

Index Sheet

Ope Id No 04124800

School Name VISIONS IN HAIR DESIGN

Subfolder Program Review/FPRD

Doc Type FPRD with Attachments

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Org Date 06/18/2013

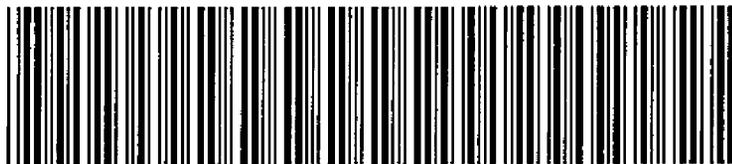
School Year 2013

ACN

PRCN 201040527320

Box ID 1502

Unique ID SC1000000828987



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June 18, 2013

Lazonne Belton
Visions in Hair Design
Institute of Cosmetology
7213 West Burleigh Street
Milwaukee, WI 53210-1120

Certified Mail
Return Receipt Requested
7011 1570 0000 7489 9261

RE **Final Program Review Determination**
OPE ID 04124800
PRCN 2010 4 05 27320

Dear Ms Belton

The U S Department of Education's (Department's) Chicago/Denver School Participation Division issued a program review report on February 28, 2011 covering Vision in Hair Design's (VHD) 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 2008-2009 and 2009-2010 award years VHD's response was received on April 28, 2011, and a second submission was received on July 26, 2011 VHD failed to adequately address 11 of the 16 findings, as detailed in the attached report A copy of the Program Review Report (and related attachments) and the institution's response are attached Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by VHD upon request The Department has made final determinations based on information obtained during the program review and from documentation already submitted by VHD This Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued

Purpose

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

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Federal Student Aid Chicago/Denver Participation Division
500 West Madison Street Suite 1576 Chicago IL 60661
www.FederalStudentAid.ed.gov

application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

The total liabilities due from the institution from this program review are \$103,411.82.

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. Appendix A Student Sample **was** encrypted and sent separately to the institution via e-mail.

Appeal Procedures

This constitutes the Department's FPRD with respect to the liabilities identified from the February 28, 2011 Program Review Report. If VHD wishes to appeal to the Secretary for a review of monetary liabilities established by the FPRD, the institution must file a written request for an administrative hearing. The Department must receive the request no later than 45 days from the date VHD receives this FPRD. An original and four copies of the information VHD 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

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

Record Retention

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

If the institution has any questions regarding this letter, please contact Susan Frost Alvarez at (312)730-1694. Questions relating to any appeal of the FPRD should be directed to the address noted in the Appeal Procedures section of this letter.

Sincerely,

(b)(6)

Douglas Parrott
Division Director

Enclosure
Protection of Personally Identifiable Information

cc Alonzo M. Kelly, Financial Aid Administrator
Ms. Yolanda McGowan, State of Wisconsin – Department of Regulation and Licensing
Ms. Judy Mender, State of Wisconsin – Department of Regulation and Licensing
Dr. Tony Mirando, Executive Director, National Accrediting Commission of Career Arts & Sciences
Darrin M. Wallace, Esq., Director, Government Relations and Legal Department, National Accrediting Commission of Career Arts & Sciences

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Accounting Document – Prior Year Monetary Recovery (AD PYMR)

Institution Visions In Hair Design

City, State Milwaukee WI

PRCN 040527320

TIN 391653885

DUNS 137953324

Reviewer Susan Frost Alvarez Region Chicago Date June 13,2013

Section A Use if no adjustments are being made in COD

Programs	Type	Amount	Funding Code	Object Class
Federal Pell Grant (Closed AY)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
ACG	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
National SMART	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
FSEOG (No FISAP Corrections)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
FWS (No FISAP Corrections)	Principal		3220RNOYR	69017
	Interest		1435RNOYR	64020
Direct Loan EAL	Principal	\$ 3 413 09	4253XNOYR	53020 or 53010
	Interest		4253XNOYR	53040
FFEL and FFEL EAL	Interest/ SA/EAL		4251XNOYR	53020
Federal Perkins	Principal		2915RNOYR	53054

Section B Use if the Institution is instructed to make adjustments in COD

Add rows if necessary			Amount			G5 Program Award # *
Pell ACG SMART TEACH	Pell	Principal	\$44 347 00	3875FNOYR	69020	P063P096289
	Pell/ 2009-10	Imputed Interest	\$808 58	1435RNOYR	64020	
Pell ACG SMART TEACH	Pell	Principal	\$54 325	3875FNOYR	69020	P063P106289
	Pell 2010-11	Imputed Interest	\$499 45	1435RNOYR	64020	
Direct Loan (do not use for estimated loss)	Award Year	Principal		3875FNOYR	69020	
	Award Year	Imputed Interest		4253XNOYR	53040	

Comments

* G5 Award # (P063P104306, first 5 digits = program, next 2 digits = award year, next 4 digits = code unique to school) Note It is important that the year in the G5 award number correspond to the award year for which any adjustments are being made, or for which the balance has been incurred (in the case of an unsubstantiated cash or negative cash balance) If the reviewer is unsure after looking in G5, contact Susan Lewey for Pell or DL, or Tremia Haythe for FWS or FSEOG

Example of G5 award numbers for a single school for the 2009-2010 award year, Pell vs DL

Pell is designated by P063P' and DL is designated by P268K

P063P091445 (Pell 2009 2010 award - Pell uses the final two digits of the leading award year in the award number)

P268K101445 (Direct Loan 2009-2010 award - DL uses the final two digits of the trailing award year in the award number)

Example of G5 award number for FWS and FSEOG

FWS is designated by P033A and FSEOG is designated by "P007A

P033A092121 (FWS 2009-2010 award - FWS uses the final two digits of the leading award year in the award number)

P007A092121 (FSEOG 2009 2010 award - FSEOG uses the final two digits of the leading award year in the award number)

See FPRD Distribution Form for distribution information for this form and related program review documents

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Checklist - FPRD Review	
Responsible Reviewer Susan Frost Alvarez	Delivery Tracking # UPS 7011 1570 000 74851 9261
(b)(7)(E)	

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Prepared for
Visions in Hair Design
Institute of Cosmetology

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OPE ID 04124800
PRCN 2010 4 05 27320

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

Final Program Review Determination

June 18, 2013

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Visions in Hair Design
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A Institutional Information

Visions in Hair Design Institute of Cosmetology
7213 West Burleigh Street
Milwaukee, WI 53210-1120

Type Proprietary

Highest Level of Offering Non Degree 2 Years

Accrediting Agency National Accrediting Commission of Cosmetology Arts and
Sciences (NACCAS)

Current Student Enrollment 20 (2009-10)

% of Students Receiving Title IV 100% (2009-10)

Title IV Participation (NSLDS)

	<u>2009-10</u>
Federal Pell Grant	\$88,842 00
William D Ford Federal Direct Loan Program (Direct Loan)	\$12,750 00

Default Rate FFEL/DL 2008 0%

B Scope of Review

The U S Department of Education (the Department) conducted a program review at Visions in Hair Design Institute of Cosmetology (VHD) from August 9, 2010 to August 12, 2010 The review was conducted by Effie Barnett, William Johnson, and Ola Ross

The focus of the review was to determine VHD's compliance with the statutes and federal regulations as they pertain to the institution's administration the programs authorized pursuant to Title IV of the Higher Education Act of 1965 as amended, 20 U S C §§ *et seq* (Title IV, HEA programs) The review consisted of, but was not limited to, an examination of VHD's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and fiscal records

Twenty-one files were identified for review from the 2008-09 and 2009-10 award years All students who received Title IV HEA program funds from the start of the institution's participation in the programs (August 29, 2008) to the date of the review were examined 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 February 28 2011

Disclaimer

Although the review was thorough, it cannot be assumed to be all-inclusive The absence of statements in the report concerning VHD's specific practices and procedures must not be construed as acceptance, approval or endorsement of those specific practices and procedures Furthermore, the review does not relieve VHD 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 10 13, and 16

VHD has taken the corrective actions necessary to resolve Findings 10 13 and 16, of the program review report Therefore these findings may be considered closed Findings requiring further action by VHD are discussed below

Findings with Final Determinations

Finding 1 Inaccurate/Unsupported Attendance Records

Citation Summary *An institution shall establish and maintain on a current basis any application for Title IV HEA program funds and program records that document (1) its eligibility to participate in the Title IV HEA programs (2) the eligibility of its educational programs for Title IV HEA program funds (3) its administration of the Title IV HEA programs in accordance with all applicable requirements (4) its financial responsibility as specified in this part (5) information included in any application for Title IV HEA program funds and (6) its disbursement and delivery of Title IV HEA program funds 34 C F R § 668 24(a)*

An institution shall maintain required records in a systematically organized manner 34 C F R § 668 24(d)

Noncompliance Summary *The institution is required to take attendance The institution maintained inaccurate attendance records for both source and summary documents*

Source attendance documents *The institution utilized a time-clock system whereby students were required to punch in when they arrive and punch out when they left The original timecards produce by the institution during the program review however documented that students often punched in their timecards when they arrived at the institution but failed to punch out when they left the institution Other times students punched out but did not punch in Also students neither punched in or punched out but received credit for the day*

Furthermore total hours for each day were sometimes handwritten on the time card but these hours were not necessarily correct For example on May 6 2010 student #7 punched in at 9 54 am and punched out at 5 26 pm yet nine hours were written on the time card for that day

Additionally in and out times were handwritten on the time cards For example during the week of May 24 2010 student #7 punched in on the time card as follows

Visions in Hair Design
OPE ID 04124800
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May 24 10 16 am
May 25 none
May 26 9 54 am
May 27 9 58 am

The following times were handwritten on the time card

May 24 In 8 Out 5
May 25 In 8 Out 5
May 26 In 8 Out 5
May 27 In 8 Out 5

Student #7 received 36 clock hours for the week as recorded on the top of the timecard

Moreover the full date of each period was (month day year) typically was not written on the timecards

Summary attendance documents *The institution utilized a spreadsheet as a summary attendance document for each student whereby the institution entered the date punched in and out times and hours attended per day per student from the source documents (timecards) onto the spreadsheet*

In most cases the hours recorded on the summary attendance documents did not match the hours punched in and out on the timecards In addition the Department found that the total hours on the spreadsheet for each day was at times incorrect for example 10 00 AM to 4 00 PM equals 6 hours not 8 hours

Time card and summary attendance document inaccuracies were found in every student file Appendix B in the Program Review Report provides a sample comparison of time between the timecards and summary attendance spreadsheets for students #1 #2 #3 #7 #8 #9 #13 #14 #15 #19 #20 and #21

Required Action Summary *The institution must determine the exact amount of institutional liability associated with this finding The institution is required to perform a full file review to document the correct hours earned each day for every student reviewed during the program review (The institution is required to reconcile its summary attendance documents to its source attendance documents) Specifically the institution is required to submit to this office an accounting of each day week, month and payment period of instructional time that each student was in attendance*

The institution is required to submit this review in an electronic spreadsheet format with one spreadsheet (worksheet) per student for a total of 21 spreadsheets Each spreadsheet must be in the following format for each student

Student Last Name		First Name			
Timecard	Timecard	Timecard	Timecard	Timecard	Timecard Total
		Start Time (Either by Time Clock or Written	End Time (Either by Time Clock or Written	Total Hours Per Day	Hours Per Day
Day	Date	In) (AM)	m) (PM)	(Hours)	(Minutes)

Sub Total <Total Hours> <Total Minutes>

Grand Total <Total Hours> <Leftover Minutes>

If there is evidence that the student punched in and out on the timecard for a day then the institution must count the exact hours and minutes that the student attended for that day as recorded on the timecard less the amount of any breaks (e.g. lunch) as may be required by the state licensing agency and/or accreditor

If there is evidence that the student punched in but did not punch out on the timecard for a day or if the student punched out but did not punch in on the timecard for a day then the Department will presume that the student was not in attendance for that particular day and the institution may not count the student as present on that day

If there is no evidence that the student punched in or out on the timecard for a day then the institution may not count the student as present that day

For example

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

Timecard Day	Timecard Date	Timecard Start Time (Either by Time Clock or Written In) (AM)	Timecard End Time (Either by Time Clock or Written in) (PM)	Timecard Total Hours Per Day (Hours)	Timecard Total Hours Per Day (Minutes)
Monday	3/9/2009	9 40	4 02	*6	*22
Tuesday	3/10/2009	9 27	4 00	*6	*33
Wednesday	3/11/2009	9 27	4 00	*6	*33
Thursday	3/12/2009	9 34	4 00	*6	*26
etc					
Wednesday	6/10/2009	8 28		0	0
Thursday	6/11/2009	8 32		0	0
Friday	6/12/2009		5 03	0	0
etc					
Sub Total				24	114
Grand Total				25	54

*Time calculated in example above does not account for breaks (e.g. lunch) as may be required by the state licensing agency and/or accreditor

The results provided by the institution will be compared with the timecards photocopied by the Department at the time of the program review

VHD's Response On April 28, 2011, VHD submitted its response to the Program Review Report and provided updated/amended policies, along with its first attempt at the requested file review

After an initial review of the April 28, 2011 submission from VHD, the Department determined that the file review was not completed correctly. Daily and cumulative attendance hour summaries still did not correctly report and tally hours. In an attempt to assist the school, the Department sent VHD a letter on June 23, 2011, requesting resubmission of the file review. The letter identified errors to be corrected by VHD, and requested that VHD must submit the corrected response by July 23, 2011. To assist VHD in correctly calculating and reconciling attendance documents, the Department included a sample attendance workbook, along with instructions and calculation formulas, via email as an attachment to VHD on June 24, 2011. A copy of this worksheet is included in Appendix B.

More than a month after the Department sent this email, on July 26, 2011, VHD submitted the requested corrected file review. This submission also did not match the timecards provided at the time of the review, and there continued to be errors in reporting and calculating the daily hours and summary totals for each student. VHD was notified this submission was considered final and no further opportunities would be extended to submit corrected information or supporting documentation.

