



January 17, 2014

Daniel Liberatoscioli
President
Walnut Hill College
4207 Walnut Street
Philadelphia, PA 19104-1596

UPS Tracking Number
1ZA879640297398810

RE: **Final Program Review Determination**
OPE ID: 02192800
PRCN: 2012-30327987

Dear President Liberatoscioli:

The U.S. Department of Education's (Department's) School Participation Team in Philadelphia issued a program review report on June 21, 2013 covering Walnut Hill College's (WHC's) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2010-2011 and 2011-2012 award years. WHC's final response was received on August 20, 2013 and September 16, 2013. A copy of the program review report (and related attachments) and WHC's responses are attached. Any supporting documentation submitted with the responses are being retained by the Department and are available for inspection by WHC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. This final program review determination contains detailed information about the final 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 does not contain any student PII. Instead, each finding references

Federal Student
An Office of the U.S. DEPARTMENT OF EDUCATION
School Participation Division - Philadelphia
The Wanamaker building
100 Penn Square East, Suite 511
Philadelphia, PA 19107
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students only by a student number created by Federal Student Aid (FSA). The student numbers were assigned in Appendix A, Student Sample. The appendices were encrypted and sent separately to the institution via e-mail.

Record Retention:

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

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Ms. Deborah Marsh at (215) 656-8640.

Sincerely,

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

Nancy Paula Gifford /
Division Director

cc: Ms. Rhonda L. Moore, Financial Aid Administrator
Accrediting Commission of Career Schools and Colleges (ACCSC)

Prepared for
Walnut Hill College

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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division – Philadelphia

Final Program Review Determination

January 17, 2014

School Participation Division – Philadelphia
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, Pa 19107
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A. Institutional Information

Walnut Hill College
4207 Walnut Street
Philadelphia, PA 19104-1596

Type: Proprietary Institution

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Accrediting Commission of Career Schools and Colleges (ACCSC)

Current Student Enrollment: 478 (2010-2011 Academic year)

% of Students Receiving Title IV, HEA funds: 70% (2010-2011 academic year)

Title IV, HEA Program Participation 2010-2011 Academic year:

William D. Ford Federal Direct Loan (Direct Loan)	\$2,843,816
Federal Family Educational Loan (FFEL)	\$928,144
Federal Pell Grant	\$869,048
Academic Competitiveness Grant (ACG)	\$18,199

Default Rate FFEL/DL:

2009 CDR	7.50%
2008 CDR	10.30%
2007 CDR	8.90%

There is no Federal Perkins Loan program administered by the institution.

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Walnut Hill College (WHC) from June 26, 2012 to June 28, 2012. The review was conducted by Ms. Deborah Marsh and Ms. Carmen Austin.

The focus of the review was to determine Walnut Hill's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Walnut Hill's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records and student account ledgers.

A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. A program review report was issued on June 21, 2013.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning WHC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve WHC 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 #2, 3, 5, 6 and 7

WHC has taken the corrective actions necessary to resolve findings 2, 3, 5, 6 and 7 of the program review report. Therefore, these findings may be considered closed. Findings requiring further action by WHC are discussed below.

Findings with Final Determinations

The program review report findings requiring further action are summarized below. At the conclusion of each finding is a summary of WHC's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on June 21, 2013, is attached as Appendix C.

Finding # 1: Verification Violations

Citation Summary: An institution must require an applicant who is selected for verification by the Secretary, to verify information provided by the applicant on his or her Free Application for Federal Student Aid (FAFSA). 34 C.F.R. § 668.54(a)(1).

An institution must have an applicant selected for verification submit acceptable documentation that will verify or update the information used to determine the applicant's expected family contribution (EFC). The items to be verified include: adjusted gross income and U.S. income tax paid; the number of family members in the household; the number of household members enrolled in postsecondary institutions; and certain untaxed income and benefits. 34 C.F.R § 668.56(a).

For each Federal Pell Grant award disbursed to a student who was selected for verification, the institution must report the student's verification status to the Department via the Common Origination and Disbursement (COD) System. To do this, the school includes a verification status code ("W", "V", or "S") in the Common Record document it submits to the COD System via batch processing or when it creates the award online via the COD website.

Noncompliance Summary:

A. Failure to Complete Verification

Walnut Hill failed to complete verification for students # 20, 21, 22, 23, 26, 28 and 30.

For student # 20, the amounts reported on the 2010 tax returns for the student's AGI and taxes paid and the parent's taxes paid and other untaxed income amounts did not agree with the amounts reported on the student's 2011-2012 ISIR (TR# 01).

For student #21, the amount reported on the parent's 2010 tax return for the Making Work Pay credit was not reported as Other Untaxed Income on the student's 2011-2012 ISIR.

For student #22, WHC failed to obtain a signed 2010 tax return from the student to complete verification. In addition, the parent's Other Untaxed Income and Untaxed Portion of Pension did not agree with the amounts reported on the student's 2011-2012 ISIR.

For student #23, the amounts reported on the student's 2010 tax return for taxes paid and the parent's 2010 tax return for the Making Work Pay and Education credits did not agree with the amounts reported on the student's 2011-2012 ISIR.

For student # 26, the Making Work Pay credits reported on the student's and parent's 2010 tax returns were not reported as Other Untaxed Income on the student's 2011-2012 ISIR.

For student # 28, the number in the household reported on the 2011-2012 Dependent Verification Worksheet did not agree with the household size reported on the student's 2011-2012 ISIR. Additionally, the amounts reported on the parent's 2010 tax return for taxes paid and Other Untaxed Income did not agree with the amounts reported on the student's 2011-2012 ISIR.

For student # 30, the Making Work Pay credit reported on the parent's 2010 tax return was not reported as Other Untaxed Income on the student's 2011-2012 ISIR.

B. Failure to Report Verification Status Codes

Walnut Hill failed to report a verification status code for students # 1 - 16, 18 - 21, 23 - 26, and 28 - 30.

Required Action Summary:

The Department required WHC to provide a 2011-2012 need analysis or a corrected ISIR for students # 20, 21, 22, 23, 26, 28, and 30 with its response to the program review report. The Department required WHC to obtain its final 2010-2011 and 2011-2012 Pell Grant Verification Status Report from its Student Aid Internet Gateway (SAIG) mailbox and submit a Federal Pell Grant disbursement record to COD to report the correct verification status code (e.g. "S", "V", etc.) for each student listed on these reports and any student selected for verification by the institution. Further, the Department required WHC to review its policies and procedures to ensure that verification was completed properly for all students and WHC was required to submit a copy of its revised verification policies and procedures with the response to the program review report.

WHC's Response: WHC's responses to this finding were dated August 19, 2013 and September 16, 2013.

In its response dated August 19, 2013, WHC acknowledged that verification was not completed for students # 20, 21, 22, 23, 26, 28, and 30.

WHC submitted a 2011-2012 ISIR (TR# 03), which was processed by CPS on July 20, 2012, for student # 20. The ISIR data amounts reviewed for verification were consistent with the amounts reported on the student's tax return.

WHC submitted a need analysis for students # 21, 22, 23, 26, 28, and 30. WHC acknowledged that the institution did not obtain a signed 2010 tax return from student # 22.

The need analysis submitted for student # 23 showed a blank EFC. The need analysis submitted for student # 28 did not indicate the parent's household size that was consistent with the parent's household size indicated on the student's verification worksheet. On September 10, 2013. The Department informed WHC that its response included an incomplete need analysis for student #23 and an incorrect need analysis for student # 28. The Department required WHC to complete a need analysis for students # 23 and 28 as instructed in the program review report.

In its response date September 16, 2013, the institution provided a need analysis for student # 23. For student # 28, the institution provided a Dependent Verification Worksheet signed on November 13, 2011, by the student and a 2011-2012 ISIR (TR# 2), which was processed on July 16, 2013 by CPS. The parent's household size indicated on the student's ISIR (TR#2) was consistent with the household size indicated on the student's verification worksheet.

In addition, WHC provided to the Department a copy of its final 2010-2011 and 2011-2012 Federal Pell Grant Verification status reports, and WHC provided a copy of documentation to confirm that a verification status code was reported to COD for all students listed on both reports.

WHC stated that its policies and procedures were revised to ensure that verification will be completed for all students who are selected for verification by the Central Processing System (CPS).

Final Determination: The Department reviewed WHC's responses and based its final determination on the information WHC provided. The Department has determined that WHC overawarded Federal Pell Grant funds to students # 21, 23, and 30. The chart below provides details of the three students.

Student No.	EFC on Need Analysis increased from/to	Scheduled Pell Grant Amount based on Need Analysis EFC	Federal Pell Grant Amount Disbursed	Federal Pell Grant Overaward Amt
21	1265 to 1345	\$ 4,300 to \$ 4,200	\$ 4,300	\$ 100
23	4046 to 4274	\$ 1,500 to \$ 1,300	\$ 1,500	\$ 200
30	4214 to 4385	\$ 1,300 to \$ 1,200	\$ 1,200	\$ 100
Total Federal Pell Grant Overaward Amounts				\$ 400

The Department found that WHC did not complete verification for student #22. As a result, the institution made ineligible loan disbursements for the 2011-2012 award year for student #22. The chart below provides details of the ineligible disbursements made to student # 22 for the 2011-2012 award year.

Student No.	Ledger Disbursement Date	Subsidized Amount Disbursed	Unsubsidized Amount Disbursed	PLUS Amount Disbursed	Totals
22	4/24/2012	\$ 1.162			
22	4/24/2012	\$ 1.162			
22	4/24/2012	\$ 1.161			
22	9/4/2012	\$ 1.493			
22	11/13/2012	\$ 1.493			
22	4/24/2012		\$ 664		
22	4/24/2012		\$ 664		
22	4/24/2012		\$ 663		
22	9/4/2012		\$ 664		
22	11/13/2012		\$ 663		
22	10/3/2011			\$ 5038	
22	11/18/2011			\$ 5038	
22	2/10/2012			\$ 5037	
22	11/6/2012			\$ 6336	
22	11/13/2012			\$ 6336	
Total Disbursed		\$ 6.471	\$ 3.318	\$ 27.785	\$ 37.574

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 WCH's most recent cohort default rate available.

The total amount of Direct Loan that WHC improperly disbursed during the 2011-2012 award year for Finding #1 (A: Failure to Complete Verification) is \$37,574. The total estimated actual loss for the ineligible loans is \$137. A copy of the results of that estimated loss formula calculation is included as Appendix A.

