

May 9, 2013

Mr. Richard Erskine, President
Southeast Culinary and Hospitality College
100 Piedmont Ave
Bristol, VA 24201-4159

**UPS Overnight Mail Tracking #
1Z A54 67Y 01 9033 1888**

RE: Final Program Review Determination
OPEID: 04133800
PRCN: 201140327603

Dear Mr. Erskine:

The U.S. Department of Education's (Department's) School Participation Team – Philadelphia issued a program review report on November 28, 2012 covering Southeast Culinary'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 2009-2010 and 2010-2011 award years. Southeast Culinary's final response was received on February 25, 2013. A copy of the program review report (and related attachments) and Southeast Culinary's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Southeast Culinary 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:

The purpose of this letter is to inform Southeast Culinary of the final determinations made by the Department concerning all of the outstanding findings of the program review report, and to close the review.

Protection of Personally Identifiable Information (PII):

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

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 Kenneth Porter at 202-377-4060.

Sincerely,

(b)(6)

Nancy Paula Gifford
Director
Philadelphia School Participation Division

Enclosure: Program Review Report (with attachments)
Southeast Culinary and Hospitality Response to the Program Review Report

cc: Mr. Matthew Herny, Financial Aid Director
Commonwealth of Virginia, State Council of Higher Education
Council of Occupational Education

Prepared for

**Southeast Culinary and
Hospitality College**

THE OFFICIAL SPONSOR of
OUR AMERICAN MIND

**OPE ID: 04133800
PRCN: 201140327603**

**U.S. Department of Education
Federal Student Aid
School Participation Division - Philadelphia**

Final Program Review Determination May 9, 2013

Table of Contents

	Page
A. Institutional Information.....	2
B. Scope of Review.....	3
C. Findings and Final Determinations.....	3
Resolved Findings	3
Findings with Comments	
Finding #1 Student Credit Balance Deficiencies	4
Finding #4 Incorrect Return of Title IV Funds Calculation	6
Finding #5 Federal Direct Loan Funds Not Disbursed	8
D. Appendices	
Appendix A: Student Level Detail	10
Appendix B: Program Review Report	11
Appendix C: Institution's Written Response	12

A. Institutional Information

Southeast Culinary and Hospitality College
100 Piedmont Avenue
Bristol, VA 24201-4159

Type: Proprietary

Highest Level of Offering: Associates Degree

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 57

% of Students Receiving Title IV, HEA funds: 77.2%

Title IV, HEA Program Participation:

Award Year	Federal Pell Grant	Federal Direct Loan	Federal SLEOG
2009-2010	\$394,550	\$741,605	\$10,463
2010-2011	\$450,560	\$735,246	\$11,172

Default Rate FFEL/DL: 2009 33.3%
2010 43.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Southeast Culinary and Hospitality (Southeast Culinary) from July 25, 2011 to July 29, 2011. The review was conducted by Kenneth Porter and Peter Brennan.

The focus of the review was to determine Southeast Culinary's compliance with the statutes and regulations as they pertain to the institution's administration of the Title IV, HEA programs. The review consisted of, but was not limited to, an examination of Southeast Culinary'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 34 files was identified for review from the 2009-2010 and 2010-2011 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. Appendix A lists the names and social security numbers of the students whose files were examined during the program review. A program review report was issued on September 28, 2012.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Southeast Culinary'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 Southeast Culinary 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: Findings 2 and 3

Southeast Culinary has taken the corrective actions necessary to resolve findings 2 and 3 of the program review report. Therefore, these findings may be considered closed.

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: Student Credit Balance Deficiencies

Citation:

Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all the Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period. 34 C.F.R. §668.164(e).

An institution is permitted to hold credit balances when a student has voluntarily authorized the institution to retain a credit balance in order to assist the student in managing those funds for the remainder of the academic award year. The authorization must be voluntary or optional, and the student or parent must have the option to cancel or modify the authorization at any time. Title IV credit balance funds retained on the basis of an authorization must be paid by the end of the last day in the award year for which awarded, or for loan funds, by the end of the loan period. If a student or parent cancels the authorization to hold the Title IV funds, the institution must pay those funds directly to the parent or student as soon as possible but no later than 14 days after the institution received the cancellation notice. 34 C.F.R. § 668.165(b).

Noncompliance Summary:

Southeast Culinary failed to return credit balance funds to students within the required 14 day timeframe. Southeast Culinary did not obtain authorization from its student to hold the credit balance funds.

Required Action Summary:

The Department required Southeast Culinary to conduct a file review of all the students enroll at the institution during 2009-2010 award year to determine the extent to which it made late credit balance payments.

The Department required Southeast Culinary to compile the results of the file review on a spreadsheet and to submit the results with its response to the program review report. In addition, Southeast Culinary was required to submit copies of the bank statements demonstrating the negotiation of the checks identified in the file review.

Southeast Culinary was required to review its policy and procedures to ensure that they were sufficient to prevent a recurrence of this finding. Southeast Culinary was required to submit copies of any revisions with its response to this program review report.

Southeast Culinary's Response:

In its written response, received February 25, 2013, Southeast Culinary concurs with the finding that some students did not receive their Title IV credit balances within the 14 day timeframe. Southeast Culinary also provided the results of its file review for the Fall 2009 term, the Spring 2010 term and the Summer 2010 term on separate spreadsheets. Each spreadsheet includes the following for each student; tuition and fees charges for the term,, the disbursement amounts and dates for the Title IV funds received , the total amount of Title IV funds disbursed , the dates Title IV credit balances occurred, and the draft dates and check numbers for the credit balances . Southeast Culinary, also submitted copies of account summaries, checks, bank statements and financial aid award notices. The institution, also acknowledged that the file review is not 100% accurate, because some of the student account summaries are missing.

In addition, the institution provided updated policies and procedures to comply with the Federal regulation cited above.

