigation in order to identify all the credit balance checks stolen by Ms. McMillan for the period in question. Pratt was required to identify all credit balance refund checks issued without an address, and review the endorsement signature. Once all stolen credit balance checks had been identified, Pratt was required to perform a full file review to identify every Title IV recipient student who was affected by this action from January 5, 2006 through March 22, 2012, who received Title IV funds and did not demonstrate full financial need. Pratt was also required to provide evidence that students' stolen Title IV credit balance funds have been paid to the students, or returned to the corresponding Title IV, HEA program if the institution was unable to locate the students. Pratt was required to inform this office of the procedures it had implemented to ensure no reoccurrence of this finding. In addition, the Department requested assurance that there were no other employees involved in scheming to defraud.

Subsequent to the issuance of the program review report, at the request of Pratt's Financial Aid Director, the Department agreed to limit the file review request to award years 2009/10 through 2011/2012 instead of award years 2005/2006 through 2011/2012.

Final Determination:

In its response, Pratt stated that it takes its responsibility to maintain administrative capability and reporting requirements to the Department under 34 C.F.R. § 668.16(g)(2) seriously. It stated that it accepts the finding and regrets the incidents of fraud perpetrated by a former member of the FAO staff. As part of the required action for this finding, Pratt submitted Exhibit 2-A (see Appendix C) of the investigation completed by the institution. It further stated that the investigation confirmed the understanding of the extent of fraud and involvement of the former staff member, and that the review also

ensured that the fraudulent action did not negatively affect the student's eligibility for Title IV.

A summary of Pratt's fraud investigation indicates that Pratt engaged Ferrilli Group and Cohn Reznick LLP to reassess the procedures originally performed during the initial investigation. The purpose was to validate the accuracy of the information and determine whether any other party participated in the fraudulent act. The results of the procedures performed concurred with the information initially reported to the Department. No additional checks were identified and no evidence was discovered that other employees or staff participated in this illegal act. Pratt provided a summary of the file review process and affirmed that none of the stolen checks were a result of Federal credit balances as defined in 34 C.F.R. §668.164(e), as reported initially. The institution also found during the review that no over award situation has taken place and the incident did not negatively affect student ability to demonstrate full financial need for all Title IV funds received. In its response, Pratt submitted its corrective action plan that works in conjunction with the administrative capability plan that is in place, and its policy and procedures for reporting fraud.

The Department accepts Pratt's responses which include taking responsibility for not reporting an act of fraud within a timely manner to the Department, and an acceptable corrective action plan for to this finding. However, Pratt's responses do not diminish the seriousness of the institution's failure to notify OIG in a timely manner upon discovering fraudulent activity that could potentially have involved Federal funds, nor do they eliminate the possibility that the Department could initiate an adverse action as a result. For these reasons, the finding of noncompliance is sustained.

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 Pratt's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on 07/31/2013 is attached as Appendix B.

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

Finding 3. System Internal Control Weaknesses

Noncompliance:

The Secretary considers an institution to have administrative capability if it administers the Title IV, HEA programs with all statutory provisions which includes the financial aid delivery system used by the institution, written procedures for indicating the responsibility of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance, and administer Title IV, HEA programs with adequate checks and balances in its system of internal controls. 34 C.F.R. § 668.16. As part of its responsibilities, an institution must ensure that it uses an adequate number of qualified personnel and that the authorization for, and disbursement of, Title IV funds are performed by separate offices and/or employees. See 34 C.F.R. §§ 668.16(b)(2), (c)(2).

Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Title IV funds only after determining that a student is eligible for the disbursement. See 34 C.F.R. § 668.32. In this regard, a Direct Subsidized Loan borrower must demonstrate financial need in accordance with specific statutory requirements. See 34 C.F.R. § 685.103; 20 U.S.C. § 1087kk-1087vv. Further, an institution must establish that a student began attendance for any given payment period where funds were disbursed. See 34 C.F.R. §§ 668.21(a), 668.164(b)(3).

During the program review visit, reviewers noted significant deficiencies that could adversely affect Pratt's ability to administer the Title IV, HEA programs with appropriate checks and balance. Employees' interviews disclosed that multiple departments within the institution share system access that would allow making changes within the system such as changing student's address by a financial aid officer. Changing student address in the system is a function that should only be allowed by the Registrar's office. This deficiency contributed to the fraudulent activity discussed in Finding 2. The requirement for separation of duty is also applicable to the institution's computer systems used for awarding and delivering Title IV funds.

In addition, the computer system (DATATEL Colleague) being used does not have the proper controls programmed to detect students receiving financial aid without starting the courses registered for, changes in enrollment status, and over awards.

Pratt is an institution that has opted to take attendance. As such, Pratt is required to maintain attendance records, and program the computer system accordingly for the purpose of disbursing Title IV funds. Pratt was unable to provide supporting attendance records to confirm that Student 56 began classes during the Fall 2012 semester. The student's enrollment status in NSLDS indicates that she withdrew from the institution on

8/27/2012. However, Pratt disbursed Pell Grant for 2012/13 in the amount of \$2775 and FSEOG in the amount of \$450.00 on 9/13/2012 which is an indication of a system flaw. Pratt subsequently returned the funds to the program on 10/4/2012.

Due to issues with internal controls, Pratt improperly certified and disbursed Direct Subsidized Loans to the following students who did not demonstrate financial need during the corresponding award year in accordance with regulations:

Student 33- The student's cost of attendance (COA) during award year 2011/12 was \$54,320.00. The Expected Family Contribution (EFC) was \$45,786 bringing the amount of student financial need to \$8,534.00. The total amount of need-based funds awarded was \$15,500 which created an over award amount of \$6966.00. As a result, the student's "Need Based Aid" was exceeded, which resulted in a Direct Subsidized loan over award in the amount of \$5500.00.

Student 40- A review of the student's COA and financial aid package indicated that she was under awarded need based aid in the amount of \$1446. The student was eligible for an additional \$1446 in DL Stafford subsidized loan. Instead, the student was packaged for an additional \$1446 in DL Stafford unsubsidized loan. Upon requesting an explanation, the reviewer was informed that the student was initially budgeted and packaged correctly but that a staff member erroneously increased the student COA via introducing an "extenuating circumstance" line in the amount of \$1446, which was probably intended for another student. Subsequent to the explanation, the student's package was corrected by decreasing the COA to \$58,692 instead of \$60,138. However, this is another example of system control weaknesses. When these types of errors occur, the system should be programmed to raise a risk flag requiring a review.

Student 44 – The student's COA during the Fall 2012 semester was \$28,567.00. The student's EFC was \$22,160.50 as indicated on the 2010/2011 ISIR, reducing the amount of need to \$6,406.50. The institution awarded a presidential merit scholarship award in the amount of \$7,500.00, and disbursed a Direct Stafford Subsidized loan in the amount of \$1,733.00 bringing the sum of the "Need-Based Aid" awarded to \$9,233.00. As a result, the student's "Need-Based Aid" was exceeded, which created a Direct Stafford Subsidized loan over award in the amount of \$1733.00.

Student 60- The student's COA during the summer 2012 semester was \$8,272.00. The EFC was \$3144.00, reducing the amount of need to \$5128. Pratt awarded a Direct Stafford Subsidized loan in the amount of \$8272.00. As a result, the student's "Need-Based Aid" was exceeded by \$3144.00, which created a Direct Stafford Subsidized loan over award in the amount of \$3,144.00.

Directives From Program Review Report:

Due to the systemic issue with this finding, Pratt was required to review award years 2010/11, 2011/12 and 2012/13, including the students cited in this finding, to determine the number of students that were awarded Title IV funds but failed to meet eligibility requirements, and the amount of liabilities associated with this finding.

In addition, Pratt was required to provide assurance that system access would be limited to each department, and provide details of actions taken to resolve this problem.

Final Determination:

In its response, Pratt submitted the results of the file review requested which identified the students, including the students cited in the report, that were awarded Title IV but failed to meet eligibility requirements. Pratt also stated that it has addressed the weakness of system controls as part of the overall corrective action plan submitted under Finding 1.

Pratt submitted the following summary of the ineligible Direct Loan funds disbursed as a result of computer system (DATATEL Colleague) not having the proper controls programmed to detect students receiving financial aid without starting the courses registered for, changes in enrollment status, and over awards:

Program	AY 10/11	AY 11/12	AY 12/13	Total
FDL Sub	21,581.00	81,339.00	31,347.00	134,267.00
FDL Unsub	4,838.00	0	0	4,838.00
FDL Plus	443.00	10,000.00	0	10,443.00
Grad Plus	17,957.00	23,808.00	0	41,765.00
Total	44,819.00	115,147.00	31,347.00	191,313.00

The Department accepts Pratt's response and corrective action plan submitted for this finding. The result of the file review submitted by Pratt (see Exhibit 3A in Appendix C, for details) disclosed ineligible Direct Subsidized, Direct Unsubsidized, Direct Plus, and Grad Plus loans disbursements for award years 2010/11 through 2012/13 totaling **\$191,313.00**.

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan, the Department has asserted a liability not for the loan amount, but rather

for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount.

The estimated actual loss for the ineligible loans is based on Pratt's most recent cohort default rate available. As a result, the estimated actual loss that Pratt must pay to the Department for the ineligible loans is **\$11,206.55**. A copy of the results of that calculation is included as **Appendix D**. Repayment instructions are provided at the end of this letter.

Failure to correct this deficiency may result in the institution being referred to AAASG (Administrative Action and Appeal Service Group) for possible administrative action. Such action may include a fine and/or the limitation, suspension, or termination of the institution's eligibility to participate in the federal student financial aid programs, pursuant to 34 C.F.R. Part 668, Subpart G. If AAASG initiates an action, that office will notify Pratt and will include at that time information on institutional appeal rights and procedures.

Finding 4. Inadequate Determination of Student Enrollment- Adjustments Required

Noncompliance:

Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Title IV funds only after determining that a student is eligible for the disbursement. See 34 C.F.R §§ 668.32; 685.303; 690.75. In this regard, an institution must establish that a student began attendance in classes for any given payment period where funds were disbursed. See 34 C.F.R. §§ 668.21(a), 668.164(b)(3). Further, an institution must adjust a Title IV award for a given payment period if a student's enrollment status changes. See 34 C.F.R. §§ 685.303(b)(2), 690.75(b).

Pratt made improper Pell Grant payments to the following students who did not meet one or more eligibility requirements:

Student 17- The student's attendance records provided during the on-site visit indicate that she only attended 9 credits during the Spring 2011 semester. Pratt disbursed a full time Pell disbursement in the amount of \$2775 instead of \$2081 to correspond with the student's actual enrollment, which was three quarter time. A grade of "WD" was assigned to HA 116 10 Survey of Art II. However, the Registrar was unable to provide confirmation of attendance for this course. Also, although the student's enrollment status was not affected during the fall 2010, Pratt was unable to provide attendance information for PHIL 320 01 Existentialism (F grade) and TECH 541 01 Machine Shop Practice II

(WD grade). This confirms that an “F” grade assignment is not always earned academically.

Student 19- The student’s attendance records provided during the on-site visit indicate that she only attended 11 credits during the spring 2011 semester. Pratt disbursed a full time Pell disbursement in the amount of \$2775 instead of \$2081 to correspond with the student’s actual enrollment which was three quarter time. A grade of “F” was assigned to ARCH 107 01 History and Theory. However, the Registrar was unable to provide documentation of student’s attendance in this course.

Student 39- The student’s attendance records provided during the visit indicate that he only attended 10 credits during the spring 2012 semester. Pratt disbursed a full time Pell disbursement in the amount of \$2700 instead of \$2025 to correspond with the student’s enrollment status which was three quarter time. Pratt was unable to provide attendance information for the SS 21-30 General Psychology and CH-400-31 World Civilization courses.

Student 55- The student’s academic transcript indicates that she received “F” grades for the Summer 2012 semester. However, Pratt was unable to provide attendance records to confirm that the student began the special studies courses ART 590K and 591K totaling 9 credits in Copenhagen. To the contrary, there is a copy of an email which indicates that the program director provided information stating that they had not been able to speak with the student about her independent projects. Pratt disbursed a total of \$8500 in Direct Stafford Subsidized loan and \$16,035 in Direct Plus Graduate loan without establishing that the student began her classes abroad. Subsequent to the Summer 2012 semester, the student withdrew from Pratt on 8/24/2012

In addition, during the program review process, school officials informed the reviewers that designation of “F” grade is not always consistent. It was stated that in most instances the “F” grade is assigned to students who attend classes, but fail academically. In other instances, “F” grades are assigned to students who fail to show or attend classes. As a result, reviewers were unable to determine whether or not students who received grade designation of “WD or F” actually attended classes, bringing into question the students’ actual enrollment status.

Directives From Program Review Report:

Due to the systemic nature of this finding, for award years 2010/11, 2011/12, and 2012/13, including the students cited in this finding, Pratt was required to complete a full file review to determine whether or not Title IV recipient students who received anything less than a passing grade actually began all classes in order to determine the amount of Title IV liabilities associated with this finding.

In addition, Pratt was required to revise its procedures, or develop new procedures for establishing whether or not registered students actually begin all of his or her classes. Pratt was required to notify this office of what steps it has taken to ensure the proper monitoring of students' enrollment status by submitting a copy of these procedures.

Final Determination:

In its response, Pratt submitted the required file review report and its revised policies and procedures for Title IV disbursements.

A summary of the ineligible Title IV funds disbursed as a result of Pratt's failure to monitor student enrollment during award years 2010/2011 through 2012/2013, submitted by Pratt (See Exhibit 4A in Appendix C for details) is as follows:

Program	AY 10/11	AY 11/12	AY 12/13	Total
Pell	\$24,045	\$19,698	\$11,478	\$55,221
Perkins	0	2,000	8,000	10,000
FDL Sub	31,427	30,760	16,258	78,445
FDL Unsub	25,500	29,838	23,174	78,512
FDL Plus	69,983	45,181	47,841	163,005
Total	\$150,955	\$127,477	\$106,751	\$385,183

The Department accepts Pratt's response and corrective action plan submitted for this finding. The total Pell Grant liability for award years 2010/2011 through 2012/2013 due the Department is **\$55,221.00**, included in Appendices E, E1 and E2. The Perkins loan Federal share liability due the Department is **\$7,500.00**, included as Appendices E1 and E2.

With respect to the ineligible loans, the file review report submitted by Pratt indicates that in these instances the students failed to show for classes. Therefore, since the records do not confirm that students received any instruction for the period the funds were disbursed, these are full Title IV loan returns that must be paid directly to the programs. As a result, the Direct Subsidized loan liability amount due the Department is **\$78,445.00**, Direct Unsubsidized loan liability amount due the Department is **\$78,512.00**, and the Direct Plus loan amount due the Department is **\$163,005.00**, totaling **\$319,962.00** due the Direct Loan Programs, included as appendices E3, E4, and E5.

The total liability being assessed due the Department for this finding is **\$382,683.00**, included as Appendices E, E1, E2, E3, E4, and E5. Repayment instructions are provided at the end of this letter.

Finding 5. Incorrect Return of Title IV (R2T4) Calculation

Noncompliance:

When a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a). The calculation should incorporate all of the elements of a refund calculation identified in pertinent Federal regulations, including the identification of proper payment periods, the correct calculation of the number of days completed by the student and the number of days in the payment period, and the inclusion of all pertinent Title IV disbursements. 34 C.F.R. § § 668.22(b)-(f). An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j).

In reviewing student files for 13 withdrawn students during award years 2010/2011, 2011/12, and 2012/13, out of four students that required return of Title IV calculations, Pratt failed to correctly perform a return of Title IV calculation for two students during award year 2011/12. The students are as follows:

Student 38- The student withdrawal documentation indicates that she withdrew from the Spring 2012 semester on 1/27/2012. The semester began 1/17/2012 and had a scheduled ending date of 5/14/2012. The R2T4 calculation worksheet completed by Pratt indicates that the student completed 18 days instead of 10 days. This allowed the institution to retain more funds than they were entitled.

Student 39- The student withdrawal documentation indicates that he withdrew from the Spring 2012 semester on 1/25/2012. The semester began on 1/17/2012 and was scheduled to end on 5/7/2012. The R2T4 calculation performed by Pratt indicated that the student completed 12 days instead of 9 days. This allowed the institution to retain a greater percentage of Title IV funds than they were entitled. In addition, the total Pell Grant amount included in the calculation should be the adjusted amount of \$2025 because the student only attended 10 credits during the Spring 2012 semester, which was three quarter time, as noted in Finding 4.

Upon questioning school officials regarding the discrepancies in the number of days used to perform the R2T4 calculation, it was brought to the attention of the reviewers that the system for processing R2T4 had been changed during the Spring 2012 semester by a third party servicer. The number of days during the payment period was incorrectly programmed.

Directives From Program Review Report:

Due to the systemic nature of this finding, Pratt was required to determine the exact amount of institutional liability associated with this finding. Since the number of days in the payment period error began subsequent to award year 2010/11, Pratt was required to perform a full file review to identify all Title IV recipient students, in award years 2011/12 and 2012/13, who officially withdrew from or unofficially stopped attending the institution, and for whom a return of Title IV calculation was required. Pratt was also required to inform this office of the procedures it has implemented to ensure no reoccurrence of this finding.

Final Determination:

In its response, Pratt submitted the incorrect return of Title IV file review report in addition to copies of incorrect and correct calculation worksheets. Also, Pratt submitted a copy of the institution's policies and procedures for Return of Title IV. The file review report disclosed 23 withdrawals for whom a return of Title IV fund was required. Six (6) of the 23 students were completed incorrectly, and eight (8) refunds were paid late. The late returns included students for whom the R2T4 was incorrectly calculated. A summary of liabilities for the additional unmade refunds as a result of incorrect calculations, submitted by Pratt (See Exhibit 5A in Appendix C for details) for award years 10/10/2011 through 2012/2013 is as follows:

Program	2010/2011	2011/2012	2012/2013	Total
Pell Grant	0	0	53.00	\$ 53.00
Direct Sub	1913.00	275.00	0	\$2,188.00
Direct Unsub	1558.00	0	0	\$1,558.00
Direct Plus	657.00	671.00		\$1,328.00
Total	\$4,128.00	\$946.00	\$53.00	\$5,127.00

The Department accepts Pratt's response and corrective action plan for this finding. The total Pell grant liability for award years 2010/2011 through 2012/2013 due to the Department is **\$53.00**, included as Appendix F. The liability amount due for Direct Subsidized loan of **\$2188.00**, for Direct Unsubsidized loan of **\$1,558.00**, and Direct Plus of **\$1,328.00**, is included as Appendix F1. Repayment instructions are provided at the end of this letter.