Since the total liability amount owed to the Department is minimal (less than \$1,000), a receivable is not being established with the Department's Accounts Receivable Group. However, WHC remains responsible, in its role as a fiduciary for Title IV, HEA federal funds, for making restitution to the appropriate accounts in the amounts indicated in the

applicable finding and must satisfy all program reporting requirements in making any required adjustments in COD. Upon making any necessary adjustments in COD, any funds owed must be returned to the Department via G5. In addition, WIIC must ensure that it has corrected its procedures so that this type of finding does not recur or is not repeated. A copy of the adjustments to the student's COD records, as well as proof that the funds were returned through G5, if applicable, must be sent to Ms. Deborah Marsh within 45 days of the date of this report.

Finding # 4: Pell Grant – Improper/Ineligible Disbursement

Citation Summary: The award year begins on July 1 of one year and ends on June 30 of the next year. 34 C.F.R. § 668.2(a). For a student enrolled in an eligible program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters), the payment period is the academic term. 34 C.F.R. § 668.4(a).

The amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedule that is published by the Secretary for each award year. 34 C.F.R. § 690.62(a). The amount of a student's award for an award year may not exceed the Scheduled Federal Pell Grant award for the award year. 34 C.F.R. § 690.63(g).

The Federal Pell Grant for a payment period (i.e. an academic term) for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or tri-semester or in three quarters is calculated by determining the student's enrollment status for the term. 34 C.F.R. § 690.63(b).

If a student enrolls in a payment period that is scheduled to occur in two award years, the institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time the student's Federal Pell Grant is initially calculated. 34 C.F.R. § 690.64(b)(1).

Noncompliance Summary:

A: Ineligible Disbursement

Walnut Hill disbursed Federal Pell Grant funds to student #4 on 12/3/2010 for a term that began on 11/10/2010 and ended on 2/14/2011. The student did not enroll during this term. The institution made an ineligible disbursement to the student.

B. Incorrect Award Year Disbursement of Funds

Walnut Hill disbursed Federal Pell Grant funds to four students from an incorrect award year.

Students # 8, 10, 18 and 20 were enrolled during the term that began on 8/31/2011 and ended on 11/9/2011. Each student received Federal Pell Grant funds from the 2010-2011 award year. For any term that starts after July 1, 2011, Federal Pell Grant funds must be awarded from the 2011-2012 award year.

Required Action Summary:

The Department required WHC to review the Federal Pell Grant disbursement to student # 4 for the 2010-2011 award year and provide confirmation with its response to the program review report to show that funds were returned to the Federal Pell Grant program.

The Department required WHC to conduct a file review for all students who received a Federal Pell Grant disbursement for the 2010-2011 award year. The Department required WHC to compile the results of its the file review in a spreadsheet both in a hard copy and electronic format with the response to the program review report. Lastly, the Department required WHC to review its policies and procedures to ensure that Pell Grant funds are awarded and calculated correctly within an award year and to submit any revisions it made with its response to the program review report.

WHC's Response: In a response dated August 19, 2013, WHC acknowledged the ineligible Federal Pell Grant disbursement for student #4 and the improper Federal Pell Grant disbursements for students # 8, 10, 18 and 20.

WHC provided adequate documentation to show that the ineligible Federal Pell Grant funds disbursed to student # 4 were returned to the Federal Pell Grant program.

Furthermore, WHC submitted the results of its file review and a copy of its revised verification policies and procedures.

Final Determination: The Department reviewed the results of the file review WHC submitted in response to this finding. The Department finds that the institution disbursed \$39,306 in Federal Pell Grant funds from an incorrect award year, 2010-2011, to 25 students. The information is summarized in Appendix B.

Walnut Hill College
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WHC must make the necessary adjustments of \$ 39,306 for 2010-2011 Federal Pell Grant funds to COD. WHC must submit a copy of the adjustments to the students' COD records to Ms. Deborah Marsh within 45 days of the date of this final determination letter.

D. Appendices

The following appendices are attached to this report:

- Appendix A, Estimated Actual Loss Calculation
- Appendix B, List indicating students who received a disbursement of Pell Grant funds from the incorrect award year
- Appendix C, the program review report issued to WHC on June 21, 2013
- Appendix D, WHC's written response dated August 19, 2013
- Appendix E, WHC's written response dated September 16, 2013

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Appendix A: Estimated Actual Loss Worksheet - Finding #4

Estimated Loss Formula

1/27/2012

Enter Institution Name
 Select Institution Type

Walnut Hill College
 AV

Select Type of Loan	Select Award Year	Enter Ineligible Loan Amount	Enter School COR	Total Subsidy Costs	Estimated Loss Liability
1 DL Subsidized	2011-2012	\$ 6,500.00	8.70%	2,115.50	\$ 136.95
2 DL Unsubsidized	2011-2012	\$ 3,334.00	8.70%	-27,622.50	\$ -
3 DL PLUS	2011-2012	\$ 28,700.00	8.70%	-37,683.50	\$ -
Description		\$ 38,534.00			\$ 136.95
4					
5					
6					
Description		\$ -			\$ -
7					
8					
9					
Description		\$ -			\$ -
10					
11					
12					
Description		\$ -			\$ -
Original Ineligible Loan Liability		\$ 38,534.00	Total Estimated Loss		\$ 136.95

School (DSR)	Sector (Title)	Liab	AVR	Adjusted DSR	Year	Avg Com	Perp Com	Fin AVR	Com DS
1 8.70%	7.30%	1.19	2.44%	2.90%	2018	31.8%	3.19%		1.30%
2 8.70%	7.30%	1.19	2.38%	2.74%	2018	40.2%	3.39%		-1.02%
3 8.70%	7.30%	1.19	1.73%	2.06%	2017	28.8%	2.50%		-19.18%

4									
5									
6									
7									
8									
9									
10									
11									
12									

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

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

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**Appendix B: File review results from Finding #4 indicating Students with Federal Pell
Grant funds from an incorrect award year**

Appendix B: File review results from Finding #4 indicating Students with Federal Pell Grant funds from an incorrect award year

Social Security Number	StudentName	Term	Term Begin Date	Term End Date	ISIR Award Year	Pell Award Disbursed for Term	Ledger Disbursement Date	ISIR TR#	ETC	
(b)(6); (b)(7)(C)		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,834.00	10/7/2011	3	20	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$740.00	10/7/2011	1	3386	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$634.00	10/7/2011	1	3674	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,367.00	10/7/2011	1	1494	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	2	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,834.00	10/7/2011	3	54	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,467.00	10/7/2011	4	1171	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,833.00	10/7/2011	6	12	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	1	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	1	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	1	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	5	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	3	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	5	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,400.00	10/7/2011	4	1339	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	1	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	3	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	4	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,600.00	10/7/2011	4	779	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$663.00	5/23/2011	2	3693	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	1	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,500.00	10/7/2011	1	1069	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,500.00	10/7/2011	3	1030	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$1,850.00	10/7/2011	3	0	
		Fall 2011	8/31/2011	11/9/2011	2010/2011	\$734.00	10/7/2011	3	3344	
							\$ 39,306.00			

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Appendix C: Program Review Report dated June 21, 2013



June 21, 2013

Daniel Liberatoscioli
President
Walnut Hill College
4207 Walnut Street
Philadelphia, PA 19104-1596

UPS Tracking Number
1Z A54 67Y 01 9927 5763

RE: Program Review Report
OPE ID: 02192800
PRCN: 2012-30327987

Dear President Liberatoscioli:

From June 26, 2012 through June 28, 2012, Ms. Deborah Marsh and Carmen Austin conducted a review of Walnut Hill College's (Walnut Hill's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

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

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

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

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

Department of Education
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School Enrollment Division - Philadelphia
The Independence Building
333 Penn Square East, Suite 216
Philadelphia, PA 19107
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- b. A written statement of the basis for such report or determination; and
- c. A copy of the institution's response.

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

The institution's response should be sent directly to Ms. Deborah Marsh of this office within 60 calendar days of receipt of this letter.

Protection of Personally Identifiable Information (PII):

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

Record Retention:

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

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Ms. Deborah Marsh at (215) 656-8640 or e-mail deborah.marsh@ed.gov.

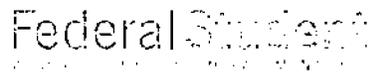
Sincerely,

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

John S. Loreng
Compliance Manager

cc: Rhonda L. Moore, Financial Aid Director

Enclosure: Protection of Personally Identifiable Information



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Prepared for
Walnut Hill College

OPE ID: 02192800
PRCN: 201230327987

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

Program Review Report

June 21, 2013

U.S. Department of Education
Federal Student Aid, School Participation Division -- Philadelphia
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107
www.StudentAid.ed.gov

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A. Institutional Information

Walnut Hill College
4207 Walnut Street
Philadelphia, PA 19104

Type: Proprietary

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Accrediting Commission of Career Schools and Colleges (ACCSC)

Current Student Enrollment: 478

% of Students Receiving Title IV: 70% (2010-2011)

Title IV Participation for 2010-2011:

William D. Ford Federal Direct Loan (Direct Loan)	\$2,843,816
Federal Family Educational Loan (FFEL)	\$928,144
Federal Pell Grant	\$869,048
Academic Competitiveness Grant (ACG)	\$18,199

Default Rate FFEL/DL:	2009 CDR	7.50%
	2008 CDR	10.30%
	2007 CDR	8.90%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at Walnut Hill College (Walnut Hill) from June 26, 2012 to June 28, 2012. The review was conducted by Ms. Deborah Marsh and Ms. Carmen Austin.

The focus of the review was to determine Walnut Hill's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of Walnut Hill's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records and student account ledgers. A sample of 30 files was identified for review from the 2010-2011 and 2011-2012 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning Walnut Hill's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve Walnut Hill of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

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

C. Findings

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

Finding # 1: Verification Violations

Citation:

An institution must require an applicant who is selected for verification by the Secretary, to verify information provided by the applicant on his or her Free Application for Federal Student Aid (FAFSA). 34 C.F.R. § 668.54(a)(1).