Final Comment:

The Department took a random sample of students from each term. Based on an analysis of a sample of the Fall 2009 term, the Department could not determine if three students in the sample received their Title IV credit balance within the 14 day timeframe, because Southeast Culinary did not provide account summaries for the students and could not provide copies of checks for two of the three students.

Based on an analysis of a sample for the Spring 2010 term, the Department could not determine if eight students received their Title IV credit balance within the 14 day timeframe, because Southeast Culinary did not provide account summaries for six of the eight students and could not provide copies of checks for six of the eight students.

Based on an analysis of the sample for the Summer 2010 term, the Department determined that all of the students in the sample received their Title IV credit balance within the 14 day timeframe.

Southeast Culinary's failure to provide documentation for all of the students in the file review could mean that additional students were financially harmed and burdened. In addition, some students could have been deprived of funds needed to pay living expenses while attending school.

Nevertheless, it appears that the revised policies and procedures submitted with Southeast Culinary's response to the program review report adequately addresses the finding. Therefore, the Department accepts the response provided by Southeast Culinary and no further action is required for this finding.

Finding #4: Incorrect Return of Title IV Funds Calculation

Citation:

When a Title IV grant or loan recipient withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV funds that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1). When a student ceases attendance or fails to return from a LOA at an institution that is required to take attendance, the student's withdrawal date is the last date of attendance as determined by the institution from its attendance records.

The amount of Title IV funds earned is equal to the percentage of the payment period or period of enrollment completed by a student, as of the withdrawal date. If the student's withdrawal date occurs after a student completes sixty percent of the payment period or period of enrollment for a program the student earns 100 percent of the Title IV funds. 34 C.F.R. § 668.22(e)(2). The percentage of Title IV assistance that has not been earned by the student is calculated by determining the complements of the percentage of Title IV funds earned by the student. 34 C.F.R. § 668.22(c)(3).

Noncompliance Summary:

Southwest Culinary incorrectly calculated the Return of Title IV funds due for Student #18.

Southwest Culinary miscalculated the number of days within the term and the number of days completed by the student. Southwest Culinary also failed to include Pell Grant funds as "aid that could have been disbursed" in the R2T4 calculation.

Required Action Summary:

The Department required Southwest Culinary to perform a new R2T4 calculation for Student #18, which included all of the Title IV funds the student qualified for as either "aid disbursed" or "aid that could have been disbursed." Southwest Culinary was required to provide the results of the calculation with its response to the program review report.

Southwest Culinary was also required to review and revise its policies and procedures, if necessary to prevent a recurrence of this finding. Southwest was required to include a copy of any revisions with its response to this program review report.

Southeast Culinary's Response:

In its initial written response, received on February 28, 2013, Southeast Culinary disagreed in part with the finding. Southeast Culinary concurs that it used the incorrect days completed by the student and the incorrect days for the term. However, Southeast Culinary believes the student used all of his Pell Grant eligible at another institution, so they should not include Pell Grant funds as "aid that could have been disbursed." Southeast Culinary, also submitted documentation, which shows the student, received his full Pell Grant eligibility at another institution. In addition, Southeast Culinary submitted a new R2T4 calculation that corrected the number of days in the term and the number of days completed by the student. However, the new calculation did not include the Pell grant funds as, "aid that could have been disbursed."

On April 8, 2013, the Department contact Southeast Culinary to discuss the institution response to this finding. The Department agrees that the student did initially receive his full Pell Grant award at another institution, however, Common Loan and Origination (COD) shows that the other institution adjusted the student Pell Grant award on February 11, 2011, which was prior to the students March 7, 2011 withdrawal from Southeast Culinary. Thus the student was eligible to receive Pell Grant funds at Southeast Culinary.

On April 11, 2013, Southeast Culinary submitted a revised written response and documentation for this finding. A revised R2T4 calculation was also submitted, which includes Pell Grant funds as "aid that could have been disbursed." The revised response also includes updated policies and procedures.

Final comment:

The Department determined that the incorrect calculation was cause by the institution's failure to count weekends, when determining the number of days in the term and the number of days completed by the student. In addition, the Department determined that the institution failed to monitor the student's Pell Grant eligibility during the term and to review the student's Pell Grant eligibility, when the student withdrew from the institution. These errors caused the institution to calculate the incorrect percentage of the payment period or period of enrollment completed by the student and the incorrect amount of Title IV funds earned by the student. Southeast Culinary reduce the student's Federal Direct Subsidized loan by \$707.41 and his Direct Unsubsidized loan by \$995. However, the revised R2T4 calculation shows that only the student's Federal Direct Unsubsidized loan should have been reduced by \$700.

As a result of the errors, the Department determined the student was deprived of Title IV loan funds that he was eligible to receive. However, the error reduced the student's outstanding loan debt and so the Department will not require any further action for this finding.

Finding #5: Federal Direct Loan Funds Not Disbursed

Citation:

An Institution must disburse the Title IV funds it receives as soon as administratively feasible, but no later than three business days following the date the institution receives those funds. 34 C.F.R. § 668.162(b)(3).

Funds received under the Title IV, HEA program are held in trust by the institution for the intended student beneficiaries and the Secretary. The institution as a trustee of Federal funds, may not use or hypothecate Title IV funds for any other purpose. 34 C.F.R. § 668.161(b).

Noncompliance Summary:

Southeast Culinary failed to disburse loan funds to student #13. NSLDS shows the student received two Direct Unsubsidized Loan disbursements for \$663; the first disbursement was on April 21, 2010 and the second was on May 18, 2010. However, student #13 ledger shows only one posting of \$663 on May 19, 2010.

Required Action Summary:

The Department required Southeast Culinary to explain the current disposition of the funds intended for student #13. In addition, Southeast Culinary was required to review its policy and procedures to ensure that they were sufficient to prevent a recurrence of this finding. Finally, Southeast Culinary was required to submit copies of any revisions with its response to the program review report.