Finding 6. Verification Violations

Noncompliance:

An institution must establish and use written policies for verifying information on an applicant's financial aid application. 34 C.F.R. § 668.53. The purpose of verification is to ensure accuracy in determining a student's eligibility for Title IV, HEA funds. If a student is selected for verification, an institution is responsible for confirming information reported on the student's application for Title IV, HEA funds, as well as resolving any conflicting information that presents itself regarding the application. The information to be verified includes adjusted gross income (AGI) or income earned from work, U.S. income tax paid, the number of family members in the household, the number of family members in the household that are enrolled in postsecondary institutions, and any untaxed income and benefits. 34 C.F.R. § 668.56. An institution must retain in the student's file any verification documentation it collects to serve as evidence that it completed the verification process. 34 C.F.R. §§ 668.24(c)(1)(i),(ii).

Further guidance is provided in the Department's 2010/11, 2011/12, and 2012/13 Student Financial Aid Handbook, Application and Verification Guide, Chapter 2.

The Department found that Pratt failed to verify necessary information required during the verification process for the students listed below. In all of these cases the questioned figures could have potentially impacted the student's Title IV eligibility.

Student 2- The student's 2010/11 transaction 03 ISIR indicates that the parents' untaxed income received during 2009 was \$1281. However, no documentation was provided to verify this amount. In addition, the 2010/11 verification worksheet indicates that the parents received \$6000.00 in child support; however, the amount was not included in the student's ISIR.

Student 4-The student's 2010/11 transaction 04 ISIR indicates that there was one member of the household attending college. However, the 2010/11 verification worksheet provided shows that two members were attending college. In addition, the ISIR indicates that the parent received \$3000 in untaxed income but no documentation was provided confirming the amount.

Student 17- The student's 2010/11 transaction 04 ISIR indicates two people listed as household members. The parent's marital status is indicated in the ISIR as separated/divorced. However, the corresponding verification worksheet shows three members, the father being listed as the third person. Furthermore, no income information taxed or untaxed was included for the parents. The only income reported in the ISIR is the student's income.

Student 27- The student's 2011/12 transaction 02 ISIR indicates that there were two household members attending college. However, the corresponding verification worksheet shows that there were three household members attending college.

Student 39- Both the student's, and the parent's U.S. Income Tax Return form 1040 for 2010 indicate that each received \$400 in Making Work Pay credits totaling \$800 in untaxed reportable income during 2010. However, the amount was not included in the student's 2011/12 ISIR. Also, the 2011/2012 Verification Worksheet completed on 9/26/11 did not include the credits, as required.

Student 63- The student's 2012/2013 ISIR indicates that she received \$11,000 in Veteran's Non Education Benefits in 2011. However, the documentation provided by Pratt shows \$15,001.50.

Directives From Program Review Report:

Due to the systemic nature of this finding, Pratt was required to determine the exact amount of institutional liability associated with this finding. The institution was required to perform a file review for all students selected for verification to determine the full extent of errors for award years 2010/11, 2011/12, and 2012/13. If completion of verification resulted in a change to the student's eligibility, and/or if the institution discovered that it is unable to complete verification for any student, the institution was required to identify the ineligible Title IV amounts paid as a liability.

Final Determination:

In its response, the institution submitted the file review report, and its corrective action plan, included as Exhibit 6A in **Appendix C**. Pratt opted to review a statistical sample of students selected for verification, instead of performing a full file review. As a result, the reviewer provided Pratt with the statistical sample for award years 2010/2011 through 2012/2013. The total population of students selected for verification for the three award years in question was 1,536 students. From the universe, Pratt reviewed a statistical sample of 654 students, according to the sampling methodology provided by the Department.

The file review establishes that 119 of the 654 students reviewed did not meet the verification requirements. The amount of ineligible Title IV funds disbursed for students in the statistical sample for each award year is as follows:

Award Year	Pell Grant	FSEOG	Perkins	Direct Subsidized
2010/11	84,072	6,700	8,900	72,500
2011/12	56,405	2,300	4,000	12,500
2012/13	34,727	1,800	4,000	27,832

The results were extrapolated over the population of students selected for verification during award years 2010/2011 through 2012/2013, identified by the institution. The projected liabilities are as follows:

Award Year 2010/2011

Program	Liability	Divided by the selected sample (stat sample)	=Average Liability	Multiply by # of students selected for verification (population)	=Projected Liability
Pell Grant	\$84,072	236	\$356.24	615	\$219,087.60
FSEOG	6,700	236	28.39	615	17,459.85
Perkins	8,900	236	37.71	615	23,191.65
Direct Sub	72,500	236	307.20	615	188,928.00
TOTAL					\$448,667.10

Award Year 2011/2012

Program	Liability	Divided by the selected sample (stat sample)	=Average Liability	Multiply by # of students selected for verification (population)	=Projected Liability
Pell Grant	\$56,405	212	\$266.06	475	\$126,378.50
FSEOG	2,300	212	10.85	475	5,153.75
Perkins	4,000	212	18.87	475	8,963.25
Direct Sub	12,500	212	58.96	475	28,006.00
TOTAL					\$168,501.50

Award Year 2012/2013

Program	Liability	Divided by the selected sample (stat sample)	=Average Liability	Multiply by # of students selected for verification (population)	=Projected Liability
Pell Grant	\$34,727	206	\$168.58	446	\$75,186.68
FSEOG	1,800	206	8.74	446	3,898.04
Perkins	4,000	206	19.42	446	8,661.32
Direct Sub	27,832	206	135.11	446	60,259.06

TOTAL					\$148,005.10
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The Department accepts Pratt's response and corrective action plan submitted for this finding. The total Pell grant projected liability for award years 2010/2011 through 2012/2013 due the Department is **\$420,652.78**, and **FSEOG is \$19,883.73 (Federal Share)**, included as Appendix G.

In lieu of requiring the institution to assume the risk of default by purchasing the ineligible loan from the holder, the Department has asserted a liability not for the loan amount, but rather for the estimated actual or potential loss that the government may incur with respect to the ineligible loan or loan amount disbursed for the student cited in this finding. The total amount of ineligible Direct Subsidized loan projected liability disbursed by Pratt to students was \$277,193.06. As a result, the estimated actual loss that Pratt must pay the Department for the projected Direct Subsidized loans liability is **\$13,274.00**. The total amount of ineligible Perkins loan projected liability was \$40,816.22. The estimated actual loss that Pratt must pay the Department of the projected Perkins loans liability is **\$7,542.57**. A copy of the results of that calculation is included in Appendix G1 and G2.

A summary of Pratt's Statistical Sample File Review for award years 2010/2011 through 2012/2013 is included as Appendix H.

The total amount of liability being assessed for this finding due the Department is **\$461,353.08**. Repayment instructions are included at the end of this letter.

D. Summary of Liabilities

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

Liabilities	Pell (Closed Award Year)	FSEOG	DL	Perkins	EALF DL	EALF Perkins	
Finding 3	0	0	0	0	11,206.55	0	
Finding 4	55,221.00	0	319,962.00	7,500.00	0	0	
Finding 5	53.00	0	5,074.00	0	0	0	
Finding 6	420,652.78	19,883.73	0	0	13,274.00	7,542.77	
Subtotal 1	\$475,926.78	\$19,883.73	\$325,036.00	\$7,500.00	\$24,480.55	\$ 7,542.77	
Interest/SA	8,587.39	395.20	5,508.00	50.55	0	0	
Subtotal 2	\$ 8,587.39	\$ 395.20	\$5,508.00	\$ 50.55	0	0	
TOTAL	\$484,514.17	\$20,278.93	\$330,544.00	\$7,550.55	\$24,480.55	\$ 7,542.77	
(add subtotal 1 + 2)							
Payable To:							Totals
Department	\$484,514.17	\$20,278.93	\$330,544.00	0	\$24,480.55	\$ 7,542.77	\$867,360.42
Inst Accounts	0	0		\$7,550.55			\$ 7,550.55
COD	Pell Current Year	0	0				
Adjustments							
Current Year (funds returned via G5)		0	0	0	0	0	0

E. Payment Instructions

1. Liabilities Owed to the Department

Liabilities Owed to the Department \$100,000 or More

Pratt owes to the Department **\$867,360.00.00**. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. Pratt must make this transfer within **45 days of the date of this letter**. This repayment through FEDWIRE is made via the Federal Reserve Bank in New York. If Pratt's bank does not maintain an account at the Federal Reserve Bank, it must use the services of a correspondent bank when making the payments through FEDWIRE.

Any liability of \$100,000 or more identified through a program review must be repaid to the Department via FEDWIRE. The Department is unable to accept any other method of payment in satisfaction of these liabilities.

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

Instructions for completing the electronic fund transfer message format are included on the attached FEDWIRE form, included as Appendix I.

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

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

Direct Loan Closed Award Years (Request Extended Processing)

Findings: 4 and 5

Appendices: E3, E4, E5 and F1

DL Closed Award Year		
Amount Original	Amount Interest	Award Year
\$131,038.00	3262.00	2010/2011
106,725.00	1634.00	2011/2012
87,273.00	413.00	2012/2013
Total Principal	Total Interest	Total
\$325,036.00	\$5,309.00	\$330,345.00

The disbursement record of each student identified in Appendix E3, E4, E5 and F1 listed above must be adjusted in the Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendices. A copy of the adjustment to each student's COD record must be sent to Lydia Gonzalez **within 45 days of the date of this letter**. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Direct Loan Estimated Actual Loss

Findings: 3 and 6
 Appendices: D and G1

DL Estimated Actual Loss	
Amount	Award Year
\$24,480.55	2010/2011 through 2012/2013
Total	\$24,480.55

Pratt must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Perkins Loan Estimated Actual Loss

Findings: 6
 Appendices: G2

Perkins Estimated Actual Loss	
Amount	Award Year
\$7,542.57	2010/2011 through 2012/2013
Total	\$7,542.57

Pratt must pay the amount reflected above in Direct Loan estimated loss liabilities for the award year(s) reflected above. The liabilities will be applied to the general Direct Loan fund. This amount is also reflected in the total amount owed to the Department in Section 1 above.

Liabilities Owed to the Department in the Case of Title IV Grants

Pell Closed Award Year

Findings: 4, and 5
 Appendices: E, E1, E2, and F

Pell Closed Award Year		
Amount Principal	Amount Interest	Award Year
\$24,045.00	\$595.59	2010/2011

19,751.00	291.32	2011/2012
11,478.00	54.40	2012/2013
Total Principal	Total Interest	Total
\$55,274.00	\$941.31	\$56,215.31

The disbursement record for each student identified in the appendices to the applicable findings must be adjusted in Common Origination and Disbursement (COD) system based on the recalculated amount identified in the appendices. This amount is also reflected in the total amount owed to the Department in Section I above.

Federal Perkins

Finding: 4

Appendices: E1 and E2

Pratt must deposit \$7500.00 in its Federal Perkins Loan Revolving Fund. National Student Loan Data System (NSLDS) must be corrected for each borrower to reflect the new reduced or cancelled Perkins Loan amount.

As a result of the ineligible disbursement, and the resulting excess interest paid by the students, Pratt must pay the total amount of **\$7,550.55** by crediting each borrower's Perkins loan for the amount identified in Appendices E1 and E2.

Pratt must submit the following **within 45 days of the date of this letter** to Lydia Gonzalez

- a copy of the front and back of the cancelled check(s), or copies of an electronic transfer of funds, to verify that the payment has been made to the Federal Perkins Loan account
- documentation that the individual NSLDS loan records have been updated
- documentation that the student(s) Perkins loan account at the school has also been properly credited, as applicable

F. Appendices

Appendices A through I are attached to this report.

PRATT INSTITUTE

FINAL PROGRAM REVIEW DETERMINATION

PRCN: 201310228126

APPENDIX A
STUDENT SAMPLE

APPENDIX A Student Sample

School Name: PRATT INSTITUTE

OPEID: 00279800

AWARD YEAR 2010/2011

#	Name	SS #
1.	(b)(6),(b)(7)(C)	
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		

APPENDIX A Student Sample continuation

School Name: PRATT INSTITUTE

OPEID: 00279800

AWARD YEAR 2010/2011

Expa (b)(6),(b)(7)(C)

#
16
17
18
Expa
19
Expa
20
21

--

APPENDIX A Student Sample continuation

School Name: PRATT INSTITUTE

OPEID: 00279800

AWARD YEAR 2011/2012

#	(b)(6),(b)(7)(C)
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	
36	

APPENDIX A Student Sample continuation

School Name: PRATT INSTITUTE

OPEID: 00279800

AWARD YEAR 2011/2012

Expanded Sample - Verification

#	(b)(6),(b)(7)(C)
37	
Exp	
38	
39	

APPENDIX A Student Sample continuation

School Name: PRATT INSTITUTE

OPEID: 00279800

AWARD YEAR 2012/2013

#	(b)(6),(b)(7)(C)
40	
41	
42	
43	
44	
45	
46	
47	
48	
49	
50	
51	
52	
53	
54	

APPENDIX A Student Sample continuation

School Name: PRATT INSTITUTE

OPEID: 00279800

AWARD YEAR 2012/2013

Expanded Sample, Withdrawal

#	(b)(6),(b)(7)(C)
55	
56	
Expa	
57	
58	
Expa	
59	
Expa	
60	
61	
Expa	
62	
63	
64	

PRATT INSTITUTE

FINAL PROGRAM REVIEW DETERMINATION

PRCN: 201310228126

APPENDIX B

COPY OF PROGRAM REVIEW REPORT



JUL 31 2013

Mr. Thomas F. Schutte
President
Pratt Institute
200 Willoughby Avenue
Brooklyn, NY 11205

Certified Mail Return Receipt Requested
7006 2760 0002 1734 8324

RE: **Program Review Report**
OPE ID: 00279800
PRCN: 201310228126

Dear Mr. Schutte:

From December 5, 2012 through December 14, 2012, Lydia Gonzalez and Tonya Sydney conducted a review of Pratt Institute's (Pratt) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

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

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

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

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

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New York/Boston School Participation Division
Financial Square, 32 Old Slip, 25th Floor, New York, NY 10005

The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by Pratt upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to **Lydia Gonzalez** of this office within 90 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample. If institution's response will contain PII- Please see the enclosure Protection of Personally Identifiable Information for instructions regarding submission to the Department of required data / documents containing PII.

Record Retention:

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact **Lydia Gonzalez** at (646) 428-3743 or Lydia.Gonzalez@ed.gov

Sincerely,

(b)(6)

Christopher Curry
Compliance Manager

cc: Mr. Nedi Goga, Financial Aid Administrator

Enclosure:

Protection of Personally Identifiable Information

bcc: Reading file, Correspondence file, Lydia Gonzalez, Tonya Sydney,
Chris Curry, ERM

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

Pratt Institute

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

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OPE ID 00279800
PRCN 201310228126

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-New York/Boston

Program Review Report

July 31, 2013

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A. Institutional Information

Pratt Institute
200 Willoughby Avenue
Brooklyn, NY 11205

Type: Private, Nonprofit

Highest Level of Offering: Master's Degree or Doctor's Degree

Accrediting Agency: Middle States Higher Education

Current Student Enrollment: 4,735 (2012/2013)

% of Students Receiving Title IV: 74.13% (2012/2013)

Source: School Records

Title IV Participation:	Award Year
Title IV Program	2011-2012
Pell Grant	\$ 3,710,979
Federal Direct Loan Program Stafford Subsidized (FDLP)	14,654,765
Federal Direct Loan Program Stafford Unsubsidized (FDLP)	13,738,132
Federal Direct Loan PLUS Federal Direct Loan Program	17,204,209
Grad Professional PLUS	16,758,078
Federal Perkins Loans	1,127,200
Federal Supplemental Educational opportunity Grant (FSEOG)	360,697
Federal Work Study (FWS)	708,620
Total	\$68,262,680

Default Rate FFEL/DL: 2010 5.7%
 2009 6.0%
 2008 3.9%

Default Rate Perkins: 2012 12.8%
 2011 13.1%
 2010 12.8%

Source: U.S. Department of Education

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Pratt Institute (Pratt) from December 5, 2012 to December 14, 2012. The review was conducted by Lydia Gonzalez and Tonya Sydney.

The focus of the review was to determine Pratt'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 Pratt'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 45 files was identified for review from the 2010/2011, 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, the sample was expanded to include 7 files to test Return of Title IV funds, 3 files to test Perkins Loans, 3 files to test the Federal Work Study, 3 files to test verification, and 2 files to test graduate students. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

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

C. Findings

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

Finding 1. Lack of Administrative Capability

Citation: By entering into a program participation agreement with the Department, the institution, and its officers, accepted the responsibility to act as fiduciaries in the administration of the Title IV, HEA programs. As fiduciaries, the institution and officers are subject to the highest standard of care and diligence in administering the Title IV, HEA programs and in accordance to the Secretary for the funds received. 34 C.F.R. § 668.82(a) and (b)

In order to meet its responsibilities to the Department, an institution must be capable of adequately administering the Title IV, HEA programs. In this regard, an institution must comply with all Title IV statutory and regulatory requirements. 34 C.F.R. § 668.16(a)

Noncompliance: The institution's impaired administrative capability may cause the institution to disburse Title IV funds to ineligible students, which creates a financial burden for the U.S. Department of Education. The following serious findings, which are included in this report, demonstrate that the institution has a lack of administrative capability:

- Finding 2. Failure to Report an Employee's Engagement of Fraud within a Timely Manner to the Office of the Inspector General of the U.S. Department of Education for Investigation
- Finding 3. System Internal Control Weaknesses
- Finding 4. Inadequate Determination of Student Enrollment- Adjustments Required
- Finding 5. Incorrect Return of Title IV (R2T4) Calculations
- Finding 6. Verification Violations
- Finding 8. Federal Direct Loan Exit Counseling Deficiencies
- Finding 11. Failure to Evaluate Students' Eligibility for Student-Academic Competitiveness Grant (ACG)

Required Action: In response to this finding, Pratt must prepare a training plan for its staff, including senior school officials, to ensure it develops adequate internal controls to properly administer the Title IV, HEA programs, and meets its responsibility to the Department. Pratt must submit details of that plan to this office with the response to this report. The institution will be apprised of any action or additional requirements after the review of its response to this program review report.