Final Determination The Department spent a substantial amount of time attempting to reconcile VHD's summaries with the original timecards to determine liabilities. After several in-depth reviews of VHD's submissions, the Department determined that submissions of attendance summary documents repeatedly misstated actual entries on the timecards for each student included in this program review. The Department compared the initial attendance summary provided to the reviewer during the site visit with the attendance timecards and the resubmissions of attendance summaries made by VHD on April 28, 2011 and July 26, 2011. In addition to the issues noted in the Program Review Report, the Department also noted entries on timecard summaries for which no timecard was submitted, and in one instance, entries were included that occurred before the start date of the student's enrollment contract. None of VHD's submissions corresponds accurately to the time cards provided at the time of the program review, and there continue to be serious discrepancies in VHD's calculations of the daily attendance hours and summary totals for each student. The institution maintained inaccurate and incomplete attendance records for both source and summary documents for each VHD student included in this review.

Due to serious findings that were identified during the program review, the Department changed VHD's method of payment to Heightened Cash Monitoring 2' (HCM2), a restrictive method of payment, on November 10, 2011. In the HCM2 submissions made thus far by VHD, attendance summary irregularities continue to be an issue. Comparison of timecards to attendance summaries submitted by VHD have documented irregularities that continue to go well beyond typographical and mathematical errors. For example, a student included in the March 29, 2012 HCM2 submission had 53 entries on the timecard summary that were not supported by the timecards provided by VHD, and for 24 of these entries, no timecards exist that support the entries made on this attendance summary.

VHD has used a varying mix of time clock stamps and handwritten notations to document student attendance. The State of Wisconsin and NACCAS do not specify what method is required to record student attendance. However, both agencies require that the records be an accurate representation of students' attendance. NACCAS' Standard IX, Criterion 4 (2008) requires that students be apprised of their attendance at least two times during the course and/or program of study. Institutions are required to document that each student who graduates or is otherwise awarded a certificate of completion has fully met the institution's published graduation requirements. In addition, NACCAS' Policy VII 01 (Financial Practices & Management Withdrawal and Settlement Policy and Checklist) (2008) requires that unofficial withdrawals for clock hour students be determined through monitoring clock hour attendance at least every 30 days. A school recording student attendance in clock hours is directed to give appropriate attendance credit for all hours attended. For the purpose of determining unofficial withdrawals,

schools must monitor attendance at least monthly. In its inconsistent use of multiple methods to record student attendance, VHD failed to make any effort to reconcile missing or incomplete information and consequently cannot document the appropriate credit for all hours attended by students as required by NACCAS. Additionally, in consulting with the State of Wisconsin Licensing Board, VHD appears to have violated Wisconsin Administrative Code for the Regulation of Schools and Specialty Schools, which states that no owner, director, officer, shareholder or managing employee of any school or specialty school may permit or engage in conduct that includes engaging in false, misleading, or deceptive advertising, recruitment of students, enrollment procedures, or record keeping practices (Wis Admin Code § SPS62.11(1)(b) (2011)).

Due to the repeated inaccurate timecard summaries provided by VHD, the Department used the source timecard documents provided by the school to create attendance summaries for each student to determine actual liabilities. However, the timecards provided by VHD are themselves problematic as accurate source documents due to chronic issues with mismatched dates and weeks entered manually and with time clock date/time stamps that do not correspond to the week indicated at the top of the timecard. The mismatched month and day time clock date stamps do not appear to be a solely time clock setting issue. Mismatched time clock date stamps often do not agree for students who attended classes during the same week indicated at the top of the timecard. Additionally, the attendance summaries submitted by VHD on April 28, 2011 and July 26, 2011 included entries for dates beyond August 12, 2010, the last day of the program review, however no additional copies of timecards have been provided by VHD that support these additional entries. For student #13, the April 28, 2011 timecard summary submitted by VHD reports attendance for four days during the week of September 14-17, 2009 (totaling 28 clock hours) for which no supporting timecard has been provided, and occurred before the student's documented start date of September 23, 2009. The first timecard provided by VHD for this student includes a handwritten notation "1st Day Wed 9/23/09" (sic). Appendix C provides a comparison of each of VHD's student attendance summary submissions with the Department's student attendance summary.

Timecard entries that were included in the Department's individual student attendance summaries are as follows:

- Handwritten entries for both clock-in and clock-out times
- Time clock clock in and clock-out times
- Time clock clock in, handwritten clock-out time
- Time clock or handwritten clock-in only, 1 hour of attendance included in summary. A total of 446 individual timecard entries contained a notation for a clock in time but were missing a clock-out time notation.

Timecard entries with conflicting and/or incomplete information were excluded from the Department's individual student attendance summaries. The type of entries that were excluded from inclusion in the attendance summaries are:

- An attendance notation was made by either a time clock stamp or hand written notation for a clock-out time only on a specific date There are 23 total instances noted where this occurred for individual students
- Handwritten entries made for the date of week entered at the top of the timecard conflict with the handwritten dates entered for each day of the week on the timecard There are five total instances noted where this occurred for individual students
- Multiple, conflicting time clock entries were made on an individual day There are 18 total instances noted where this occurred for individual students
- Duplicate and/or conflicting timecards were submitted for the same week of attendance For example multiple students have a timecard indicating the week as May 3-7 , and the timecard for the next week in the sequence is dated 'May 4-8' Entries for both weeks were disallowed due to unresolved conflicting information There are 18 total instances noted where this occurred for individual students
- Total hours of attendance were notated for a specific day without a clock in or clock-out notation made for actual attendance hours There are 39 total instances noted where this occurred for individual students
- Scheduled attendance hours for the week are written down the center of the time card, but no individual entries were made for attendance by VHD for the individual days of the week There are seven total instances noted where this occurred for individual students
- No date or specific week was listed at the top of the individual timecard There are 66 total instances noted where this occurred for individual students
- No student name was indicated at the top of the timecard There was one instance noted where this occurred
- Unreadable, over stamped time clock entries were made on a single day of the week There are 19 total instances noted where this occurred for individual students
- Conflicting handwritten information was overwritten on the timecard for the date or attendance hours on a specific day There are nine total instances noted where this occurred for an individual student
- The name of another student is visible at the top of the timecard and is partially whited-out Entries for the weeks in question were disallowed due to unresolved conflicting information There are seven total instances noted where this occurred for individual students

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There are 214 timecard entries excluded from the Department's timecards summaries due to conflicting information. Detail and summary of the incomplete and/or conflicting time card entries by student is included as Appendix D.

For students # 5, 7-14, 16, 17, and 19-21, it is evident that these students attended classes and completed some instruction, but it is not possible to determine actual enrollment beyond the first payment period, and consequently the correct amount of earned federal student aid. Therefore, VHD will be liable for repaying all Pell Grant and Direct Stafford loan disbursements beyond the first payment period for each of these students. Students # 1-4, 6, 15 and 18, it is evident that these students completed the first payment period, but attendance beyond the second payment period (451-900 clock hours) could not be documented. Therefore, VHD will be liable for repaying all Pell Grant and Direct Stafford loan disbursements beyond the second payment period for each of these students.

VHD is liable to the Department for \$98,672.00 of the improperly disbursed Federal Pell Grant funds, as well as \$1,308.03 in interest costs of funds owed to the Department associated with the ineligible disbursements. Detailed information by student for the Pell Grant liability for this finding may be found in Appendix E.

The total amount of Direct Loan funds (subsidized and unsubsidized) associated with improper disbursements for the award years reviewed is \$55,500.00. A list of these loans including detail by student and loan type, is included as Appendix G. The estimated actual loss to the Department that has or will result from the ineligible loans is based on the most recent sector default rate available for institutions such as VHD. As a result, the estimated actual loss that VHD must pay to the Department for the ineligible loans is \$3,413.09. A copy of the results of the calculation is included as Appendix F.

Finding 2 Excess Cash

Citation Summary *For an institution that receives Title IV funds under the advance payment method a request for funds is submitted to the Secretary of Education (Secretary) The institution s request for funds may not exceed the amount of funds the institution needs immediately for disbursements the institution has made or will make to students and parents If the Secretary accepts that request the Secretary initiates an electronic funds transfer (EFT) of that amount to a bank account designated by the institution The institution must disburse the funds requested as soon as administratively feasible but no later than three business days following the date the institution received those funds 34 C F R § 668 162(b)*

The Secretary considers excess cash to be any amount of Title IV HEA program funds other than Federal Perkins Loan Program funds that an institution does not disburse to students or parents by the end of the third business day following the date the institution received those funds from the Secretary or deposited or transferred to its Federal account previously-disbursed Title IV HEA program funds received from the Secretary such as those resulting from award adjustments recoveries or cancellations 34 C F R §§ 668 166(a)(1)(i) and (ii) An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount remaining in its account after the seven-day tolerance period 34 C F R § 668 166(b)

Noncompliance Summary *The institution received Federal Pell Grant funds via EFT from the Department s G5 System for four students but did not disburse these funds to the students account ledgers These were second payment period disbursements (451 to 900 clock hours) for all four students*

Student #8 *The institution received 2010-11 Federal Pell Grant funds of \$10 450 from G5 which was deposited to its bank account on July 26 2010 The Common Origination and Disbursement (COD) record indicates that the institution disbursed \$2 775 to the student on May 19 2010 The student s file contained a copy of a letter dated July 23 2010 stating that the following financial aid payments have been applied to your student account effective today Pell \$2 775 No such disbursement was applied to the student s account ledger as of the date of the program review however*

Student #10 *The institution received 2010-11 Federal Pell Grant funds of \$10 450 from G5 which was deposited to its bank account on July 26 2010 The COD record indicates that the institution disbursed \$2 550 to the student on May 19 2010 The student s file contained a copy of a letter dated July 23 2010 stating that the following financial aid payments have been applied to your student account effective today Pell \$2 550 No such disbursement was applied to the student s account ledger as of the date of the program review however*

Student #17 *The institution received 2010-11 Federal Pell Grant funds of \$10 450 from G5 which was deposited to its bank account on July 26 2010 The COD record indicates that the*

institution disbursed \$2 350 to the student on July 22 2010 The student s file contained a copy of a letter dated July 23 2010 stating that the following financial aid payments have been applied to your student account effective today Pell \$2 350 No such disbursement was applied to the student s account ledger as of the date of the program review however

***Student #19** The institution received 2010-11 Federal Pell Grant funds of \$10 450 from G5 which was deposited to its bank account on July 26 2010 The COD record indicates that the institution disbursed \$2 775 to the student on July 22 2010 The student s file contained a copy of a letter dated July 23 2010 stating that the following financial aid payments have been applied to your student account effective today Pell \$2 775 No such disbursement was applied to the student s account ledger as of the date of the program review however*

VHD's Response Documentation of the disbursements in question for students # 8, 10 17, and 19 was not provided by VHD in its April 28, 2011 or July 26 2011 responses

Final Determination VHD has not disbursed the funds in question to the students accounts and has not made a return of the funds in question The continued failure to post these funds would normally represent a serious lack of administrative capability, and be further evidence of significant problems that affect the institution's ability to properly administer the Title IV programs However, as detailed in Finding 1 the Department's review of the institution's attendance records revealed that due to the inaccuracies and unverified enrollment documented in Finding 1, students #8, #10, #17 and #19 were not eligible for the second payment period disbursements of their Federal Pell Grant funds

VHD is liable to the Department for the \$10,450 of the improperly disbursed Pell Grant funds, as well as \$71 34 in interest costs associated with this finding The total liability associated with this finding is established in Finding 1, and is therefore removed from the summary of liabilities table Detailed information about the Pell Grant liability for this finding may be found in Appendix D

Finding 3 Improper Disbursement – Early Federal Pell Grant Disbursements

Citation Summary *For a student enrolled in an eligible program that is more than one academic year in length and measures progress in clock hours for the first academic year and any subsequent full academic year the first payment period is the period of time in which the student successfully completes half of the number of clock hours in the academic year and half of the number of weeks of instructional time in the academic year and the second payment period is the period of time in which the student successfully completes the academic year 34 C F R § 668 4(c)(2)(i)*

For each payment period an institution may pay a Federal Pell Grant to an eligible student only after it determines that the student if enrolled in a clock hour program has completed the payment period as defined at 34 C F R § 668 4 for which he or she has been paid a Federal Pell Grant 34 C F R § 690 75(a)(3)

For a program that measures progress in clock hours the institution may not deliver a second disbursement of a Direct Loan until the student successfully completes half of the number of clock hours and half of the number of weeks of instructional time in the payment period 34 C F R § 685 301(b)(3)(B)

Noncompliance Summary *The institution made early disbursements of Title IV HEA program funds to 11 students in the sample who had not reached the midpoint of their academic year for their second third and fourth payments Students #1 #3-6 #12-15 #18 and #21 The institution disbursed these funds prior to the students completing the payment period for which they had been paid a Federal Pell Grant*

VHD's Response As noted in detail in Finding 1, VHD provided inaccurate and conflicting documentation of students' attendance in its April 28, 2011 and July 26, 2011 responses to the Department

Final Determination VHD's improper disbursement of Federal Pell Grant funds to ineligible students is further evidence of the institution's lack of administrative capability As detailed in Finding 1, the Department's review of the institution's attendance records revealed that due to the inaccuracies and unverified enrollment documented in Finding 1, students #5, #12-14 and #21 were not eligible for their second, third, and fourth payments disbursements of their Federal Pell Grant funds Students # 1, #3, #4, #6, #15, and #13 were eligible to receive their second Federal Pell Grant disbursements, but were not eligible to receive their third and fourth disbursements

VHD is therefore liable to the Department for \$78,847.00 in improperly disbursed Title IV, HEA funds, as well as \$1,259.08 in interest costs associated with this finding The total liability associated with this finding is established in Finding 1, and is therefore removed from the summary of liabilities table Detailed information about the Pell Grant liability for this finding is set forth in Appendix D

Finding 4 Return of Title IV Calculation Errors

Citation Summary *The amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying this percentage to the total amount of Title IV Grant or loan assistance that was disbursed (and that could have been disbursed) to the student or on the student's behalf for the payment period or period of enrollment as of the student's withdrawal date 34 C F R §§ 668 22(e)(i) and (ii)*

The percentage of the payment period or period of enrollment completed is determined in the case of a program that is measured in clock hours by dividing the total number of clock hours in the payment period or period of enrollment into the number of clock hours scheduled to be completed as of the student's withdrawal date. The scheduled clock hours used must be those established by the institution prior to the student's beginning class date for the payment period or period of enrollment and must be consistent with the published materials describing the institution's programs unless the schedule was modified prior to the student's withdrawal. The schedule must have been established in accordance with requirements of the accrediting agency and the State licensing agency if such standards exist. The total number of calendar days in a payment period or period of enrollment includes all days within the period except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days in a payment period or period of enrollment and the number of calendar days completed in that period 34 C F R §§ 668 22(f)(1)(ii) and (2)(i)

Noncompliance Summary *The institution may have over-estimated scheduled clock hours for four students when determining the percentage of the period completed for Return of Title IV (R2T4) calculations*

Student #	Contract Start Date	Withdrawal Date ¹	Clock Hours Completed ¹	Scheduled Hours (Reported to Third Party Servicer by Institution)
9	12/7/2009	1/5/2010	33	96
12	12/7/2009	3/1/2010 ²	206	459
13	9/14/2009	3/17/2010	307 75	792
21	12/7/2009	3/4/2010	186	467

¹ The Clock Hours Completed is taken from the summary attendance documents. Actual Withdrawal Date and Actual Clock Hours Completed have been determined after reviewing the institution's attendance records (see Finding 1)

Also the institution incorrectly reported the scheduled hours to the third-party servicer. The institution's Barbering/Cosmetology programs consists of 1800 clock hours or four payment periods of 450 clock hours each. Therefore the maximum scheduled clock hours in a payment period are 450.