Southeast Culinary's Response:

In its written response, received February 25, 2012, Southeast Culinary agrees in part with the finding. Southeast Culinary acknowledges that they failed to notate the disbursement on the student's account summary, but included documentation with its response that shows the student received \$663. The documentation included a copy of a check dated May 4, 2010 for \$663 and a copy of a Financial Award Aid Notice that indicates the student acknowledged additional funds for \$663 on May 4, 2010.

In addition, the institution provided an updated version of the institution's policies and procedures to comply with the Federal regulation cited in the program review report.

Final Comment:

While Southeast Culinary provided documentation that shows the student acknowledges additional funds for \$663 and check #1186 for \$663, which is dated May 4, 2010; the institution still failed to prove Title IV funds were disbursed as soon as administratively

feasible, but no later than three business days following the date the institution received those funds. Furthermore, Southeast Culinary failed to prove that the actual Federal Direct Unsubsidized loan funds were applied to the student's account on April 21, 2010 as report to NSLDS.

Since, the actual Federal Direct Unsubsidized loan disbursement was never notated on the student's account summary; the Department cannot determine the accuracy of the disbursement information report to NSLDS. Consequently, the student could be paying unwarranted interest charges.

However, the 2009-2010 loan records have been archived by the Department and the disbursement record for student #13 cannot be adjusted to reflect the disbursement date of May 4, 2010, the only date the institution could confirm in its response to the program review report. Therefore, no further action is required for this finding.

Appendix A: Student Sample.

The student sample contains personally identifiable information and will be emailed to South east Culinary as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email

Appendix B: Program Review Report



November 28, 2012

Mr. Richard Erskine
President
Southeast Culinary and Hospitality College
100 Piedmont Avenue
Bristol, VA 24201-4159

UPS Tracking Number
1Z A54 67Y 01 9666 4302

RE: Program Review Report
OPE ID: 04133800
PRCN: 201140327603

Dear Mr. Erskine:

From July 25, 2011 through July 29, 2011, Mr. Kenneth Porter and Mr. Peter Brennan conducted a review of Southeast Culinary and Hospitality's (Southeast Culinary's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

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

Federal Student Aid
U.S. DEPARTMENT OF EDUCATION

Department of Education
300 The Capitol Mall, Washington, DC 20540-0001
StudentAid.gov

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 Southeast Culinary 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 Mr. Kenneth Porter of this office within 60 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

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

Record Retention:

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

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 Mr. Kenneth Porter at (202) 377-4060 or kenneth.porter@ed.gov.

Sincerely,

(b)(6)

John S. Loreng
Compliance Manager

cc: Mr. Darrell C. Williams, Financial Aid Administrator

Enclosure:
Protection of Personally Identifiable Information



START HERE
GO FURTHER
FEDERAL STUDENT AID

Prepared for

**Southeast Culinary and
Hospitality College**

OPE ID 04133800

PRCN 201140327603

Prepared by

U.S. Department of Education

Federal Student Aid

Philadelphia School Participation Division

Program Review Report

November 28, 2012

Table of Contents

	Page
A. Institutional Information.....	2
B. Scope of Review.....	3
C. Findings	3
Finding # 1: Student Credit Balance Deficiencies	4
Finding # 2: Failure to Document Leave of Absence Requests	5
Finding # 3: Failure to Complete Verification	7
Finding # 4: Incorrect Return of Title IV Funds Calculation	7
Finding # 5: Federal Direct Loan Funds Not Disbursed	9
D. Appendix A	10

A. Institutional Information

Southeast Culinary and Hospitality College
100 Piedmont Avenue
Bristol, VA 24201-4159

Type: Proprietary

Highest Level of Offering: Associates Degree

Accrediting Agency: Council on Occupational Education

Current Student Enrollment: 57

% of Students Receiving Title IV: 77.2%

Title IV Participation:

Award Year	Federal Pell Grant	Federal Direct Loan	Federal SEOG
2009-2010	\$394,550	\$741,605	\$10,463
2010-2011	\$450,560	\$735,246	\$11,172

Default Rate FFEL/DL: 2009: 33.3%
2010: 43.4%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Southeast Culinary and Hospitality College (Southeast Culinary) from July 25, 2011 through July 29, 2011. The review was conducted by Mr. Kenneth Porter and Mr. Peter Brennan.

The focus of the review was to determine Southeast Culinary'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 Southeast Culinary'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 34 files was identified for review from the 2009-2010 and 2010-2011 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. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

Disclaimer:

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

Finding # 1: Student Credit Balance Deficiencies

Citation:

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

An institution is permitted to hold credit balances when a student has voluntarily authorized the institution to retain a credit balance in order to assist the student in managing those funds for the remainder of the academic award year. The authorization must be voluntary or optional, and the student or parent must have the option to cancel or modify the authorization at any time. Title IV credit balance funds retained on the basis of an authorization must be paid by the end of the last payment period in the award year for which awarded, or for loan funds, by the end of the loan period. If a student or parent, cancels the authorization to hold Title IV funds, the institution must pay those funds directly to the parent or student as soon as possible but no later than 14 days after the institution received the cancellation notice. 34 C.F.R. § 668.165(b).

Noncompliance:

Southeast Culinary failed to return credit balance funds to students within the required 14-day timeframe. Southeast Culinary did not obtain authorizations from its students in order to hold the credit balance funds. The chart below provides additional details.

Student Number	Date Credit Balance Created	Credit Balance Amount	Date Credit Balance Relieved per South Culinary Records
2	01/19/2011	\$1191.00	02/04/2011
8	04/24/2010	\$1123.00	06/02/2010
	05/19/2010	\$1622.00	06/02/2010
16	07/02/2009	\$2415.10	08/31/2009
	10/20/2009	\$1763.00	01/11/2010

An institution's failure to return Title IV credit balances within the 14-day timeframe can result in financial harm and burden to students. Students are entitled to receive credit balance funds to pay for living expenses they incur while attending school.

Required Action:

Southeast Culinary must conduct a file review of all students enrolled at the institution during the 2009-2010 award year in order to determine the extent to which it made late credit balance payments.