Finding 2. Failure to Report an Employee Engaging in Fraud within a Timely Manner to the Office of the Inspector General of the U.S. Department of Education for Investigation

Citation: The Secretary considers an institution to have administrative capability if the institution refers to the Office of Inspector General of the Department of Education for investigation any credible information indicating that any employee, third party servicer, or other agent of the institution that acts in a capacity that involves the administration of the Title IV, HEA programs, or the receipt of funds under those programs, may have engaged in fraud, misrepresentation, conversion or breach of fiduciary responsibility, or other illegal conduct involving the Title IV, HEA Programs. The type of information that an institution must refer is that which is relevant to the eligibility and funding of the institution and its students through the Title IV, HEA programs. 34 C.F.R. § 668.16(g)(2)

Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Title IV funds only after determining that a student is eligible for the disbursement. 34 C.F.R. § 668.32

A Direct Subsidized Loan borrower must demonstrate financial need in accordance with Title IV, Part F of the Act. 34 C.F.R. §685.103

Whenever an institution disburses Title IV, HEA Program funds by crediting a student's account and the total amount of all Title IV funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. §668.164(e)

Noncompliance: On July 10, 2012, a member of Proskauer Rose LLP, representing Pratt Institute submitted a letter of Self-Disclosure to the Office of the Inspector General (OIG) reporting that officials of Pratt had recently learned that approximately \$285,000 in financial aid funds were misappropriated, and that approximately \$15,325.85 of the stolen funds arguably could be classified as Title IV funds. He stated that a financial aid office employee, Sharon McMillan, confessed to Pratt's internal security officials that she had negotiated approximately

140 fraudulent checks over a period spanning more than six years. Furthermore, he stated that following her confession, Ms. McMillan was arrested, and was charged by the Kings County District Attorney with grand larceny, criminal possession of stolen property and scheming to defraud, and that Pratt is cooperating actively with the prosecution of the criminal case against Ms. McMillan.

Based on documentation provided by Pratt, the security incident report was prepared on 3/22/2012 by Pratt's officials. Pratt failed to report the incident to the office of OIG until months after Ms. McMillan's confession. Since the criminal case is being handled by the state, OIG referred the case to this office to determine whether or not Pratt's investigation, as it pertains to the Title IV programs was sufficient.

Whenever Pratt disburses Title IV, HEA Program funds by crediting a student's account and the total amount of all Title IV funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, Pratt must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred. For example, student #25 attended Pratt during the fall 2011. Her total direct charges which included tuition, fees and other authorized charges was \$11,404.00. Total Title IV awarded and disbursed during that semester was \$18,970.00 (\$4,229.00 Direct Subsidized loan, \$5,970.00 Direct Unsubsidized loan, and \$8,771.00 Direct Grad Plus loan). As a result, the resulting Title IV credit balance amount due which was paid to the student via check within the required timeframe was \$7,566.00.

While conducting employee interviews during the program review visit, when questioned about the investigation, school officials informed the reviewers that once the incident was reported to Security, the Information Technology (IT) department was charged with running queries using Ms. McMillan's home address to determine the number of student credit balance checks that had been stolen. When asked if that was the only method used to make the determination, officials responded by saying yes.

Based on this information, program reviewers asked the comptroller's office to provide copies of cancelled student refund checks for the years 2010, 2011, and 2012. A brief review of some of the cancelled checks provided for calendar year 2010 indicated that the investigation conducted by Pratt's IT department was not sufficient. **Check #0299340, dated 1/15/2010** payable to student #64¹ in the amount of \$600.00 did not contain Ms. McMillan's address. As a matter of fact, the check endorsed and deposited by Ms. McMillan to bank account number did not contain any address. In addition, on 3/28/12 an interview was conducted by Pratt Security Officials with this particular student. The statement obtained from student #64 by Pratt included information that eight checks had been stolen with his name. This particular check #0299340 did not appear on the student's statement. This brings into question how Ms. McMillan obtained this particular check, and whether or not there were any other employees potentially involved.

¹ This student was not part of the initial sample. Information regarding this student was provided to this office subsequent to the program review visit.

In addition, in her letter of confession Ms. McMillan stated that she awarded more funds to the students' account after the students' balance had cleared, and students would have had received their regular credit balance checks. This brings into question whether or not those additional awards, such as Pratt Grants, resulted in an over award of the students' "need- based aid" which could then have created an over award of Pell grant, campus based funds, and FFEL or Direct Stafford Subsidized loan.

Required Action: In response to this finding, Pratt must conduct a thorough investigation in order to identify all the credit balance checks stolen by Ms. McMillan for the period in question. Pratt must identify all credit balance refund checks issued without an address, and review the endorsement signature. Once all stolen credit balance checks have been identified, Pratt is required to perform a full file review to identify every Title IV recipient student who was affected by this action from **January 5, 2006 through March 22, 2012**, who received Title IV funds, and did not demonstrate full financial need. For these students, the institution must provide the results to the office in spreadsheet format with the following information:

1. Student's Name
2. Social Security Number
3. Ineligible Amount, by Title IV program, if any
4. Date of disbursement

Pratt is required to provide evidence that the students' stolen Title IV credit balance funds have been paid to the students, or returned to the corresponding Title IV, HEA program if the institution was unable to locate the students.

Pratt must inform this office of the procedures it has implemented to ensure no reoccurrence of this finding. In addition, the Department needs assurance that there were no other employees involved in scheming to defraud. Repayment instructions for liabilities will be included in the Final Program Review Determination (FPRD).

This information must be provided to this office within ninety (90) days of receipt of this letter to the address below:

U.S. Department of Education
Federal Student Aid
Financial Square
32 Old Slip, 25th Fl.
New York, NY 10005
Attention: Lydia Gonzalez

Copies of the documentation used to determine the amount of improper Title IV disbursements including but not limited to student's statement of account, student's budget, award letter, ISIR,

transcript, attendance, and other supporting documentation should be retained by the school for possible further review by the Department.

Finding 3. System Internal Control Weaknesses

Citation: The Secretary considers an institution to have administrative capability if it administers the Title IV, HEA programs with all statutory provisions which includes the financial aid delivery system used by the institution, written procedures for indicating the responsibility of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance, and administer Title IV, HEA programs with adequate checks and balances in its system of internal controls. 34 C.F.R. § 668.16

A Direct Subsidized Loan borrower must demonstrate financial need in accordance with Title IV, Part F of the Act. 34 C.F.R. §685.103

Noncompliance: During the program review visit, reviewers noted significant deficiencies that could adversely affect Pratt's ability to administer the Title IV, HEA programs with appropriate checks and balance. Employees' interviews disclosed that multiple departments within the institution share system access that would allow making changes within the system such as changing student's address by a financial aid officer. Changing student address in the system is a function that should only be allowed by the Registrar's office. This deficiency contributed to the fraudulent activity discussed in Finding #2. The requirement for separation of duty is also applicable to the institution's computer systems used for awarding and delivering Title IV funds.

In addition, it appears that the computer system (DATATEL Colleague) being used does not have the proper controls programmed to detect students receiving financial aid without starting the courses registered for, changes in enrollment status, and over awards.

Pratt is an institution that has opted to take attendance. As such, Pratt is required to maintain attendance records, and program the computer system accordingly for the purpose of disbursing Title IV funds. Pratt was unable to provide supporting attendance records to confirm that student #56 began classes during the fall 2012 semester. The student's enrollment status in NSLDS indicates that she withdrew from the institution on 8/27/2012. However, Pratt disbursed Pell grant 2012/13 in the amount of \$2775 and FSEOG in the amount of \$450.00 on 9/13/2012 which is an indication of a system flaw. Pratt subsequently returned the funds to the program on 10/4/2012.

Pratt certified and disbursed Direct Subsidized Loans to the following students who did not demonstrate financial need during the corresponding award year in accordance with regulations:

Student #33- the student's cost of attendance (COA) during award year 2011/12 was \$54,320.00. The Expected Family Contribution (EFC) was \$45,786 bringing the amount of student financial

need to \$8,534.00. The total amount of need-based funds awarded was \$15,500 which created an over award amount of \$6966.00. As a result, the student's "Need Based Aid" was exceeded, which resulted in a Direct Subsidized loan over award in the amount of \$5500.00.

Student #40- a review of the student's COA and financial aid package indicated that she was under awarded need based aid in the amount of \$1446. The student was eligible for an additional \$1446 in DL Stafford subsidized loan. Instead, the student was packaged for an additional \$1446 in DL Stafford unsubsidized loan. Upon requesting an explanation, reviewer was informed that the student was initially budgeted and packaged correctly but that a staff member erroneously increased the student COA via introducing an "extenuating circumstance" line in the amount of \$1446, which was probably intended for another student. Subsequent to the explanation, the student's package was corrected by decreasing the COA to \$58,692 instead of \$60,138. However, this is another example of system control weaknesses. When these types of errors occur, the system should be programmed to raise a risk flag requiring a review.

Student #44 – the student's COA during the fall 2012 semester was \$28,567.00. The student's EFC was \$22,160.50 indicated on the 2010/2011 ISIR, reducing the amount of need to \$6,406.50. The institution awarded a presidential merit scholarship award in the amount of \$7,500.00, and disbursed a Direct Stafford Subsidized loan in the amount of \$1,733.00 bringing the sum of the "Need-Based Aid" awarded to \$9,233.00. As a result, the student's "Need-Based Aid" was exceeded, which created a Direct Stafford Subsidized loan over award in the amount of \$1733.00.

Student #60- the student's COA during the summer 2012 semester was \$8,272.00. The EFC was \$3144.00, reducing the amount of need to \$5128. Pratt awarded a Direct Stafford Subsidized loan in the amount of \$8272.00. As a result, the student's "Need-Based Aid" was exceeded by \$3144.00, which created a Direct Stafford Subsidized loan over award in the amount of \$3,144.00.

Required Action: Due to the systemic issue with this finding, Pratt is required to review award years 2010/11, 2011/12 and 2012/13, including the students cited in this finding, to determine the number of students that were awarded Title IV funds but failed to meet eligibility requirements, and the amount of liabilities associated with this finding. For these students, the institution must provide the results to the office in spreadsheet format with the following information:

1. Student's Name
2. Social Security Number
3. Ineligible Amount, by Title IV program, if any
4. Date of disbursement

In addition, Pratt must provide assurance that system access must be limited to each department, and provide details of actions taken to resolve this problem. Repayment instructions for liabilities will be included in the Final Program Review Determination (FPRD).

This information must be provided to this office within ninety (90) days of receipt of this letter to the address below:

U.S. Department of Education
Federal Student Aid
Financial Square
32 Old Slip, 25th Fl.
New York, NY 10005
Attention: Lydia Gonzalez

Copies of the documentation used to determine the amount of improper Title IV disbursements including but not limited to student's statement of account, student's budget, award letter, ISIR, transcript, attendance, and other supporting documentation should be retained by the school for possible further review by the Department.

Finding 4. Inadequate Determination of Student Enrollment- Adjustments Required

Citation: Institutions are required to comply with all statutory and regulatory provisions applicable to the Title IV programs. These provisions include disbursing Pell grant funds only after determining that a student is eligible for the disbursement. 34 C.F.R. §668.31 & § 668.32

Noncompliance: Pratt made improper Pell grant fund payments to the following students who did not meet one or more eligibility requirements:

Student #17- the student's attendance records provided during the on-site visit indicate that she only attended 9 credits during the spring 2011 semester. Pratt disbursed a full time Pell disbursement in the amount of \$2775 instead of \$2081 to correspond with the student's actual enrollment, which was three quarter time. A grade of "WD" was assigned to HA 116 10 Survey of Art II. However, the Registrar was unable to provide confirmation of attendance for this course. Also, although the student's enrollment status was not affected during the fall 2010, Pratt was unable to provide attendance information for PHIL 320 01 Existentialism (F grade) and TECH 541 01 Machine Shop Practice II (WD grade). This confirms that an "F" grade assignment is not always earned academically.

Student #19- the student's attendance records provided during the on-site visit indicate that she only attended 11 credits during the spring 2011 semester. Pratt disbursed a full time Pell disbursement in the amount of \$2775 instead of \$2081 to correspond with the student's actual enrollment which was three quarter time. A grade of "F" was assigned to ARCH 107 01 History and Theory. However, the Registrar was unable to provide documentation of student's attendance in this course.

Student #39- the student's attendance records provided during the visit indicate that he only attended 10 credits during the spring 2012 semester. Pratt disbursed a full-time Pell disbursement in the amount of \$2700 instead of \$2025 to correspond with the student's enrollment status which was three-quarter time. Pratt was unable to provide attendance information for the SS 21-30 General Psychology and CH-400-31 World Civilization courses.

Student #55- the student's academic transcript indicates that she received "F" grades for the summer 2012 semester. However, Pratt was unable to provide attendance records to confirm that the student began the special studies courses ART 590K and 591K totaling 9 credits in Copenhagen. To the contrary, there is a copy of an email which indicates that the program director provided information stating that they had not been able to speak with the student about her independent projects. Pratt disbursed a total of \$8500 in Direct Stafford Subsidized loan and \$16,035 in Direct Plus Graduate loan without establishing that the student began her classes abroad. Subsequent to the summer 2012 semester, the student withdrew from Pratt on 8/24/2012

In addition, during the program review process, school officials informed the reviewers that designation of "F" grade is not always consistent. It was stated that in most instances the "F" grade is assigned to students who attend classes, but fail academically. In other instances, "F" grades are assigned to students who fail to show or attend classes. As a result, reviewers were unable to determine whether or not students who received grade designation of "WD or F" actually attended classes, bringing into question the students' actual enrollment status.

Required Action: Due to the systemic nature of this finding, for award years 2010/11, 2011/12, and 2012/13, including the students cited in this finding, Pratt must complete a full file review to determine whether or not Title IV recipient students who received anything less than a passing grade actually began all classes in order to determine the amount of Title IV liabilities associated with this finding. For these students, the institution must provide the results to the office in spreadsheet format with the following information:

1. Student's Name
2. Social Security Number
3. Semester
4. Enrollment status
4. Revised enrollment status
5. Amount of ineligible Title IV, HEA disbursement by program, if any, by award year

In addition, Pratt must revise its procedures, or develop new procedures for establishing whether or not registered students actually begin all of his or her classes. Pratt must notify this office of what steps it has taken to ensure the proper monitoring of students' enrollment status by submitting a copy of these procedures.

Instructions for repayment of any liabilities, including interest, will be provided in the Final Program Review Determination (FPRD) letter.

This information must be provided to this office within ninety (90) days of receipt of this letter to the address below:

U.S. Department of Education
Federal Student Aid
Financial Square
32 Old Slip, 25th Fl.
New York, NY 10005
Attention: Lydia Gonzalez

Copies of the documentation used to determine the amount of improper Title IV disbursements including but not limited to student's statement of account, student's budget, award letter, ISIR, transcript, attendance, and other supporting documentation should be retained by the school for possible further review by the Department.

Finding 5. Incorrect Return of Title IV (R2T4) Calculation

Citation: When a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must perform a Return of Title IV Funds calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date. The calculation should incorporate all of the elements of a refund calculation identified in pertinent Federal regulations, including the identification of proper payment periods, the correct calculation of the number of days completed by the student and the number of days in payment period; and the inclusion of Return calculation of all pertinent Title IV disbursements. 34 C.F.R. §668.22

An institution must return the lesser of the total amount of unearned Title IV assistance to be returned as calculated under § 668.22(e) (4)

An institution must return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew. 34 C.F.R. § 668.22(j).

Noncompliance: In reviewing student files for 13 withdrawn students during award years 2010/2011, 2011/12, and 2012/13, out of four students that required return of Title IV, Pratt failed to correctly perform a return of Title IV calculation for two during award year 2011/12 as follows:

Student #38- the student withdrawal documentation indicates that she withdrew from the spring 2012 semester on 1/27/2012. The semester began 1/17/2012 and had a scheduled ending date of 5/14/2012. The R2T4 calculation worksheet completed by Pratt indicates that the student

completed 18 days instead of 10 days thereby retaining a greater percentage unearned of Title IV funds.

Student #39- the student withdrawal documentation indicates that he withdrew from the spring 2012 semester on 1/25/2012. The semester began on 1/17/2012 and was scheduled to end on 5/7/2012. The R2T4 calculation performed by Pratt indicated that the student completed 12 days instead of 9 days, thereby retaining a greater percentage of Title IV funds which the student did not earn. In addition, the total Pell grant amount included in the calculation should be the adjusted amount of \$2025 because the student only attended 10 credits during the spring 2012 semester, which was three quarter time, as noted in Finding 4.

Upon questioning school officials regarding the discrepancies in the number of days used to perform the R2T4 calculation, it was brought to the attention of the reviewers that the system for processing R2T4 had been changed during the spring 2012 semester by a third party servicer. The number of days during the payment period was incorrectly programmed.

Required Action: Due to the systemic nature of this finding, Pratt must determine the exact amount of institutional liability associated with this finding. Since the number of days in the payment period error began subsequent to award year 2010/11, Pratt is required to perform a full file review to identify all Title IV recipient students, in award years 2011/12 and 2012/13, who officially withdrew from or unofficially stopped attending the institution, and for whom a return of Title IV calculation was required. For these students, please provide a copy of the academic transcript, the students' account statement, a copy of the incorrect and correct R2T4 calculations, providing the results to this office in spreadsheet format with the following information:

1. Student's Name
2. Social Security Number
3. Withdrawal Date
4. Date of Determination
5. Amount of Incorrect Title IV refunded, if any, by Title IV program, by award year
6. Date Returned to Title IV Program(s)
7. Additional unmade refund as a result of incorrect calculation or failure to complete an R2T4 calculation, if any, by Title IV program, by award year

The institution is reminded that the Department incurs unnecessary interest costs due to late/unmade payment of return of Title IV funds, and would require the institution to reimburse the Department for unnecessary charges.

Pratt must also inform this office of the procedures it has implemented to ensure no reoccurrence of this finding. Repayment instructions for liabilities will be included in the FPRD.