Required Action Summary *The institution is required to submit to this office the following documents for each of the four students*

- 1 Original R2T4 calculation worksheet used to actually calculate the return of funds (the Return to Title IV Calculation Worksheet maintained in each student's file at the institution is insufficient)*
- 2 Detailed description demonstrating the scheduled hours for each day from the student's start date through withdrawal date excluding scheduled breaks*
- 3 Revised R2T4 calculation worksheet if necessary if a determination is made that the scheduled hours originally calculated were incorrect and the institution must recalculate the return of funds*

VHD's Response VHD provided incorrect R2T4 recalculations in its April 28, 2011 submission. As noted in detail in Finding 1, VHD also provided inaccurate and conflicting documentation of students' attendance in its April 28, 2011 and July 26, 2011 responses to the Department.

For student #9, the institution incorrectly reported scheduled hours and the total number of clock hours in the payment period in the R2T4 calculation provided to the Department on April 28, 2011. A revised R2T4 calculation was faxed to the Department on May 4, 2011. The revised R2T4 correctly indicated the total hours in the payment period but continued to report incorrectly the clock hours the student was scheduled to complete as of the withdrawal date. The revised calculation also incorrectly reported institutional charges for the payment period as \$2,675.00 when the actual charges were \$2,362.50. The correct calculation was based on 192 clock hours scheduled to have been completed as of the withdrawal date, equaling 42.7% of the total hours in the payment period, and the correct amount of Pell Grants funds that should have been returned is \$1,174.65. VHD therefore over-returned \$692.90 in Pell Grant funds.

For student #12, the institution incorrectly reported scheduled hours and the total number of clock hours in the payment period in the R2T4 calculation provided to the Department on April 28, 2011. A revised R2T4 calculation was faxed to the Department on May 4, 2011. This revised R2T4 calculation correctly indicated the total hours in the payment period, but continued to incorrectly report the clock hours scheduled to have been completed as of the withdrawal date. Based on the withdrawal date of March 2, 2010 provided by VHD on the revised R2T4 calculation, 312 clock hours were scheduled to have been completed, equaling 69.3% of the total hours in the payment period, and no Pell Grants funds should have been returned. VHD therefore over-returned \$1,687.55 in Pell Grant according to the corrected calculation. However, there is a discrepancy with regard to the student's last date of attendance. On the April 28,

2011 attendance summary provided by VHD, student #12's last date of attendance was noted as March 3, 2010. On the revised R2T4 calculation VHD provided via fax, the last date of attendance was noted as March 1, 2010. Due to the attendance record discrepancies noted in Finding 1, attendance completed in second payment period for this student in fact cannot be determined. VHD therefore must return the remaining \$45.00 in Pell Grant funds disbursed to the student for the payment period. This liability is included in Finding 1.

For student #13, as noted in Finding 3, VHD incorrectly made an early disbursement of the student's second Pell Grant award before the student had completed the first payment period of 450 clock hours. Additionally, the institution incorrectly reported scheduled hours and the total number of clock hours in the payment period in the R2T4 calculation provided to the Department on April 28, 2011. The student was scheduled for 376 clock hours to be complete in the first payment period, and therefore earned the first Pell Grant disbursement. However, the student was never eligible to receive the second disbursement of Pell Grant funds included in VHD's R2T4 calculations, and the second disbursement of \$2,675.00 should therefore have been returned. The liabilities and cost of funds for this student are included in Finding 1, in Appendix D.

For student #21, the institution incorrectly reported scheduled hours, and the total number of clock hours in the payment period in the R2T4 calculation provided to the Department on April 28, 2011. A revised R2T4 calculation was faxed to the Department on May 4, 2011. This revised R2T4 calculation correctly indicated the total hours in the payment period, but continued to incorrectly report the clock hours scheduled to have been completed as of the withdrawal date. The correct calculation is based on 186 clock hours scheduled to have been completed as of the withdrawal date, equaling 41.3% of the total hours in the payment period, which resulted in a total of \$1,570.22 in unearned Pell Grant funds. VHD over returned \$645.81 in Pell Grant funds.

Final Determination The Department used its review of the institution's attendance records pursuant to Finding 1 to determine the correct number of clock hours scheduled to have been completed as of the withdrawal date for the students included in this finding. VHD failed to correct R2T4 calculation errors despite multiple submissions made to the Department, and returned Title IV, HEA program funds students were in fact entitled to receive. The Department noted serious and systematic student ledger deficiencies in the review of student records associated with this finding. Although R2T4 calculations were completed for each student, the return of funds was not recorded on student ledgers when the funds were returned in COD. VHD's incorrect revised R2T4 calculations and serious student ledger deficiencies are additional evidence of the institution's lack of administrative capability.

Failure to calculate refunds correctly can result in students either receiving a windfall of federal funds or losing federal funds to which they are entitled. In addition, incorrect calculations can cause the Department to incur increased expenses.

The institution is directed to review the above-cited regulation to ensure compliance with the requirements thereof. The institution must strictly enforce procedures to ensure that this finding does not recur.

As a result of the review of student records submitted by VHD for this finding, the Department has determined that there is no liability associated with the over-return of the Pell Grant funds associated with this finding. The liabilities associated with the late return of these funds is addressed in Finding 5.

However, due to the attendance record discrepancies noted in Finding 1, attendance completed in second payment period cannot be determined for student #12. VHD must therefore return the remaining \$45.00 in Pell Grant funds, as well as \$0.45 in interest costs to the Department. Further, because student #13 was never eligible to receive the second disbursement of \$2,675 in Pell Grant funds included in VHD's R2T4 calculations, VHD is liable to the Department for these funds, as well as \$96.96 in interest costs. The total liability associated with this Finding is established in Finding 1 and is therefore removed from the summary of liabilities table. Detailed information about the Pell Grant liability for this finding is set forth in Appendix D.

Finding 5 Return of Title IV Funds Made Late

Citation Summary *Section 484B of the HEA requires that if a Title IV recipient withdraws from an institution during a payment period or period of enrollment for which the recipient began attendance the institution must determine the amount of Title IV assistance the student earned as of the student's withdrawal date. If the amount disbursed to the student is greater than the amount the student earned unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned and for which the student is otherwise eligible he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received. 34 C F R § 668.22*

An institution returns unearned title IV HEA program funds timely if (1) the institution deposits or transfers the funds into the bank account it maintains pursuant to 34 C F R § 668.163 no later than 45 days after the date it determines that the student withdrew (2) the institution initiates an EFT no later than 45 days after the date it determines that the student withdrew (3) the institution initiates an electronic transaction no later than 45 days after the date it determines that the student withdrew that informs a FFEL lender to adjust the borrower's loan account for the amount returned or (4) the institution issues a check no later than 45 days after the date it determines that the student withdrew

An institution does not satisfy this requirement if the institution's records show that the check was issued more than 45 days after the date the institution determined that the student withdrew or the date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 60 days after the date the institution determined that the student withdrew. 34 C F R § 668.173(b)

Noncompliance Summary *The institution paid late R2T4 funds for three students in the sample*

Student #9 *The student withdrew on January 5, 2010. The institution's date of determination (that the student withdrew) was January 19, 2010. The institution returned the unearned portion of Pell Grant funds on June 15, 2010, or 102 days late. The institution should have returned the funds no later than March 5, 2010, which was 45 days after the date of determination.*

Student #12 *The student withdrew on March 1, 2010. The institution's date of determination (that the student withdrew) was March 2, 2010. The institution returned the unearned portion of Pell Grant funds on August 4, 2010, or 110 days late. The institution should have returned the funds no later than April 16, 2010, which was 45 days after the date of determination.*

Student #21 *The student withdrew on March 4, 2010. The institution's date of determination (that the student withdrew) was March 19, 2010. The institution returned the unearned portion of Pell Grant funds on August 4, 2010, or 93 days late. The institution should have returned the funds no later than May 3, 2010, which was 45 days after the date of determination.*

Final Determination *VHD is liable for the late return of Title IV funds associated with the R2T4 calculations. Although there is no liability to the Department due to the over-return of Pell*

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Grant funds, these amounts were used to calculate the correct net amount of Pell Grant funds returned late in Finding 5 Appendix J identifies \$18 70 as the interest due for the late return of funds by the institution

Finding 6 Return of Title IV Funds Not Paid

Citation Summary *Section 484B of the HEA requires that if a Title IV recipient withdraws from an institution during a payment period or period of enrollment for which the recipient began attendance the institution must determine the amount of Title IV assistance the student earned as of the student's withdrawal date. If the amount disbursed to the student is greater than the amount the student earned unearned funds must be returned. If the amount disbursed to the student is less than the amount the student earned and for which the student is otherwise eligible he or she is eligible to receive a post-withdrawal disbursement of the earned aid that was not received. 34 C F R § 668.22*

Noncompliance

The institution did not return Title IV funds for one withdrawn student

Student #13 *withdrew on March 17, 2010. The institution's date of determination that the student withdrew was March 24, 2010. The institution did not return any Title IV HEA program funds because the scheduled clock hours reported to the third-party servicer by the institution was 792, representing that the student earned greater than 60% of her Title IV aid.*

For student #13, as noted in Findings 1, 3, and 4, VHD incorrectly made an early disbursement of the student's second Pell Grant award before the student had completed the first payment period of 450 clock hours.

Required Action Summary *The correct amount of funds that should have been returned will be determined upon a review of the institution's attendance records (see Finding 1) and R2T4 calculations (see Finding 4).*

VHD's Response *VHD did not provide documentation demonstrating that the funds in question for student #13 had been returned in either its April 18, 2011 or July 26, 2011 responses to the Department. Additionally, the institution incorrectly reported scheduled hours and the total number of clock hours in the payment period in the R2T4 calculation provided to the Department on April 28, 2011.*

For student #13, as noted in Finding 3, VHD incorrectly disbursed the student's second Pell Grant award before the student had completed the first payment period of 450 clock hours. Additionally, the institution incorrectly reported scheduled hours and the total number of clock hours in the payment period in the R2T4 calculation provided to the Department on April 28, 2011. The student was scheduled for 376 clock hours to be completed in the first payment period and therefore earned the first Pell Grant disbursement. The student was never eligible to receive the second disbursement of Pell Grant funds included in VHD's R2T4 calculations, and therefore the entire second disbursement of \$2,675.00 must be returned.

Final Determination *The continued failure by VHD to correctly complete R2T4 calculations and return funds represents a serious lack of administrative capability by the school and is further*

evident of significant problems that affect the institution's ability to properly administer Title IV programs. Student #13 was never eligible to receive the second disbursement of Pell Grant funds included in VHD's R2T4 calculations. VHD is therefore liable to the Department for the \$2,675.00 in Pell Grant funds, as well as \$96.96 in associated interest costs. The total liability associated with this finding is established in Finding 1 and, is therefore removed from the summary of liabilities table. Detailed information about the Pell Grant liability for this finding is set forth in Appendix E.