Southeast Culinary should compile the results of this review in a spreadsheet. The spreadsheet should be formatted to include the following data and must be submitted in both hardcopy and electronic formats with its response to this program review report.

1. Student Name;
2. Social Security Number;
3. Date the Title IV Credit Balance Occurred;
4. Date the Title IV Credit Balance Was Paid to the Student;
5. Number of Days Late;
6. Amount of Title IV Credit Balance; and
7. Check Number Issued to Pay Credit Balance.

In addition, Southeast Culinary must provide copies of the bank statements demonstrating the negotiation of the checks identified in the file review.

Southeast Culinary must review its policies and procedures to ensure that student credit balances are provided to students within 14 days. Southeast Culinary must provide a copy of any updates or revisions to the policy with its response to this program review report.

Finding # 2: Failure to Document Leave of Absence Requests

Citation:

A leave of absence (LOA) is a temporary interruption in a student's program of study. An institution may grant an LOA upon request of the student. An institution does not have to treat an LOA as a withdrawal if it is an approved LOA. A LOA is approved if:

- The institution has a formal policy regarding LOAs;
- The student followed the institution's policy in requesting the LOA;
- The institution determines that there is a reasonable expectation that the student will return to the school;
- The institution approved the student's request in accordance with the institution's policy;
- The LOA does not involve additional charges by the institution;
- The number of days in the approved LOA, when added to the number of days in all other approved LOAs, does not exceed 180 days in any 12-month period; and

- Except for a clock hour or nonterm credit hour program, upon the student's return from the LOA, the student is permitted to complete the coursework he or she began prior to the LOA.

Finally, if the student requesting the LOA is a Title IV, HEA program loan recipient, the institution must explain to the student, prior to granting the LOA, the effects that the student's failure to return from a LOA may have on the student's loan repayment terms, including the exhaustion of some or all of the student's loan grace period.

An institution's LOA policy is a "formal policy" if it is in writing, is publicized to students, and requires students to provide a written, signed, and dated request. Since an institution must be able to make a determination that there is a reasonable expectation that the student will return from the LOA, and the institution's policy must specify that the reason for the LOA must be included within the request. 34 C.F.R. § 668.22(d).

Noncompliance:

Southeast Culinary failed to maintain written documentation of students' requests for a leave of absence. Specifically, Southeast Culinary failed to maintain documentation for students # 4, 9, 10, and 30.

Further, Southeast Culinary's own Leave of Absence policy states:

...All leaves of absence must be requested in writing, signed and dated, including the reason and attach documentation if necessary. The student should consult the College's Financial Aid Office for information regarding the impact on financial aid, tuition refunds and loan repayments. This is to provide an explanation of the effects of the student's failure to return from an LOA may have on the student's loan repayment terms, including the expiration of the student's grace period.¹

An institution's failure to document its determinations regarding LOAs may result in students receiving Title IV funds during a period in which they are ineligible.

Required Action:

Southeast Culinary must review its policies and procedures to ensure that they are sufficient to prevent a recurrence of this finding. In addition, Southeast Culinary must include copies of any revisions with its response to this program review report.

¹ Southeast Culinary's Student Handbook and Catalog, 2010-2011, page 28

Finding # 3: Failure to Complete Verification

Citation:

An institution is required to verify information used to calculate a student's Expected Family Contribution (EFC) as part of the student's need for federal student aid programs. An institution is required to obtain documentation to substantiate the Adjusted Gross Income (AGI), taxes paid, untaxed income and benefits, household size, and number of family members enrolled in college as shown on the Institutional Student Information Record (ISIR). Information is verified by securing additional documentation or, in some cases, a signed statement attesting to the accuracy of the information provided. 34 C.F.R. § 668.56 and 34 C.F.R. § 668.57.

Noncompliance:

Southeast Culinary failed complete verification for student # 17. Specifically, student #17's 2010-2011 Institutional Student Information Record (ISIR) showed that his parent's adjusted gross income was \$13,900, but the 2009 tax return for the parent shows the adjusted gross income was \$15,734.

An institution's failure to complete verification may result in a student receiving Title IV funds to which he is not entitled.

Required Action:

Southeast Culinary must perform a new needs analysis for student #17, in order to determine the funds the student qualified to receive. The institution must provide a copy of the new needs analysis with its response to this program review report.

Southeast Culinary must review its policies and procedures to ensure that they are sufficient to prevent a recurrence of this finding. Southeast Culinary must include copies of any revisions with its response to this program review report.

Instructions for the repayment of any determined liability will be provided in the Final Program Review Determination letter.

Finding # 4: Incorrect Return of Title IV Calculations

Citation:

When a Title IV grant or loan recipient withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV funds that the student earned as of the student's withdrawal date. 34 C.F.R. § 668.22(a)(1). When a student ceases attendance, or fails to return from an LOA at an institution that is required to take attendance, the student's

Finding # 5: Federal Direct Loan Funds Not Disbursed

Citation:

An institution must disburse the Title IV funds it receives as soon as administratively feasible, but no later than three business days following the date the institution receives those funds. 34 C.F.R. § 668.162(b)(3).

Funds received under the Title IV, HEA programs are held in trust by the institution for the intended student beneficiaries and the Secretary. The institution, as a trustee of Federal funds, may not use or hypothecate Title IV funds for any other purpose. 34 C.F.R. § 668.161(b).

Noncompliance:

Southeast Culinary failed to disburse loan funds to student #13. NSLDS indicates that the student received two Direct Unsubsidized loan disbursements for \$663; the first disbursement was on April 21, 2010 and the second was on May 18, 2010. However, student # 13's ledger shows only one posting of \$663 on May 19, 2010.

An institution's failure to disburse Title IV funds received from the Secretary to the intended student beneficiary is a violation of the institution's fiduciary duty.

Required Action:

In response to this finding, Southeast Culinary must explain the current disposition of the funds intended for student # 13.