This information must be provided to this office within ninety (90) days of receipt of this letter to the address below:

U.S. Department of Education
Federal Student Aid
Financial Square
32 Old Slip, 25th Fl.
New York, NY 10005
Attention: Lydia Gonzalez

Finding 6. Verification Violations

Citation: An institution shall require an applicant selected for verification to submit acceptable documentation as described in §668.57 that will verify or update the information used to determine the applicant's EFC. The documentation to be verified includes: (a) adjusted gross income (AGI) or income earned from work, for a non-tax filer; (b) U.S. income tax paid; (c) for a dependent student, the number of family members in the household; (d) the number of family members in the household that are enrolled in postsecondary institutions; and (e) Untaxed income and benefits. The verification documentation must be secured and retained in the student's file. 34 C.F.R. §668.56

Further guidance is provided under the Department's 2010/11, 2011/12, and 2012/13 Student Financial Aid Handbook, Application and Verification Guide, Chapter 2.

Noncompliance: The institution failed to verify necessary information required during the verification process for the following students. In all these cases the questioned figures could have potentially impacted the student's Title IV eligibility.

Student #2- the student's 2010/11 transaction 03 indicate that the parents' untaxed income received during 2009 was \$01281. However, no documentation was provided to verify this amount. In addition, the 2010/11 verification worksheet indicates that the parents received \$6000.00 in child support; however, the amount was not included in the student's ISIR.

Student #4- the student's 2010/11 transaction 04 indicates that there was one member of the household attending college. However, the 2010/11 verification worksheet provided shows that two members were attending college. In addition, the ISIR indicates that the parent received \$3000 in untaxed income but no documentation was provided confirming the amount.

Student #17- the student's 2010/11 ISIR transaction 04 indicates two people listed as household members. The parent's marital status is indicated in the ISIR as separated/divorced. However, the corresponding verification worksheet shows three members, the father being listed as the

third person. Furthermore, no income information taxed or untaxed was included for the parents. The only income reported in the ISIR is the student's income.

Student #27- the student's 2011/12 ISIR transaction 02 indicates that there were two household members attending college. However, the corresponding verification worksheet shows that there were three household members attending college.

Student #39- both the student's, and the parent's U.S. Income Tax Return form 1040 for 2010 indicate that each received \$400 in Making Work Pay credits totaling \$800 in untaxed reportable income during 2010. However, the amount was not included in the student's 2011/12 ISIR. Also, the 2011/2012 Verification Worksheet completed on 9/26/11 did not include the credits, as required.

Student #63- the student's 2012/2013 indicate that she received \$11,000 in Veteran's Non Education Benefits in 2011. However, the documentation provided by Pratt shows \$15001.50.

Due to the systemic nature of this finding, Pratt must determine the exact amount of institutional liability associated with this finding. The institution is required to perform a full file review for all students selected for verification to determine the full extent of error for award years 2010/11, 2011/12, and 2012/13. If completion of verification results in a change to the student's eligibility, and/or if the institution should discover that it is unable to complete verification for any student, the institution must identify the ineligible Title IV amounts paid as a liability, and report the results to the office in spreadsheet format with the following information:

1. Student name
2. Student social security number
3. Amount of ineligible Title IV disbursement(s) by award years, and by Title IV program, if any.

This information must be provided to this office within ninety (90) days of receipt of this letter to the address below:

U.S. Department of Education
Federal Student Aid
Financial Square
32 Old Slip, 25th Fl.
New York, NY 10005
Attention: Lydia Gonzalez

Copies of the documentation used to determine the amount of improper Title IV disbursements including but not limited to student's statement of account, student's budget, award letter, ISIR,

transcript, and other supporting documentation should be retained by the school for possible further review by the Department.

Finding 7. Federal Direct Loan Entrance Counseling Deficiencies

Citation: A school must ensure that entrance counseling is conducted with each Direct Subsidized or Unsubsidized loan borrower prior to making the first disbursement of the proceeds of a loan to a student borrower unless the student borrower had received a prior Direct Subsidized or Unsubsidized loan, Federal Stafford, or Federal SLS loan. 34 C.F.R. § 685.304(a)

Noncompliance: Pratt was unable to provide documentation of the required Federal Direct Loan entrance counseling for student #1, and 15. In addition, there is no indication of entrance counseling activity for these borrowers indicated in the U.S. Department of Education Common Origination & Disbursement (COD) system.

Failure to conduct entrance counseling may result in students being improperly informed concerning their responsibility as borrowers which may, in turn, lead to an increase in the incidents of default. Title IV loans that go into default status create increased expense for the Department.

Required Action: There are no liabilities associated with this finding. However, Pratt must inform this office of the procedures it has implemented to ensure that all Federal Direct Loan entrance counseling requirements are met.

Finding 8. Federal Direct Loan Exit Counseling Deficiencies

Citation: An institution must conduct exit counseling with each Stafford loan borrower whether in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must conduct this counseling shortly before the student borrower ceases a least half-time study at the school. If the borrower withdraws 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 he borrower has withdrawn. 34 C.F.R. § 685.304(b)

Noncompliance: Pratt was unable to provide documentation of the required federal direct exit counseling for students #1, 10, 13, 15, 16, 17, 21, 33, 39, 55, 60, and 61. In addition, there is no indication of exit counseling activity indicated in the Department's COD system for any of these students.

Failure to conduct exit counseling may result in students being improperly informed concerning their responsibility as borrowers which may, in turn, lead to an increase in the incidents of default. Title IV loans that go into default status create increased expense for the Department.

Required Action: There are no liabilities associated with this finding. However, Pratt must provide exit counseling material to the students cited in this finding, and inform this office of the

procedures it has implemented to ensure that all Direct Loan Stafford exit counseling requirements are met.

Finding 9. Borrower Not Notified of Right to Cancel All or Part of Loan Disbursements

Citation: If an institution credits a student's account with Direct Loan, FFEL or Federal Perkins Loan Program funds, the institution must notify the student, or parent of the date and amount of the disbursement, and the student's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan. The notice must be sent in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution. 34 CFR §668.165(a)(2)(i)(ii)

Noncompliance: While reviewing the 2010/11 and 2011/12 student files, the reviewers noted that although Federal Direct loans were credited to student accounts, they were unable to verify that student loan disbursement notifications were sent to students, allowing them the opportunity to cancel all or a portion of the loan disbursement and have the loan proceeds returned to the holder of the loan. When the reviewers questioned school officials, the response was that notification were done by the FFEL Lenders, and that it was brought to Pratt's attention by a third party consultant that the institution was not complying with this requirement. It was further stated, which was confirmed by the reviewers, that notification were being sent to student and parent borrowers during the current award year 2012/13.

Required Action: There are no liabilities associated with this finding, and no further action is required. However, the institution must continue to strengthen its procedures to assure compliance with all requirements applicable to its Federal Financial Assistance programs.

Finding 10. Student Status-Inaccurate/Untimely Reporting

Citation: A school shall, unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days; notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct Plus Loan has been made to or on behalf of student who enrolled at that school but has ceased to be enrolled on at least a half-time basis. 34 C.F.R. §685.309 (b)(2)(i)

Noncompliance: The enrollment status effective date was reported incorrectly to the National Student Loan Data System (NSLDS) for student #39 as 8/27/202 on 10/11/2012. However, the Student's correct date of withdrawal was 1/25/2012

Required Action: There are no liabilities associated with this finding. However, the institution is required to make the necessary status corrections for the students cited in this finding. Pratt is required to have procedures in place to ensure that student confirmation reports reflect accurate

data and students' change of enrollment status. Details of those procedures must be provided with the response to this report.

Finding 11. Federal Work Study (FWS) Deficiencies

Citation: Institutions are responsible for maintaining records that support a student's eligibility and participation in Title IV programs, including Federal Work-Study. 34 C.F.R. §668.24 and 34 C.F.R. §675.19

Noncompliance: Pratt was unable to provide a FWS job description per requirement for student #36.

Required Action: Pratt is required to conduct research in order to determine whether or not the student's FWS assignment was valid. In addition, Pratt is required to have a procedure in place to ensure that job descriptions are maintained for every FWS recipient regardless of the department or agency that employs the student. Details of those procedures must be provided with the response to this report.

Finding 12. Failure to Evaluate Students' Eligibility for Student-Academic Competitiveness Grant (ACG)

Citation: A student who meets the eligibility requirements of 34 C.F.R. Part 668, Subpart C, is eligible to receive an ACG grant if the student is receiving a Federal Pell grant disbursement in the same award year. If a student self-certifies on an application under § 691.12, or otherwise self-certifies to the institution, that he or she completed a rigorous secondary school program of study under § 691.16, an institution must attempt to collect the documentation described under paragraph (b)(2) of this section. 34 C.F.R. § 691.15(a)(b)(5)(i)

Noncompliance: The reviewers were unable to confirm whether or not students were eligible for ACG. Some of the students' 2010/11 ISIRS comment codes 267, 268, 269, and 270 indicated that based on the information reported he/she may have been eligible for ACG depending upon the type of courses completed in high school. However, the evaluations were not included in the student files. Upon questioning school officials, the response was that Pratt did not conduct any evaluations to determine whether or not the students in questions were eligible to receive ACG funds during award year 2010/11. The Department's Funding Report confirms that there were no ACG funds disbursed during the award year in question which indicate that Pratt denied ACG funds to students who might have met eligibility requirement. As a result, Pratt failed to exercise care and diligence in administering the Title IV, HEA programs as required which might have caused harm during award year 2010/11 to students #3, 9, 17, 21, and 37.

Required Action: In response to this finding, Pratt must prepare a training plan for its staff, including senior school officials, to ensure it develops adequate internal controls to properly administer the Title IV, HEA programs, and meets its responsibility to the Department. Pratt must submit details of that plan to this office with the response to this report. The institution will be apprised of any action or additional requirements after the review of its response to this program review report.

13. Fiscal Operation Report and Application to Participate (FISAP) Income Incorrect Reporting

Citation: Each institution shall submit a Fiscal Operation Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary. 34 C.F.R. § 676.19(b)(3)

Noncompliance: A review of Pratt's FISAP income reported for the following students was either missing or reported incorrect:

Student #13- the student's income for 2009 was not reported on the July 1, 2010 through June 30, 2012 FISAP report as required.

Student #34- the FISAP report submitted for award year July 1, 2011 through June 30, 2012 indicate that the total income reported for this student was \$429,475.00. However, the parent's adjusted gross income earned during 2010, included in the student's 2010/11 ISIR was \$517,833.00 and the student's adjusted earned income reported was \$3,000.00. Therefore, the correct income amount was \$520,833.00.

Required Action: There are no liabilities associated with this finding. However, Pratt must develop internal procedures to avoid similar instances in the future. Pratt must submit details of those procedures to this office with the response to this report.

PRATT INSTITUTE

FINAL PROGRAM REVIEW DETERMINATION

PRCN: 201310228126

APPENDIX C

PROGRAM REVIEW REPORT INSTITUTIONAL RESPONSES

December 19, 2013

Ms. Lydia Gonzalez
U.S. Department of Education
Federal Student Aid
Financial Square
32 Old Slip, 25th Fl.
New York, NY 10005

RECEIVED
DEC 20 2013
FEDERAL STUDENT AID
NEW YORK CASE MANAGEMENT

RE: Response to Program Review Report PRCN: 201310228126

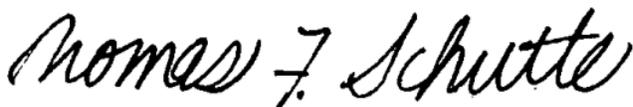
Dear Ms. Gonzalez:

As requested in the Department of Education's Program Review Report ("the Report" or "PRR") dated July 31, 2013, Pratt Institute ("Pratt") has reviewed each finding noted in the Report and has completed the required actions. In the accompanying document, we have prepared our formal response to each of the findings, and where appropriate, have included additional documentation such as institutional policies and procedures, summaries of file reviews, Student Financial Aid staff training plans, etc., to further assist the Department in rendering its final determination letter.

Our team has acknowledged the compliance issues noted in the PRR and have worked arduously to improve our organizational structure, policies and procedures, use of technology, and internal controls. I wish to thank the Department for providing Pratt with an additional 30-day extension to the original response deadline so that we could conduct further outreach to students in order to comply with various record keeping requirements.

We believe that this response fully addresses the Department's Findings in the preliminary PRR. However, we request the opportunity to meet with you prior to the issuance of the final determination letter to discuss and clarify any responses about which the Department may have questions. We are convinced that the changes we have made to administering student financial aid at Pratt will prevent the issues noted in the PRR from reoccurring in the future.

Respectfully submitted,



Thomas F. Schutte
President

Pratt Institute Response to United States Department of Education Program Review
Report, dated July 31, 2013

The following responds in numerical order to each of the Findings raised in the Report based on our review of the information from the relevant files for the academic years 2010-2011, 2011-2012, and 2012-2013. We also attach updated Pratt policies and procedures pertinent to the various Findings.

Finding 1: Lack of Administrative Capability

Pratt acknowledges the operational challenges that lead to the Findings contained within the PRR. Pratt hired a Financial Aid Director in September 2012, who has mandated a strict standard of compliance and thoroughness of review for the Financial Aid Office (“FAO”). Pratt’s policies and procedures have been updated to fully address all Title IV program requirements.

With respect to the FAO, school officials have carefully reviewed its leadership, operations and staffing and have made a number of changes to improve its administrative capability. Pratt’s further discussion of the steps taken in the last year and planned changes to address the lack of administrative capability, is attached as Exhibit 1-A. The Financial Aid Director’s resume is attached as Exhibit 1-B.

Finding 2: Failure to Report an Employee Engaging in Fraud within a Timely Manner to the Office of the Inspector General of the U.S. Department of Education for Investigation

Pratt takes its responsibility to maintain administrative capability and reporting requirements to the Department under 34 C.F.R 668.16(g) (2) seriously. Pratt accepts the Findings and regrets the incidents of fraud perpetrated by a former member of the FAO staff. As part of the required action for this Finding, we have attached a summary as Exhibit 2-A of the investigation the institution has completed. This investigation not only confirms the understanding of the extent of fraud and the involvement of the former staff person, the review also ensures that the fraudulent action did not negatively affect student’s eligibility for Title IV. Pratt’s Policy and Procedure for Reporting Fraud has also been attached as Exhibit 2-B.

Finding 3: System Internal Control Weaknesses

The PPR identified five students (Students # 33, #40, #44, #56, and #60) whose records indicated potential ineligibility of Title IV awards due to system internal control weaknesses. Additionally, the PRR requested a review of the award years 2010-2011, 2011-2012, and 2012-2013, including the students cited within the Finding. This review would determine if any other students were awarded Title IV funds but failed to meet eligibility requirements. The analysis of Pratt’s records, including the spreadsheet requested, is attached as Exhibit 3-A. We also address the weakness of system controls as part of the overall corrective plan with Exhibit 1-A. Pratt’s Financial Aid Office Computing Policy has also been attached as Exhibit 3-B.

Finding 4: Inadequate Determination of Student Enrollment - Adjustments Required

The PPR identified four students (Students # 17, #19, #39, and #55) whose records indicated an inadequate determination of student enrollment. Additionally, the PPR requested a review of the award years 2010-2011, 2011-2012, and 2012-2013, including the students cited within the Finding. This review would determine if any other students were awarded Title IV funds but failed to meet enrollment requirements. The analysis of Pratt's records, including the spreadsheet requested, is attached as Exhibit 4-A. Pratt's Policy and Procedure for Disbursement is attached as Exhibit 4-B.

Finding 5: Incorrect Return of Title IV (R2T4) Calculation

The PPR identified two students (Students # 38, and #39) whose records indicated an incorrect return of Title IV (R2T4) calculation. Additionally, the PPR requested a review of the award years 2010-2011, 2011-2012, and 2012-2013, including the students cited within the Finding. This review would determine if any other student's records contained incorrect return of Title IV (R2T4) calculations. The analysis of Pratt's records, including the spreadsheet requested, is attached as Exhibit 5-A. Pratt's Policy and Procedure for Return of Title IV (R2T4) is attached as Exhibit 5-B.

Finding 6: Verification Violations

The PPR identified six students (Students # 2, #4, #17, #27, #39, and #63) whose records indicated verification violations. Additionally, the PPR requested a review of the award years 2010-2011, 2011-2012, and 2012-2013, including the students cited within the Finding. This review would determine if any other student's records demonstrated verification violations. Pratt engaged CohnReznick LLP, to conduct the required assessment. The analysis of Pratt's records, including the spreadsheet requested, is attached as Exhibit 6-A. Pratt's Policy and Procedure for Verification is attached as Exhibit 6-B.

Finding 7: Federal Direct Loan Entrance Counseling Deficiencies

The PPR identified two students (Students # 1, and #15) whose records indicated federal direct loan entrance counseling deficiencies. As a required action for this Finding, Pratt's Policy and Procedure for Entrance Counseling is attached as Exhibit 7.

Finding 8: Federal Direct Loan Exit Counseling Deficiencies

The PPR identified two students (Students # 1, #10, #13, #15, #16, #17, #21, #33, #39, #55, #60 and #61) whose records indicated federal direct loan exit counseling deficiencies. As required action for this Finding, Pratt has provided the identified students with the required exit counseling information. As a required action for this Finding, Pratt's Policy and Procedure for Entrance Counseling has also been attached as Exhibit 8.

Finding 9: Borrower Not Notified of Right to Cancel All or Part of Loan Disbursements

Pratt accepts this Finding. Pratt has engaged Ferrilli, a third part consulting group, to bring the process into compliance. Pratt has now automated the borrower right to cancel communication with each disbursement. The process was reviewed for accuracy by the FAO by the federal program reviewers during their on campus visit in December 2012. Pratt's Policy and Procedure for Loan Disbursements has also been attached as Exhibit 9.

Finding 10: Student Status-Inaccurate/Untimely Reporting

The PPR identified one student (Student #39) whose record indicated inaccurate/untimely reporting to The National Student Loan Data System ("NSLDS"). As a required action for this Finding, the correction of the effective withdrawal date for student #39 was completed on August 12, 2013. Pratt's Policy and Procedure for NSLDS reporting has also been attached as Exhibit 10.

Finding 11: Federal Work Study ("FWS") Deficiencies

The PPR identified one student (Student #36) whose record indicated a missing job description, which is a requirement for participation in the FWS Program. As a required action for this Finding, the FAO reviewed the student's record, job description, duties performed and working hours and concluded that the FWS assignment was valid. Pratt's Policy and Procedure for FWS has also been attached as Exhibit 11.