Finding 7 Student Status – Inaccurate/Untimely Reporting

Citation Summary *Upon receipt of a student status confirmation report from the Secretary a school shall complete and return that report to the Secretary within 30 days of receipt and 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 a student who (1) enrolled at that school but has ceased to be enrolled on at least a half-time basis (2) has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended or (3) has changed his or her permanent address The Secretary provides student status confirmation reports to a school at least semi-annually The Secretary may provide the student status confirmation report in either paper or electronic format 34 C F R § 685 309(b)*

All schools participating (or approved to participate) in the Title IV programs must have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through a Roster file (formerly called the Student Status Confirmation Report or SSCR) Student enrollment information is extremely important because it is used to determine if the student is still considered in school must be moved into repayment or is eligible for an in-school deferment For students moving into repayment the out of school status effective date determines when the grace period begins and how soon a student must begin repaying loan funds 34 CFR § 685 309

Noncompliance Summary *The institution reported four students to NSLDS as having graduated when they had completed less than 1800 clock hours The institution failed to report one student to NSLDS*

Student #1 *The student was reported to NSLDS as having graduated effective April 3 2010 The student completed 1 423 50 clock hours according to the summary attendance document*

Student #3 *The student was reported to NSLDS as having graduated effective April 3 2010 The student completed 1 330 75 clock hours according to the summary attendance document*

Student #4 *The student was reported to NSLDS as having graduated effective April 3 2010 The student completed 1 454 50 clock hours according to the summary attendance document*

Student #5 *The student was reported to NSLDS as having graduated effective April 3 2010 The student completed 1 279 25 clock hours according to the summary attendance document*

Student #6 *The student s enrollment status was not reported to NSLDS The records maintained by the institution indicated that the student graduated October 7 2009 The student completed 1 682 50 clock hours according to the summary attendance document*

The State of Wisconsin Department of Regulation and Licensing requires that a student must complete a minimum of 1800 clock hours of training

The institution's Student Enrollment Agreement states there are 1800 Required Clock Hours in the Barbering/Cosmetology Program

The institution's Student Handbook (last updated July 2009) states there are 1800 Required Clock Hours in the Barbering/Cosmetology Program

The institution's 2009-10 and 2010-11 Student Catalogs state Number of Clock Hours Required 1800 hours in the Barbering/Cosmetology Program

VHD's Response As noted in detail in Finding 1, VHD provided inaccurate and conflicting documentation of students' attendance its April 28, 2011 and July 26, 2011 responses to the Department

Final Determination The Department's review of the institution's attendance records (see Finding 1) disclosed serious discrepancies with regard to VHD's calculations of the daily attendance hours and summary totals for each student. From source and summary documents submitted by VHD, it appears that each of these students received substantially less clock hour instructional time than was stated in their enrollment agreements. Consequently, VHD cannot substantiate that students # 1, and #3-6 have completed the State of Wisconsin Department of Regulation and Licensing requirements. As noted in Finding 1, VHD appears to have violated the Wisconsin Administrative Code for the Regulation of Schools and Specialty Schools, which states that no owner, director, officer, shareholder, or managing employee of any school or specialty school may permit or engage in conduct that includes engaging in false, misleading, or deceptive advertising, recruitment of students' enrollment procedures, or record keeping practices (Wis Admin Code § SPS62.11(1)(b) (2011)). Although there is no monetary liability associated with this finding, this deficiency will be reported to the State of Wisconsin Department of Regulation and Licensing and also to the National Accrediting Commission of Career Arts & Sciences, VHD's accreditor.

Finding 8 Student Credit Balance Deficiencies

Citation Summary *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)(1) and (2)*

Noncompliance Summary *The institution paid a credit balance after 14 days for four students*

Student #1 *received a credit balance check of \$1 581 00 on October 22 2009 after the student s third Pell Grant disbursement was applied to her account ledger on October 19 2009 Neither the credit balance nor the issuance of the credit balance check was reflected on the student s account ledger The student s account ledger also listed an \$814 00 credit described as Student Payment on July 14 2009 The \$814 00 was Applied back onto the student s account as a charge there is no date for that transaction but it appears to have been applied between the student s third Federal Pell Grant disbursement on October 19 2009 and the fourth Federal Pell Grant disbursement on February 19 2010 This charge reduced the student s credit balance from \$2 395 00 to \$1 581 00 Furthermore the student should have received another credit balance refund after her fourth Pell Grant was disbursed to her account on February 19 2010 There is no documentation on the student s account ledger or in the student s financial aid file to confirm the student received that refund*

Student #3 *incurred a \$2 100 00 credit balance when her Federal Direct Loans were disbursed on April 24 2009 There is no documentation on the student s account ledger or in the student s financial aid file to confirm the student received that credit balance The institution later added that \$2 100 00 credit balance as a Student Payment on July 14 2009 and issued a credit balance check for \$1 834 00 (\$2 100 00 less \$266 00 owed to the institution for the 2009-10 award year \$3 750 00 tuition less \$1 742 00 DL less \$1 742 00 DL = \$266 00) 81 days after the credit balance occurred The student incurred three additional credit balances totaling \$8 025 00 \$2 675 00 on November 13 2009 \$2 675 00 on November 30 2009 \$2 675 00 on February 19 2010 The issuance of these credit balances are not reflected on the student s account ledger Furthermore there is no documentation in the student s financial aid file to confirm that the student received the credit balance incurred on February 19 2010*

Student #4 *incurred a \$358 00 credit balance when her Federal Direct Loans were disbursed on May 18 2009 There is no documentation on the student s account ledger or in the student s financial aid file to confirm the student received that credit balance The institution later added a \$558 00 credit of Student Cash on July 14 2009 and issued a credit balance check for that same amount on the same day 58 days after the credit balance occurred The student incurred three additional credit balances totaling \$6 017 00 \$667 00 on July 24 2009 \$2 675 on October 26 2009 \$2 675 on February 19 2009 The institution released a credit balance check*

of \$975 00 on July 28 2009 and one for \$2 670 00 in Oct The issuance of the credit balance for \$2 670 00 is not reflected on the student s account leger Furthermore there is no documentation in the student s financial aid file to confirm that the student received the \$2 670 00 credit balance incurred on February 19 2010

***Student #5** incurred a total credit balance of \$8 365 00 The institution issued timely credit balances of \$6 874 00 There is no documentation in the student s financial aid file however to confirm that the student received the remaining credit balance of \$1 491 incurred on February 19 2010 The student s account ledger listed a \$1 184 00 credit described as Payment on July 14 2009 The \$1 184 00 was Applied back onto the student s account as a charge there is no date for that transaction but it appears to have been applied after the student s fourth Pell Grant disbursement on February 19 2010*

Required Action Summary

Student #1 (1) Provide an explanation of the crediting and subsequent debiting of the \$814 Student Payment

Student #5 Provide an explanation of the crediting and subsequent debiting of the \$1 184 Payment

A review of the institution s attendance records (see Finding 1) must occur before determining if and/or when the students were eligible for their Title IV HEA program fund disbursements and credit balances

VHD's Response The school's response submitted on April 28, 2011 contained revised student ledgers for all students included in the review, but no written explanations regarding this finding were submitted, as required

Student #1 The previous ledger entries "Student Payment" for a credit of \$814 and the subsequent debit of \$814 were removed from the student's ledger Two new debit entries were made on the ledger for "Overpayment of tuition" The first debit in the amount of \$1,581 was recorded on October 19, 2008, and the second debit for \$2,675 was recorded on February 24, 2010 Copies of cancelled checks were not provided for either transaction and the requested explanation was not provided

Student #5 The previous ledger entries for "Payment" for a credit of \$1 184 00 on July 14, 2009, and the undated debit for \$1,184 00 were removed from Student #5's ledger Two new entries were made for debits noted as "Overpayment of tuition" The first debit in the amount of \$3,015 00 was recorded on July 16, 2009, the second debit in the amount of \$2,675 00 was recorded on November 1 2009 and the third debit in the amount of \$2 675 00 was recorded on February 25, 2010 Copies of cancelled checks were not provided for either transaction and the requested explanation was not provided

Final Determination Schools may charge a student upfront for the total cost of a multi-year program – for example the student signs an enrollment agreement and is charged for the total

costs of an 1800 clock-hour program at the beginning of the program. In this case, because the charges assessed upfront represent the costs of education and services that will be provided over a two-year period, the institution would, on a program basis, apportion the total charges over the two-year period to determine the amount of charges applicable to each year (each loan period or award year as appropriate). Institutional charges allocated to each year (or portion of a year) are based on the education and services the school provides during that period of time. An institution uses the total charges allocated to each year in determining the amount of current-year charges, and is subsequently used for determining whether the student has a credit balance. A credit balance occurs whenever a school credits Title IV program funds to a student's account and the total amount of those funds exceeds the student's allowable charges for the payment period. VHD failed to pay credit balances timely by payment period for students # 1, 3, 4, and 5, and failed to provide copies of cancelled checks to confirm that the students actually received the credit balances noted on their ledgers. 34 C F R § 668 164(b) and (e)

In general, Title IV funds may only be used to pay for the student's costs for the period for which the funds are provided. A school may, however, use current-year funds to satisfy prior award year charges for tuition and fees, room, or board (and with permission educationally related charges) for a total of not more than \$200. A school may not pay prior year charges in excess of \$200. VHD incorrectly applied more than \$200 of Title IV funds to pay prior academic year charges for student #3. 34 C F R § 668 164(d)

Due to the inaccuracies and unverified enrollment documented in finding 1, students #1, #3, and #5 have been subsequently determined to be ineligible for the second, third and fourth Pell Grant disbursements, as well as their second disbursements of Direct Stafford Loans. As a result, VHD must make the return of improper disbursements noted in Finding 1, and correctly post the return of funds to each student's account. VHD must provide copies of corrected student ledgers for students #1, #3, and #5. If these corrected ledgers result in a credit balance, VHD must provide documentation that the credit balance refunds have been paid to students. Cancelled checks must be submitted as documentation. If a credit balance was not previously paid, VHD must issue the credit balance check and provide copies of the cancelled check paid to the student.

Finding 9 Accounting Records Incorrect

Citation Summary *An institution makes a disbursement of Title IV program funds on the date the institution credits a student s account at the institution or pays a student directly with funds received from the Secretary a lender under the FFEL program or with institutional funds used in advance of receiving Title IV program funds 34 C F R § 668 164(a)(1)*

An institution must maintain program records that document its disbursement and delivery of Title IV program funds and financial records that reflect each Title IV program transaction The documentation that an institution must maintain relating to each student s or parent borrower s receipt of Title IV HEA program funds include the date and amount of each disbursement or delivery of Grant or loan funds and the date and amount of each payment of Federal Work Study (FWS) wages 34 C F R § 668 24(c)(1)(iv)(B)

Noncompliance Summary *The Pell Grant and Direct Loan disbursement dates in COD do not match the disbursement date reflected on the student account ledger for 21 students in the sample as indicated in the following table*

*In addition the institution disbursed an incorrect amount of Pell Grant for **Student #10** The student s Scheduled Award was \$4 600 The institution disbursed \$2 550 to the student s account for one payment period*

Date Disbursement Date Processed by Date Disbursed on

Student #	Award Type	Reported in COD	COD	Student Ledger
(b)(6); (b)(7)(C)		7/10/2009	7/8/2009	7/13/2009
		10/9/2009	10/2/2009	10/19/2009
		1/25/2010	1/20/2010	2/19/2010
		11/13/2009	11/12/2009	11/30/2009
		1/29/2010	1/22/2010	2/19/2010
		5/8/2009	5/6/2009	5/11/2009
		7/17/2009	7/17/2009	7/24/2009
		1/29/2010	1/22/2010	2/19/2010
		5/15/2009	—	5/18/2009
		7/10/2009	7/8/2009	7/13/2009
		10/9/2009	10/2/2009	10/26/2009
		1/29/2010	1/22/2010	2/19/2010
		12/12/2008	12/10/2008	1/20/2009
		2/13/2009	2/12/2009	1/20/2009
		7/10/2009	7/8/2009	7/13/2009
		8/22/2009	8/17/2009	9/8/2009
		5/14/2010	5/12/2010	5/17/2010
		4/23/2010	4/21/2010	5/17/2010
		5/14/2010	5/12/2010	5/17/2010
		10/16/2009	10/15/2009	10/19/2009
		12/14/2009	12/9/2009	1/8/2009
		12/18/2009	12/16/2009	12/20/2009
		12/18/2009	12/16/2009	1/18/2010
		3/29/2010	3/24/2010	3/26/2010
		4/12/2010	4/7/2010	5/17/2010
		1/8/2010	1/6/2010	1/11/2010
		3/29/2010	3/24/2010	3/26/2010
		12/13/2009	12/9/2009	12/11/2009

Required Action Summary *The disbursement dates in COD must match the disbursement date reflected on the student account ledgers. The institution is directed to review the above-cited regulatory requirements to assure strict compliance with the requirements thereof.*

VHD's Response VHD sent revised student ledgers with its April 28, 2011 response to the Program Review Report. The institution made one correction to reflect the correct amount of the Pell Grant disbursement of \$2,300 noted for Student #10. Disbursement dates in COD were not revised to reflect the posting dates on student ledgers for any of the instances noted above. The revised ledgers provided by VHD in this submission created errors that did not previously exist. The Direct Loan for student #4 that was previously posted with an incorrect date was removed from the student's ledger and the disbursement was cancelled in COD.

Final Determination A school must establish and maintain comprehensive and accurate program and fiscal records related to its use of Title IV program funds. The importance of maintaining complete and accurate records cannot be overemphasized. VHD's failure to correct the disbursement dates constitutes failure to meet the fiduciary standard of conduct. The institution must therefore implement procedures or enhance current procedures to bring the institution into compliance with federal regulations to ensure that this finding does not recur.