An institution must have an applicant selected for verification submit acceptable documentation that will verify or update the information used to determine the applicant's expected family contribution (EFC). The items to be verified include: adjusted gross income and U.S. income tax paid; the number of family members in the household; the number of household members enrolled in postsecondary institutions; and certain untaxed income and benefits. 34 C.F.R. § 668.56(a).

For each Federal Pell Grant award disbursed to a student who was selected for verification, the institution must report the student's verification status to the Department via the Common Origination and Disbursement (COD) System. To do this, the school includes a verification status code ("W", "V", or "S") in the Common Record document it submits to the COD System via batch processing or when it creates the award online via the COD website.

Noncompliance:

A. Failure to Complete Verification

Walnut Hill failed to complete verification for students # 20, 21, 22, 23, 26, 28 and 30.

Student # 20 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR, the student's adjusted gross income (AGI) was \$ 4,461 and the taxes paid were \$ 0. However, the student's 2010 tax return indicated that the AGI was \$ 10,161 and the taxes paid were \$ 448. The ISIR indicated that the parent's taxes paid were \$ 1,939 and the parent's Other Untaxed Income was \$0. The parent's 2010 tax return indicated taxes paid was \$1,243. The parent's Making Work Pay credit was \$ 400, and this amount was not reported as Other Untaxed Income on the student's ISIR. The student's AGI and taxes paid and the parent's taxes paid and other untaxed income amounts did not agree with the amounts reported on the student's 2011-2012 ISIR.

Student #21 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's Other Untaxed Income was \$0. The parent's 2010 tax return indicated that Making Work Pay credit was \$ 800. This amount was not reported as other untaxed income on the student's 2011-2012 ISIR.

Student #22 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's Other Untaxed Income and Untaxed Portion of Pension were \$ 0. The parent's 2010 tax return indicated that the Making Work Pay credit was \$ 800, which must be reported as Other Untaxed Income on the student's ISIR, and the Untaxed Portion of Pensions was \$ 51,697. The ISIR indicated that the student's AGI was \$1,900 and taxes paid were \$ 0. Walnut Hill did not obtain a signed 2010 tax return from the student. The parent's Other Untaxed Income and Untaxed Portion of Pension did not agree with the amounts reported on the student's 2011-2012 ISIR.

Student #23 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the student's taxes paid were \$ 1,104. The student's 2010 tax return (1040EZ) showed taxes paid were \$ 111. The ISIR indicated that the parent's Other Untaxed Income and Education credit were \$ 0. On the parent's 2010 tax return, the Making Work Pay credit was \$ 800 and the Education credit was \$ 1,425. These amounts were not reported on the student's 2011-2012 ISIR.

Student # 26 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the student's and parent's Other Untaxed Income were \$ 0. The student's 2010 tax return showed the Making Work Pay credit was \$ 400. The parent's 2010 tax return showed the Making Work Pay credit was \$ 400. The student's and parent's Other Untaxed Income were not reported on the student's 2011-2012 ISIR.

Student # 28 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #1), the parent's household size was 3; the parent's taxes paid was \$ 1,140; and the parent's Other Untaxed Income was \$ 0. The 2011-2012 Dependent Verification Worksheet indicated that the household size was 2. The parent's 2010 tax return showed that taxes paid were \$ 89 and the Making Work Pay credit was \$ 400. The parent's household size did not match the number reported on the student's 2011-2012 ISIR. Additionally, the parent's taxes paid and Other Untaxed Income did not agree with the amounts reported on the student's 2011-2012 ISIR.

Student # 30 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's Other Untaxed Income was reported as \$ 0. The parent's 2010 tax return showed that the Making Work Pay credit was \$ 800. This amount was not reported as Other Untaxed Income on the student's 2011-2012 ISIR.

B. Failure to Report Verification Status Codes

Walnut Hill failed to report a verification status code for students # 1-16, 18- 21, 23- 26, and 28- 30.

An institution's failure to verify applicant data and to report the completion of verification to the Department may result in students receiving funds to which they are not entitled.

Required Action:

Walnut Hill must provide a 2011-2012 need analysis for students # 20, 21, 22, 23, 26, 28 and 30. Copies of the need analysis or corrected 2011-2012 ISIR must be submitted with the response to this program review report.

Walnut Hill must obtain the final 2010-2011 and 2011-2012 Pell Grant Verification Status Reports. The Pell Grant Verification Status Report is generated by COD and identifies Pell Grant recipients for whom the institution reported that verification was completed, as well as students for whom the institution reported a blank or "W" verification status code.

These *reports* were automatically sent to the institutions' Student Aid Internet Gateway (SAIG) mailbox. The final Pell Grant Verification Status Report for the 2010-2011 award year was sent to the institution in December 2011, and the final Pell Grant Verification Status Report for the 2011-2012 award year was sent to the institution in December 2012. If Walnut Hill is unable to locate its final 2010-2011 or 2011-2012 Pell Grant Verification Status Report in its SAIG mailbox, the institution must contact the COD School Relations at 1-800-474-7268 to request that the final 2010-2011 Pell Grant Verification Status Report (Message Class: PGVR11OP) or the 2011-2012 Pell Grant Verification Status Report (Message Class: PGVR12OP) be manually placed back in its SAIG mailbox.

Walnut Hill must submit an updated Pell Grant disbursement record to COD to report the correct verification status code (e.g., 'S' or 'V'). For all students listed on the institution's final 2010-2011 and 2011-2012 Pell Grant Verification Status Reports and any student selected for verification by the institution. The 2010-2011 and 2011-2012 award years are closed processing award years. Therefore, Walnut Hill must contact COD School Relations at codsupport@acs-inc.com or by telephone at 1-800-848-0978 to request administrative relief for the two award years. After administrative relief has been granted, Walnut Hill will be able to submit the updated payment data to COD to correct the verification status codes for the two award years.

Walnut Hill must review its policies and procedures to ensure that verification is completed properly for all students and to ensure that the correct verification status code is reported to the Secretary for applications that are selected for verification. Any revisions to the institution's policies and procedures must be included with the institution's response to the program review report.

Payment instructions for any determined liability amount will be provided in the Final Program Review Determination Letter.

Finding # 2: COD Reporting Deficiencies

Citation:

Federal funds are disbursed on the date that the institution credits those funds to a student's account in the institution's general ledger or any subsidiary ledger of the general ledger, or pays those funds to a student and/or parent directly. The Department considers federal funds are disbursed even if an institution uses its own funds in advance of receiving program funds. 34 CFR § 668.164(a)(1).

An institution may receive either a payment from the Secretary for an award to a Federal Pell Grant recipient, or a corresponding reduction in the amount of federal funds received in advance for which it is accountable, if the institution submits to the Secretary the student's payment data and the Secretary accepts the student's payment data that is submitted by the institution in accordance with procedures established through publication in the *Federal Register* by September 30 following the end of the award year in which the grant is made. 34 C.F.R. § 690.83(a).

An institution must submit the initial disbursement record for a Direct Loan to the Secretary no later than 30 days following the date of the initial disbursement. The institution must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment or cancellation is made 34 C.F.R. § 685.301(c).

An institution must submit at least one acceptable disbursement record for each federal grant or loan recipient to the Common Origination and Disbursement System (COD) by the established deadline dates. An institution may submit actual disbursement information to COD as early as the established deadline date, but no earlier than 7 calendar days prior to the federal grant or loan disbursement to students for institutions under the advance payment method. A school must submit disbursement records to the COD system no later than 30 days after making a federal grant or loan disbursement to students or becoming aware of the need to adjust a previously reported disbursement. *Federal Register*, June 7, 2011, Vol. 76, No. 109, 32961-32964; *Federal Register*, June 29, 2012, Vol. 77, No. 126, 38784-38789.

Noncompliance:

Walnut Hill failed to report disbursement data to COD for students # 4, 9, and 19. This information is summarized in Appendix B.

In addition, Walnut Hill reported inaccurate disbursement dates to COD for all students in the sample. This information is summarized in Appendix C.

Furthermore, Walnut Hill submitted disbursement information to COD earlier than 7 calendar days prior to the disbursement date of Title IV funds for all students in the sample. The early disbursement information is summarized in Appendix D.

An institution's failure to adjust Federal Pell Grant and Direct Loan awards within the COD system leaves the institution's authorization artificially inflated. Further, the failure to adjust Federal Pell Grant and Direct Loan awards may have a negative impact on the students involved if those students decide to enroll at another institution and seek to receive any remaining funds available at the new school.

Required Action:

Walnut Hill must submit payment data to COD for the Direct Loan funds disbursed to the three students listed in Appendix B. The institution must submit confirmation of reported payment data along with its response to this program review report.

Walnut Hill must review its policies and procedures for submitting disbursement records to COD and ensure that Title IV funds are posted timely to student ledgers. A copy of the policies and procedures must be submitted with the institution's response to this program review report.

Finding # 3: NSLDS Reporting Inaccurate/Untimely

Citation:

Federal regulations at 34 C.F.R. § 685.309(b) for the Federal Direct Loan Program state that an institution shall, upon receipt of a Student Status Confirmation Report (SSCR) from the Secretary or a similar report from any guaranty agency, complete and return that report within 30 days of receipt. Further, unless the institution expects to submit its next SSCR to the Secretary or the guaranty agency within the next 60 days, the institution must notify the Secretary, guaranty agency or the lender within 30 days if:

- The institution discovers that a Federal loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis;
- The institution discovers that a Federal loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended;

- The institution discovers that a student who is enrolled has changed his or her permanent address.

An institution must follow the record retention and examination requirement, 34 C.F.R. § 668.24; 34 C.F.R. 685.309(c).

Noncompliance:

Walnut Hill failed to report accurate or timely enrollment information to the National Student Loan Data System (NSLDS) for students # 5, 7 and 25.

For student #5, Walnut Hill incorrectly reported the enrollment status effective date as 9/2/2009 to NSLDS. The institution's academic transcript indicated that the student graduated on 3/10/2011.

For student #7, Walnut Hill incorrectly reported the enrollment status as "withdrawn" to NSLDS. The institution's academic transcript indicated that the student was enrolled "less than half-time" effective 2/4/2012.

For student #25, Walnut Hill failed to report the student's "full-time" enrollment status to NSLDS. The institution's academic transcript indicated that student's enrollment status was "full-time" effective 8/31/2011.

Enrollment status reporting is critical for effective administration of federal loans because the accuracy of the student loan records depends heavily on the information reported by an institution. The institution is ultimately responsible for timely and accurate reporting, even when it uses a third party servicer to submit Enrollment Reporting files.