Finding 12: Failure to Evaluate Students' Eligibility for Student-Academic Competitiveness Grant (ACG)

Pratt accepts the Finding. The administrative changes within the FAO will ensure that appropriate training takes place for FAO staff. Pratt's plan of continued administrative capability improvements is attached as Exhibit 1-A.

Finding 13: Fiscal Operation Report and Application to Participate (FISAP) Income Incorrect Reporting

Pratt accepts this Finding and takes seriously its obligations under 34 CFR 676.19(b) (3). The administrative changes within the FAO, including the hiring of the new Financial Aid Director will ensure accurate and timely reporting take place within the institution. Pratt's plan of continued administrative capability improvements is attached as Exhibit 1-A.

Exhibit 1-A

Administrative Capability Comparison 2012-2013

Our review of the files and relevant records confirms that the administrative capability within the FAO was impaired. We would like to outline the significant corrective actions that have taken place or are scheduled to take place to assure that we now meet the regulatory standard of 34 C.F.R. § 668.16 established in that section. Your "Required Action" list asks that we submit the progress of corrective actions for various Findings. We have taken this process very seriously, and list for you below the various steps that have been taken in this regard, and point out that the process is ongoing:

- a. There has been a change in the Financial Aid Office, to the effect that the Financial Aid Director and Associate Director from the audit years no longer remain. In September 2012 we hired Nedzad Goga as Financial Aid Director. He has been working to bring current practices and procedures into conformity with the Department program requirements. The FAO has also been reorganized to improve compliance and operational efficiencies, including the creation of a compliance and quality assurance team. The team's main focus is ensuring the accuracy of student information, including verification, awards, and disbursement.
- b. Mr. Goga has added and continues to add additional personnel to his department, with significantly higher skill levels and awareness of the importance of strict compliance and attention to detail. This includes additional Financial Systems staff to assist with the continued strengthening of the systems internal control structure. The FAO is also preparing to hire an Associate Director of Compliance to lead the compliance and quality assurance team.
- c. During the audit year there were breakdowns in coordination between various areas of Pratt involved with Financial Aid: The Registrar's Office and the Bursar's Office being principal. Additionally, IT plays a role in the collective responsibility. We have taken action to improve communication between these various components. For example, The Registrar's Office must coordinate reporting of students' enrollment statuses with the FAO to ensure that the information is recorded accurately.
- d. Financial Aid has hired a Systems Specialist to support the Financial Aid Office, in order to ensure data integrity and compliance.
- e. Pratt secured an independent consulting firm, Ferrilli, during spring 2011 to review the administration of the Title IV program. During that time, many of the processes and procedures were reviewed and corrective action implemented.

- f. The Vice President of Finance and Administration recently initiated a self-assessment study which identified several system security issues. During February 2013, the FAO collaborated with IT to resolve issues, including System Internal Weakness Controls as noted within Finding 3. An example of the strengthened internal control structure is the reclassification of FAO staff security roles. The changes ensure the FAO staff only has access necessary to complete their daily tasks. This includes removing the capability to adjust student aid awards, as well as cost of attendance budgetary components. In addition, FA counselors no longer are able to change student addresses. FAO has also been working with the Bursar's Office, Institutional Research, and IT to continue to build systematic access control solutions with Datatel Colleague that would further improve and strengthen the internal controls by limiting the ability to create student credit balance by an institutional award.
- g. Pratt has increased its investment in employee professional development in the FAO and within the institution with the awareness that compliance with Title IV regulation is the responsibility of the institution as a whole. Pratt will maintain participation in these groups and attendance at these trainings in the future as part of the corrective action that is required as part of the PRR:
 - 1. Completion of the Federal Student Aid Coach online training by the entire FAO and Bursar Office.
 - 2. Attendance at the weeklong Fundamentals of Federal Student Aid training by a member of the FAO office.
 - 3. Attendance of management staff at the Federal Student Aid Conference
 - 4. Attendance of staff at the Ellucian Live Conference.
 - 5. Attendance of Director of Financial Aid at the National Association of Colleges and University Business Officers ("NACUBO") Student Financial Services workshop
 - 6. Membership of FAO staff in the National Association of Student Financial Aid Administrators ("NASFAA") and New York Association of Student Financial Aid Administrators ("NYSFAAA"). Membership to these organizations provides regulatory updates and access to a library a library of webinars.
 - 7. Utilization of the Information for Financial Aid Professionals (IFAP) website for training and education on Financial Aid topics.
 - 8. Requirement of all FAO and Bursar Office managers to acquire a minimum of two credentials through the NAFSAA University.
 - 9. An increase in resources to train staff areas such as regulatory compliance, report writing and data mining.
 - 10. Pratt will hire an independent consulting firm to hold a workshop specific to meeting the administrative capability requirement.
- h. The Financial Aid Office has been moved to the auspices of the Vice President of Finance and Administration. This move has allowed Pratt to explore the combining of the

FAO and Bursar's Office into a newly formed Student Financial Services Division. As part of the planned integration, processes will continue to be reviewed to ensure that the separation of duties is maintained. Pratt continues to ensure that the various office most involved with Financial Aid continue to create and maintain controls that ensure the required separation of duties when awarding and disbursing Title IV funds.

Exhibit 2-A

Summary of Fraud Investigation

Pratt's initial investigation into the fraudulent acts committed by Ms. McMillan began immediately after Ms. McMillan's disclosure. The initial investigation included 17,087 refund checks that were issued during the period July 1, 2009 through March 22, 2012.

A procedure was immediately implemented to identify the population of refund checks that were stolen by Ms. McMillan. Staff reviewed the endorsement appearing on each check to determine whether the endorsement of Ms. McMillan was present. In addition to checking the endorsement, Pratt also ran queries in Datatel Colleague to identify checks that were issued without an address, or contained Ms. McMillan's home address.

Based upon the procedures performed, Pratt noted a total of 84 checks that were identified as stolen student refund checks. For the students identified, Pratt conducted a full file review to identify every Title IV recipient student who was affected by this action, who received Title IV funds and did not demonstrate full financial need. When the information was validated and summarized, Pratt notified the Department, after seeking the advice of legal counsel. A summary of the findings were communicated to the Department at the time the fraud was detected by Pratt.

Pratt accepts the Finding of the Department in which we were cited for not reporting illegal acts within a timely manner. The PRR also requested that Pratt provide assurance that the fraud had been uncovered fully and that no other staff members were involved. Pratt engaged Ferrilli Group and CohnReznick LLP to reassess the procedures originally performed during the initial investigation. The purpose was to validate the accuracy of the information and determine whether any other party participated in the fraudulent act. The results of the procedures performed concurred with the information initially reported to the Department. No additional checks were identified and no evidence was discovered that other employees or staff participated in this illegal act. The steps taken as part of the second review are:

- a. Pratt obtained copies of 17,087 refund checks that were issued for academic years 2009-10, 2010-11 and 2011-12. Pratt performed a manual review of the front and back of each refund check and successfully identified 84 stolen refund checks. It was noted that 77 of the checks identified had Ms. McMillan's endorsement signature and address; and 7 checks had a different and/or no address but had Ms. McMillan's endorsement signature.

- b. Pratt performed a full file review for all the students noted to identify every Title IV recipient student who may have been affected from July 1st 2009 to March 22nd 2012, who received Title IV funds and did not demonstrate full financial need and/or the funds defrauded were a direct result of a federal aid being disbursed to their account.

Pratt has fully reviewed all student records containing the stolen checks and affirms that none of the stolen checks were a result of federal credit balances as defined in 34 CFR 668.164(e). It was also found during the review that no over award situation has taken place or negatively affected students ability to demonstrate full financial need for all Title IV funds they received.

Pratt has implemented the following corrective action plan that work in conjunction with administrative capability plan that is in place:

- a. Beginning in January 2013 (i.e., Spring '13 payment period), through a third party vendor, Pratt has introduced the ability for students to receive the proceeds of their student refunds on a prepaid stored value card. This has reduced the issuance of the paper checks by over 50%. Elimination of manual check printing, handling and mailing of student refund checks significantly reduces the chances of improprieties.
- b. FAO staff security roles were reclassified. The changes ensure that FAO staff only have access necessary to complete their daily tasks. This includes removing the capability to adjust student aid awards, as well as cost of attendance budgetary components. In addition, FA counselors no longer are able to change student addresses.
- c. FAO has also been working with the Bursar's Office, Institutional Research, and IT to continue to build systematic access control solutions with Datatel Colleague that would further improve and strengthen the internal controls by limiting the ability to create student credit balance by an institutional award.

Based upon the procedures performed, we do not believe any liability to the Department exists.

Gonzalez, Lydia

From: Nedi Goga <ngoga@pratt.edu>
Sent: Thursday, August 15, 2013 3:00 PM
To: Gonzalez, Lydia
Subject: FW: Program Review Report - PRCN: 201310228126

Dear Lydia,

Hope this email reaches you well. With respect to number three below (finding #4), the institute has begun the review of all the WD and F grades and at this time believes its able to meet the request without suffering an insurmountable administrative burden. The institute is eagerly awaiting the verification statistical sample from the Department to begin working on resolution of Finding #6. At your earliest convenience, can you please provide us with a reasonable projection of when the institute shall expect this sample?

Thank a million.

Best,
Nedi

From: Gonzalez, Lydia [<mailto:Lydia.Gonzalez@ed.gov>]
Sent: Friday, August 09, 2013 10:39 AM
To: Nedi Goga
Subject: RE: Program Review Report - PRCN: 201310228126

Good morning Nedi.

1. Per our phone conversation regarding your request for Finding 2, the Department has agreed to allow Pratt to complete the review covering award years 2009/10, 2010/11, and 2011/12. Once the results of the file review for those three award years is submitted, Pratt will be informed whether or not the remaining years need to be reviewed. Again, just to remind you, the 3 years record retention applies if the school do not retain the records. However, based on the information provided to OIG, and our phone conversation, the records are available and is just that the accounting department would encounter system difficulties running queries to determine if there were any further checks issued with no address. Therefore, the request would require individual review of thousands of checks for so many years. Also, Pratt participate in the NY State TAP program and my understanding is that the State of NY's record retention requirement is 7 years.
2. Regarding the request for the option to complete a statistical sample to project liabilities for the verification finding (finding 6) the Department has agreed to allow Pratt the option. The Department will be providing Pratt with the statistical sample for the award years in question, and the instructions as soon as possible.
3. Regarding the request for the option to complete a statistical sample for finding 4 (Inadequate Determination of Enrollment), please have the registrar run a query to determine the number of "WD and "F" grades assigned per semester during the award years in question so that the Department can make an informed determination.

Please let me know if you have any further questions.

Thanks and have a good weekend.

Lydia

From: Nedi Goga [mailto:ngoga@pratt.edu]
Sent: Monday, August 05, 2013 7:53 PM
To: Gonzalez, Lydia
Subject: Program Review Report - PRCN: 201310228126

Dear Lydia,

We're in receipt of the program review report you submitted to Pratt Institute. I'm hoping you would be able to discuss Finding #2: Failure to report an Employee Engaging in Fraud Within a Timely Manner to the Office of Inspector General of the U.S. Department of Education for Investigation. As part of the required action Pratt is asked to go back to January 5th 2006 to identify every title IV recipient student who may have been affected. With respect to record retention and safe keeping according to 34 CFR 668.24, Pratt Institute is only required to store records for a minimum of three years from the end of the award year. Please assist in revising the date to go back to 3 years from the end of the 2012-13 award year.

Many thanks.

Sincerely,

Nedi Goga
Executive Director
Pratt Institute – Student Financial Services
200 Willoughby Avenue
Brooklyn NY 11205
718-636-3599

Be True To Your Work, And Your Work Will Be True To You

Mission Statement:

Student Financial Services provides students with the financial resources and related services necessary to achieve their educational goals. We are committed to providing accurate, user-friendly, responsive and respectful service to students and their families. We administer federal, state, institutional aid and scholarship programs in accordance with applicable policies and regulations while striving to be an innovative and service-minded department.

Gonzalez, Lydia

From: Gonzalez, Lydia
Sent: Friday, August 16, 2013 11:46 AM
To: athomps2@pratt.edu
Subject: Verification 2013
Attachments: Pratt Institute - Selected for Verification Statistical Sample - 2013 AY.zip

Good morning.

Here is the file per your email address. Please use same password as before.

Lydia Gonzalez
Sr. Institutional Review Specialist
U.S. Department of Education
Federal Student Aid, Program Compliance
School Participation Division- New York/Boston
(646) 428-3743
Lydia.gonzalez@ed.gov

Exhibit 3-A

Student SSN	Last Name	First Name	Award year	Ineligible Sub Disbursement	Overaward Ineligible Disbursement	Award Fund Type	Disbursement Date
(b)(6),(b)(7)(C)			2010	\$ -	\$ 30.00	PLUS	14-Feb-11
			2010	\$ -	\$ 413.00	PLUS	05-Nov-10
			2011	\$ 474.00			08-Sep-11
			2011	\$ 4,938.00			21-Dec-11
			2010	\$ 4,773.00			29-Sep-10
			2011	\$ -	\$ 250.00	GPLUS	08-Sep-11
			2011	\$ 3,500.00			08-Sep-11
			2010	\$ -	\$ 9,516.00	GPLUS	24-Nov-10
			2011	\$ 6,099.00			08-Sep-11
			2011	\$ 4,500.00			08-Sep-11
			2010	\$ -	\$ 242.00	UNSUB	19-Nov-10
			2011	\$ 8,151.00			08-Sep-11
			2011	\$ -	\$ 2,500.00	GPLUS	08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11
			2010	\$ -	\$ 364.00	GPLUS	15-Sep-10
			2011	\$ 1,530.00			08-Sep-11
			2011	\$ -	\$ 1,072.00	GPLUS	08-Sep-11
			2010	\$ 911.00			05-Oct-10
			2011	\$ 2,906.00			08-Sep-11
			2010	\$ -	\$ 3,494.00	UNSUB	10-Feb-11
			2012	\$ 1,733.00			09-Sep-12
			2011	\$ 1,750.00			08-Sep-11
			2011	\$ -	\$ 157.00	GPLUS	08-Sep-11
			2011	\$ 395.00			23-Sep-11
			2011	\$ 5,500.00			27-Sep-11
			2011	\$ 2,633.00			26-Oct-11
			2010	\$ 287.00			05-Oct-10
			2011	\$ 3,420.00			08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11
			2010	\$ -	\$ 3,600.00	GPLUS	15-Sep-10
			2010	\$ 2,000.00			20-Oct-10
			2011	\$ 3,500.00			19-Oct-11
			2010	\$ -	\$ 720.00	GPLUS	15-Sep-10
			2010	\$ 474.00			21-Oct-10
			2010	\$ -	\$ 600.00	GPLUS	24-Sep-10
			2012	\$ 3,144.00			22-Jun-12
			2010	\$ 413.00			15-Sep-10
			2011	\$ -	\$ 960.00	GPLUS	08-Sep-11
			2012	\$ 4,500.00			01-Oct-12
		2011	\$ -	\$ 10,000.00	PLUS	08-Sep-11	
		2011	\$ -	\$ 1,200.00	GPLUS	12-Sep-11	

Student SSN	Last Name	First Name	Award year	Ineligible Sub Disbursement	Overaward Ineligible Disbursement	Award Fund Type	Disbursement Date
(b)(6),(b)(7)(C)				\$ -	\$ 3,600.00	GPLUS	08-Sep-11
				\$ 5,174.00			19-Nov-10
				\$ -	\$ 1,000.00	GPLUS	15-Sep-10
				\$ -	\$ 1,200.00	GPLUS	08-Sep-11
				\$ 356.00			08-Sep-11
				\$ 5,500.00			18-Oct-12
				\$ -	\$ 1,102.00	UNSUB	05-Nov-10
				\$ -	\$ 84.00	GPLUS	15-Sep-10
				\$ 5,500.00			12-Sep-11
				\$ 3,500.00			17-Sep-12
				\$ -	\$ 1,200.00	GPLUS	08-Sep-11
				\$ 3,881.00			24-Sep-12
				\$ 5,477.00			08-Sep-11
				\$ 3,500.00			08-Sep-11
				\$ -	\$ 3,896.00	GPLUS	26-Jan-12
				\$ 2,750.00			24-Sep-12
				\$ 1,816.00			25-Oct-12
				\$ -	\$ 1,200.00	GPLUS	12-Sep-11
				\$ 838.00			08-Sep-11
				\$ 3,500.00			08-Sep-11
				\$ 2,201.00			08-Sep-11
				\$ 2,433.00			08-Sep-11
				\$ 2,000.00			08-Sep-11
				\$ 5,500.00			15-Sep-10
				\$ -	\$ 2,073.00	GPLUS	22-Sep-10
				\$ 1,379.00			17-Sep-12
				\$ 3,144.00			05-Jun-12
				\$ -	\$ 337.00	GPLUS	08-Sep-11
				\$ 1,302.00			15-Sep-10
				\$ 5,500.00			08-Sep-11
				\$ 738.00			08-Sep-11
				\$ 747.00			15-Sep-10
				\$ -	\$ 2,636.00	GPLUS	08-Sep-11
				\$134,267.00	\$ 57,046.00		
Total Ineligible Disb.				\$191,313.00			