Finding 14 Crime Awareness Requirements Not Met

Citation Summary *In order to participate in any Title IV HEA program (other than the LEAP and NEISP programs) the institution must certify that it has established a campus security policy in accordance with section 485(f) of the HEA 34 C F R § 668 14(c)(2)(i) An institution must prepare an annual security report that contains at a minimum the following information*

- *The crime statistics described in 34 C F R § 668 46(c)*
- *A statement of current campus policies regarding procedures for students and others to report criminal actions or other emergencies occurring on campus This statement must include the institution s policies concerning its response to these reports including—*
 - *Policies for making timely warning reports to members of the campus community regarding the occurrence of crimes described in § 668 46(c)(1)*
 - *Policies for preparing the annual disclosure of crime statistics and*
 - *A list of titles of each person or organization to whom students and employees should report the criminal offenses described in § 668 46(c)(1) for the purpose of making timely warning reports and the annual statistical disclosure This statement must also disclose whether the institution has any policies or procedures that allow victims or witnesses to report crimes on a voluntary confidential basis for inclusion in the annual disclosure of crime statistics and if so a description of those policies and procedures*
- *A statement of current policies concerning security of and access to campus facilities including campus residences and security considerations used in the maintenance of campus facilities*
- *A statement of current policies concerning campus law enforcement that—*
 - *Addresses the enforcement authority of security personnel including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals*
 - *Encourages accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies and*
 - *Describes procedures if any that encourage pastoral counselors and professional counselors if and when they deem it appropriate to inform the persons they are counseling of any procedures to report crimes on a voluntary confidential basis for inclusion in the annual disclosure of crime statistics*
- *A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others*
- *A description of programs designed to inform students and employees about the prevention of crimes*
- *A statement of policy concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution including student organizations with off-campus housing facilities*
- *A statement of policy regarding the possession use and sale of alcoholic beverages and enforcement of State underage drinking laws*

- *A statement of policy regarding the possession use and sale of illegal drugs and enforcement of Federal and State drug laws*
- *A description of any drug or alcohol-abuse education programs as required under section 120(a) through (d) of the HEA For the purpose of meeting this requirement an institution may cross-reference the materials the institution uses to comply with section 120(a) through (d) of the HEA*
- *A statement of policy regarding the institution's campus sexual assault programs to prevent sex offenses and procedures to follow when a sex offense occurs The statement must include—*
 - A description of educational programs to promote the awareness of rape acquaintance rape and other forcible and non-forcible sex offenses*
 - Procedures students should follow if a sex offense occurs including procedures concerning who should be contacted the importance of preserving evidence for the proof of a criminal offense and to whom the alleged offense should be reported*
 - Information on a student's option to notify appropriate law enforcement authorities including on-campus and local police and a statement that institutional personnel will assist the student in notifying these authorities if the student requests the assistance of these personnel*
 - Notification to students of existing on- and off-campus counseling mental health or other student services for victims of sex offenses*
 - Notification to students that the institution will change a victim's academic and living situations after an alleged sex offense and of the options for those changes if those changes are requested by the victim and are reasonably available*
 - Procedures for campus disciplinary action in cases of an alleged sex offense including a clear statement that—*
 - The accuser and the accused are entitled to the same opportunities to have others present during a disciplinary proceeding and*
 - Both the accuser and the accused must be informed of the outcome of any institutional disciplinary proceeding brought alleging a sex offense Compliance with this paragraph does not constitute a violation of the Family Educational Rights and Privacy Act (20 U S C 1232g) For the purpose of this paragraph the outcome of a disciplinary proceeding means only the institution's final determination with respect to the alleged sex offense and any sanction that is imposed against the accused and*
 - Sanctions the institution may impose following a final determination of an institutional disciplinary proceeding regarding rape acquaintance rape or other forcible or nonforcible sex offenses*
- *Beginning with the annual security report distributed by October 1 2003 a statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U S C 14071(j)) concerning registered sex offenders may be obtained such as the law enforcement office of the institution a local law enforcement agency with jurisdiction for the campus or a computer network address*

- *Beginning with the annual security report distributed by October 1 2010 a statement of policy regarding emergency response and evacuation procedures as described in 34 C F R § 668 46(g)*
- *Beginning with the annual security report distributed by October 1 2010 a statement of policy regarding missing student notification procedures as described in 34 C F R § 668 46(h) 34 C F R § 668 46(b)*

An institution must report the following crime statistics for the three most recent calendar years concerning the occurrence on campus in or on noncampus buildings or property and on public property of the following that are reported to local police agencies or to a campus security authority

- *Criminal homicide (Murder nonnegligent and negligent manslaughter)*
- *Sex offenses (Forcible and nonforcible sex offenses)*
- *Robbery*
- *Aggravated assault*
- *Burglary*
- *Motor vehicle theft*
- *Arson*
- *Arrests for liquor law violations drug law violations and illegal weapons possession*
- *Persons not included in this section who were referred for campus disciplinary action for liquor law violations drug law violations and illegal weapons possession*

An institution must record a crime statistic in its annual security report for the calendar year in which the crime was reported to a campus security authority

An institution must report by category of prejudice the following crimes reported to local police agencies or to a campus security authority that manifest evidence that the victim was intentionally selected because of the victim's actual or perceived race gender religion sexual orientation ethnicity or disability

- *Criminal homicide (Murder nonnegligent and negligent manslaughter)*
- *Sex offenses (Forcible and nonforcible sex offenses)*
- *Robbery*
- *Aggravated assault*
- *Burglary*
- *Motor vehicle theft*
- *Arson*
- *The crimes of larceny-theft simple assault intimidation and destruction/damage/vandalism of property*
- *Any other crime involving bodily injury*

The institution must provide a geographic breakdown of the statistics reported according to the following categories

- *On campus*
- *The number of crimes that took place in dormitories or other residential facilities for students on campus*
- *In or on a noncampus building or property*
- *On public property*

The statistics required under this section may not include the identification of the victim or the person accused of committing the crime

An institution is not required to report statistics under this section for crimes reported to a pastoral or professional counselor

An institution must compile the crime statistics required under this section using the definitions of crimes provided in appendix A to this subpart and the Federal Bureau of Investigation's Uniform Crime Reporting (UCR) Hate Crime Data Collection Guidelines and Training Guide for Hate Crime Data Collection

In complying with the statistical reporting requirements under this section an institution may provide a map to current and prospective students and employees that depicts its campus noncampus buildings or property and public property areas if the map accurately depicts its campus noncampus buildings or property and public property areas

In complying with the statistical reporting requirements under this section an institution must make a reasonable good faith effort to obtain the required statistics and may rely on the information supplied by a local or State police agency If the institution makes such a reasonable good faith effort it is not responsible for the failure of the local or State police agency to supply the required statistics 34 C F R § 668 46(c)

An institution must in a manner that is timely and will aid in the prevention of similar crimes report to the campus community on crimes that are described in § 668 46(c) reported to campus security authorities as identified under the institution's statement of current campus policies pursuant to § 668 46(b) or local police agencies and considered by the institution to represent a threat to students and employees An institution is not required to provide a timely warning with respect to crimes reported to a pastoral or professional counselor 34 C F R § 668 46(e)

Noncompliance Summary *The institution s annual security report is inadequate not complying with the regulatory requirements described in 34 C F R § 668 46 The institution does not have a campus security policy as described in 34 C F R § 668 46*

Required Action Summary *The institution is required to comply with the above-cited regulatory requirements and is encouraged to review 34 C F R § 668 46 in its entirety The institution must submit to this office a revised copy of its annual security report and related campus security policy that is in compliance with federal regulations*

VHD's Response The Program Review Report identified the following VHD policies as inadequate

- Return of Title IV (R2T4) Policy Not Developed/Inadequate (Finding 12)
- Leave of Absence Policy Inadequate (Finding 13)
- Verification Policy Requirements Not Met (Finding 16)

VHD previously failed to publish and distribute an annual security report to students and employees. The notation on page 3 of the institutional catalog provided at the time of the Program Review does not constitute what can reasonably be considered an annual security report. "The crime statistics for VHD's campus is posted in the business office for VHD school community viewing." The Program Review Report also identified that VHD had failed to comply with Drug-Free Schools and Communities Act/Part 86 requirements, and had not created drug and alcohol abuse policies. This was noted in Finding 15, Drug and Alcohol Abuse Prevention Program Requirements Not Met in the Program Review Report. In their response submission made on April 28, 2011, VHD provided the following consumer policies:

- Return to Title IV Policy (Finding 12)
- Leave of Absence Policy (Finding 13)
- Campus Security – Annual Security Report Required Policies (Finding 14)
- Drug and Alcohol Abuse Prevention (Finding 15)
- Verification Policies and Procedures (Finding 16)

The policies submitted were reviewed and did not meet the minimum requirements. Due to serious findings that were identified during the program review, VHD was placed on HCM2, a restrictive method of payment on November 10, 2011. VHD was notified on January 9, 2012, via phone and in an email message that their consumer policies needed to be amended and corrected to meet the minimum standards before the first HCM2 submission could be paid. The email sent to VHD on January 9, 2012, detailed the following Campus Security Annual Report policy deficiencies in VHD's April 28, 2011 submission (see Appendix J for copy of email):

The guide submitted by VHD on April 28, 2011, contained sections that were cut and pasted from several other sources, with a great deal of conflicting information within the written policy submitted. For example, VHD indicated on the first page of the Campus Security Report that it does not have a campus security department, yet the narrative goes on to repeatedly reference reporting incidents to the campus security office. In addition, the following consumer information topics were not addressed in the Campus Security Report policies and procedures:

- Availability of employees for information dissemination. A school must designate an employee or group of employees to assist enrolled or prospective students in obtaining information.
- A description of a program designed to inform students and employees about the prevention of crimes. VHD stated that it is not done.

- A list of titles of each person or organization to whom student and employees should report criminal offenses No names or titles were listed in the procedures
- Statements specifically regarding the sale of alcoholic beverages and sale of illegal drugs
- A description of the policy and process for making timely warning reports to members of the campus community regarding the occurrence of crimes was not included
- Sanctions the institution may impose following the final determination of an institutional disciplinary proceeding regarding rape, acquaintance rape or other forcible or non forcible sex offenses
- A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994, concerning registered sex offenders may be obtained, such as a local law enforcement agency with jurisdiction for the campus or a computer network address

On January 19 2012, VHD made a submission of revised policies cited in findings # 12, 13 14, 15 and 16 in response to the January 9, 2012 email from the Department The submission of the Campus Security Report policies and procedures was reviewed and the following deficiencies were identified

- A description of the school s penalties and penalties under state, local, and federal law were not included
- A description of the health risks of drug abuse was not included in the Drug and Alcohol Abuse Prevention Policy
- The Annual Security Report did not clearly describe how and when it will be distributed to prospective students and prospective employees
- Policies for preparing the annual disclosure of crime statistics
This refers to how the annual security report is prepared Include a brief description explaining the purpose of the report who prepares it and how and from what sources the crime statistics are collected

Specifically VHD must ask for law enforcement statistics for Clery crimes that occurred on **all of your institution's Clery geography** on campus, public property and noncampus, if you have any It does not matter what the institution s relationship is with local law enforcement nor does it matter if the institution requested Clery statistics from them and have not received a response for the past several years, an institution is required to make the request annually

If an institution cannot determine whether any of the statistics are for their Clery geography, provide a caveat in your annual security report explaining that the statistics were requested but were not available in a usable format for Clery reporting

- No description was included on VHD's policy and process for timely warning reports to members of the campus community regarding the occurrence of crimes

George West Institutional Improvement Specialist, and Susan Frost Alvarez, Institutional Review Specialist from the Department conducted a follow up phone meeting with Lazonnice Belton, Tammy David Belton, and Krissy West of VHD on February 2, 2012 to provide additional institutional assistance to VHD to resolve these policy and report deficiencies. The specific agenda for this meeting can be found in Appendix K. Once again, the specific deficiencies for Finding 16, and Findings 12, 13, 15 and 16 were reviewed and discussed. VHD was provided with the electronic link to **Resources for Creating the Annual Security Report and Drug and Alcohol Abuse and Prevention Policies** (<http://www2.ed.gov/admins/lead/safety/campus.html>), and specifically directed to use the checklists for the various components of Campus Safety and Security Compliance provided in Appendix E and the sample policies provided in Appendix B of the **Resources for Creating the Annual Security Report and Drug and Alcohol Abuse and Prevention Policies** guide. VHD was also strongly encouraged to complete the online tutorial available at this site, which is an audio/visual companion to **The Handbook for Campus Safety and Security Reporting**.

In response to the February 2, 2012 meeting with the Department, VHD made its third submission of revised policies on February 4, 2012, and its first HCM2 submission on February 6, 2012.

VHD's submissions of annual disclosure of crime statistics sent on April 28, 2011 and January 19, 2012 indicated that local law enforcement had not been contacted to determine statistics for Clery crimes that occurred on each area of the institution's Clery geography (on campus, on public property, and non-campus areas). VHD's Annual Campus Security Report policies submitted for review on February 4, 2012 specifically noted that statistics from law enforcement were requested, but were not available in a usable format for Clery reporting. In the Department's written response to VHD's first HCM2 submission, an additional request was made on March 2, 2012 for VHD to provide documentation of their most recent annual request to the Milwaukee Police Department and the response VHD received. VHD's annual disclosure of crime statistics reports sent on April 28, 2011, January 19, 2012 and February 4, 2012 reported that no crimes in any category had occurred in VHD's Clery geography for the years of 2008, 2009 and 2010.