An institution's failure to report timely and accurate enrollment information may delay or prevent the student's eligibility for in-school status, deferment, grace periods, repayments, and the payment of interest subsidies.

Required Action:

During the on-site program review, Walnut Hill corrected the information in NSLDS for the three students. Walnut Hill must review its policies and procedures to ensure that student status changes are reported accurately and in a timely manner. The institution must submit a copy of any revisions to its policies and procedures with its response to the program review report.

Finding # 4: Pell Grant – Improper/Ineligible Disbursement

Citation:

The award year begins on July 1 of one year and ends on June 30 of the next year. 34 C.F.R. § 668.2(a). For a student enrolled in an eligible program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters), the payment period is the academic term. 34 C.F.R. § 668.4(a).

The amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedule that is published by the Secretary for each award year. 34 C.F.R. § 690.62(a). The amount of a student's award for an award year may not exceed the Scheduled Federal Pell Grant award for the award year. 34 C.F.R. § 690.63(g).

The Federal Pell Grant for a payment period (i.e. an academic term) for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or tri-semester or in three quarters is calculated by determining the student's enrollment status for the term. 34 C.F.R. § 690.63(b).

If a student enrolls in a payment period that is scheduled to occur in two award years, the institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time the student's Federal Pell Grant is initially calculated. 34 C.F.R. § 690.64(b)(1).

Noncompliance:

A: Ineligible Disbursement

Walnut Hill disbursed Federal Pell Grant funds to student #4 on 12/3/2010. The institution disbursed Federal Pell Grant funds of \$1,733 to the student for a term that began on 11/10/2010 and ended on 2/14/2011. The student did not enroll during this term. The student's last date of attendance was 11/9/2010.

B. Incorrect Award Year Disbursement of Funds

Walnut Hill disbursed Federal Pell Grant funds to four students from an incorrect award year.

Students # 8, 10, 18 and 20 were enrolled during the term that began on 8/31/2011 and ended on 11/9/2011. Each student received Federal Pell Grant funds from the 2010-2011 award year. Any term that starts after July 1, 2011 must be awarded from the 2011-2012 award year. These students did not receive Pell Grant funds from the 2011-2012 award year.

The institution's failure to properly determine a student's eligibility for the Federal Pell Grant award can result in students receiving funds to which they are not entitled and cause increased expense for the Department.

Required Action:

Walnut Hill must review the Federal Pell Grant disbursement to student # 4 for the 2010-2011 award year and must provide additional information that must be included with the response to this program review report.

In addition, Walnut Hill must conduct a file review for Pell Grant recipients who enrolled at the institution for the 2010-2011 award year to determine if students received Federal Pell Grant funds from an incorrect award year. The results of the file review must be compiled in a spreadsheet to include the following:

1. Social Security Number;
2. Student's Name (Last Name, First Name);
3. Term (e.g. Fall 2010, Spring 2011, etc.);
4. Term Began Date (mm/dd/yyyy);
5. Term End Date (mm/dd/yyyy);
6. Credit Hours Enrolled for Term;
7. Pell Award Amount Disbursed for Term;
8. Ledger Disbursement Date;
9. ISIR Award Year (i.e. 2010-2011 or 2011-2012 ISIR);
10. Paid-On ISIR Transaction Number;
11. Expected Family Contribution (EFC); and
12. Pell Grant Scheduled Award Amount

The spreadsheet must be provided in both hard copy and electronic format and submitted with the response to this program review report.

Walnut Hill must review its policies and procedures to ensure that Pell Grant funds are awarded and calculated correctly within an award year. Any revision to the policies and procedures must be sent with the institution's response to the program review report.

Payment instructions for any determined liability amount will be provided in the Final Program Review Determination Letter.

Finding # 5: Direct Loan Disbursement Deficiencies

Citation:

A student is eligible to receive Title IV, HEA program assistance if the student is a regular student and enrolled in an eligible program of study. For purposes of FFELP and Direct Loans, the student must be enrolled at least a half-time at an eligible institution. 34 C.F.R. § 668.32(a)(1).

The period of enrollment for which a Direct Loan or PLUS loan is intended must coincide with an academic period established by the school for which institutional charges are generally assessed (e.g., semester, trimester, quarter, length of the student's program or academic year). The period of enrollment is also referred to as the loan period. 34 C.F.R. § 685.102(b).

Noncompliance:

A. Ineligible Disbursement

The institution disbursed an ineligible Direct Loan to student # 22 for the 2011-2012 award year.

The institution posted a Subsidized Direct Loan of \$1,493 to the student's ledger on 6/19/2012 for the term that began on 4/23/2012 and ended on 7/1/2012. The student did not enroll during this term. The student's last date of attendance was 4/14/2012.

B: Improper Disbursement

Student #26 received a parent PLUS loan approval of \$9,855 for the 2011-2012 award year. The net disbursed amount for this PLUS loan is \$9,609. The institution disbursed PLUS loan funds for more than the approved amount. The institution disbursed a total of \$14,413 to the student's ledger for the 2011-2012 award year, as detailed below. The student improperly received a PLUS loan net disbursement of \$4,804.

Award Type	Period of Enrollment	PLUS Loan Amount posted to ledger	PLUS Loan Approved Amount	Date PLUS Loan was posted to ledger
DL PLUS	11/10/2011 - 2/4/2012	\$ 4,805	\$ 4,928	6/7/2012
DI, PLUS	2/6/2012 - 4/14/2012	\$ 4,804	\$ 4,804	6/7/2012
DL PLUS	4/21/2012 - 7/7/2012	\$ 4,804	\$ -	6/7/2012

The institution's failure to award and disburse Title IV funds to eligible students causes financial harm to students and parents and may cause increased expenses to the Department.

Required Action:

Walnut Hill must review and provide additional information pertaining to the Direct Loan funds improperly disbursed to students # 22 and 26. The institution must submit a copy of the confirmation of the downward adjustments processed in COD and an updated copy of each student's ledger with its response to this program review report.

In addition, Walnut Hill must review its policies and procedures for disbursing Federal Direct Loans to ensure that the institution properly awards and disburses funds to eligible students. The institution must submit any revisions to its policies and procedures with its response to this program review report.

Finding # 6: Federal Pell Grants Not Awarded to Eligible Students

Citation:

The award year begins on July 1 of one year and ends on June 30 of the next year. 34 C.F.R. § 668.2(a). For a student enrolled in an eligible program that measures progress in credit hours and uses standard terms (semesters, trimesters, or quarters), the payment period is the academic term. 34 C.F.R. § 668.4(a).

The amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedule that is published by the Secretary for each award year. 34 C.F.R. § 690.62(a). The amount of a student's award for an award year may not exceed the Scheduled Federal Pell Grant award for the award year. 34 C.F.R. § 690.63(g).

The Federal Pell Grant for a payment period (i.e. an academic term) for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or tri-semester or in three quarters is calculated by determining the student's enrollment status for the term. 34 C.F.R. § 690.63(b).

A student is eligible to receive Title IV, HEA program assistance if the student is a regular student enrolled in an eligible program at an eligible institution. 34 C.F.R. § 668.32(a)(1)(i).

If a student enrolls in a payment period that is scheduled to occur in two award years, the institution must assign the payment period to the award year in which the student receives the greater payment for the payment period based on the information available at the time the student's Federal Pell Grant is initially calculated. 34 C.F.R. § 690.64(b)(1).

Noncompliance:

Walnut Hill failed to award and disburse Federal Pell Grant funds to four eligible students during the 2011-2012 award year.

Student #19 was enrolled as a full-time student for the term that began on 8/31/2011 and ended on 11/9/2011. The student's EFC was zero. The student was eligible to receive a scheduled Federal Pell Grant award of \$ 5,550.00. Walnut Hill failed to disburse Federal Pell Grant funds of \$ 2,775 to the student for the term.

Student # 24 was enrolled as a full-time student for the term that began on 2/6/2012 and ended on 4/14/2012. The student's EFC was 2772. The Scheduled Federal Pell award was \$ 2,800. Walnut Hill failed to award Federal Pell Grant funds of \$ 1,400 to the student for this term.

Student #25 was enrolled as a full-time student in each of the three terms during the 2011-2012 award year. The student's EFC was 1839. The Scheduled Federal Pell Grant award was \$ 3,700. Walnut Hill failed to award any Federal Pell Grant funds to the student during the award year.

Student #29 was enrolled as a full-time student for a term that began on 2/6/2012 and ended on 4/14/2012. The EFC for ISIR (Transaction # 2) was \$ 0. The Scheduled Federal Pell Grant award was \$ 5,550. Walnut Hill failed to award Federal Pell Grant funds of \$ 2,775 to the student for this term.

An institution's failure to award Title IV funds to an eligible student causes undue financial harm to the student.

Required Action:

Walnut Hill is required to review Federal Pell Grant eligibility for students # 19, 24, 25 and 29 and correctly calculate the amount of funds to be award to each student. Walnut Hill must contact COD School Relations at codsupport@aes-inc.com or by telephone at 1-800-848-0978 to request administrative relief for Pell Grant for the 2011-2012 award year. After the students are awarded, Walnut Hill must submit payment data to COD to report the Federal Pell Grant disbursements for each of the students identified in this finding. The institution must provide a copy of the students' updated award letter and ledger with its response to this program review report.

Walnut Hill must review its policies and procedures to ensure that Federal Pell Grant funds are awarded to all eligible students enrolled at the institution. Any revision to the policies and procedures must be submitted with the institution's response to the program review report.

Finding # 7: Professional Judgment Deficiencies

Citation:

The Higher Education Act of 1965 grants Financial Aid Administrators (FAA) the authority to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances based on adequate documentation . Adequate documentation for such

adjustments shall substantiate such special circumstances of individual students. HEA, Sec. 479A(a).

An institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, Federal Pell Grant, ACG, National SMART Grant, or TEACH Grant Program for three years after the end of the award year for which the aid was awarded and disbursed under those programs; and an institution shall keep all other records relating to its participation in the FFEL or Direct Loan Program, including records of any other reports or forms, for three years after the end of the award year in which the records are submitted. 34 C.F.R. § 668.24(e).

Noncompliance:

The institution failed to document its use of professional judgment for student # 6. The institution's documentation for student #16 was inadequate.