Southeast Culinary must review its policies and procedures to ensure that they are sufficient to prevent a recurrence of this finding. Southeast Culinary must include copies of any revisions with its response to this program review report.

Instructions for the repayment of any determined liability will be provided in the Final Program Review Determination letter.

**Appendix C: Institution's Written Response to the Program Review Report received
February 25, 2013**

Southeast Culinary & Hospitality College's Program Review Response

Package Contents:

- Folder regarding Issue #1 – This folder contains source documentation for student credit balance payments.
- Folder regarding 2009-2010 credit balance payments. Copies of 8/2009-9/2010 Federal Funds Account Statements.
- Folder regarding Issue #2 – The folder contains policy updates to leave of absence information.
- Folder regarding Issue #3 – Information concerning verification for a student. The verification information was completed prior to the site visit but was not present in the student's folder. This is the completed paperwork.
- Folder regarding Issue #4 – The folder contains information concerning an incorrect Return of Title IV Funds Calculation. This information was recalculated and is present in the folder.
- Folder regarding Issue #5 – Federal Funds not disbursed. Information regarding the student and account ledger.

Response Finding #1 (Student Credit Balance Deficiencies)

Attached to this report are three spreadsheets that identify students with Title IV credit balances. The spreadsheets are separated by semester to make identification easier for all parties. The spreadsheet, as discussed previously, contains more information than requested in the program review report. This was done to allow a complete understanding as to the award years. The individual that was primarily responsible for financial aid is no longer with the college from the award years requested. This created an issue with trying to recreate the information.

The information submitted is the result of a large amount of work and investigation. Student related documents were kept for all semesters. However, the information is not consolidated into the student's file for ease of discovery. This has led to several students with account summary information that was not included. Therefore, while we could discover other information regarding costs/student financial aid, we had no account summaries for several students from a specific semester. This resulted in an inability to create the information 100% accurately at this time. Therefore, those students are identified in the spreadsheet with highlighted names.

The account summaries for students were taken by hand during the early years of Title IV programs here at Southeast Culinary & Hospitality College. Student files were either fully complete or missing information. The original files were sometimes located in the student's documents or sometimes separate.

In regards to the issue of ensuring students are paid we have provided as much information for this past award year as possible. It is clear that on some occasions checks were written after the 14 days required to pay a student. It is unclear, on occasion, if students simply did not pick the checks up after they were written. Therefore, the date the overage occurred and the date the check was written was our basis for determining the spreadsheets "Days Late" category.

Included are as many references to bank statements that could be identified. The bank account that was primarily used during this time period was "Greene Bank". Nonetheless, in order to keep the federal funds account clearly separate an account was created with First Bank & Trust. These check numbers sometimes mimicked others from the Greene Account. This created a large issue with providing/identifying the overage checks.

In terms of policy regarding how this issue will be resolved in the future: We have been ensuring that students accounts are credited at proper times and that credit balances, if created, are paid within the 14 days. Credit balance recipients are notified of the date of a balance when completing their financial aid award agreement. (See attached – blank award document). Furthermore, students are notified via e-mail and phone if they have a credit balance and that they can pick that up.

Students who fail to collect the credit balance check within the 14 days are once again notified that it will be held for immediate pick-up for 14 more days and then will be mailed to the address on file.

This policy will hold true for any student with a credit balance (whether or not it is a title-iv balance). Credit balance issues are a very serious matter and students depend upon the funds in order to ensure their educationally related costs are met. Financial aid matters at the college have changed hands and nearly all issues regarding policy and procedure have been updated and implemented in ways that will not allow any of these past issues to take place again (or prevent them to the best of our ability).

Southeast Culinary & Hospitality College also works with a 3rd party provider, Weber & Associates, regarding financial aid. The 3rd party provider has been working diligently with the college to ensure these issues do not take place. Unfortunately, in the award year 2009-2010 it is unknown to what degree student accounts were shared with the 3rd party processors. Ultimately, it requires the college being the responsible party to ensure that student accounts are properly credited and to ensure that financial aid data received from our 3rd party is accurate.

The information for our response does lack some data. However, this was a large amount of information that was not processed as student information is today. If there are supplemental request please let us know and we will try to provide any other information that we can.

Response to Issue #_ -Leave of Absence

The Department of Education's review found that there was insufficient documentation with regards to student #_ and the college should review its own policy as stated in its handbook concerning leave of absences with students.

During my investigation of materials for our reply I found documentation lacking for many students who may have verbally informed the college of their intent to take a leave of absence. Unfortunately, the students were still bound by the policy in the handbook. I believe the main source of this issue came about with students' failure to complete the required information. Unfortunately, leave of absence documentation was not readily available to the students. However, this documentation did exist if requested.

Due to the financial implications of students completing leave of absence requests it is imperative that this not be an issue in the future. Therefore, I have designed a new, updated leave of absence request form which is now available to students at all times in a physical form at the college (independent of a request from the office) or online located with other student documents on the college's website. (See attached form and online reference link)

Furthermore, the college handbook has been updated. The policy that was in place at the time of this response is below. Following, is the updated version that has now been implemented. Students have been informed of this change via an update on their school issued e-mail which they are required to check. Also, the updated catalog is available for download on the website.

Previous Catalog Reference Concerning LOA-

A leave of absence is a period of time during which a student is not actively enrolled in coursework. The student's academic status with the College is maintained and the student is not considered withdrawn. A leave of absence may be granted by the administration for medical, personal, or academic reasons. A leave of absence is granted for no more than 180 days in a 12 month period and does not change the time limit for completing the curriculum. A student seeking a leave of absence should consult with The President prior to initiating any action. The school must determine the student has a reasonable expectation to return. All leaves of absence must be requested in writing, signed and dated, including the reason and attach documentation if needed. The student should consult the College's Financial Aid Office for information regarding the impact upon financial aid, tuition refunds, and loan repayment. This is to provide an explanation of the effects of the student's failure to return from an LOA may have on the student's loan repayment terms, including the expiration of the student's grace period.