	A	B	C	D	E	F	G	H	I	J	K	L	N	O
1	Exhibit 4-A	Person Last Name	Person First Name	Enrollment Status	Review Enrollment Status	Term	FSA Grant Ineligible Amount	DL SUB	DL UnSUB	DL PLUS	Perkins	FSA Loan Ineligible Amount		
2						11/FA	\$ 313.00							
3						10/FA	\$ 694.00							
4						11/SP	\$ 2,750.00	\$ 1,000.00						
5						10/FA	\$ 588.00							
6						12/FA	\$ 325.00							
7						11/FA	\$ 600.00							
8						11/FA	\$ 563.00			\$ 1,606.00				
9						10/FA	\$ 694.00							
10						12/SP	\$ 694.00							
11						10/FA	\$ 694.00							
12						11/SP	\$ 2,775.00	\$ 2,750.00						
13						10/FA	\$ 1,388.00							
14						11/SP	\$ 2,775.00	\$ 4,000.00	\$ 9,181.00					
15						10/FA	\$ 2,775.00	\$ 6,000.00	\$ 11,024.00					
16						10/FA	\$ 694.00	\$ 12,000.00	\$ 12,031.00					
17						11/SP	\$ 694.00							
18						12/SP	\$ 463.00	\$ 2,750.00	\$ 1,000.00	\$ 6,000.00				
19						11/SP	\$ 688.00							
20						12/SP	\$ 694.00							
21						12/SP	\$ 694.00							
22						10/FA	\$ 694.00	\$ 3,174.00	\$ 6,174.00					
23						10/FA	\$ 694.00	\$ 2,843.00	\$ 4,000.00	\$ 7,678.00				
24						11/SP	\$ 513.00	\$ 2,833.00	\$ 4,000.00	\$ 13,003.00				
25						10/FA	\$ 694.00	\$ 2,750.00	\$ 1,000.00	\$ 12,500.00				
26						11/SP	\$ 588.00	\$ 2,750.00	\$ 3,500.00					
27						12/FA	\$ 450.00							
28						11/FA	\$ 694.00							
29						11/SP	\$ 694.00							
30						11/FA	\$ 694.00							
31						11/FA	\$ 694.00							
32						10/FA	\$ 694.00							
33						12/SP	\$ 300.00							
34						12/SP	\$ 694.00							
35						11/FA	\$ 694.00	\$ 2,833.00	\$ 4,000.00	\$ 13,003.00				
36						11/SP	\$ 2,081.00	\$ 2,750.00	\$ 1,000.00	\$ 12,500.00				
37						11/FA	\$ 694.00							
38						12/SP	\$ 1,388.00							
39						11/SP	\$ 694.00	\$ 3,158.00	\$ 4,000.00					
40						10/FA	\$ 694.00							
41						10/FA	\$ 313.00							
42						11/FA	\$ 694.00	\$ 2,750.00	\$ 3,500.00					
43						10/FA	\$ 694.00							
44						10/FA	\$ 694.00							
45						11/SP	\$ 694.00							
46						10/FA	\$ 694.00							
47						12/FA	\$ 694.00			\$ 5,035.00				
48						13/SP	\$ 694.00							
49						11/SP	\$ 694.00	\$ 694.00						
50						11/FA	\$ 2,775.00	\$ 1,750.00	\$ 1,000.00	\$ 13,285.00				
51						11/FA	\$ 288.00							
52						11/FA	\$ 525.00							
53						11/SP	\$ 4,250.00	\$ 6,000.00	\$ 4,485.00					
54						13/SP	\$ 694.00							
55						12/SP	\$ 8,500.00	\$ 8,838.00						
56						13/SP	\$ 1,388.00			\$ 8,000.00				
57						11/FA	\$ 1,388.00							

(b)(6),(b)(7)(C)

	A	B	C	D	E	F	G	H	I	J	K	L	N	O
	Person SSN	Person Last Name	Person First Name	Enrollment Status	Revised Enrollment	Term	ESA Grant Indefinite Amount	DL SITE	CL UNISUB	DL PLUS	Perkins	ESA Loan Indefinite Amount		
58						12/SP	\$ 1,388.00			\$ 3,875.00		\$ 3,875.00		
59						11/FA	\$ 5,003.00			\$ 5,003.00		\$ 5,003.00		
60						11/SP	\$ 694.00			\$ 2,586.00		\$ 2,586.00		
61						13/SP	\$ 694.00			\$ 5,500.00		\$ 5,500.00		
62						10/SU	\$ 5,500.00							
63						12/FA	\$ 694.00							
64						13/SP	\$ 694.00							
65						13/SP	\$ 694.00							
66						11/SP	\$ 300.00	\$ 1,750.00		\$ 14,738.00		\$ 16,488.00		
67						10/FA	\$ 694.00							
68						11/FA	\$ 669.00							
69						12/SP	\$ 1,388.00							
70						11/SP	\$ 694.00	\$ 2,663.00		\$ 16,035.00		\$ 24,535.00		
71						12/SU	\$ 8,500.00							
72						11/FA	\$ 694.00							
73						12/SP	\$ 1,387.00			\$ 8,265.00		\$ 8,265.00		
74						12/FA	\$ 1,387.00							
75						10/FA	\$ 694.00							
76						12/SU	\$ 675.00			\$ 10,000.00		\$ 10,000.00		
77						12/SP	\$ 675.00			\$ 7,090.00		\$ 7,090.00		
78						12/SP	\$ 675.00							
79						11/FA	\$ 513.00			\$ 2,050.00		\$ 2,050.00		
80						13/SP	\$ 694.00							
81						11/SP	\$ 694.00							
82						11/SP	\$ 3,082.00			\$ 3,082.00		\$ 3,082.00		
83						11/SP	\$ 363.00							
84						11/FA	\$ 385.00							
85						12/SU	\$ 2,834.00	\$ 2,834.00	\$ 4,000.00	\$ 1,000.00	\$ 6,000.00	\$ 7,834.00		
86						11/SU	\$ 2,834.00	\$ 2,834.00	\$ 4,000.00	\$ 6,000.00	\$ 12,834.00			
87						12/FA	\$ 694.00							
88						11/FA	\$ 2,082.00	\$ 2,750.00				\$ 2,750.00		
89						11/FA	\$ 694.00							
90						12/SP	\$ 694.00							
91						10/SU	\$ 1,388.00			\$ 10,000.00		\$ 10,000.00		
92						11/FA	\$ 1,388.00							
93						11/SP	\$ 694.00							
94						13/SP	\$ 2,775.00	\$ 1,750.00	\$ 1,000.00	\$ 8,775.00	\$ 2,000.00	\$ 11,525.00		
95						11/FA	\$ 2,775.00	\$ 2,750.00	\$ 3,500.00	\$ 8,250.00	\$ 8,250.00	\$ 8,250.00		
96														
97							\$ 55,221.00					\$ 370,125.00		

(b)(6),(b)(7)(C)

Exhibit 4-A

Person SSN	Person Last Name	Person First Name	Enrollment Status	Revised Enrollment Status	Term	FSA Grant Ineligible Amount	FSA Loan Ineligible Amount
(b)(6),(b)(7)(C)			Full Time	Three Quarter	11/FA	\$ 313.00	\$ -
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	N/A	11/SP	\$ -	\$ 3,750.00
			Full Time	Half Time	10/FA	\$ 588.00	\$ -
			Full Time	Three Quarter	12/FA	\$ 325.00	\$ -
			Full Time	Three Quarter	11/FA	\$ 600.00	\$ -
			Full Time	Three Quarter	11/FA	\$ -	\$ 1,606.00
			Full Time	Three Quarter	11/SP	\$ 563.00	\$ -
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	11/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	12/SP	\$ 694.00	\$ -
			Full Time	Half Time	10/FA	\$ 1,388.00	\$ -
			Full Time	N/A	11/SP	\$ 2,775.00	\$ 2,750.00
			Full Time	N/A	10/FA	\$ -	\$ 16,015.00
			Full Time	N/A	10/SU	\$ -	\$ 21,274.00
			Full Time	N/A	13/SP	\$ -	\$ 24,031.00
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	12/SP	\$ 463.00	\$ -
			Full Time	N/A	12/SP	\$ -	\$ 9,750.00
			Full Time	Three Quarter	13/SP	\$ 688.00	\$ -
			Full Time	Three Quarter	12/SP	\$ 694.00	\$ -
			Half Time	N/A	12/SU	\$ -	\$ 9,348.00
			Full Time	N/A	10/SU	\$ -	\$ 14,113.00
			Full Time	Three Quarter	11/SP	\$ 513.00	\$ -
			Full Time	Three Quarter	11/SP	\$ 588.00	\$ -
			Full Time	Three Quarter	11/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	12/FA	\$ 450.00	\$ -
			Full Time	Three Quarter	11/SP	\$ 694.00	\$ -
			Full Time	N/A	11/SU	\$ -	\$ 14,521.00
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	12/FA	\$ 300.00	\$ -
			Full Time	N/A	12/SP	\$ -	\$ 19,836.00
			Full Time	N/A	11/FA	\$ -	\$ 16,250.00
			Full Time	N/A	11/SP	\$ 2,081.00	\$ 6,250.00
			Full Time	Three Quarter	11/FA	\$ 694.00	\$ -
			Full Time	Half Time	12/SP	\$ 1,388.00	\$ -
			Full Time	Three Quarter	11/SP	\$ 694.00	\$ 7,158.00
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	10/FA	\$ 313.00	\$ -
			Full Time	N/A	11/FA	\$ -	\$ 6,250.00
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	11/SP	\$ 694.00	\$ -
			Full Time	Half Time	10/FA	\$ -	\$ 5,035.00
			Full Time	Three Quarter	12/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	13/SP	\$ 694.00	\$ -
			Full Time	N/A	11/SP	\$ 2,775.00	\$ 16,035.00
			Full Time	Three Quarter	11/FA	\$ 288.00	\$ -
			Full Time	Three Quarter	11/FA	\$ 525.00	\$ -
			Full Time	N/A	11/SP	\$ -	\$ 14,735.00
		Full Time	Three Quarter	13/SP	\$ 694.00	\$ -	
		Full Time	N/A	12/SP	\$ -	\$ 17,338.00	
		Half Time	N/A	13/SP	\$ -	\$ 8,000.00	
		Full Time	Half Time	11/SP	\$ 1,388.00	\$ -	

Person SSN	Person Last Name	Person First Name	Enrollment Status	Revised Enrollment Status	Term	FSA Grant Ineligible Amount	FSA Loan Ineligible Amount
(b)(6),(b)(7)(C)			Full Time	Half Time	11/FA	\$ 1,388.00	\$ -
			Full Time	Half Time	12/SP	\$ 1,388.00	\$ 3,875.00
			Full Time	Half Time	11/FA	\$ -	\$ 5,003.00
			Full Time	Three Quarter	11/SP	\$ 694.00	\$ -
			Full Time	Three Quarter	13/SP	\$ 694.00	\$ 2,586.00
			Half Time	N/A	10/SU	\$ -	\$ 5,500.00
			Full Time	Three Quarter	12/FA	\$ 694.00	-
			Full Time	Three Quarter	13/SP	\$ 694.00	-
			Full Time	Three Quarter	13/SP	\$ 694.00	-
			Full Time	N/A	11/SP	\$ 300.00	\$ 16,488.00
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	11/FA	\$ 669.00	\$ -
			Full Time	Half Time	12/SP	\$ 1,388.00	\$ -
			Full Time	Three Quarter	11/SP	\$ 694.00	\$ 2,663.00
			Full Time	N/A	12/SU	-	\$ 24,535.00
			Full Time	Three Quarter	11/FA	\$ 694.00	\$ -
			Full Time	Half Time	12/SP	\$ -	\$ 8,265.00
			Full Time	Half Time	12/FA	\$ 1,387.00	-
			Full Time	Three Quarter	10/FA	\$ 694.00	\$ -
			Half Time	N/A	12/SU	-	\$ 10,000.00
			Full Time	Three Quarter	12/SP	\$ 675.00	\$ -
			Full Time	Half Time	12/SP	\$ -	\$ 7,090.00
			Full Time	Three Quarter	11/FA	\$ 513.00	\$ -
			Full Time	Three Quarter	13/SP	\$ 694.00	-
			Full Time	Half Time	11/SP	\$ -	\$ 2,050.00
			Full Time	Three Quarter	11/SP	\$ -	\$ 3,082.00
			Full Time	Three Quarter	11/SP	\$ 363.00	\$ -
			Full Time	Three Quarter	11/FA	\$ 385.00	\$ -
			Half Time	N/A	12/SU	-	\$ 7,834.00
			Full Time	N/A	11/SU	\$ -	\$ 12,834.00
			Full Time	Three Quarter	12/FA	\$ 694.00	
			Three Quarter	N/A	11/FA	\$ 2,082.00	\$ 2,750.00
			Full Time	Three Quarter	11/FA	\$ 694.00	\$ -
			Full Time	Three Quarter	12/SP	\$ 694.00	-
			Half Time	N/A	10/SU	\$ -	\$ 10,000.00
			Full Time	Half Time	11/FA	\$ 1,388.00	\$ -
			Full Time	Three Quarter	11/SP	\$ 694.00	
			Full Time	N/A	13/SP		\$ 11,525.00
			Full Time	N/A	11/FA	\$ 2,775.00	\$ 8,250.00

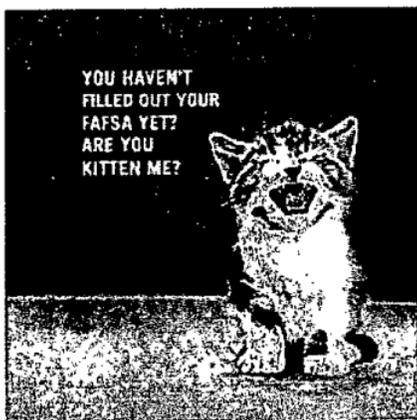
Gonzalez, Lydia

From: Tony Thompson <athomps2@pratt.edu>
Sent: Wednesday, April 02, 2014 12:49 PM
To: Gonzalez, Lydia
Cc: Nedi Goga
Subject: Final submission
Attachments: Copy of Exhibit 6A - Final Submission.zip

Good afternoon. File as requested. Password to follow.

Tony Thompson

Assistant Director of Financial Information
Systems & Technology
Pratt Institute
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Myrtle Hall, Room 6E-22
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Mission Statement:

Office of Financial Aid provides students with the financial resources and related services necessary to achieve their educational goals. We are committed to providing accurate, user-friendly, responsive and respectful service to students and their families. We administer federal, state, institutional aid and scholarship programs in accordance with applicable policies and regulations while striving to be an innovative and service-minded department.

Exhibit 6 -A

Social Security Number	Last Name	First Name	Award Year	Ineligible Award Amounts			
				Pell Grant	FSEOG	Perkins Loan	Sub Loan
(b)(6),(b)(7)(C)			2011-2012	\$ 200.00			
			2011-2012	\$ 50.00			
			2011-2012	\$ 100.00			
			2011-2012	\$ 50.00			
			2011-2012	\$ 300.00			
			2011-2012	\$ 200.00			
			2010-2011	\$ 1,700.00		\$ 1,000.00	\$ 1,750.00
			2011-2012	\$ 700.00			
			2011-2012	\$ 400.00			
			2011-2012	\$ 100.00			
			2011-2012	\$ 900.00			
			2012-2013	\$ 4,900.00		\$ 2,000.00	\$ 3,500.00
			2012-2013	\$ 200.00			
			2011-2012	\$ 100.00			
			2010-2011	\$ 600.00			
			2011-2012	\$ 100.00			
			2011-2012	\$ 200.00			
			2011-2012	\$ 50.00			
			2011-2012	\$ 200.00			
			2011-2012	\$ 4,400.00			
			2011-2012	\$ 200.00			
			2011-2012	\$ 50.00			
			2010-2011	\$ 400.00			
			2010-2011	\$ 3,000.00			\$ 5,500.00
			2012-2013	\$ 5,550.00	\$ 900.00		\$ 3,332.00
			2011-2012	\$ 2,250.00			
			2011-2012	\$ 555.00			
			2010-2011	\$ 621.00			\$ 5,500.00
			2012-2013	\$ 900.00			\$ 2,000.00
			2011-2012	\$ 700.00			
			2011-2012	\$ 50.00			
			2011-2012	\$ 500.00			
			2011-2012	\$ 50.00			
			2011-2012	\$ 3,700.00			
			2010-2011	\$ 100.00			
			2011-2012	\$ 100.00			
			2011-2012	\$ 100.00			
			2011-2012	\$ 1,100.00			
			2011-2012	\$ 200.00			
			2012-2013	\$ 1,900.00			\$ 4,500.00
		2010-2011	\$ 600.00				
		2010-2011	\$ 5,550.00	\$ 900.00	\$ 2,000.00	\$ 3,500.00	
		2011-2012	\$ 100.00				
		2011-2012	\$ 1,100.00				
		2012-2013	\$ 125.00				
		2010-2011	\$ 200.00				
		2011-2012	\$ 4,200.00	\$ 700.00	\$ 2,000.00	\$ 3,500.00	
		2010-2011	\$ 5,550.00	\$ 900.00		\$ 4,875.00	
		2011-2012	\$ 2,700.00				

Social Security Number	Last Name	First Name	Award Year	Ineligible Award Amounts							
(b)(6),(b)(7)(C)			2011-2012	\$	100.00						
			2011-2012	\$	500.00						
			2010-2011	\$	700.00						
			2011-2012	\$	100.00						
			2011-2012	\$	100.00						
			2012-2013	\$	2,800.00						
			2011-2012	\$	100.00						
			2011-2012	\$	50.00						
			2012-2013	\$	3,800.00						
			2012-2013	\$	602.00						
			2011-2012	\$	100.00						
			2010-2011	\$	2,775.00	\$	400.00	\$	1,000.00	\$	5,500.00
			2012-2013	\$	100.00						
			2010-2011	\$	5,550.00	\$	900.00			\$	5,500.00
			2011-2012	\$	200.00						
			2011-2012	\$	200.00						
			2011-2012	\$	200.00						
			2010-2011	\$	3,050.00		\$	900.00			
			2011-2012	\$	2,000.00						
			2010-2011	\$	5,500.00				\$	5,500.00	
			2010-2011	\$	1,000.00						
			2012-2013	\$	2,400.00				\$	5,500.00	
			2011-2012	\$	100.00						
			2011-2012	\$	200.00						
			2011-2012	\$	200.00						
			2011-2012	\$	100.00						
			2011-2012	\$	5,550.00	\$	900.00				
			2012-2013	\$	1,500.00				\$	3,500.00	
			2010-2011	\$	5,550.00	\$	900.00			\$	5,500.00
			2010-2011	\$	2,400.00						
			2011-2012	\$	100.00						
			2010-2011	\$	700.00						
			2011-2012	\$	3,900.00	\$	700.00	\$	2,000.00	\$	4,500.00
			2011-2012	\$	2,650.00						
			2011-2012	\$	700.00						
			2011-2012	\$	200.00						
			2011-2012	\$	100.00						
			2012-2013	\$	5,550.00	\$	900.00	\$	2,000.00	\$	5,500.00
			2012-2013	\$	200.00						
			2011-2012	\$	3,400.00				\$	4,500.00	
			2010-2011	\$	1,600.00				\$	5,500.00	
			2011-2012	\$	700.00						
			2011-2012	\$	450.00						
			2011-2012	\$	100.00						
			2011-2012	\$	100.00						
		2010-2011	\$	3,100.00							
		2011-2012	\$	100.00							
		2011-2012	\$	100.00							
		2010-2011	\$	1,176.00							
		2012-2013	\$	800.00							
		2011-2012	\$	1,300.00							