Student #6 was awarded from the 2010-2011 award year and the institution failed to document the reason for its use of a professional judgment.

Student #16 was awarded from the 2011-2012 award year. The student's 2011-2012 ISIR (Transaction # 2) indicated the parent's AGI was \$ 6,220; the taxes paid were \$ 623; and the Other Untaxed Income was \$ 0. The parent's 2010 tax return showed that the parent's AGI was \$ 47,652; the taxes paid were \$ 1,278; and the Making Work Pay credit was \$ 800. Walnut Hill used a professional judgment to adjust the parent's AGI from \$47,652 to \$6,220 and the taxes paid from \$1,278 to \$623.00. The student's file contained documentation to support the change in the parent's AGI and taxes. Walnut Hill did not explain the reason for using its professional judgment. However, during the on-site review, the institution provided an explanation for using its professional judgment and the explanation was placed in the student's file.

An institution's failure to adequately document its use of professional judgment may lead to the disbursement of ineligible funds and cause increased expense for the Department

Required Action:

Walnut Hill must submit documentation to support its decision to use professional judgment for student # 6.

Walnut Hill must review its policies and procedures to ensure that the institution substantiates the determination of a professional judgment and ensure that documentation is retained in the student's file. The institution must submit any revisions to its policies and procedures with its response to this program review report.

D. Appendices

Appendix A is the student sample. This appendix is included with this program review report and it contains personally identifiable information.

Appendix B is a chart that includes a list of student that the institution failed to report to payment changes to COD. This chart references Finding # 2.

Appendix C is a chart that includes a list of student that the institution reported inaccurate payment data to COD. This chart references Finding # 2.

Appendix D is a chart that includes a list of student that the institution reported untimely payment data to COD. This chart references Finding # 2.

Appendix E provides comments that pertain to personally identifiable information.

Appendix A: Student Sample

2010-2011 Student Sample List

	<u>SSN</u>	<u>Last Name</u>	<u>First Name</u>
1.	(b)(6); (b)(7)(C)		
2.			
3.			
4.			
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15.			

2011-2012 Student Sample List

	<u>SSN</u>	<u>Last Name</u>	<u>First Name</u>
16.	(b)(6); (b)(7)(C)		
17.			
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Appendix B: COD Reporting chart – Failed to Report

Student No.	Title IV Aid Awarded	Credit Amount	Date Amount was Posted to Ledger
4	DL Subsidized Loan	\$ 1,162	1/12/2011
4	DL Unsubsidized Loan	\$ 1,990	1/12/2011
9	DL Subsidized Loan	\$ 654.34 ¹	10/12/2011
9	DL Unsubsidized Loan	\$ 995	10/12/2011
19	DL Subsidized Loan	\$ 1,162	12/8/2011
19	DL Unsubsidized Loan	\$ 1,990	12/8/2011

¹ For student #9, the results of a return calculation indicated that unearned funds of \$654.34 were credited to the student's ledger, but the amount was not reported to COD as a downward adjustment.

Appendix C: COD Reporting chart – Inaccurate Reporting

Student No	Title IV Aid Awarded	Award Amount	Ledger Disbursement Date	COD Disbursement Date
1	Pell Grant	\$2,500.00	12/3/2010	11/24/2010
1	Pell Grant	\$2,500.00	5/23/2011	5/19/2011
2	Pell Grant	\$1,833.00	4/13/2011	4/9/2011
2	Pell Grant	\$1,833	5/23/2011	5/12/2011
2	Pell Grant	\$1,834	10/7/2011	9/24/2011
2	DL Subsidized	\$1.162	3/28/2011	3/7/2011
2	DL Subsidized	\$1.162	5/13/2011	4/25/2011
2	DL Subsidized	\$1.161	10/5/2011	9/6/2011
2	DL Unsubsidized	\$664	3/28/2011	3/7/2011
2	DL Unsubsidized	\$664	5/13/2011	4/25/2011
2	DL Unsubsidized	\$663	10/5/2011	9/6/2011
3	Pell Grant	\$1,066	12/3/2010	11/24/2010
4	Pell Grant	\$1,733	12/3/2010	11/24/2010
4	DL Subsidized	\$1.162	11/19/2010	11/11/2010
4	DL Subsidized	\$1.162	11/19/2010	11/13/2010
4	DL Unsubsidized	\$1,990	11/19/2010	10/1/2010
4	DL Unsubsidized	\$1,990	11/19/2010	11/10/2010
5	Pell Grant	\$1,850	12/3/2010	11/24/2010
5	Pell Grant	\$1,850	12/3/2010	11/24/2010
5	Pell Grant	\$1,850	12/3/2010	11/24/2010
6	Pell Grant	\$5,500	10/7/2011	9/24/2011
6	DL Subsidized	\$1,824	6/29/2011	6/23/2011
6	DL Subsidized	\$1,824	6/29/2011	6/24/2011
6	DL Subsidized	\$1,825	10/5/2011	9/6/2011
6	DL Unsubsidized	\$664	6/29/2011	6/23/2011
6	DL Unsubsidized	\$663	10/5/2011	9/6/2011
7	Pell Grant	\$966	12/3/2010	11/24/2010
7	Pell Grant	\$966	12/3/2010	11/24/2010
7	Pell Grant	\$968	4/13/2011	4/11/2011
7	DL Subsidized	\$1.162	2/17/2011	1/27/2011
7	DL Subsidized	\$1.162	2/17/2011	1/28/2011
7	DL Unsubsidized	\$1,190	2/17/2011	1/27/2011

Student No	Title IV Aid Awarded	Award Amount	Ledger Disbursement Date	COD Disbursement Date
7	DL Unsubsidized	\$1,190	2/17/2011	1/28/2011
7	DL Unsubsidized	\$1,190	2/22/2011	2/8/2011
8	Pell Grant	\$1,850	5/23/2011	5/16/2011
8	Pell Grant	\$1,850	5/23/2011	5/16/2011
8	DL Subsidized	\$1,824	7/15/2011	7/6/2011
8	DL Subsidized	\$1,824	7/15/2011	7/7/2011
8	DL Unsubsidized	\$2,323	10/5/2011	9/6/2011
9	Pell Grant	\$2,775	5/23/2011	5/16/2011
9	Pell Grant	\$2,775	5/23/2011	5/16/2011
9	DL Unsubsidized	\$995	7/15/2011	7/5/2011
10	Pell Grant	\$1,600	4/13/2011	4/9/2011
10	Pell Grant	\$1,600	5/23/2011	5/16/2011
10	DL Subsidized	\$1,162	4/15/2011	4/6/2011
11	Pell Grant	\$1,850	3/16/2011	2/24/2011
11	Pell Grant	\$1,850	3/16/2011	2/24/2011
11	Pell Grant	\$1,850	4/13/2011	4/9/2011
11	DL Subsidized	\$1,162	11/18/2010	11/10/2010
11	DL Subsidized	\$1,161	2/22/2011	2/8/2011
12	Pell Grant	\$1,850	12/3/2010	11/24/2010
12	Pell Grant	\$1,850	4/13/2011	4/9/2011
12	Pell Grant	\$1,850	5/23/2011	5/16/2011
12	DL Subsidized	\$1,493	2/17/2011	1/21/2011
12	DL Subsidized	\$1,493	2/22/2011	2/7/2011
12	DL Subsidized	\$1,493	5/13/2011	4/26/2011
12	DL Unsubsidized	\$664	2/17/2011	1/21/2011
12	DL PLUS	\$1,697	6/29/2011	6/24/2011
13	DL Subsidized	\$1,493	10/5/2011	9/5/2011
13	DL Subsidized	\$1,493	12/8/2011	11/14/2011
13	DL Unsubsidized	\$664	11/5/2010	10/18/2010
13	DL Unsubsidized	\$664	11/18/2010	11/10/2010
13	DL PLUS	\$3,859	3/28/2011	3/1/2011
13	DL PLUS	\$3,859	3/28/2011	3/28/2011
14	Pell Grant	\$1,500	4/13/2011	4/9/2011
14	Pell Grant	\$1,500	5/23/2011	5/16/2011

Student No	Title IV Aid Awarded	Award Amount	Ledger Disbursement Date	COD Disbursement Date
14	Pell Grant	\$1.500	10/7/2011	9/24/2011
14	DL Subsidized	\$1.162	6/6/2011	5/28/2011
14	DL Subsidized	\$1.162	6/6/2011	5/29/2011
14	DL Subsidized	\$1.161	10/5/2011	9/6/2011
14	DL Unsubsidized	\$664	6/6/2011	5/28/2011
14	DL Unsubsidized	\$664	6/6/2011	5/29/2011
14	DL Unsubsidized	\$663	10/5/2011	9/6/2011
14	DL PLUS	\$4.875	3/28/2011	3/2/2011
14	DL PLUS	\$4.875	5/13/2011	4/25/2011
14	DL PLUS	\$4.875	10/5/2011	9/6/2011
15	Pell Grant	\$1.850	12/3/2010	11/24/2010
15	Pell Grant	\$1.850	12/3/2010	11/24/2010
15	Pell Grant	\$1.850	4/13/2011	4/9/2011
15	DL Subsidized	\$1.162	10/18/2010	10/14/2010
15	DL Subsidized	\$1.162	11/18/2010	11/10/2010
15	DL Subsidized	\$1.161	2/22/2011	2/8/2011
15	DL Unsubsidized	\$664	10/18/2010	10/13/2010
15	DL Unsubsidized	\$664	11/18/2010	11/10/2010
15	DL Unsubsidized	\$663	2/22/2011	2/8/2011
16	Pell Grant	\$1.850	2/17/2012	1/24/2012
16	Pell Grant	\$1.850	2/17/2012	1/24/2012
16	DL Subsidized	\$1.162	11/18/2011	10/13/2011
16	DL Subsidized	\$1.162	11/18/2011	11/10/2011
16	DL Subsidized	\$1.161	2/10/2012	2/6/2012
16	DL Unsubsidized	\$664	11/18/2011	10/13/2011
16	DL Unsubsidized	\$664	11/18/2011	11/10/2011
16	DL Unsubsidized	\$663	2/10/2012	2/6/2012
16	DL PLUS	\$4.290	9/23/2011	9/13/2011
16	DL PLUS	\$4.290	11/18/2011	11/10/2011
16	DL PLUS	\$4.290	2/10/2012	2/6/2012
17	DL Subsidized	\$1.162	11/18/2011	10/13/2011
17	DL Subsidized	\$1.162	11/18/2011	11/10/2011
17	DL Subsidized	\$1.161	2/10/2012	2/6/2012
17	DL Unsubsidized	\$664	11/18/2011	10/13/2011