Revised Catalog Reference Concerning LOA-

A leave of absence (LOA) is temporary interruption in a student's program of study. LOA refers to the specific time period during a program of study when a student is not in attendance. An LOA is not required if a student is not in attendance only for an institutionally scheduled break. It is optional for students to attend during the summer semester. Students are not required to attend during the summer semester with the College and therefore no LOA is required if a student will be resuming attendance as scheduled in the fall semester. A student considering an LOA should consult with college administration to ensure proper academic planning. A student must follow the policy in this section concerning their LOA; failure to complete the necessary steps will result in a student being administratively withdrawn from the institution.

- The student must submit a signed leave of absence form in writing to the administration of the college prior to the start of their leave of absence. The student must demonstrate a reasonable expectation to return to their program of study.
- The student must consult the College's Financial Aid Department for information regarding the impact upon financial aid matters, tuition refunds, and loan repayment (an LOA may impact repayment terms or include the expiration of a student's grace period.)
- The student's leave of absence must be approved by the college in accordance with this policy. The college retains the ability (in unforeseeable circumstances that would prevent the student from completing an LOA) to place a student in an approved, documented leave of absence; provided the student complies with the policy at a reasonable later date.

The leave of absence policy for the college did have several issues. I found that with a majority of students they were just failing to complete required documentation or paperwork for anything if it came to a point they were no longer attending classes. The failure of the school to follow-up on a large majority of this information (not just LOA) is mainly related to its lack of contingency policy concerning non-response by students. There is a vast amount of contingency planning in the regulations that allow for institutions to have alternatives to standard procedures (or what to do if you cannot contact a student).

In this case I have created a clear statement that students will be withdrawn if they fail to request an LOA and are in non-attendance. However, the parts of our policy posted to students and a more explanative policy for our own use would be to clarify that "disappearance" of students should be treated very seriously. A student's failure to attend and continue in their scheduled progress is a serious matter. This has implications in multiple areas. The revised policy will follow a standard to allow a maximum of 10 business days to determine a student's situation with regards to attendance of currently enrolled classes before withdraw/LOA action is taken (with specific notation of the student's last known date of attendance for possible withdraw purposes...as was our procedure before in compliance with proper determination for withdraw). However, this new standard creates a maximum time to allow the student to contact the college regarding attendance. (It should be noted that attempts are made by instructors and other staff to determine the situation of a student).

During the 10 business days if the college is able to determine a student's situation that would fail under policy that allows the college to complete the LOA for the student and then retrieve documentation at a later date (generally due to illness, accident, extreme situations) this will be documented in the students file and the college will obtain the student's written request in a reasonable about of time. This situation may also constitute sending an LOA form, Withdraw form, or the student resuming classes.

If, after the 10 business days, the college is unable to determine a student's situation the college will try to inform the student that barring further communication the school will withdraw the student on the date 30 days after the last known date of attendance and complete any necessary documentation/returns necessary the school is able to provide. This process will include sending LOA & Withdraw forms to the student both physically and digitally from addresses on file.

Ultimately, if no response is heard from the student the college will administratively withdraw students and inform them in writing to their last known address on file.

Students who were granted an LOA do have the new requirement of consulting the financial aid office before their leave is approved. This will include a consultation and set of dates to indicate when the student must return. Also, students who were approved an LOA will be informed that their date of withdraw will be their last date of attendance at the school and not the date they are required to resume their studies if they fail to return. This is in accordance with the current regulations in 34 CFR 668.22.

At the time of this response there is one student with a brief written intent of an LOA. This was due to a personal, financial situation. It is notated in the students file. However, due to the policy change no further action was taken and the student was informed that further information would be required upon the completion of our policy change regarding Leave of Absences. This information has been sent to the student and the student will be returning the information. The student is aware that a failure to return the information will result in the student being withdrawn on their last date of attendance. This was made clear to the student at the time of their pending LOA. The receipt of this letter from DOE was 12/05/2012 and the student submitted the LOA request on 12/07/2013 (the students last date of classes for the semester). Thus it created a unique situation that only affects one student. No other students are on LOAs at the time of this response.

Leave of Absence

A leave of absence (LOA) is temporary interruption in a student's program of study. LOA refers to the specific time period during a program of study when a student is not in attendance. An LOA is not required if a student is not in attendance only for an institutionally scheduled break. It is optional for students to attend during the summer semester. Students are not required to attend during the summer semester with the College and therefore no LOA is required if a student will be resuming attendance as scheduled in the fall semester. A student considering an LOA should consult with college administration to ensure proper academic planning. A student must follow the policy in this section concerning their LOA; failure to complete the necessary steps will result in a student being administratively withdrawn from the institution.

- The student must submit a signed leave of absence form in writing to the administration of the college prior to the start of their leave of absence. The student must demonstrate a reasonable expectation to return to their program of study.
- The student must consult the College's Financial Aid Department for information regarding the impact upon financial aid matters, tuition refunds, and loan repayment (an LOA may impact repayment terms or include the expiration of a student's grace period.)
- The student's leave of absence must be approved by the college in accordance with this policy. The college retains the ability (in unforeseeable circumstances that would prevent the student from completing an LOA) to place a student in an approved, documented leave of absence; provided the student complies with the policy at a reasonable later date.

Return of Title IV Policy

The Financial Aid Office is required by federal statute to recalculate federal financial aid eligibility for students who withdraw, drop out, or are dismissed prior to completing 60% of a payment period or term. The federal Title IV financial aid programs must be recalculated in these situations. The calculation must be performed even if the student has completed 60% of the payment period to show that the school determined that the student withdrew.

If a student leaves the institution prior to completing 60% of a payment period or term, the financial aid office recalculates eligibility for Title IV funds. Recalculation is based on the percentage of earned aid using the following Federal Return of Title IV funds formula:

Percentage of payment period or term completed = the number of days completed up to the withdrawal date divided by the total days in the payment period or term. (Any break of five days or more is not counted as part of the days in the term.) This percentage is also the percentage of earned aid. Clock hour institutions must use clock hours scheduled to be completed as of the withdrawal date divided by the total hours in the payment period.