VHD made its second HCM2 submission on March 26, 2012 with the school's fourth version of revised policies included in this submission. This version of annual disclosure of crime statistics provided partial crime statistics for 2010 and removed all information for 2008 and 2009. The school was contacted via email on April 19, 2012 regarding the missing information for 2008 and 2009, and VHD sent its fifth submission on April 20, 2012. The following crime statistics

were reported for the surrounding Clery geography on campus, public property, and non campus areas

	2010	2009	2008
CRIMINAL HOMICIDE	0	1	0
A Murder and Non negligent Manslaughter	0	1	0
B Negligent Manslaughter	0	0	0
SEX OFFENSES	0	3	0
(Forcible)	0	3	0
(Non forcible)	0	0	0
ROBBERY	5	4	4
AGGRAVATED ASSAULT	3	19	4
BURGLARY	3	5	0
MOTOR VEHICLE THEFT	4	3	0
ARSON	0	1	4
Arrests for			
A LIQUOR LAW VIOLATIONS	0	0	1
B DRUG LAW VIOLATIONS	2	0	3
C ILLEGAL WEAPONS POSSESSION	0	0	0

The school incorrectly indicated in their April 20, 2012 submission that their annual disclosure of crime statistics can be found at Campus Safety and Security Data Analysis Cutting Tool website VHD has continued to report to Campus Safety and Security Data Analysis Cutting Tool website that the local crime statistics are not available, and reported no instances of criminal offenses, hate crimes, arrests or disciplinary actions have occurred during 2008, 2009 or 2010

Final Determination VHD has repeatedly failed to report crime statistics in its annual security report and to the Campus Safety and Security Data Analysis Cutting Tool website, despite extensive and repeated assistance provided to the school by the Department VHD must resubmit corrected crime statistics to the Campus Safety and Security Data Analysis Cutting Tool website and provide the corrected information to all current students faculty and staff members For current and future year Annual Campus Security Reports, VHD must make a good-faith effort to collect crime statistics for all Clery Act crimes committed in applicable geographic locations from all police agencies with jurisdiction for the institution The institution must document its efforts to obtain the crime statistics and must document any occurrence of

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noncompliance from the police The crime statistics submitted to the Campus Safety and Security Data Analysis Cutting Tool by VHD must be the same as published by the institution in its Annual Campus Security Report

Finding 15 Drug and Alcohol Abuse Prevention Program Requirements Not Met

Citation *In order to participate in any Title IV HEA program (other than the LEAP and NEISP programs) the institution must certify that it has in operation a drug abuse prevention program that the institution has determined to be accessible to any officer employee or student at the institution 34 C F R § 668 14(c)(1)*

An institution of higher education s drug prevention program must at a minimum include the following

The annual distribution in writing to each employee and to each student who is taking one or more classes for any type of academic credit except for continuing education units regardless of the length of the student's program of study of—

- *Standards of conduct that clearly prohibit at a minimum the unlawful possession use or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities*
- *A description of the applicable legal sanctions under local State or Federal law for the unlawful possession or distribution of illicit drugs and alcohol*
- *A description of the health risks associated with the use of illicit drugs and the abuse of alcohol*
- *A description of any drug or alcohol counseling treatment or rehabilitation or re-entry programs that are available to employees or students and*
- *A clear statement that the institution of higher education will impose disciplinary sanctions on students and employees (consistent with local State and Federal law) and a description of those sanctions up to and including expulsion or termination of employment and referral for prosecution for violations of the standards of conduct required by paragraph (a)(1) of this section For the purpose of this section a disciplinary sanction may include the completion of an appropriate rehabilitation program 34 C F R § 86 100(a)*

Noncompliance *The institution does not have a drug and alcohol abuse prevention program that is required by Federal regulations*

Required Action *The institution is required to comply with the above-cited regulatory requirements and is encouraged to review these regulations in their entirety The institution must submit to this office a copy of its drug and alcohol abuse prevention program that is in compliance with federal regulations*

VHD's Response The Program Review Report identified that VHD had failed to comply with Drug-Free Schools and Communities Act/Part 86 requirements, and had not created drug and alcohol abuse policies In their response submission made on April 28, 2011 VHD provided the following consumer policies

- Return to Title IV Policy (Finding 12)

- Leave of Absence Policy (Finding 13)
- Campus Security – Annual Security Report Required Policies (Finding 14)
- Drug and Alcohol Abuse Prevention (Finding 15)
- Verification Policies and Procedures (Finding 16)

The policies submitted were reviewed and did not meet the minimum requirements. Due to serious findings that were identified during the program review, VHD was placed on HCM2, a restrictive method of payment on November 10, 2011. VHD was notified on January 9, 2012 via phone and in an email message that their consumer policies needed to be amended and corrected to meet the minimum standards before the first HCM2 submission could be paid. The email sent to VHD on January 9, 2012, detailed the following Campus Security Annual Report policies deficiencies in VHD's April 28, 2011 submission (see Appendix J for copy of email).

As detailed in Finding 14, George West and Susan Frost Alvarez conducted a follow up phone meeting with Lazonnie Belton, Tammy David Belton, and Krissy West of VHD on February 2, 2012 to provide additional institutional assistance to VHD to resolve these policies and report deficiencies. The specific agenda for this meeting can be found in Appendix K. Once again, the specific deficiencies for Finding 15 were reviewed. VHD was provided with the electronic link to **Resources for Creating the Annual Security Report and Drug and Alcohol Abuse and Prevention Policies**. VHD made its second HCM2 submission on March 26, 2012, and the school's fourth version of revised policies were included in this submission. The deficient Drug and Alcohol Abuse Prevention Policies were successfully resolved with this submission.

Final Determination The Department has determined VHD repeatedly failed to create and disseminate the Drug and Alcohol Abuse Prevention Policies via the methods required by Section 34 C.F.R. § 668.14(c)(1) of the Student Assistance General Provisions regulations. VHD must document that its Drug and Alcohol Abuse Prevention information is distributed annually to students and employees, including prevention of abuse and associated health risks, standards of conduct that prohibit unlawful possession, use, or distribution of drugs and alcohol by students and employees, and sanctions for unlawful possession, use, or distribution of drugs and alcohol or for violation of the standards of conduct.

D Summary of Liabilities

The total amount calculated as liabilities from the findings in the program review determination is as follows. The liability amount in the first chart below reflects duplicated and unduplicated liabilities because some students appear in more than one finding. This information is provided so that the institution understands the liabilities associated with each finding. Duplicate liabilities have been removed in the second chart. The payment instructions in Section E have been adjusted to reflect the unduplicated liabilities.

Actual Liabilities By Finding -- Including Duplicate Liabilities	Pell (Closed Award Year)	EALF DL
Finding 1	\$98,672.00	
Finding 2	\$10,450.00	
Finding 3	\$76,172.00	
Finding 4	\$2,720.00	
Finding 6	\$2,675.00	
		\$ 3,413.09

Established Liabilities – Duplicate Liabilities Removed			
Liabilities	Pell (Closed Award Year)	EALF DL	
Finding 1	\$98,672.00		
Subtotal 1	\$98,672.00	\$ 3,413.09	
Finding 1 Interest/SA	\$1,308.03		
Finding 5 Interest/SA	\$18.70		
ACA			
Subtotal 2	\$1,326.73		
TOTAL	\$99,998.73	\$ 3,413.09	
Payable To			Totals
Department	\$99,998.73	\$ 3,413.09	\$103,411.82

Duplicate Liabilities

The Actual Liabilities table above contains duplicate liabilities. The Established Liabilities table reflects adjustments made to remove all duplicate liabilities as described in findings 1-6. Appendices E, F, G, and H contain a detailed accounting of the determination of unduplicated liability for each finding.

Estimated Actual Loss (EAL)

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. The estimated actual loss to the Department that has resulted or will result from those ineligible loans is based on the most recent sector default rate available for institutions such as VHD.

The total amount of Direct Loan that VHD improperly disbursed during the award years 2008-09, 2009-10, and 2010-11 for Finding #1 is \$55,500. The total estimated actual loss that VHD must pay to the Department for the ineligible loans is \$3,413.09. Copies of the results of these calculations are included in Appendix F.

E Payment Instructions

1 Liabilities Owed to the Department

VHD owes to the Department \$103,411.82. This liability must be paid using an electronic transfer of funds through the Treasury Financial Communications System, which is known as FEDWIRE. VHD 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 VHD 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 (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. VHD 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 VHD's account representative.

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

U S Department of Education
OCFO Financial Management Operations
Accounts Receivable Group
550 12th Street S W Room 6114
Washington, DC 20202-4461

If within forty-five days of the date of this letter, your institution has neither made payment in accordance with these instructions nor entered into an arrangement to repay the liability under terms satisfactory to the U S Department of Education, the Department intends to collect the amount due and payable by administrative offset against payments due to your organization from the Federal Government Your institution may object to the collection by offset only by challenging the existence or amount of the debt

Your institution makes this challenge by timely appealing this determination under the procedures described in the "Appeal Procedures" section of this 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 in 34 C F R § 30 28 This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Improvement Act of 1996

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

Amount \$103,411 82
TIN 391653885
PRCN 201040527320
DUNS 137953324

2 Liabilities Owed to Students

VHD must submit copies of corrected ledgers for students 1 and 3, as previously stated in Finding #5 and 8 If any of these corrected student account ledgers result in a credit balance owed to the student, VHD must make a good faith effort to pay the credit balance refund to the applicable students If VHD cannot locate a student, payment must be made to the account of the program from which the award was made If that cannot be determined, the funds must be paid in the order required for the return of funds specified in 34 C F R § 668 22(1)

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

Visions in Hair Design
OPE ID 04124800
PRCN 2010 4 05 27320

- FSEOG Program aid
- TEACH Grants

VHD must provide proof of payment to the student by submitting a copy of the front and back of the canceled check to Susan Frost Alvarez within 45 days of the date of this letter

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

Appendix A – Student Sample

2008-09

Student's Name

**Student's SSN
(last four digits only)**

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

**SSN
(last four digits only)**

Appendix B -- Clock Hour Attendance Workbook Template

Clock Hour Attendance Workbook Instructions

- 1 Create master list of students on the tabbed worksheet Master List of Students
- 2 Enter Student's Name in space provided on worksheet LAST NAME FIRST NAME
- 3 Enter student's name (LAST NAME FIRST NAME) on the tabbed worksheet that corresponds with their number on the list For example 1 SMITH JOHN on Worksheets are provided for 50 students If there are more than 50 students on the Master List add worksheet tabs as needed and copy content the
- 4 Enter clock hour attendance information on the worksheet as it appears on the time card the student completed The date and time need to be **NOTE** Pay close attention to where spaces are used in the time and date entry **mm/dd/yy SPACE h mm SPACE AM or PM**

Example Entries and Resulting Summaries

TIME IN	TIME OUT	DAILY TOTAL TIME
mm/dd/yy h mm AM/PM	mm/dd/yy h mm AM/PM	hh mm
3/16/09 10 39 AM	3/16/09 4 00 PM	5 21
3/17/09 9 12 AM	3/17/09 4 17 PM	7 05
3/18/09 9 55 AM	3/18/09 5 14 PM	7 19

Summary Total Time (=h mm ss)	Required Hours (=h mm ss)	Needed Hours (=h mm ss)
19 45 00	1800 00 00	1780 15 00

Excel will calculate and format the Daily Total Time, Summary Total Time and Needed Hours

- 5 For incomplete entries on time cards use the following guidelines to determine if any hours should be entered
 If a student punched in but did not punch out assume the student was present Count the student present for only one (1) hour
 If a student punched out only and did not punch in assume the student was absent Do not give any credit for the day

Appendix B – Clock Hour Attendance Work Book Template, Contd

Student Number	LAST NAME, FIRST NAME
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
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33	
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36	
37	
38	
39	
40	

Appendix C – Comparison of Timecard Summaries

Total times notated are formatted as hh mm ss (hours minutes seconds)

No.	Student Name	VHD Original Timecard Summary of Total Hours Attended Submitted for Program Review Total Time	4/28/11 VHD Timecard Summary Submitted in Response to P.R.R. Total Time	7/26/11 VHD Timecard Summary Submitted in Response to Request for Resubmission Total Time	Department's Timecard Summary Calculations Based Timecards Submitted by VHD Total Time
(b)(6); (b)(7)(C)		1423 30 00	1649 54 00	789 00 00	703 35 00
		1800 00 00	1799 23 00	1124 37 00	595 35 00
		1800 00 00	1800 34 00	839 09 00	564 16 00
		1454 30 00	1801 01 00	955 06 00	720 28 00
		1279 15 00	1475 54 00	655 58 00	414 08 00
		1722 30 00	1762 59 00	959 54 00	572 09 00
		543 00 00	1217 56 00	465 15 00	233 12 00
		413 00 00	1185 58 00	580 01 00	194 25 00
		33 00 00	53 20 00	17 23 00	17 23 00
		546 30 00	1218 49 00	524 22 00	222 36 00
		382 00 00	1264 35 00	447 19 00	205 49 00
		206 00 00	120 50 00	110 20 00	111 56 00
		307 45 00	460 19 00	177 40 00	165 40 00
		925 30 00	1718 01 00	675 58 00	363 54 00
		764 00 00	1800 24 00	877 52 00	537 02 00
		519 00 00	1273 58 00	569 19 00	213 04 00
		526 00 00	1230 51 00	514 56 00	216 01 00
		1262 30 00	1800 42 00	849 54 00	606 04 00
		476 00 00	1263 17 00	513 32 00	219 43 00
		330 00 00	480 35 00	224 43 00	154 15 00
467 00 00	225 14 00	106 21 00	92 48 00		

Appendix D – Detail and Summary of Conflicting and/or Incomplete Timecard Entries

Description of Timecard Entries with Conflicting and/or Incomplete Information	Student Number																					Each Type of Conflictin
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Clock in only no clock out time indicated	30	12	37	23	24	10	19	9	1	23	12	7	21	44	51	19	13	54	16	12	9	446
Clock out only no clock in time indicated	3		2	7	2	3	1						1		2			2			23	
Conflicting handwritten date at top of timecard vs dates written for each day of the week	5																				5	
Multiple conflicting time entries made for the same day of the week	3			1	1	2	3	1					2			2		2			18	
Duplicate/conflicting timecard for the same week. For example timecard indicating week as May 3 7 and the following timecard indicates week as 5/4/09 5/8/09	2	2	2	2	2	5											3				18	
Total hours noted for the day without a clock in or clock out notation for actual attendance	3	2	8	5	5	3	2			1		2	1		1	1		3	1		39	
Scheduled hours for the week notated down the center of the timecard but no entries for attendance on the individual days of the week		7																			7	
No date or week indicated at the top of timecard		11	12	11	15	10	1	1		1	1					2				1	66	
No name indicated at top of the timecard		1																			1	
Unreadable over stamped time clock entries					3	10	1	4			1										19	
Conflicting handwritten information overwritten on timecard for date or attendance hours	9																				9	
Name of other student is visible at top of timecard and is partially whited out								2		1	2					1		1			7	
TOTAL NUMBER OF ENTRIES	55	35	61	49	52	43	27	17	1	26	16	9	23	46	54	25	16	62	17	11	658	