Social Security Number	Last Name	First Name	Award Year	Ineligible Award Amounts				
(b)(6),(b)(7)(C)			2011-2012	\$	5,200.00			
			2010-2011	\$	5,550.00		\$ 5,500.00	
			2011-2012	\$	100.00			
			2010-2011	\$	300.00			
			2011-2012	\$	100.00			
			2011-2012	\$	100.00			
			2010-2011	\$	5,550.00		\$ 4,500.00	
			2012-2013	\$	800.00			
			2011-2012	\$	1,300.00			
			2011-2012	\$	100.00			
			2010-2011	\$	5,550.00	\$ 900.00	\$ 2,000.00	\$ 4,875.00
			2012-2013	\$	1,500.00			
			2012-2013	\$	1,100.00			
			2010-2011	\$	5,550.00	\$ 900.00		
			2011-2012	\$	100.00			
			2010-2011	\$	5,550.00	\$ 900.00	\$ 2,000.00	\$ 5,500.00
			2010-2011	\$	1,800.00			
			2010-2011	\$	2,800.00			
			2010-11				\$ 3,500.00	
					\$ 175,204.00	\$ 10,800.00	\$ 16,900.00	\$ 109,332.00


~~112,932.00~~
 112,932.00

PRATT INSTITUTE

FINAL PROGRAM REVIEW DETERMINATION

PRCN: 201310228126

APPENDIX D

FINDING 3 SYSTEM INTERNAL CONTROL DEFICIENCIES

LIABILITIES (DL ESTIMATED ACTUAL LOSS)

Institution Name: Pratt Institute
 OPE ID: 002798
 Appendix [D] - Estimated Loss Formula

Estimated Loss Formula

9/16/2013

FINDING 3

Enter Institution Name

Pratt Institute

Select Institution Type

4 Yr

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	DL Subsidized	2010-2011	\$ 21,581.00	12.80%	4.13%	\$ 891.72
2	DL Subsidized	2011-2012	\$ 81,339.00	12.80%	11.19%	\$ 9,100.62
3	DL Subsidized	2012-2013	\$ 31,347.00	12.80%	3.87%	\$ 1,214.21
	Description		\$ 134,267.00			\$ 11,206.55
4	DL Unsubsidized	2010-2011	\$ 4,838.00	12.80%	-30.18%	\$ -
5						
6						
	Description		\$ 4,838.00			\$ -
7	DL PLUS	2010-2011	\$ 18,400.00	12.80%	-49.04%	\$ -
8	DL PLUS	2011-2012	\$ 33,808.00	12.80%	-43.09%	\$ -
9						
	Description		\$ 52,208.00			\$ -
10						
11						
12						
	Description		\$ -			\$ -
Original Ineligible Loan Liability			\$ 191,313.00	Total Estimated Loss		\$ 11,206.55

Finding 3- Ineligible DL Disbursements.

DL Subsidized

Name	10/11	11/12	12/13
(b)(6),(b)(7)(C)		474.00	
		4938.00	
		3500.00	
		6099.00	
		4500.00	
		8151.00	
		1530.00	
		2906.00	
			1733.00
		1750.00	
		395.00	
		5500.00	
		2633.00	
		3420.00	
		3500.00	
			3144.00
			4500.00
		356.00	
			5500.00
		5500.00	
			3500.00
			3881.00
		5477.00	
		3500.00	
			2750.00
			1816.00
	838.00		
	3500.00		
	2201.00		
	2433.00		
	2000.00		
		1379.00	
		3144.00	

(b)(6),(b)(7)(C)

5500.00	
738.00	
81339.00	31347.00

,267.00

11/12	12/13
0	0

11/12	12/13
10000.00	
10000.00	0

11/12	12/13
250.00	
2500.00	
1200.00	
1072.00	
157.00	
1200.00	
1200.00	
960.00	
1200.00	
3600.00	

(b)(6),(b)(7)(C)

1200.00	
1200.00	
3896.00	
1200.00	
337.00	
2636.00	
23808.00	

Exhibit 3-A

Student SSN	Last Name	First Name	Award year	Ineligible Sub Disbursement	Overaward Ineligible Disbursement	Award Fund Type	Disbursement Date
(b)(6),(b)(7)(C)			2010/11	\$ -	\$ 30.00	PLUS	14-Feb-11
			2010	\$ -	\$ 413.00	PLUS	05-Nov-10
			2011	\$ 474.00			08-Sep-11
			2011	\$ 4,938.00			21-Dec-11
			2010	\$ 4,773.00			29-Sep-10
			2011	\$ -	\$ 250.00	GPLUS	08-Sep-11
			2011	\$ 3,500.00			08-Sep-11
			2010	\$ -	\$ 9,516.00	GPLUS	24-Nov-10
			2011	\$ 6,099.00			08-Sep-11
			2011	\$ 4,500.00			08-Sep-11
			2010	\$ -	\$ 242.00	UNSUB	19-Nov-10
			2011	\$ 8,151.00			08-Sep-11
			2011	\$ -	\$ 2,500.00	GPLUS	08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11
			2010	\$ -	\$ 364.00	GPLUS	15-Sep-10
			2011	\$ 1,530.00			08-Sep-11
			2011	\$ -	\$ 1,072.00	GPLUS	08-Sep-11
			2010	\$ 911.00			05-Oct-10
			2011	\$ 2,906.00			08-Sep-11
			2010	\$ -	\$ 3,494.00	UNSUB	10-Feb-11
			2012	\$ 1,733.00			09-Sep-12
			2011	\$ 1,750.00			08-Sep-11
			2011	\$ -	\$ 157.00	GPLUS	08-Sep-11
			2011	\$ 395.00			23-Sep-11
			2011	\$ 5,500.00			27-Sep-11
			2011	\$ 2,633.00			26-Oct-11
			2010	\$ 287.00			05-Oct-10
			2011	\$ 3,420.00			08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11
			2010	\$ -	\$ 3,600.00	GPLUS	15-Sep-10
			2010	\$ 2,000.00			20-Oct-10
			2011	\$ 3,500.00			19-Oct-11
			2010	\$ -	\$ 720.00	GPLUS	15-Sep-10
			2010	\$ 474.00			21-Oct-10
			2010	\$ -	\$ 600.00	GPLUS	24-Sep-10
			2012	\$ 3,144.00			22-Jun-12
			2010	\$ 413.00			15-Sep-10
			2011	\$ -	\$ 960.00	GPLUS	08-Sep-11
			2012/13	\$ 4,500.00			01-Oct-12
			2011	\$ -	\$ 10,000.00	PLUS	08-Sep-11
			2011	\$ -	\$ 1,200.00	GPLUS	12-Sep-11

Student SSN	Last Name	First Name	Award year	Ineligible Sub Disbursement	Overaward Ineligible Disbursement	Award Fund Type	Disbursement Date	
(b)(6),(b)(7)(C)			2011	\$ -	\$ 3,600.00	GPLUS	08-Sep-11	
			2010	\$ 5,174.00			19-Nov-10	
			2010	\$ -	\$ 1,000.00	GPLUS	15-Sep-10	
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11	
			2011	\$ 356.00			08-Sep-11	
			2012	\$ 5,500.00			18-Oct-12	
			2010	\$ -	\$ 1,102.00	UNSUB	05-Nov-10	
			2010	\$ -	\$ 84.00	GPLUS	15-Sep-10	
			2011	\$ 5,500.00			12-Sep-11	
			2012	\$ 3,500.00			17-Sep-12	
			2011	\$ -	\$ 1,200.00	GPLUS	08-Sep-11	
			2012	\$ 3,881.00			24-Sep-12	
			2011	\$ 5,477.00			08-Sep-11	
			2011	\$ 3,500.00			08-Sep-11	
			2011	\$ -	\$ 3,896.00	GPLUS	26-Jan-12	
			2012	\$ 2,750.00			24-Sep-12	
			2012	\$ 1,816.00			25-Oct-12	
			2011	\$ -	\$ 1,200.00	GPLUS	12-Sep-11	
			2011	\$ 838.00			08-Sep-11	
			2011	\$ 3,500.00			08-Sep-11	
			2011	\$ 2,201.00			08-Sep-11	
			2011	\$ 2,433.00			08-Sep-11	
			2011	\$ 2,000.00			08-Sep-11	
			2010	\$ 5,500.00			15-Sep-10	
			2010	\$ -	\$ 2,073.00	GPLUS	22-Sep-10	
			2012	\$ 1,379.00			17-Sep-12	
			2012	\$ 3,144.00			05-Jun-12	
			2011	\$ -	\$ 337.00	GPLUS	08-Sep-11	
			2010	\$ 1,302.00			15-Sep-10	
			2011	\$ 5,500.00			08-Sep-11	
			2011	\$ 738.00			08-Sep-11	
			2010	\$ 747.00			15-Sep-10	
			2011	\$ -	\$ 2,636.00	GPLUS	08-Sep-11	
	Subtotal				\$134,267.00	\$ 57,046.00		
	Total Ineligible Disb.				\$191,313.00			

PRATT INSTITUTE

FINAL PROGRAM REVIEW DETERMINATION

PRCN: 201310228126

APPENDIX E

FINDING 4 INADEQUATE DETERMINATION OF ENROLLMENT

LIABILITIES

Institution Name: Pratt Institute
 OPE ID: 00279800
 Appendix [E1] - Ineligible Disbursements (Non-Loan) - Cost of Funds and ACA

Ineligible Disbursements (Non-Loan) - Cost of Funds and Administrative Cost Allowance

Name of Institution: Pratt Finding 4- Ineligible Disbursements 11/12 APPENDIX E1

No.	Description/Name	Ineligible Disbrsmnt	Program	Disburseme nt Date	Return Paid Date	No. of Days	Imputed CVFR	Federal Share	To ED	To Inst Accounts
3		\$313.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 313.00	\$ 4.61	\$ -
8		\$600.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 600.00	\$ 8.84	\$ -
12		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
20		\$463.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 463.00	\$ 6.83	\$ -
23		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
28		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
37		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
38		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
50		\$288.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 288.00	\$ 4.25	\$ -
51		\$525.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 525.00	\$ 7.74	\$ -
57		\$1,388.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 1,388.00	\$ 20.46	\$ -
68		\$669.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 669.00	\$ 9.86	\$ -
69		\$1,388.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 1,388.00	\$ 20.46	\$ -
72		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
77		\$675.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 675.00	\$ 9.95	\$ -
79		\$513.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 513.00	\$ 7.56	\$ -
84		\$385.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 385.00	\$ 5.68	\$ -
89		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
90		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
92		\$1,388.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 1,388.00	\$ 20.46	\$ -
95		\$2,775.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 2,775.00	\$ 40.91	\$ -
13		\$694.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 694.00	\$ 10.23	\$ -
58		\$1,388.00	Pell Grant	6/30/2012	12/20/2013	538	1.00%	\$ 1,388.00	\$ 20.46	\$ -
95	(b)(6),(b)(7)(C)	\$2,000.00	Perkins	6/30/2012	12/20/2013	538	1.00%	\$ 1,500.00	\$ -	\$ 22.11

Ineligible Disbursements (Loans) - Cost of Funds

Name of Institution: Prati Finding 4 Ineligible Loans 10/11 APPENDIX E3

Note: Only for FFEL loans not subject to Estimated Actual Loss

No.	Description/Name	Ineligible Disbursement	Program	Disbursement Date	Loan Paid Date	No. of Days	Imputed CV/FR	FFEL Interest	Special Allow	To ED
16		\$2,834.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$70.00
16		\$4,000.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$89.00
16		6,181.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$227.00
17		4,250.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$105.00
17		6,000.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$149.00
17		11,024.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$273.00
25		2,843.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$70.00
25		4,000.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$99.00
25		7,270.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$180.00
3		2,750.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$68.00
3		1,000.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$25.00
3		1,000.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$25.00
15		2,750.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$68.00
36		2,750.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$68.00
36		3,500.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$87.00
45		1,750.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$43.00
48		1,000.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$25.00
48		1,000.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$25.00
49		13,285.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$329.00
52		4,250.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$105.00
52		6,000.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$149.00
52		4,485.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$111.00
52		5,500.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$136.00
62		1,750.00	DL Sub	06/30/11	12/20/13	904	1.00%			\$43.00
66		14,738.00	DL PLUS	06/30/11	12/20/13	904	1.00%			\$365.00
66		10,000.00	DL Unsub	06/30/11	12/20/13	904	1.00%			\$248.00
81	(b)(6),(b)(7)(C)									

Total Principal \$ 126,910.00
 Total DL Sub \$ 31,427.00
 Total DL Unsub \$ 25,500.00
 Total FFEL Sub -
 Total FFEL Unsub -
 Total DL PLUS \$ 69,983.00
 Total FFEL PLUS \$ -

Total \$ 3,142.00

	A	B	C	D	E	F	G	H	I	J	K	L	N	O
1	Exhibit 4-A	Person Last Name	Person First Name	Enrollment Status	Reinstated Enrollment Status	Term	FSA Grant Ineligible Amount	DL SUB	DL UNSUB	DL PLUS	Perfins	FSA Loan Ineligible Amount		
2				Full Time	Three Quarter	11/FA	\$ 313.00							
3				Full Time	Three Quarter	10/FA	\$ 694.00							
4				Full Time	N/A	11/SP	\$ -	\$ 2,750.00	\$ 1,000.00			\$ 3,750.00		
5				Full Time	Half Time	10/FA	\$ 588.00							
6				Full Time	Three Quarter	12/FA	\$ 325.00							
7				Full Time	Three Quarter	11/FA	\$ 600.00							
8				Full Time	Three Quarter	11/FA	\$ -			\$ 1,606.00				
9				Full Time	Three Quarter	11/SP	\$ 563.00							
10				Full Time	Three Quarter	10/FA	\$ 694.00							
11				Full Time	Three Quarter	11/FA	\$ 694.00							
12				Full Time	Three Quarter	12/SP	\$ 694.00							
13				Full Time	Half Time	10/FA	\$ 1,388.00							
14				Full Time	N/A	11/SP	\$ 2,775.00	\$ 2,750.00	\$ 4,000.00	\$ 9,181.00		\$ 2,750.00		
15				Full Time	N/A	10/FA	\$ -	\$ 4,250.00	\$ 6,000.00	\$ 11,024.00		\$ 16,015.00		
16				Full Time	N/A	10/FA	\$ -	\$ 4,250.00	\$ 12,000.00	\$ 12,031.00		\$ 21,274.00		
17				Full Time	Three Quarter	10/FA	\$ 694.00					\$ 24,031.00		
18				Full Time	Three Quarter	12/SP	\$ 463.00							
19				Full Time	N/A	12/SP	\$ -	\$ 2,750.00	\$ 1,000.00	\$ 6,000.00		\$ 9,750.00		
20				Full Time	Three Quarter	12/FA	\$ 688.00							
21				Full Time	Three Quarter	13/SP	\$ -							
22				Full Time	Three Quarter	12/SP	\$ 694.00							
23				Half Time	N/A	12/FA	\$ -	\$ 3,174.00	\$ 6,174.00	\$ 7,270.00		\$ 9,348.00		14113
24				Full Time	Three Quarter	11/SP	\$ 513.00	\$ 2,843.00	\$ 4,000.00	\$ 7,270.00		\$ 14,113.00		14113
25				Full Time	Three Quarter	11/SP	\$ 588.00							9
26				Full Time	Three Quarter	11/FA	\$ 694.00							
27				Full Time	Three Quarter	12/FA	\$ 450.00							
28				Full Time	Three Quarter	11/SP	\$ 694.00							
29				Full Time	N/A	11/FA	\$ -	\$ 2,843.00	\$ 4,000.00	\$ 7,678.00		\$ 14,521.00		
30				Full Time	Three Quarter	10/FA	\$ 694.00							
31				Full Time	Three Quarter	12/FA	\$ 300.00							
32				Full Time	N/A	12/SP	\$ -	\$ 2,833.00	\$ 4,000.00	\$ 13,003.00		\$ 19,836.00		
33				Full Time	N/A	11/FA	\$ -	\$ 2,750.00	\$ 1,000.00	\$ 12,500.00		\$ 16,250.00		
34				Full Time	N/A	11/FA	\$ 2,081.00	\$ 2,750.00	\$ 3,500.00			\$ 6,250.00		
35				Full Time	Three Quarter	12/SP	\$ 1,388.00							
36				Full Time	Half Time	11/FA	\$ 694.00							
37				Full Time	Three Quarter	11/SP	\$ 694.00	\$ 3,158.00	\$ 4,000.00			\$ 7,158.00		
38				Full Time	Three Quarter	10/FA	\$ 694.00							
39				Full Time	Three Quarter	10/FA	\$ 694.00							
40				Full Time	Three Quarter	10/FA	\$ 313.00							
41				Full Time	N/A	11/FA	\$ -	\$ 2,750.00	\$ 3,500.00			\$ 6,250.00		
42				Full Time	Three Quarter	10/FA	\$ 694.00							
43				Full Time	Three Quarter	11/SP	\$ 694.00							
44				Full Time	Half Time	10/FA	\$ -			\$ 5,035.00		\$ 5,035.00		
45				Full Time	Three Quarter	12/FA	\$ 694.00							
46				Full Time	Three Quarter	13/SP	\$ 694.00							
47				Full Time	N/A	11/SP	\$ 2,775.00	\$ 1,750.00	\$ 1,000.00	\$ 13,285.00		\$ 16,035.00		
48				Full Time	Three Quarter	11/FA	\$ 288.00							
49				Full Time	Three Quarter	11/FA	\$ 575.00							
50				Full Time	N/A	11/SP	\$ -	\$ 4,250.00	\$ 5,000.00	\$ 4,485.00		\$ 14,735.00		
51				Full Time	Three Quarter	13/SP	\$ 694.00							
52				Full Time	N/A	12/SP	\$ -	\$ 8,500.00	\$ 8,838.00			\$ 17,338.00		
53				Half Time	N/A	13/SP	\$ -				\$ 8,000.00	\$ 8,000.00		
54				Full Time	Half Time	11/FA	\$ 1,388.00							
55				Full Time	Half Time	11/FA	\$ 1,388.00							

(b)(6),(b)(7)(C)