Student No	Title IV Aid Awarded	Award Amount	Ledger Disbursement Date	COD Disbursement Date
17	DL Unsubsidized	\$664	11/18/2011	11/10/2011
17	DL Unsubsidized	\$663	2/10/2012	2/6/2012
17	DL PLUS	\$6,388	9/23/2011	9/13/2011
17	DL PLUS	\$6,338	11/18/2011	11/10/2011
17	DL PLUS	\$6,338	2/10/2012	2/6/2012
18	DL Subsidized	\$1,493	12/21/2011	12/12/2011
18	DL Unsubsidized	\$1,990	1/5/2012	12/23/2011
18	Pell Grant	\$1,500	2/17/2012	1/25/2012
19	DL Subsidized	\$1,162	11/18/2011	10/13/2011
19	DL Unsubsidized	\$1,990	11/18/2011	10/13/2011
20	DL Subsidized	\$1,493.00	12/21/2011	12/9/2011
20	DL Unsubsidized	\$664.00	12/21/2011	12/9/2011
20	DL PLUS Loan	\$2,730.00	3/29/2012	3/22/2012
20	DL PLUS Loan	\$2,730.00	4/13/2012	3/23/2012
20	DL PLUS Loan	\$2,730.00	6/7/2012	4/26/2012
21	Pell Grant	\$1,433.00	2/17/2012	1/25/2012
21	Pell Grant	\$1,433.00	2/17/2012	1/25/2012
21	Pell Grant	\$1,434.00	2/17/2012	1/25/2012
21	DL Subsidized	\$1,824.00	2/14/2012	2/10/2012
21	DL Subsidized	\$1,824.00	6/7/2012	4/23/2012
21	DL Unsubsidized	\$2,322.00	2/14/2012	2/10/2012
21	DL Unsubsidized	\$2,322.00	6/7/2012	4/23/2012
22	DL Subsidized	\$1,162.00	4/24/2012	4/2/2012
22	DL Subsidized	\$1,162.00	4/24/2012	4/3/2012
22	DL Subsidized	\$1,161.00	4/24/2012	4/4/2012
22	DL Unsubsidized	\$664.00	4/24/2012	4/2/2012
22	DL Unsubsidized	\$664.00	4/24/2012	4/3/2012
22	DL Unsubsidized	\$663.00	4/24/2012	4/4/2012
22	DL PLUS Loan	\$5,038.00	10/3/2011	9/1/2011
22	DL PLUS Loan	\$5,038.00	11/18/2011	11/10/2011
22	DL PLUS Loan	\$5,037.00	2/10/2012	2/6/2012
23	DL Subsidized	\$1,162.00	10/13/2011	10/7/2011
23	DL Subsidized	\$1,162.00	11/18/2011	11/10/2011
23	DL Subsidized	\$1,161.00	2/10/2012	2/6/2012

Student No	Title IV Aid Awarded	Award Amount	Ledger Disbursement Date	COD Disbursement Date
23	DL Unsubsidized	\$664.00	10/13/2011	10/7/2011
23	DL Unsubsidized	\$664.00	11/18/2011	11/10/2011
23	DL Unsubsidized	\$663.00	2/10/2012	2/6/2012
23	DL PLUS Loan	\$4,388.00	10/13/2011	10/7/2011
23	DL PLUS Loan	\$4,388.00	11/18/2011	11/10/2011
23	DL PLUS Loan	\$4,388.00	2/10/2012	2/6/2012
24	Pell Grant	\$934.00	2/17/2012	1/25/2012
24	Pell Grant	\$933.00	2/17/2012	1/25/2012
24	DL Subsidized	\$1,162.00	11/18/2011	10/21/2011
24	DL Subsidized	\$1,162.00	11/18/2011	11/10/2011
24	DL Subsidized	\$1,161.00	2/10/2012	2/6/2012
24	DL Subsidized	\$1,493.00	6/19/2012	6/8/2012
24	DL Unsubsidized	\$664.00	11/18/2012	10/21/2011
24	DL Unsubsidized	\$664.00	11/18/2011	11/10/2011
24	DL Unsubsidized	\$663.00	2/10/2012	2/6/2012
24	DL Unsubsidized	\$664.00	6/19/2012	6/8/2012
25	DL Subsidized	\$1,162.00	4/13/2012	3/31/2012
25	DL Subsidized	\$1,162.00	4/13/2012	4/2/2012
25	DL Subsidized	\$1,161.00	4/13/2012	4/4/2012
25	DL Unsubsidized	\$664	4/13/2012	3/31/2012
25	DL Unsubsidized	\$664	4/13/2012	4/2/2012
25	DL Unsubsidized	\$663	4/13/2012	4/4/2012
26	DL Subsidized	\$2,239	1/25/2012	1/10/2012
26	DL Subsidized	\$2,239	6/7/2012	4/23/2012
26	DL Unsubsidized	\$995	1/25/2012	1/10/2012
26	DL Unsubsidized	\$995	6/7/2012	4/23/2012
26	DL PLUS Loan	\$4,805	6/7/2012	4/28/2012
26	DL PLUS Loan	\$4,804	6/7/2012	4/30/2012
27	DL Unsubsidized	\$664	3/29/2012	3/9/2012
27	DL Unsubsidized	\$664	3/29/2012	3/12/2012
27	DL Unsubsidized	\$663	3/29/2012	3/14/2012
27	DL Unsubsidized	\$7,463	4/24/2012	4/12/2012
28	Pell Grant	\$1,567	2/17/2012	1/25/2012
28	DL Subsidized	\$1,493	12/21/2011	12/10/2011

Student No	Title IV Aid Awarded	Award Amount	Ledger Disbursement Date	COD Disbursement Date
28	DL Unsubsidized	\$664	12/21/2011	12/10/2011
28	DL PLUS Loan	\$3,450	2/28/2012	2/21/2012
28	DL PLUS Loan	\$3,450	6/7/2012	4/26/2012
29	Pell Grant	\$1,850	2/17/2012	1/26/2012
29	DL Subsidized	\$1,162	11/18/2011	10/20/2011
29	DL Subsidized	\$1,162	11/18/2011	11/10/2011
29	DL Subsidized	\$1,161	2/10/2012	2/6/2012
29	DL Unsubsidized	\$1,990	11/18/2011	10/20/2011
29	DL Unsubsidized	\$1,990	11/18/2011	11/10/2011
29	DL Unsubsidized	\$1,990	2/10/2012	2/6/2012
29	Pell Grant	\$1,850	2/17/2012	1/26/2012
29	Pell Grant	\$1,850	2/17/2012	1/26/2012
29	DL Subsidized	\$1,162	11/18/2011	10/20/2011
29	DL Subsidized	\$1,162	11/18/2011	11/10/2011
29	DL Subsidized	\$1,161	2/10/2012	2/6/2012
29	DL Unsubsidized	\$1,990	11/18/2011	10/20/2011
29	DL Unsubsidized	\$1,990	11/18/2011	11/10/2011
29	DL Unsubsidized	\$1,990	2/10/2012	2/6/2012
30	DL Subsidized	\$1,162	10/5/2011	10/1/2011
30	DL Subsidized	\$1,162	11/18/2011	11/10/2011
30	DL Subsidized	\$1,161	2/10/2012	2/6/2012
30	DL Unsubsidized	\$664	10/5/2011	10/1/2011
30	DL Unsubsidized	\$664	11/18/2011	11/10/2011
30	DL Unsubsidized	\$663	2/10/2012	2/6/2012
30	DL PLUS Loan	\$7,800	12/8/2011	11/20/2011
30	DL PLUS Loan	\$7,800	12/8/2011	11/23/2011
30	DL PLUS Loan	\$7,800	2/10/2012	2/6/2012

Appendix D: COD Reporting chart – Untimely Reporting

Student No.	Title IV Aid Awarded	Award Amount	Disbursement Date on Ledger	Date Record Submitted to COD
1	Pell Grant	\$ 2,500.00	12/3/2010	11/24/2010
2	Pell Grant	\$ 1,834.00	10/7/2011	9/28/2011
2	DL Subsidized	\$ 1,162.00	3/28/2011	3/7/2011
2	DL Subsidized	\$ 1,162.00	5/13/2011	4/25/2011
2	DL Subsidized	\$ 1,161.00	10/5/2011	9/26/2011
2	DL Unsubsidized	\$ 664.00	3/28/2011	3/7/2011
2	DL Unsubsidized	\$ 664.00	5/13/2011	4/25/2011
2	DL Unsubsidized	\$ 663.00	10/5/2011	9/26/2011
3	Pell Grant	\$ 1,066.00	12/3/2010	11/24/2010
4	Pell Grant	\$ 1,733.00	12/3/2010	11/24/2010
4	DL Unsubsidized	\$ 1,990.00	11/19/2010	11/10/2010
4	DL Unsubsidized	\$ 1,990.00	11/19/2010	11/10/2010
5	Pell Grant	\$ 1,850.00	12/3/2010	11/24/2010
5	Pell Grant	\$ 1,850.00	12/3/2010	11/24/2010
5	Pell Grant	\$ 1,850.00	12/3/2010	11/24/2010
6	Pell Grant	\$ 5,500.00	10/7/2011	9/28/2011
6	DL Subsidized	\$ 1,825.00	10/5/2011	9/26/2011
6	DL Unsubsidized	\$ 663.00	10/5/2011	9/26/2011
7	Pell Grant	\$ 966.00	12/3/2010	11/24/2010
7	Pell Grant	\$ 966.00	12/3/2010	11/24/2010
7	DL Subsidized	\$ 1,162.00	2/17/2011	1/26/2011
7	DL Subsidized	\$ 1,162.00	2/17/2011	1/26/2011
7	DL Unsubsidized	\$ 1,190.00	2/17/2011	1/26/2011
7	DL Unsubsidized	\$ 1,190.00	2/17/2011	1/26/2011
7	DL Unsubsidized	\$ 1,190.00	2/22/2011	2/7/2011
8	DL Subsidized	\$ 1,824.00	7/15/2011	7/6/2011
8	DL Subsidized	\$ 1,824.00	7/15/2011	7/6/2011
8	DL Unsubsidized	\$ 2,323.00	10/5/2011	9/26/2011
9	DL Unsubsidized	\$ 995.00	7/15/2011	7/5/2011