Appendix E – Ineligible Pell Grant Disbursements

Name of Institution		Visions in Hair Design			No of Days	CVFR or Interest	Federal Share	To ED	
No	Description/Name	Ineligible Disbursement	Program	Disbursement Date					Return Paid Date
(b)(6); (b)(7)(C)		\$2 675 00	Pell Grant	10/9/2009	2/28/2011	507	3 00%	\$ 2 675 00	\$ 111 47
		\$2 675 00	Pell Grant	1/25/2010	2/28/2011	399	1 00%	\$ 2 675 00	\$ 29 24
		\$2 675 00	Pell Grant	11/12/2009	2/28/2011	473	3 00%	\$ 2 675 00	\$ 104 00
		\$2 675 00	Pell Grant	1/22/2010	2/28/2011	402	1 00%	\$ 2 675 00	\$ 29 46
		\$2 675 00	Pell Grant	10/9/2009	2/28/2011	507	3 00%	\$ 2 675 00	\$ 111 47
		\$2 675 00	Pell Grant	1/29/2010	2/28/2011	395	1 00%	\$ 2 675 00	\$ 28 95
		\$2 675 00	Pell Grant	7/10/2009	2/28/2011	598	3 00%	\$ 2 675 00	\$ 131 48
		\$2 675 00	Pell Grant	10/9/2009	2/28/2011	507	3 00%	\$ 2 675 00	\$ 111 47
		\$2 675 00	Pell Grant	1/29/2010	2/28/2011	395	1 00%	\$ 2 675 00	\$ 28 95
		\$2 675 00	Pell Grant	7/10/2009	2/28/2011	598	3 00%	\$ 2 675 00	\$ 131 48
		\$2 675 00	Pell Grant	8/22/2009	2/28/2011	555	3 00%	\$ 2 675 00	\$ 122 02
		\$1 100 00	Pell Grant	1/7/2011	2/28/2011	52	1 00%	\$ 1 100 00	\$ 1 57
		\$1 100 00	Pell Grant	1/7/2011	2/28/2011	52	1 00%	\$ 1 100 00	\$ 1 57
		\$1 100 00	Pell Grant	2/17/2011	2/28/2011	11	1 00%	\$ 1 100 00	\$ 0 33
		\$2 675 00	Pell Grant	5/19/2010	2/28/2011	285	1 00%	\$ 2 675 00	\$ 20 89
		\$2 675 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 675 00	\$ 9 01
		\$2 675 00	Pell Grant	2/17/2011	2/28/2011	11	1 00%	\$ 2 675 00	\$ 0 81
		\$2 550 00	Pell Grant	5/26/2010	2/28/2011	278	1 00%	\$ 2 550 00	\$ 19 42
		\$2 550 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 550 00	\$ 8 59
		\$2 550 00	Pell Grant	2/17/2011	2/28/2011	11	1 00%	\$ 2 550 00	\$ 0 77
		\$2 200 00	Pell Grant	9/10/2010	2/28/2011	171	1 00%	\$ 2 200 00	\$ 10 31
		\$2 200 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 200 00	\$ 7 41
		\$2 200 00	Pell Grant	2/17/2011	2/28/2011	11	1 00%	\$ 2 200 00	\$ 0 66
		\$45 00	Pell Grant	2/26/2010	2/28/2011	367	1 00%	\$ 45 00	\$ 0 45
		\$2 675 00	Pell Grant	12/14/2009	2/28/2011	441	3 00%	\$ 2 675 00	\$ 96 96
		\$2 675 00	Pell Grant	2/26/2010	2/28/2011	367	1 00%	\$ 2 675 00	\$ 26 90
		\$2 675 00	Pell Grant	5/26/2010	2/28/2011	278	1 00%	\$ 2 675 00	\$ 20 37
		\$2 775 00	Pell Grant	9/24/2010	2/28/2011	157	1 00%	\$ 2 775 00	\$ 11 94
		\$2 650 00	Pell Grant	3/29/2010	2/28/2011	336	1 00%	\$ 2 650 00	\$ 24 39
		\$2 650 00	Pell Grant	6/28/2010	2/28/2011	245	1 00%	\$ 2 650 00	\$ 17 79
		\$2 775 00	Pell Grant	9/24/2010	2/28/2011	157	1 00%	\$ 2 775 00	\$ 11 94
		\$2 775 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 775 00	\$ 9 35
		\$2 775 00	Pell Grant	2/17/2011	2/28/2011	11	1 00%	\$ 2 775 00	\$ 0 84

Appendix E – Ineligible Pell Grant Disbursements, Contd

(b)(6); (b)(7)(C)	\$2 350 00	Pell Grant	7/22/2010	2/28/2011	221	1 00%	\$ 2 350 00	\$ 14 23
	\$2 350 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 350 00	\$ 7 92
	\$2 350 00	Pell Grant	2/17/2011	2/28/2011	11	1 00%	\$ 2 350 00	\$ 0 71
	\$1 150 00	Pell Grant	3/29/2010	2/28/2011	336	1 00%	\$ 1 150 00	\$ 10 59
	\$2 400 00	Pell Grant	9/24/2010	2/28/2011	157	1 00%	\$ 2 400 00	\$ 10 32
	\$2 775 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 775 00	\$ 9 35
	\$2 775 00	Pell Grant	2/10/2011	2/28/2011	18	1 00%	\$ 2 775 00	\$ 1 37
	\$2 650 00	Pell Grant	10/28/2010	2/28/2011	123	1 00%	\$ 2 650 00	\$ 8 93
	\$402 00	Pell Grant	7/29/2010	2/28/2011	214	1 00%	\$ 402 00	\$ 2 36

Total Ineligible \$98 672 00

Totals \$ 1 308 03

Totals By Program	Total	Federal Share
Pell	\$ 98 672 00	\$ 98 672 00

Interest Breakdown	
Pell Grants	\$ 1 308 03

Appendix G- Loans Included in EALF Calculations

Enter Institution Name Visions in Hair Design

Select Institution Type Proprietary 2 Yrs or Less

	Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School CDR	Total Subsidy Costs	Estimated Loss Liability
1	DL Subsidized	2008 2009	\$ 3 500 00	14 49%	12 92%	\$ 452 28
2	DL Unsubsidized	2008 2009	\$ 4 000 00	14 49%	5 57%	\$
3						
	Finding #1		\$ 7 500 00			\$ 452 28
4	DL Subsidized	2009 2010	\$ 10 500 00	14 49%	4 33%	\$ 454 27
5	DL Unsubsidized	2009 2010	\$ 3 500 00	14 49%	18 17%	\$
6						
	Finding #1		\$ 14 000 00			\$ 454 27
7	DL Subsidized	2010 2011	\$ 20 500 00	14 49%	12 23%	\$ 2 506 54
8	DL Unsubsidized	2010 2011	\$ 13 500 00	14 49%	10 63%	\$
9						
	Finding #1		\$ 34 000 00			\$ 2,506 54

Original Ineligible Loan Liability \$ 55 500 00 **Total Estimated Loss** \$ 3 413 09

The "Total Estimated Liability" shown on this worksheet is the Department's estimate of the actual loss to the Department that has or will result from ineligible FFEL and Direct Loan program loans made by your institution. Estimated defaults are calculated using the most appropriate cohort default rate published by the Department.

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

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

Example	Ineligible Principal Loan Amount	\$100 000 00
	Cohort Default Rate	10 0%
	Estimated Default Amount Due	\$10 000 00

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

Appendix G- Loans Included in EALF Calculations

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

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

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

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

Subsidized Loan Amount (Interest and Special Allowance)

$$\begin{aligned} & \$40,000/2 \times (451 \times (0.422/365)) \\ & + \$40,000/2 \times (730 \times (0.625/365)) \\ & + \$40,000/2 \times (367 \times (0.707/365)) = \$4,964.61 \end{aligned}$$

Unsubsidized Loan Amount (Special Allowance Only)

$$\begin{aligned} & \$60,000/2 \times (451 \times (0.145/365)) \\ & + \$60,000/2 \times (730 \times (0.155/365)) \\ & + \$60,000/2 \times (367 \times (0.053/365)) = \$1,627.36 \end{aligned}$$

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

Appendix G- Loans Included in EALF Calculations

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

Student No	Last Name	First Name	Award Year	Loan Type	\$ Principal amount
(b)(6); (b)(7)(C)			2008-09	DLSUB	\$ 3 500 00
			2008-09	DLUSUB	\$ 4,000 00
			2009-10	DLSUB	\$ 3 500 00
			2009-10	DLUSUB	\$ 3 500 00
			2009-10	DLSUB	\$ 3 500 00
			2010-11	DLSUB	\$ 4 500 00
			2010-11	DLUSUB	\$ 1 000 00
			2010-11	DLUSUB	\$ 2,500 00
			2010-11	DLSUB	\$ 4 500 00
			2010-11	DLUSUB	\$ 5 000 00
			2010-11	DLSUB	\$ 4,500 00
			2009-10	DLSUB	\$ 2 500 00
			2009-10	DLSUB	\$ 1 000 00
			2010-11	DLSUB	\$ 3 500 00
			2010-11	DLUSUB	\$ 2 000 00
			2010-11	DLSUB	\$ 3 500 00
			2010-11	DLUSUB	\$ 3 000 00

TOTALS		
DLSUB 08-09	\$	3,500 00
DLSUB 09-10	\$	10,500 00
DLSUB 10-11	\$	20,500 00
DLUSUB 08-09	\$	4,000 00
DLUSUB 09-10	\$	3,500 00
DLUSUB 10-11	\$	13,500 00
GRAND TOTAL	\$	55,500 00

Appendix H- Late R2T4 Returns

Name of Institution Visions in Hair Design

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 Det Date	Return Paid Date	Return Due Date	Days Late	CVFR or Interest	Federal Share	To ED
(b)(6); (b)(7(C))		\$2 105 00	Pell Grant	01/05/10	1/19/2010	6/15/2010	03/05/10	102	1 00%	\$ 2 105 00	\$ 5 88
		\$70 00	Pell Grant	01/05/10	1/19/2010	7/29/2011	03/05/10	511	1 00%	\$ 70 00	\$ 0 98
		\$2 005 00	Pell Grant	03/01/10	3/2/2010	8/4/2010	04/16/10	110	1 00%	\$ 2 005 00	\$ 6 04
		\$2 273 00	Pell Grant	03/04/10	3/19/2010	8/4/2010	05/03/10	93	1 00%	\$ 2 273 00	\$ 5 79

Total Returns \$ 6 453 00

Totals \$ 18 70

Totals By Program
Pell Grant \$ 4,278 00

Interest Breakdown
Pell Grant \$ 11 83

Appendix I- FEDWIRE Repayment Form

DEPARTMENT OF EDUCATION
FED-WIRE EFT MESSAGE FORMAT & INSTRUCTIONS

ABA Number 021030004	Type/Sub-Type	
Sender No	Sender Ref No	Amount ①

Sender Name (Automatically inserted by the Federal Reserve Bank)

Treasury Department Name/CTR/
TREAS NYC / CTR /

BNF=ED / AC - 91020001 OBI=

Name / City / State

②

DUNS / TIN

③

FOR

④

INSTRUCTIONS

A Complete circled items 1-4 above as follows

- ① Indicate amount including cents digits
- ② Indicate Name, City and State
- ③ Indicate DUNS Number and Taxpayer Identification Number (TIN)
- ④ Enter the reason for the remittance Name of Institution, OPE ID Number, LOC Number (include any amendments) and LOC Amount

Appendix J – Email Outlining Needed Consumer Policy Corrections

From Frost Alvarez Susan
Sent Monday January 09 2012 2:39 PM
To vhdic7@yahoo.com
Subject Overview of policy corrections needed - Visions in Hair Design
Importance High

Dear Ms. Belton

This email is a follow-up regarding our conversation from earlier today regarding your school's submission of its first HCM2 claim. Several of the current policies you have submitted previously do not meet the minimum requirements and these will need to be amended/corrected before the first claim can be paid.

I suggest that you use these resources to use as a guide to create/rewrite your current policies so all required items are addressed appropriately.

<http://www.ifap.ed.gov/qahome/qaassessments/makingofapandpmanual.html>

Specific policies needing amendments/corrections are listed below

Campus security – Annual Security Report Required Policies

Your current guide appears to have sections that were cut and pasted from other several other institutions' policies and conflicting information exists. For example, VHD indicates clearly on the first page of the Campus Security Report that it does not have a campus security department, yet the narrative goes on to repeatedly reference reporting incidents to the campus security office. In addition, the following consumer information topics should be addressed in your procedures:

Availability of employees for information dissemination. A school must designate an employee or group of employees to assist enrolled or prospective students in obtaining information specified in 668.42, 668.43, 668.45, and 668.46. If the school designates one person, that person shall be available, upon reasonable notice, to any enrolled or prospective student throughout the normal administrative working hours of that school. If more than one person is designated, their combined work schedules must be arranged so that at least one of them is available, upon reasonable notice, throughout the normal administrative working hours of the school. 668.44

A description of program designed to inform students and employees about the prevention of crimes. This is not included in your current policy, and you state that it is not done.

A list of titles of each person or organization to whom student and employees should report criminal offenses. Currently, no names or titles are listed in your information.

Statements specifically regarding the sale of alcoholic beverages and sale of illegal drugs are missing.