A	B	C	D	E	F	G	H	I	J	K	L	N	O
Person SSN	Person Last Name	Person First Name	Enrollment Status	Revised Enrollment Status	Term	FSA Grant Indigie Amount	DL SUB	DL UNISUB	DL PLUS	Perkins	FSA Loan Indigie Amount		
			Full Time	Half Time	12/SP	\$ 1,388.00			\$ 3,875.00		\$ 3,875.00		
			Full Time	Half Time	11/FA	\$ 694.00			\$ 5,093.00		\$ 5,093.00		
			Full Time	Three Quarter	11/SP	\$ 694.00			\$ 2,586.00		\$ 2,586.00		
			Full Time	Three Quarter	13/SP	\$ 694.00			\$ 5,500.00		\$ 5,500.00		
			Half Time	N/A	10/SU	\$ 694.00							
			Full Time	Three Quarter	12/FA	\$ 694.00							
			Full Time	Three Quarter	13/SP	\$ 694.00							
			Full Time	N/A	11/SP	\$ 300.00			\$ 14,738.00		\$ 16,488.00		
			Full Time	Three Quarter	10/FA	\$ 694.00							
			Full Time	Three Quarter	11/FA	\$ 669.00							
			Full Time	Half Time	12/SP	\$ 1,388.00							
			Full Time	Three Quarter	11/SP	\$ 694.00	\$ 2,663.00				\$ 2,663.00		
			Full Time	N/A	12/SU	\$ -	\$ 8,500.00		\$ 16,035.00		\$ 24,535.00		
			Full Time	Three Quarter	11/FA	\$ 694.00							
			Full Time	Half Time	12/SP	\$ 1,387.00			\$ 8,265.00		\$ 8,265.00		
			Full Time	Three Quarter	10/FA	\$ 694.00							
			Half Time	N/A	12/SU	\$ -			\$ 10,000.00		\$ 10,000.00		
			Full Time	Three Quarter	12/SP	\$ 675.00			\$ 7,090.00		\$ 7,090.00		
			Full Time	Three Quarter	11/FA	\$ 513.00							
			Full Time	Three Quarter	13/SP	\$ 694.00							
			Full Time	Half Time	11/SP	\$ -	\$ 3,082.00		\$ 2,050.00		\$ 2,050.00		
			Full Time	Three Quarter	11/SP	\$ 363.00							
			Full Time	Three Quarter	11/FA	\$ 385.00							
			Half Time	N/A	11/SU	\$ -	\$ 2,834.00		\$ 4,000.00		\$ 1,000.00		
			Full Time	Three Quarter	12/FA	\$ 694.00	\$ 2,834.00		\$ 6,000.00		\$ 12,834.00		
			Full Time	N/A	11/FA	\$ 2,082.00	\$ 2,750.00				\$ 2,750.00		
			Full Time	Three Quarter	11/FA	\$ 694.00							
			Full Time	Three Quarter	12/SP	\$ 694.00							
			Half Time	N/A	10/SU	\$ -			\$ 10,000.00		\$ 10,000.00		
			Full Time	Half Time	11/FA	\$ 1,388.00							
			Full Time	Three Quarter	11/SP	\$ 694.00							
			Full Time	N/A	13/SP	\$ -	\$ 1,750.00		\$ 1,000.00		\$ 8,775.00		
			Full Time	N/A	11/FA	\$ 2,775.00	\$ 2,750.00		\$ 3,500.00		\$ 2,000.00		
						\$ 55,221.00					\$ 370,125.00		

b)(6),b)(7)(C)

PRATT INSTITUTE

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APPENDIX F

FINDING 5 INCORRECT RETURN OF TITLE IV CALCULATION

LIABILITIES

Institution Name: Pratt Institute
 OPE ID: 00279600
 Appendix [F1] - Late or Unmade Returns (Loans) - Cost of Funds

Late or Unmade Returns (Loans) - Cost of Funds

Name of Institution: Pratt Institute Finding 5 APPENDIX 1

Note: The withdrawal date is necessary to determine if an institution has 30 (default) or 45 days to return funds

No.	Description/Name	Return Amount	Program	W/D Date	Institution Del Date	Return Paid Date	Return Due Date	Late Days	ED	Stud Days	Imputed CVFR	FFEL Interest	Special Allow	To ED	To Student
1	Colbert, Margaret	\$7,042.00	DL Unsub	10/03/10	10/03/10	03/07/11	11/17/2010	110			1.00%			\$ 21.00	
1	Colbert, Margaret	\$1,558.00	DL Sub	09/18/10	10/03/10	12/20/13	11/17/2010	129			1.00%			\$ 48.00	
2	Gross, Kyle	\$1,578.00	DL Sub	10/22/10	10/22/10	03/04/11	12/6/2010	89			1.00%			\$ 4.00	
2	Gross, Kyle	\$5,970.00	DL Unsub	10/22/10	10/22/10	03/04/11	12/6/2010	88			1.00%			\$ 14.00	
3	Jofferson, Alexander	\$3,732.00	DL Unsub	02/22/11	02/22/11	03/26/12	4/8/2011	353			1.00%			\$ 36.00	
3	Jofferson, Alexander	\$9,333.00	DL PLUS	02/22/11	02/22/11	03/26/12	4/8/2011	353			1.00%			\$ 90.00	
4	Landgrebe, Moritz	\$2,239.00	DL Sub	09/21/10	09/21/10	01/24/11	11/5/2010	80			1.00%			\$ 5.00	
4	Landgrebe, Moritz	\$995.00	DL Unsub	09/21/10	09/21/10	01/24/11	11/5/2010	80			1.00%			\$ 2.00	
4	Landgrebe, Moritz	\$6,623.00	DL PLUS	09/21/10	09/21/10	01/24/11	11/5/2010	80			1.00%			\$ 15.00	
5	Sokolikaya, Inna	\$5,970.00	DL Unsub	03/21/11	03/21/11	05/24/12	5/5/2011	385			1.00%			\$ 13.00	
5	Sokolikaya, Inna	\$1,248.00	DL Sub	03/21/11	03/21/11	05/24/12	5/5/2011	385			1.00%			\$ 3.00	
5	Sokolikaya, Inna	\$1,913.00	DL Sub	03/08/11	03/08/11	12/20/13	4/22/2011	973			1.00%			\$ 51.00	
6	Huck, Megan	\$3,038.00	DL Unsub	09/12/11	09/12/11	05/15/12	10/27/2011	201			1.00%			\$ 17.00	
6	Huck, Megan	\$5,970.00	DL Unsub	09/12/11	09/12/11	05/15/12	10/27/2011	201			1.00%			\$ 33.00	
6	Huck, Megan	\$275.00	DL Sub	09/09/11	09/09/11	12/20/13	10/24/2011	788			1.00%			\$ 6.00	
7	Riley, Megan	\$571.00	DL PLUS	01/27/12	01/27/12	12/20/13	3/12/2012	648			1.00%			\$ 12.00	

Total Principal \$ 58,813.00

Total DL Sub \$ 391.00

Total DL Unsub \$ 10,292.00

Total FFEL Sub \$ 31,237.00

Total FFEL Unsub \$ -

Total DL PLUS \$ 17,284.00

Total FFEL PLUS \$ -

* Additional funds due the Department are highlighted in Red. 12/20/13 was used as the return paid date to determine interest liability because that was the date the information was received by the Department.

(b)(6),
 (b)(7)
 (C)

Symbol	Company Name	Market Cap	Volume	Price	Change	% Change	High	Low	Open	Close	Adj. Close	Dividend	Yield	PE Ratio	EPS	Market Cap	Volume	Price	Change	% Change	High	Low	Open	Close	Adj. Close	Dividend	Yield	PE Ratio	EPS	Market Cap	Volume	Price	Change	% Change	High	Low	Open	Close	Adj. Close	Dividend	Yield	PE Ratio	EPS
7/17/2011	Microsoft	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00
10/1/2011	Microsoft	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00
10/1/2011	Microsoft	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00
10/1/2011	Microsoft	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00	1,000,000,000	10,000,000	100.00	0.00	0.00%	100.00	99.00	99.50	100.00	100.00	0.00	0.00%	10.00	10.00

PRATT INSTITUTE

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APPENDIX G

FINDING 6 VERIFICATION VIOLATIONS

LIABILITIES (PROJECTED & ESTIMATED ACTUAL LOSS)

Statistical Sample Projection Matrix - Single Finding

Institution: Pratt Institute Finding 6- Verification

Population Size
 Statistical Sample Size

Finding:
 Liability Projection Worksheet

Year	Name	SSN	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG
1	AY 2010-2011		356.24		307.20	37.71	28.39
#REF!							

Verification	Total Liability in Sample	Number of Students in Population	Number of Students in Sample	Average Liability Per Student in Sample
	\$356.24	615	236	\$356.24
	\$0.00	615	236	\$0.00
	\$307.20	615	236	\$307.20
	\$37.71	615	236	\$37.71
	\$28.39	615	236	\$28.39

UCL:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Projected Liability	\$219,108,760	#DIV/0!	\$188,928,000	\$23,191,660	\$17,459,850
LCL:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
UCL:	0.5%	0.0%	0.5%	0.5%	0.5%
Projected Fatal Error Rate	0.4%	0.0%	0.4%	0.4%	0.4%
LCL:	0.4%	0.0%	0.4%	0.4%	0.4%

Standard Deviation Plus/Minus for UCL/LCL	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Records	1	0	1	1	1

Statistical Sample Projection Matrix - Single Finding

Institution: Pratt Institute Finding 6- Verification

Population Size **475**
 Statistical Sample Size **212**

Finding: **Verification 2011/2012**
 Liability Projection Worksheet

Year	Name:	SSN:	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG
1	AY 2011-2012		266.06		58.96	18.87	10.85
#REF!							

Verification	Total Liability in Sample	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG
Liability Projection	Number of Students in Population	\$266.06	\$0.00	\$58.96	\$18.87	\$10.85
	Number of Students in Sample	475	475	475	475	475
	Average Liability Per Student in Sample	212	212	212	212	212
		\$266.06	#DIV/0!	\$58.96	\$18.87	\$10.85

UCL:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Projected Liability	\$126,378.50	#DIV/0!	\$28,006.00	\$8,963.25	\$5,153.75
LCL:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
UCL:	0.5%	0.0%	0.5%	0.5%	0.5%
Projected Fatal Error Rate	0.5%	0.0%	0.5%	0.5%	0.5%
LCL:	0.4%	0.0%	0.4%	0.4%	0.4%

Standard Deviation Plus/Minus for UCL/LCL	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Records	1	0	1	1	1

Statistical Sample Projection Matrix - Single Finding

Institution: Pratt Institute Finding 6- Verification

Population Size 446
 Statistical Sample Size 206

Finding: Verification 2012/2013
 Liability Projection Worksheet

Year	Name:	SSN:	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG
1	AY 2012-2013		168.58		135.11	19.42	8.74
#REF!							

Verification	Total Liability in Sample	Pell	Unsub Loan	Sub Loan	Perkins	FSEOG
Liability Projection	Number of Students in Population	446	446	446	446	446
	Number of Students in Sample	206	206	206	206	206
	Average Liability Per Student in Sample	\$168.58	#DIV/0!	\$135.11	\$19.42	\$8.74

UCL:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Projected Liability	\$75,186,681	#DIV/0!	\$60,259,106	\$8,661,822	\$3,898,048
LCL:	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
UCL:	0.6%	0.0%	0.6%	0.6%	0.6%
Projected Fatal Error Rate	0.5%	0.0%	0.5%	0.5%	0.5%
LCL:	0.4%	0.0%	0.4%	0.4%	0.4%

Standard Deviation Plus/Minus for UCL/LCL	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Records	1	0	1	1	1

Institution Name: Pratt Institute
 OPE ID: 002798
 Appendix [G1] - Estimated Loss Formula

Estimated Loss Formula

9/16/2013

FINDING 6 VERIFICATION

Enter Institution Name Pratt Institute APPENDIX G1

Select Institution Type 4 Yr

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	DL Subsidized	2010-2011	\$ 188,928.00	12.80%	4.13%	\$ 7,806.44
2	DL Subsidized	2011-2012	\$ 28,006.00	12.80%	11.19%	\$ 3,133.45
3	DL Subsidized	2012-2013	\$ 60,259.06	12.80%	3.87%	\$ 2,334.11
	Description		\$ 277,193.06			\$ 13,274.00
4						
5						
6						
	Description		\$ -			\$ -
7						
8						
9						
	Description		\$ -			\$ -
10						
11						
12						
	Description		\$ -			\$ -
	Original Ineligible Loan Liability		\$ 277,193.06	Total Estimated Loss		\$ 13,274.00

Institution Name: Pratt Institute
 OPE ID: 00279800
 Appendix [G2] - Estimated Loss Formula

6/4/2011 Appendix G2
 Finding 6- Verification

Enter Institution Name Pratt Institute

Select Institution Type 4 Yr

Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter Perkins's CDR	Enter Last Day of Award Year	Enter PRR Date	Number of Days	Interest	Estimated Loss Liability
1 Perkins	2010-2011	\$ 23,191.65	5.20%	6/30/2010	7/31/2013	1,127	5.00%	\$ 4,786.38
2 Perkins	2011-2012	\$ 8,963.25	5.20%	6/30/2011	7/31/2013	762	5.00%	\$ 1,401.70
3 Perkins	2012-2013	\$ 8,661.32	5.20%	6/30/2011	7/31/2013	762	5.00%	\$ 1,354.49
4 Perkins								
5 Perkins								
Original Ineligible Loan Liability		\$ 40,816.22						\$ 7,542.57
			Total Estimated Loss					

The estimated loss for Perkins loans is calculate as follows:

$$\begin{aligned}
 & \text{Ineligible Amount} \times \text{Perkins CDR} = \text{Anticipated Default Amount} \\
 & + \text{Ineligible Amount} \times \text{Number of Days} \times \text{Daily Rate of 5\% Annual Interest Rate} \\
 & = \text{Estimated Loss}
 \end{aligned}$$

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APPENDIX H

FINDING 6 VERIFICATION VIOLATIONS

PROJECTED LIABILITIES SUMMARY

APPENDIX H

Pratt's Verification Statistical sample File Review Summary
 Award Years 2010/2011, 2011/2012 and 2012/2013
Award Year 2010/2011

SS#	Name	Pell Amount	FSEOG Amount	Perkins Amount	Sub Loan Amount
(b)(6),(b)(7)(C)		1700		1000	1750
		600			
		0			3500
		400			
		3000			5500
		621			5500
		100			
		600			
		5550	900	2000	3500
		200			
		5550	900		4875
		700			
		2775	400	1000	5500
		5550	900		5500
		3050		900	
		5500			5500
		1000			
		5550	900		5500
		2400			
		700			
		1600			5500
		3100			
		1176			
		5550			5500
		300			
		5550			4500
		5550	900	2000	4875
		5550	900		
	5550	900	2000	5500	
	1800				
	2800				
Total		84,072	6,700	8,900	72,500

APPENDIX H

Pratt's Verification Statistical sample File Review Summary
Award Years 2010/2011, 2011/2012 and 2012/2013

Projected Liabilities for 2010/2011

Program	Liability	Divided by the selected sample	= Average Liability	Multiply by # of students selected for verification AY 10/11	=Projected Liability
Pell	84,072	236	356.24	615	219,087.60
FSEOG	6,700	236	28.39	615	17,459.85
Perkins	8,900	236	37.71	615	23,191.65
Sub loan	72,500	236	307.20	615	188,928.00
Total					448,667.10

Appendix H

Pratt's Verification Statistical sample File Review Summary
 Award Years 2010/2011, 2011/2012 and 2012/2013
Award Year 2011/2012

SS#	Name	Pell Amount	FSEOG Amount	Perkins Amount	Sub Loan Amount
(b)(6),(b)(7)(C)		200			
		50			
		100			
		50			
		300			
		200			
		700			
		400			
		100			
		900			
		100			
		100			
		200			
		50			
		200			
		4400			
		200			
		50			
		2250			
		555			
		700			
		50			
		500			
		50			
		3700			
		100			
		100			
		1100			
		200			
		100			
		1100			
		4200	700	2000	3500
		2700			
		100			
		500			
		100			
		100			
		100			
		50			
		100			

Appendix H

Pratt's Verification Statistical sample File Review Summary
Award Years 2010/2011, 2011/2012 and 2012/2013

(b)(6),(b)(7)(C)	200			
	200			
	200			
	2000			
	100			
	200			
	200			
	100			
	5550	900		
	100			
	3900	700	2000	4500
	2650			
	700			
	200			
	100			
	3400			4500
	700			
	450			
	100			
	100			
	100			
	100			
	1300			
	5200			
	100			
	100			
	100			
	1300			
	100			
	100			
56,405	2,300	4,000	12,500	

Projected Liabilities for 2011/2012

Program	Liability	Divided by the selected sample	= Average Liability	Multiply by # of students selected for verification AY 11/12	=Projected Liability
Pell	56,405	212	266.06	475	126,378.50
FSEOG	2300	212	10.85	475	5,153.75
Perkins	4000	212	18.87	475	8,963.25
Sub	12,500	212	58.96	475	28,006.00
Total					168,501.50

Appendix H

Pratt's Verification Statistical sample File Review Summary
 Award Years 2010/2011, 2011/2012 and 2012/2013
Award Year 2012/13

SS#	Name	Pell Amount	FSEOG Amount	Perkins Amount	Sub Loan Amount
(b)(6),(b)(7)(C)		4900		2000	3500
		200			
		5550	900		3332
		900			2000
		1900			4500
		125			
		2800			
		3800			
		602			
		100			
		2400			5500
		1500			3500
		5550	900	2000	5500
		200			
		800			
		800			
		1500			
		1100			
		34,727	1,800	4,000	27,832

Projected Liabilities for 2012/2013

Program	Liability	Divided by the selected sample	= Average Liability	Multiply by # of students selected for verification AY 10/11	=Projected Liability
Pell	34727	206	168.58	446	75,186.68
FSEOG	1800	206	8.74	446	3,898.04
Perkins	4000	206	19.42	446	8,661.32
Sub	27,832	206	135.11	446	60,259.06
					\$148,005.10

PRATT INSTITUTE

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APPENDIX I

FEDWIRE

APPENDIX I

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: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 0 auto;">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; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 0 auto;">2</div>		
DUNS / TIN: <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 0 auto;">3</div>		
FOR: <div style="text-align: center; border: 1px solid black; border-radius: 50%; width: 20px; height: 20px; margin: 0 auto;">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.		