Student No.	Title IV Aid Awarded	Award Amount	Disbursement Date on Ledger	Date Record Submitted to COD
10	DL Subsidized	\$ 1,162.00	4/15/2011	4/5/2011
11	Pell Grant	\$ 1,850.00	3/16/2011	3/8/2011
11	Pell Grant	\$ 1,850.00	3/16/2011	3/8/2011
11	DL Subsidized	\$ 1,162.00	11/18/2010	11/8/2010
11	DL Subsidized	\$ 1,161.00	2/22/2011	2/7/2011
12	Pell Grant	\$ 1,850.00	12/3/2010	11/24/2010
12	DL Subsidized	\$ 1,493.00	2/17/2011	1/20/2011
12	DL Subsidized	\$ 1,493.00	2/22/2011	2/7/2011
12	DL Subsidized	\$ 1,493.00	5/13/2011	4/25/2011
12	DL Unsubsidized	\$ 664.00	2/17/2011	1/20/2011
12	DL PLUS	\$ 1,697.00	6/29/2011	2/25/2011
13	DL Subsidized	\$ 1,493.00	10/5/2011	9/26/2011
13	DL Subsidized	\$ 1,493.00	12/8/2011	11/14/2011
13	DL Unsubsidized	\$ 664.00	11/5/2010	10/15/2010
13	DL Unsubsidized	\$ 664.00	11/18/2010	11/8/2010
13	DL PLUS	\$ 3,859.00	3/28/2011	2/24/2011
13	DL PLUS	\$ 3,859.00	3/28/2011	2/24/2011
14	Pell Grant	\$ 1,500.00	10/7/2011	9/28/2011
14	DL Subsidized	\$ 1,162.00	6/6/2011	5/26/2011
14	DL Subsidized	\$ 1,162.00	6/6/2011	5/26/2011
14	DL Subsidized	\$ 1,161.00	10/5/2011	9/26/2011
14	DL Unsubsidized	\$ 664.00	6/6/2011	5/26/2011
14	DL Unsubsidized	\$ 664.00	6/6/2011	5/26/2011
14	DL Unsubsidized	\$ 663.00	10/5/2011	9/26/2011
14	DL PLUS	\$ 4,875.00	3/28/2011	3/7/2011
14	DL PLUS	\$ 4,875.00	5/13/2011	4/25/2011
14	DL PLUS	\$ 4,875.00	10/5/2011	9/26/2011
15	Pell Grant	\$ 1,850.00	12/3/2010	11/24/2010
15	Pell Grant	\$ 1,850.00	12/3/2010	11/24/2010
15	DL Subsidized	\$ 1,162.00	11/18/2010	11/8/2010
15	DL Subsidized	\$ 1,161.00	2/22/2011	2/7/2011

Student No.	Title IV Aid Awarded	Award Amount	Disbursement Date on Ledger	Date Record Submitted to COD
15	DL Unsubsidized	\$ 664.00	11/18/2010	11/8/2010
15	DL Unsubsidized	\$ 663.00	2/22/2011	2/7/2011
16	Pell Grant	\$ 1,850.00	2/17/2012	1/27/2012
16	Pell Grant	\$ 1,850.00	2/17/2012	1/27/2012
16	DL Subsidized	\$ 1,162.00	11/18/2011	10/12/2011
16	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
16	DL Unsubsidized	\$ 664.00	11/18/2011	10/12/2011
16	DL Unsubsidized	\$ 664.00	11/18/2011	11/7/2011
16	DL PLUS	\$ 4,290.00	9/23/2011	9/12/2011
16	DL PLUS	\$ 4,290.00	11/18/2011	11/7/2011
17	DL Subsidized	\$ 1,162.00	11/18/2011	10/12/2011
17	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
17	DL Unsubsidized	\$ 664.00	11/18/2011	10/12/2011
17	DL Unsubsidized	\$ 664.00	11/18/2011	11/7/2011
17	DL PLUS	\$ 6,388.00	9/23/2011	9/12/2011
17	DL PLUS	\$ 6,338.00	11/18/2011	11/7/2011
18	DL Subsidized	\$ 1,493.00	12/21/2011	12/12/2011
18	DL Unsubsidized	\$ 1,990.00	1/5/2012	12/20/2011
18	Pell Grant	\$ 1,500.00	2/17/2012	1/27/2012
19	DL Subsidized	\$ 1,162.00	11/18/2011	10/12/2011
19	DL Unsubsidized	\$ 1,990.00	11/18/2011	10/12/2011
20	DL Subsidized	\$ 1,493.00	12/21/2011	12/8/2011
20	DL Unsubsidized	\$ 664.00	12/21/2011	12/8/2011
20	DL PLUS	\$ 2,730.00	3/29/2012	3/20/2012
20	DL PLUS	\$ 2,730.00	4/13/2012	3/26/2012
20	DL PLUS	\$ 2,730.00	6/7/2012	4/23/2012
21	Pell Grant	\$ 1,433.00	2/17/2012	1/27/2012
21	Pell Grant	\$ 1,433.00	2/17/2012	1/27/2012
21	Pell Grant	\$ 1,434.00	2/17/2012	1/27/2012
21	DL Subsidized	\$ 1,824.00	6/7/2012	4/23/2012
21	DL Unsubsidized	\$ 2,322.00	6/7/2012	4/23/2012

Student No.	Title IV Aid Awarded	Award Amount	Disbursement Date on Ledger	Date Record Submitted to COD
22	DL Subsidized	\$ 1,162.00	4/24/2012	4/9/2012
22	DL Subsidized	\$ 1,162.00	4/24/2012	4/9/2012
22	DL Subsidized	\$ 1,161.00	4/24/2012	4/9/2012
22	DL Unsubsidized	\$ 664.00	4/24/2012	4/9/2012
22	DL Unsubsidized	\$ 664.00	4/24/2012	4/9/2012
22	DL Unsubsidized	\$ 663.00	4/24/2012	4/9/2012
22	DL PLUS	\$ 5,038.00	10/3/2011	9/21/2011
22	DL PLUS	\$ 5,038.00	11/18/2011	11/7/2011
23	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
23	DL Unsubsidized	\$ 664.00	11/18/2011	11/7/2011
23	DL PLUS	\$ 4,388.00	11/18/2011	11/7/2011
24	Pell Grant	\$ 934.00	2/17/2012	1/27/2012
24	Pell Grant	\$ 933.00	2/17/2012	1/27/2012
24	DL Subsidized	\$ 1,162.00	11/18/2011	10/20/2011
24	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
24	DL Subsidized	\$ 1,493.00	6/19/2012	6/7/2012
24	DL Unsubsidized	\$ 664.00	11/18/2012	10/20/2012
24	DL Unsubsidized	\$ 664.00	11/18/2011	11/7/2011
24	DL Unsubsidized	\$ 664.00	6/19/2012	6/7/2012
25	DL Subsidized	\$ 1,162.00	4/13/2012	3/30/2012
25	DL Subsidized	\$ 1,162.00	4/13/2012	3/30/2012
25	DL Subsidized	\$ 1,161.00	4/13/2012	3/30/2012
25	DL Unsubsidized	\$ 664.00	4/13/2012	3/30/2012
25	DL Unsubsidized	\$ 664.00	4/13/2012	3/30/2012
25	DL Unsubsidized	\$ 663.00	4/13/2012	3/30/2012
26	DL Subsidized	\$ 2,239.00	1/25/2012	1/9/2012
26	DL Subsidized	\$ 2,239.00	6/7/2012	4/23/2012
26	DL Unsubsidized	\$ 995.00	1/25/2012	1/9/2012
26	DL Unsubsidized	\$ 995.00	6/7/2012	4/23/2012
26	DL PLUS	\$ 4,805.00	6/7/2012	4/27/2012
26	DL PLUS	\$ 4,804.00	6/7/2012	4/23/2012

Student No.	Title IV Aid Awarded	Award Amount	Disbursement Date on Ledger	Date Record Submitted to COD
27	DL Unsubsidized	\$ 664.00	3/29/2012	3/8/2012
27	DL Unsubsidized	\$ 664.00	3/29/2012	3/9/2012
27	DL Unsubsidized	\$ 663.00	3/29/2012	3/9/2012
27	DL Unsubsidized	\$ 7,463.00	4/24/2012	4/12/2012
28	Pell Grant	\$ 1,567.00	2/17/2012	1/27/2012
28	DL Subsidized	\$ 1,493.00	12/21/2011	12/8/2011
28	DL Unsubsidized	\$ 664.00	12/21/2011	12/8/2011
28	DL PLUS	\$ 3,450.00	2/28/2012	2/17/2012
28	DL PLUS	\$ 3,450.00	6/7/2012	4/23/2012
29	Pell Grant	\$ 1,850.00	2/17/2012	1/27/2012
29	DL Subsidized	\$ 1,162.00	11/18/2011	10/19/2011
29	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
29	DL Unsubsidized	\$ 1,990.00	11/18/2011	10/19/2011
29	DL Unsubsidized	\$ 1,990.00	11/18/2011	11/7/2011
29	Pell Grant	\$ 1,850.00	2/17/2012	1/27/2012
29	Pell Grant	\$ 1,850.00	2/17/2012	1/27/2012
29	DL Subsidized	\$ 1,162.00	11/18/2011	10/19/2011
29	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
29	DL Unsubsidized	\$ 1,990.00	11/18/2011	10/19/2011
29	DL Unsubsidized	\$ 1,990.00	11/18/2011	11/7/2011
30	DL Subsidized	\$ 1,162.00	11/18/2011	11/7/2011
30	DL Unsubsidized	\$ 664.00	11/18/2011	11/7/2011
30	DL PLUS	\$ 7,800.00	12/8/2011	11/21/2011
30	DL PLUS	\$ 7,800.00	12/8/2011	11/21/2011

Appendix E: Protection of Personally Identifiable Information

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual that can be used to distinguish or trace an individual's identity (e.g., name, social security number, date and place of birth).

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

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

Hard copy files and media containing PII must be:

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

PII data cannot be sent via fax.