Describe the policy and process for making timely warning reports to members of the campus community regarding the occurrence of crimes. How will this information be prepared and disclosed to students? Where is the information maintained? When is it

Appendix J – Email Outlining Needed Consumer Policy Corrections, Contd

Sanctions the institution may impose following the final determination of an institutional disciplinary proceeding regarding rape acquaintance rape or other forcible or non-forcible sex offenses

A statement advising the campus community where law enforcement agency information provided by a State under section 170101(j) of the Violent Crime Control and Law Enforcement Act of 1994 concerning registered sex offenders may be obtained such as a local law enforcement agency with jurisdiction for the campus or a computer network address

Drug & alcohol abuse prevention 668 14(c)

Your current policy submission has some of the requirements but does not meet all of the criteria

A school must provide students faculty and employees with information that includes standards of conduct that prohibit unlawful possession or use of drugs on the campus a description of the school's penalties and penalties under state local and federal law a description of the health risks of drug abuse and a description of any treatment counseling or rehabilitation programs available to students and employees

Leave of Absence Policy

The current policy submitted has conflicting information throughout regarding the minimum number of days allowed It initially states that that a leave of absence (LOA) will not be Granted for period of 6 or less days but goes on to state the minimum LOA is 6 or more days This must be resolved

Return to Title IV Policy

There are quite a few grammatical errors in the text that make it hard or impossible to understand the intent This includes missing or incorrect punctuation use of acronyms without explanation and sentence fragments Additional errors/corrections needed include

Your student handbook and the Title IV Refund policy references official withdrawal policy from the school but it is not stated in either document These procedures must be included

Remove all reference to FFELP loans These no longer exist and your school never participated in this loan program

The explanation for the student's responsibility to return unearned aid needs correction – they are not excess funds

Written Verification Policies and Procedures

The policy that was submitted has substantial portions that were copied from another institution and references to it still exist Again there are quite a few grammatical errors in the text that make it hard or impossible to understand the intent This includes missing or incorrect punctuation use of acronyms without explanation and sentence fragments

There are also essential elements that are not in the student handbook and/or school's financial aid policy and procedures document

Appendix J – Email Outlining Needed Consumer Policy Corrections, Contd

Your school must have written policies and procedures on the following verification issues

- Deadlines for students to submit documentation and consequences of the failure to meet those deadlines Timeframes are not given and consequences are not identified
- A method of notifying students of award changes due to verification
- Required correction procedures for students and
- Standard procedures for referring overpayment cases to the Department 668 16(g)

Additionally the school must give each applicant selected for verification a written statement explaining the following

- Documents required for verification DCL GEN 11-13
- Student responsibilities—including correction procedures the deadlines for completing any actions required and the consequences of missing the deadlines Consequences are not identified
- Notification methods—how your school will notify a student if his or her award changes as a result of verification and the time frame for such notification Timeframes are not given

2011-12 Requirements

If the Central Processing System (CPS) selects an application for verification you must verify the five major elements listed below In addition to verifying these required items for CPS-selected students you can choose to verify any other application items requiring any reasonable documentation in accordance with consistently applied institutional policies You may decide which students must provide documentation for any additional data elements and what constitutes acceptable documentation

- Household size
- Number enrolled in college
- Adjusted gross income (AGI)
- U S income tax paid and
- Certain untaxed income and benefits

Please contact me directly if you have questions regarding this email

All the best

Susan Frost Alvarez

Meeting with Visions in Hair Design to Discussed Policy Needed Revisions

Thursday, February 2, 2012 • 10 00 am • Phone Meeting

Agenda

I Leave of Absence Policy

Located in Student Catalog – no further corrections needed

II Reference to the Campus Security Report in Student Catalog

There is incomplete text on the bottom of page 3 where it references this report Inform students where they can obtain a copy of it and when it is distributed See additional notes below regarding the Annual Security Report

III VHD Financial Aid Policies and Procedures (VHD Policy Procedure doc)

A Verification Procedures and Policies, pg 9-11

Tax returns and verification worksheets received for students not selected

B Late Disbursements, pgs 17 &18

The loan must be originated before the student s last date of attendance to be eligible for a late or post-withdrawal disbursement Verification issues must also be resolved before a late disbursement of a PLUS loan is made If student is no longer enrolled the student must actively accept the post withdrawal disbursement of a loan

See 11 12 Handbook Volume 4 Chapter 1 pg 4 31 thru 4-34

A school must contact a student prior to making *any* late disbursement of FSA loan funds and explain to the student his or her obligation to repay the loan funds if they are disbursed The information provided in this notification must include the information necessary for the student or parent to make an informed decision about whether the student or parent would like to accept any disbursement of the loan funds In addition the school must confirm that the loan funds are still needed by the student and that the student wishes the school to make the disbursement

Also refer to PDF attachment sent via email Late Disbursement Reference

C Unofficial Withdrawal Policy

14 consecutive days of school classes versus 14 calendar days of non-attendance

Appendix K – Meeting Agenda to Discuss Needed Policy Revisions, Contd

IV Financial Aid Handbook (for students, VHD Financial Aid Handbook doc)

A Important Dates, pg 5

- The federal processor must receive your FAFSA by June 30 for the ending school year THERE ARE NO EXCEPTIONS TO THIS DEADLINE
- Your correct complete application information must be in our office by your last day of enrollment If we have not received your application information electronically you must submit your paper Student Aid Report SAR to our office by the last date of enrollment (Conflicts with information above)
- Upon receipt of your valid electronic FAFSA information you may be required to submit additional documentation if your application is selected for verification You will have an additional 30 days after the last day of your enrollment to submit all requested verification information You will be notified in writing if you are selected for verification (Different from verification policy)
- If you need a student loan you must complete the loan application process within 85 days after the last day of your enrollment (Loan must be originated before last day of enrollment valid ISIR must be processed)

B Cost of Attendance, pg 7

Does not include room and board expenses

Student Budget Types – Barbering/Cosmetology Program	Estimated 2011-2012 Costs	
A Independent or Dependent students living at home with parents/legal Guardians	Tuition/Fees	\$9,725
	Books/Supplies	\$2,940
	Personal/Misc	\$1,583
	Transportation	\$2,754
	Total	\$17,002
B Independent or Dependent students living away from parents/legal Guardians	Tuition/Fees	\$9,725
	Books/Supplies	\$2,940
	Personal/Misc	\$3,153
	Transportation	\$2,754
	Total	\$18,572

Appendix K – Meeting Agenda to Discuss Needed Policy Revisions, Contd

C Student Employment, pg 9

Mentioned but not explained anywhere else in the document

D Stafford Loan Borrowing Limits, pg 23

Recommended Loan Limits

The yearly borrowing limit at VHD is set at \$18 000 with a total cumulative limit set at \$32 680. We suggest that you borrow wisely with these limits in mind. If you wish to appeal your loan limit, put your appeal request in writing and submit it to the Financial Aid office. You will be expected to substantiate your need for additional loan funds.

E Return of Title IV Funds Policy not included student financial aid guide

V Drug & Alcohol Abuse Prevention Policy

A school must provide students, faculty, and employees with information that includes standards of conduct that prohibit unlawful possession or use of drugs on the campus, a description of the school's penalties and penalties under state, local, and federal law, a description of the health risks of drug abuse, and a description of any treatment, counseling, or rehabilitation programs available to students and employees.

VI Annual Security Report

A Expand how and when this will be distributed to enrolled and prospective student, and current and prospective employees

You must distribute the report to all **currently enrolled students** (including those attending less than full time and those not enrolled in Title IV programs or courses) and all **employees** by Oct. 1 each year. You also must provide the report to any prospective student or prospective employee upon request. A **prospective student** is defined as *an individual who has contacted an eligible institution requesting information about admission to that institution*. A **prospective employee** is defined as *an individual who has contacted an eligible institution requesting information concerning employment with that institution*.

B Policies for preparing the annual disclosure of crime statistics

This refers to how the annual security report is prepared. Include a brief description explaining the purpose of the report, who prepares it, and how and from what sources the crime statistics are collected.

You must ask for law enforcement statistics for Clery crimes that occurred on **all of your institution's Clery geography**—on campus, public property, and noncampus—if you have any. It doesn't matter what the institution's relationship is with local law enforcement, nor does it matter if you've requested Clery statistics from them and haven't gotten a response for the past several years; you are required to make the request annually.

If you cannot determine whether any of the statistics are for your Clery geography, provide a caveat in your annual security report explaining that the

Appendix K – Meeting Agenda to Discuss Needed Policy Revisions, Contd

statistics were requested but were not available in a usable format for Clery reporting

C Describe the policy and process for timely warning reports to members of the campus community regarding the occurrence of crimes

A timely warning must be issued in response to specific crimes and an emergency notification is required in the case of an immediate threat to the health or safety of students or employees

D Resources for Creating the Annual Security Report and Drug and Alcohol Abuse and Prevention Policies

<http://www2.ed.gov/admins/lead/safety/campus.html>

A The Handbook for Campus Safety and Security Reporting

- **Easy to follow** checklists for the various components of Campus Safety and Security Compliance are provided in Appendix E
- **Sample policies are provided in Appendix B**

B Campus Safety And Security Reporting Training

This online tutorial is an audio/visual companion to **The Handbook for Campus Safety and Security Reporting**. It is designed to be used **after reading the handbook** to help you apply the HEA safety- and security-related reporting requirements to your institution.

Appendix L – Institutions Response to the PRR

Visions in Hair Design Institute of Cosmetology Response to Department of Education Report

April 28 2011

On August 9 12 2010 the Department of Education conducted a review of Visions in Hair Design Institute of Cosmetology (VHD) In March 2011 VHD received a Program Review Report of the review completed last year

In August 2008 Visions in Hair Design institute received approval to participate in the Title IV Program The first funds were drawn down in 2009 We are a new school administering the Title IV funding and have made significant changes in how we document manage and administer Title IV funding to our student participants

The following outlines the modifications and the review of documents in response to the report from the Department of Education dated February 28 2011 All exhibits are located at the end of this response

Findings of Noncompliance and Response

Finding I – Inaccurate/Unsupported Attendance Records

The school in the first year of inception used a combination of sign-in sheets and a time clock to manage and record hours of attendance for student hours The time clock utilized had many issues with properly recording student attendance Staff would write in the hours of student participation by hand to reflect the time served Additionally we have included attendance data from additional time cards and sign-in sheets not reviewed by the team during the time of the program review visit in January 2011 VHD adopted a new punch in system for its source attendance documents. We have also made adjustments in how the time is reflected in the summary attendance documents The site has completed a full review of the source attendance records and reconciled the summary attendance records Please see attachment Exhibit I 1 that provides an electronic copy of the attendance sheets on CD

Finding II – Excess Cash

VHD has tightened its Business Office controls and has since worked on properly recording financial aid payments and posting those payments to the student ledger cards in a timely manner We have revised our student ledger cards and updated the student letters in the student files to reflect the accurate disbursement dates Please see attachments Exhibits II1 – II21

Page 1 of 4

Appendix L – Institutions Response to the PRR, Contd

Finding III – Improper Disbursement – Early Federal Pell Grant Disbursements

We have determined that a number of students have received early disbursements of aid based on the accounting system. As indicated, we experienced some issues with our accounting and recording of clock hours for our students. VHD relied on the scheduled hours and not actual hours to determine eligibility for disbursement. We have since tightened our record maintenance and accounting procedures and do not anticipate issues in the future with early disbursements. Those have been noted in the attendance records found on Exhibit I 1.

Finding IV – Return of Title IV Calculation Errors

VHD has conducted a review of its attendance records and have determined that all of the R2T4 calculations need to be corrected. We have revised the Title IV calculations for those students who withdrew from the institution prior to July 2010. The original worksheets are marked as Exhibits IV1 – IV4. The revised worksheets are labeled as Exhibits IV5 – IV8.

Finding V – Return of Title IV Funds Made Late

As stated previously, we were new to implementing Title IV funds and as a result were delayed in how to complete the Title IV refund calculation. Refunds for the Title IV were made late and have been acknowledged by the school.

Finding VI – Return of Title IV Funds Not Made

It is our finding that the student in question earned 460 hours and is reflected in the attached exhibit. Please see Exhibit IV 7.

Finding VII – Student Status – Inaccurate/Untimely Reporting

It is our finding that the students in question earned the required 1800 hours and were eligible for graduation. We have determined that two students' dates of completion were incorrectly reported in the SSCR.

Appendix L – Institutions Response to the PRR, Contd

Finding VIII – Student Credit Balance

VHD has tightened its Business Office controls and has sense worked on properly recording financial aid payments and posting those payments to the student ledger cards in a timely manner. We have revised our student ledger cards and updated the student letters accordingly. Please see Exhibits VIII-1 and VIII 2.

Finding IX – Accounting Records Incorrect

VHD has tightened its Business Office controls and has sense worked on properly recording financial aid payments and posting those payments to the student ledger cards in a timely manner. We have revised our student ledger cards and updated the student letters to adjust. Please see attachments Exhibits II 1 – II21

Finding X – Federal Direct Loan (DL) Extt Counseling

At the time of the program review we had not provided a copy of the extt counseling for the student in question. It has been received in our office. Please see attachment Exhibit X 1

Finding XI – Bank Account – Federal Funds Not Identified

The business account used for Title IV funding has since been properly labeled as a "Federal Funds" account. Please see attachment Exhibit XI 1

Finding XII Return of Title IV (R2T4) Policy Not Developed/Inadequate

VHD has revised its R2T4 policy. It has been revised in the April 2011 student contract and student catalog to reflect compliance with federal guidelines. Please see attachment Exhibit XII 1

Finding XIII – Leave of Absence Policy Inadequate

VHD has revised its Leave of Absence policy. It has been revised in the April 2011 student contract and student catalog to reflect compliance with federal guidelines. Please see attachment Exhibit XIII 1

Finding XIV – Crime Awareness Requirements Not Met

VHD has developed a campus security report for employees and students of the school. Additionally, we have completed an annual security report to reflect compliance with federal guidelines. A copy of the

Appendix L – Institutions Response to the PRR, Contd

2010 Crime and Safety report has also been included in the April 2011 student catalog. Please see attachment **Exhibit XIV 1**. The 2010 Campus Security Report is marked as **Exhibit XIV 2**.

Finding XV – Drug and Alcohol Abuse Prevention Program Requirements Not Met

VHD has developed a drug and alcohol abuse prevention policy. It has been revised in the April 2011 student catalog to reflect compliance with federal guidelines.

Please see attachment **Exhibit XV 1**.

Finding XVI – Verification Policy Requirements Not Met

VHD has a verification policy and it was available for review at the time of the review for representatives of the Department of Education.

Please see attachment **Exhibit XVI 1**.

Appendix M – Program Review Report

Prepared for

**Visions in Hair Design
Institute of Cosmetology**



START HERE
GO FURTHER
FEDERAL STUDENT AID



OPE ID 04124800
PRCN 2010 4 05 27320

Prepared by
U S Department of Education
Federal Student Aid
Chicago/Denver School Participation Team

Program Review Report

February 28, 2011