Funds are returned to the appropriate federal program based on the percentage of unearned aid using the following formula:

Aid to be returned = (100% of the aid that could be disbursed minus the percentage of earned aid) multiplied by the total amount of aid that could have been disbursed during the payment period or term.

If a student earned less aid than was disbursed, the institution would be required to return a portion of the funds and the student would be required to return a portion of the funds. Keep in mind that when Title IV funds are returned, the student borrower may owe a debit balance to the institution.

If a student earned more aid than was disbursed to him/her, the institution would owe the student a post-withdrawal disbursement which must be paid within 120 days of the date the institution determined that the student withdrew.

Refunds are allocated in the following order:

1. Unsubsidized Federal Stafford Loan
2. Subsidized Federal Stafford Loan
3. Federal Perkins Loan
4. Federal Parent (PLUS) Loan
5. Federal Pell Grant
6. Federal Supplemental Opportunity Grant
7. Academic Competitiveness Grant
8. National Smart Grant
9. Other Title IV assistance
10. Other state
11. Private and Institutional Aid

Military Statement

Special procedures are in place to allow military reserve and national guard personnel who are ordered to active military service during a semester to receive a refund. A 100% refund of maintenance fees, activity and access fees may be made when a student withdraws from college due to their being called to extended active duty. A copy of the official military orders must be provided with the student's withdrawal form. In certain situations, a student may be approved for a credit fee.

Southeast Culinary & Hospitality College — Leave of Absence Request

Students who wish to temporarily suspend their expectations of academic progress with the college must complete this form. A leave of absence (LOA) must be requested before the beginning of a semester or before the last day to add/drop in a semester. Please complete the following form and provide any documentation that helps support your request. It is the student's requirement to consult Financial Aid regarding your situation and implications an LOA may have. Your request must be approved before it is official.

Please Note: Taking a leave of absence from the college will limit your ability to utilize financial aid at another institution. Students are limited to a maximum leave of 180 days in a 12 month period. While students are not required to attend a Summer semester they are also not required to request an LOA for the summer semester. If a student fails to return at the time indicated on the form they will be withdrawn from the college from their last date of attendance. This will result in the college informing any financially vested parties that your attendance has ceased. You will become responsible under the terms of repayment you may have with any lenders. If you wish to return and you have been withdrawn you will be required to reapply to the college.

If for any reason you decide that you will not be returning after or during your leave of absence you MUST contact the college so the appropriate documentation can be completed. Failure to do so may also limit/complicate your eligibility with another institution or with financial aid due to the terms of this request.

Student Information: *Students please provide the most reliable information with regards to phone, email, and address.

Name: _____ Date of Birth: _____ Social Security Number: _____

Phone: _____ Email: _____

Address: _____

Leave of Absence Request:

Dates of Request—Please indicate your desired leave of absence time frame from beginning date to return date. If currently enrolled in a semester that an absence will be requested provide the specific date. Otherwise, indicate the semester of your absence and the semester of your expected return.

Beginning: Fall Spring of 20 ____ Expected Return: Fall Spring Summer of 20 ____

Date (if currently attending): _____

Reason for Request—Please use the space below to provide a reason for your request for a leave of absence. It is important that you provide a clear description and if necessary provide any related documentation that would substantiate your reason. You may attach a written, signed statement to this page if more space is required.

Leave of Absence Understanding— I understand that this request for a leave of absence requires that I inform Southeast Culinary & Hospitality College of any changes in my intent to return to the college. I further understand that this request will result in my financial aid eligibility (if available) being temporarily held by the college. I am expected to resume my studies as indicated above and failure to do so will result in my administrative withdraw from the college. I am responsible for any current expenses I have with the college pending my leave and understand that transcripts or grades may not be released until those are satisfied. I understand it is my responsibility, and not that of the college, to ensure my timely return and completion of any documentation required to resume my classes.

Name (Print): _____ Signature: _____ Date: _____

Office Use:

Date Approved:

If Not Approved Date/Reason:

Signature of College President:

Response to Finding #3: Failure to Complete Verification:

Student #17 (b)(6); (b)(7) was selected for verification. The initial report shows that Southeast Culinary failed to complete verification for the student with information showing a discrepancy between the ISIR and the tax return for the student's parents.

This finding is a mishap on the school's part. This information was completed at the time of verification for the student. The correct funding amounts were used and a needs analysis was completed along with updates for the student. We have provided this information with the report to show it was completed at the time of verification for the student.

Unfortunately, the issue was created without the documentation being placed in the student's file. However, this was completed previously to the review during the student's verification phase. Also, being unfamiliar with the visit requests for further information it is unknown if this was requested during the site visit. The information was available if requested.

Attached with this response is the complete financial aid information for the student for the 2010-2011 award year. It is complete with the information that was requested for the student that was previously completed.

In response to the issue with a student's verification process; all student verification is completed in correspondence with our 3rd party financial aid providers. They ensure that it is completed and needs analysis are done if required. The major issue that we have addressed was the lack of financial aid documentation in a student file.

This information is available at the school but was previously not placed in a student's file but rather kept with financial aid documents for students that were separate from their personal files. In order to correct this issue for any future visits all documentation is being placed in a student's file as it should be. This creates large amounts of material in the student file but ensures that all related information to the student is complete and present.

Response to Issue#4 (Return of Title-IV Calculation for Student #18)

Student #18, (b)(6); (b)(7) was noted that the return to Title-IV calculation as incorrectly calculated. Submitted is an updated calculation. The report also notes the student appeared to qualify for a Pell grant. Information has been provided to show the student had used their Pell eligibility at a different school that award year. Their NSLDS grant history is provided in the information concerning the student.

Completing the updated analysis for the student shows: The original R2T4 was calculated based upon the scheduled days the student could have had classes (essentially, it excluded weekends). There was one scheduled break during the time period from Monday February 28 through Sunday March 6 2011. This date was excluded from the calendar calculated.

This created an updated days the student was in attendance to 50 (with a withdraw date being placed on the 7th of March, 2011) and total days in the term was increased to 95.

This created several differences in the calculations. Ultimately, it resulted in the college returning too much Title-IV funding that it had received. The error is in the student's benefit at this point.

(See update Return of Title IV calculation worksheet, provided semester schedule, NSLDS grant history)

The calculation of return of Title IV documentation was incorrectly calculated for this student. We have been in an ongoing internal review of return of Title IV calculations since we were placed on the heightened cash monitoring system. This is due to the fact of previous return calculations having errors. Traditionally the college has very few students who require return of Title IV calculations. Regardless, our internal review of return of Title IV procedures is included in an across the board update to Title IV policies and procedures regarding all financial aid.

Student Name:

SS#:

DOB:

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

Re: Return of Title IV Calculation Error

BACKGROUND: The student withdrew from Southeast Culinary & Hospitality College on 03/07/2011. An original Return to Title IV (R2T4) was completed for the student. This calculation resulted from data printed at the time of the student withdraw. Unfortunately, the data was incorrect. The original form listed only 28 days of instruction that the student had completed with a total of 74 possible days. This resulted in a 37.8% completion. The days were not calculated correctly. This results from not including every calendar (as weekends were omitted). Furthermore, the form correctly showed the proper amounts of loans that were disbursed to the student's account. However, the form fails to show a PELL grant disbursement that could have been made. In addition to the mistakes the original institutional charges were not updated to reflect the college's return policy. The latter mistake had no bearing on the outcome of the original R2T4. The college returned \$995.00 of unsubsidized funds and \$707.41 was returned from subsidized funds.

RECENT: The student's R2T4 was brought into question when the Department of Education completed its review during the summer of 2011. This issue was further investigated when the DOE requested the program review materials in November of 2012. The R2T4 was re-calculated using the corrected days. The student completed 50 days of a total of 95 in the semester. This resulted in a 52.6% completion. The student's R2T4 was submitted with the DOE report response. However, the possibility of a PELL was calculated from the original NSLDS printout. This resulted in a different amount from the original R2T4. This resulted in returning \$995.00 of unsubsidized funds and \$302.34 of subsidized funds. However, this action was not completed. This resulted in the school originally returning too much for the student.

CURRENT: Mr. Kenneth Porter with DOE contacted the college concerning the student's PELL eligibility. It was determined that the student did have PELL eligibility. A new R2T4 has been completed for the student. The percentage of completion has not changed. The PELL eligibility that could have been disbursed was included. This results in a possible PELL that could have been disbursed of \$1,135.00. This has affected the amount that should have been returned along with the amount remaining on the student's account. The school should have only returned \$700.33 in unsubsidized funds. The possible PELL disbursement that could have been made was never originated for the student. This creates an issue with the student. The student's account records are being updated to reflect the changes. Unfortunately, according to the R2T4 the school returned more funds than was necessary and did not request PELL funding for the student. This results in the student having incorrectly disbursed loans.

PROPOSED: Due to the length of time since the college has found this error the revised R2T4 should be submitted and corrected. However, the college returned more funds than necessary and did not request other funds that it was due (PELL). This will adversely affect the student should the corrections be made. However, the student was due PELL funding

that would help offset the balance with the school. At this point the student was due other aid that should be corrected if possible. The amounts listed in the student account are incorrect as well due to the updated R2T4. As stated, this will be updated with the corrected information. Due to the current status of the College's Title IV programs we are unable to process any information through government systems. However, these are for past award years which are closed.

PROCEDURE: As mentioned, Southeast Culinary & Hospitality College's provisional agreement with Title IV programs was terminated on April 2nd 2013. This decision is under appeal with a final decision to be made by April 22nd 2013. Pending a favorable outcome, the college will implement transfer monitoring for any student who has previously attended another school in the same award year. While this information is already tracked by our 3rd party servicer it will be ensured that students with possible aid corrections will not be awarded until those issues are completed. Also, as suggested, a 30 day review policy will be followed to track a student's updated eligibility if subject to change.

Response to Finding #5 – Failure to disburse funds

Student #13, (b)(6); (b)(7)(C) was found to not have received funding for a second disbursement of \$663.00 from disbursement dates of 4/21/2010 and 5/18/2010. In review of the student's file there was initially no reference to a second disbursement of \$663.00. Upon inspection it has been determined that the information was never notated in the student's account summary. However, the funds were disbursed to the student.

Provided is several pieces of information, most importantly, a check for the student that shows the second disbursement was paid to the student. There is a note of this on the student's financial aid award letter as well.

How this was never notated on the student's account is unknown. In regards to the policy and procedure by which information is tracked and student accounts are documented, the college has drastically changed the format. As evident from the forms previously used student accounts were calculated by hand. Ultimately, that information was placed into spreadsheets.

Unfortunately, the spreadsheets were never configured to automatically calculate totals. This led to several errors and essentially the spreadsheets still being calculated by hand but only being typed.

Updated account summaries are being implemented for all students that have attended. All current students have the new account summary information. All old information is slowly being assimilated for previously attended students.

Due to the lack of records being kept in one place, source documents are required to reconstruct student accounts. All student accounts have been reconstructed by semester from January 2010 through the current date. That information is used to assist in recreating account summaries.

In this case the student was properly credited a balance and that balance paid. As stated, the information was not notated on the account summary. It was evident that the change from handwritten to the typed form took place during this student's missed notation. It can be speculated that this was overlooked during that transition.

Student funds are very important and are now posted as "pending" transactions for disbursement dates that have not yet arrived. Students are also made aware of their future disbursements with their financial aid notice.

In addition to (b)(7)(C) information I have provided an example of the updated award form and a student account summary. The information provided is based upon a current student and is only for informative purposes.