Walnut Hill College
OPEID: 02192800
PRCN: 2012-30327987

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Appendix D: WHC's written response dated August 19, 2013



The Restaurant School at
Walnut Hill College

Monday, August 19, 2013

Deborah Marsh
Institutional Review Specialist
U.S. Department of Education
Federal Student Aid
100 Penn Square East
Suite 511
Philadelphia, PA 19107

UPS Tracking Number
1Z F3V 260 22 1002 5571

In response to the U.S. Department of Education Program Review Report for a review conducted at Walnut Hill College from June 26, 2012 through June 28, 2012 by Ms. Deborah Marsh and Ms. Carmen Austin, written narratives, supporting documentation, and reports are included for the following findings:

- Finding #1. Verification Violations
- Finding #2. COD Reporting Deficiencies
- Finding #3. NSLDS Reporting – Inaccurate / Untimely
- Finding #4. Pell Grant – Ineligible Disbursement
- Finding #5. Direct Loan Disbursement Deficiencies
- Finding #6. Federal Pell Grant Not Awarded to Eligible Students
- Finding #7. Failure to Document Professional Judgment

Written narratives to findings 1 through 7 are attached to this cover letter (pages 2 through 9) and supporting documentation is included in labeled folders for each finding.

Should you have any questions or require additional information, please contact me directly at (267) 295-2308 or via email at moore@walnuthillcollege.edu

Thank you,

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

Rhonda Moore
Director of Financial Aid

cc: Peggy Liberatoscioli, Vice President of Administrative Services

Finding #1: Verification Violations

Walnut Hill acknowledged receipt of Citations for Verification Violations.

Noncompliance:

A. Failure to Complete Verification

Walnut Hill College failed to complete verification for students # 20, 21, 22, 23, 26, 28, and 30.

Student # 20 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR, the student's adjusted gross income (AGI) was \$4,461 and the taxes paid were \$0. However, the student's 2010 tax return indicated that the AGI was \$10,161 and the taxes paid were \$448. The ISIR indicated that the parent's taxes paid were \$19,939 and the parent's Other Untaxed Income was \$0. The parent's 2010 tax return indicated taxes paid was \$1,243. The parent's Making Work Pay credit was \$400, and this amount was not reported as Other Untaxed Income on the student's ISIR. The student's AGI and taxes paid and the parent's taxes paid and other income amounts did not agree with the amounts reported on the student's 2011-2012 ISIR.

Student #21 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's Other Untaxed Income was \$0. The parent's 2010 tax return indicated that Making Work Pay credit was \$800. This amount was not reported as other untaxed income on the student's 2011-2012 ISIR.

Student #22 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's Other Untaxed Income and Untaxed Portion of Pension were \$ 0. The parent's 2010 tax return indicated that the Making Work Pay credit was \$ 800, which must be reported as Other Untaxed Income on the student's ISIR, and the Untaxed Portion of Pensions was \$ 51,697. The ISIR indicated that the student's AGI was \$ 1,900 and taxes paid were \$ 0. Walnut Hill did not obtain a signed 2010 tax return from the student. The parent's Other Untaxed Income and Untaxed Portion of Pension did not agree with the amounts reported on the student's 2011-2012 ISIR.

Student #23 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 IRIS (Transaction #2), the student's taxes paid were \$ 1,104. The student's 2010 tax return (1040EZ) showed taxes paid were \$ 111. The ISIR indicated that the parent's Other Untaxed Income and Education credit were \$ 0. On the parent's 2010 tax return, the Making Work Pay credit was \$ 800 and the Education credit was \$ 1,425. These amounts were not reported on the student's 2011-2012 ISIR.

Student #26 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the student's and parent's Other Untaxed Income were \$ 0. The student's 2010 tax return showed the Making Work Pay credit was \$ 400. The parent's 2010 tax return showed the Making Work Pay credit was \$ 400. The student's and parent's Other Untaxed Income were not reported on the student's 2011-2012 ISIR.

Student #28 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's household size was 3; the parent's taxes paid was \$1,140; and the parent's Other Untaxed Income was \$0. The 2011-2012 Dependent Verification Worksheet indicated that the household size was 2. The parent's 2010 tax return showed that taxes paid were \$ 89 and the Making Work Pay credit was \$ 400. The parent's household size did not match the number reported on the student's 2011-2012 ISIR. Additionally, the parent's taxes paid and Other Untaxed Income did not agree with the amounts reported on the student's 2011-2012 ISIR.

Student # 30 was selected for verification during the 2011-2012 award year. On the student's 2011-2012 ISIR (Transaction #2), the parent's Other Untaxed Income was reported as \$ 0. The parent's 2010 tax return showed that the Making Work Pay credit was \$ 800. This amount was reported as Other Untaxed Income on the student's 2011-2012 ISIR.

B. Failure to Report Verification Status Codes

Walnut Hill failed to report a verification status code for student # 1-16, 18-21, 23-26, and 28-30.

Action Required: Walnut Hill Completed for Finding #1: Verification Violations

Walnut Hill provided a copy of the 2011-2012 ISIR and need analysis for students # 20, 21, 22, 23, 26, 28, and 30 in response to the program review finding.

Walnut Hill obtained the final 2010-2011 and 2011-2012 Pell Grant Verification Status Reports generated by COD and provided a copy in response to the program review finding.

Walnut Hill updated the Pell Grant disbursement record to COD to report the correct verification status code for all students listed on the institution's final 2010-2011 and 2011-2012 Pell Grant Verification Status Reports to indicate (V) for completed verification by the Walnut Hill.

Walnut Hill has reviewed its policies and procedures to ensure that verification is completed properly for all students and to ensure that the correct verification status code is reported to the Secretary for applications that are selected for verification.

During the data input to ED Express (institutional software) for eligible PELL Grant recipients, Walnut Hill representatives reports the correct verification status to the Secretary for applications selected for verification.

Revisions made to Walnut Hill policies and procedure includes financial aid file reviews by the financial aid representative and financial aid director to ensure financial files are in compliance. Upon review of the financial aid file, the financial aid director returns the signed file to the financial aid representative to confirm review. If the review indicates errors in awarding Title IV financial aid programs, the financial aid file is returned to the financial aid representative to submit the necessary corrections.

Finding # 2: COD Reporting Deficiencies

Walnut Hill acknowledged receipt of Citations for COD Reporting Deficiencies.

Noncompliance:

Walnut Hill failed to report disbursement data to COD for students # 4, 9, and 19.

**Action Required: Walnut Hill Completed
For Finding # 2 COD Reporting Deficiencies**

Walnut Hill provided documentation to show submission of payment data to COD for the Direct Loan funds disbursed to the three students. The institution has submitted confirmation of reported payment data along with this program review response. For the 2010/2011 and 2011/2012 award years, Direct Loan reporting to COD was completed by a third party servicer, American Education Services, AES/PIIEAA.

Walnut Hill has reviewed its policies and procedures for submitting disbursement records to COD to ensure that Title IV funds are posted timely to student ledgers.

Revisions made to Walnut Hill policies and procedures include the financial aid staff meeting on a weekly basis to review internal reports of Direct Loan eligibility. The financial aid staff and business office staff meets periodically to review internal reports to ensure adequate and timely reporting is submitted to COD through ED Express software.

Finding #3: NSLDS Reporting Inaccurate/Untimely

Walnut Hill acknowledged receipt of Citations for Inaccurate/Untimely NSLDS Reporting.

Noncompliance:

Walnut Hill failed to report accurate or timely enrollment information to the National Student Loan Data System (NSLDS) for students # 5, 7, and 25.

For student #5, Walnut Hill incorrectly reported the enrollment status effective date as 9/2/2009 to NSLDS. The institution's academic transcript indicated that the student graduated on 3/10/2011.

For student #7, Walnut Hill incorrectly reported the enrollment status as "withdrawn" to NSLDS. The institution's academic transcript indicated that the student was enrolled "less than half-time" effective 2/4/2012.

For student #25, Walnut failed to report the student's "full-time" enrollment status to NSLDS. The institution's academic transcript indicated that the student's enrollment status was "full-time" effective 8/31/2011.

Action Required: Walnut Hill Completed For Finding # 3 NSLDS Reporting

During the on-site program review, Walnut Hill corrected the information in NSLDS for students # 5, 7, and 25.

Walnut Hill has reviewed its policies and procedures to ensure that student status changes are reported accurately and in a timely manner. An institutional, weekly report is generated by the Academic Success Advisors to indicate the enrollment status for students. This report is shared with appropriate, institutional departments. Upon receipt, updates are submitted to NSLDS. Monthly SSCR reports are completed and submitted to NSLDS to reflect that status of student's enrollment, graduation, or withdrawal.

Finding # 4: Pell Grant Improper/Ineligible Disbursement

Walnut Hill acknowledged receipt of Citations for Pell Grant Improper/Ineligible Disbursement.

Noncompliance:

A. Ineligible Disbursement

Walnut Hill disbursed Federal Pell Grant funds to student # 4 on 12/3/2010. The institution disbursed Federal Pell Grant funds of \$ 1,733 to student for a term that began on 11/10/2010 and ended on 2/14/2011. The student did not enroll during this term. The student's last date of attendance was 11/9/2010.

B. Incorrect Award Year Disbursement of Funds

Walnut Hill disbursed Federal Pell funds to four students from an incorrect award year.

Students # 8, 10, 18, and 20 were enrolled during the term that began on 8/31/2011 and ended on 11/9/2011. Each student received Federal Pell Grant funds from the 2010-2011 award year. Any term that starts after July 1, 2011 must be awarded from the 2011-2012 award year. These students did not received Pell Grant funds from the 2011-2012 award year.

**Action Required: Walnut Hill Completed
For Finding # 4 Pell Grant Improper / Ineligible Disbursement**

Walnut Hill reviewed the Federal Pell disbursement to student # 4 for the 2010-2011 award year and has provided a copy of the student's ledger to reflect the Federal Pell Grant disbursement.

Walnut Hill has conducted a file review for Pell Grant recipients who enrolled at the institution for the 2010-2011 award year to determine if students received Federal Pell Grant funds from an incorrect award year. The results of the have been compiled in an excel spreadsheet that includes the following information:

1. Student's Social Security Number;
2. Student's Name (Last Name, First Name);
3. Term (Summer 2010, Fall 2010, Winter 2010, Spring 2011, Summer 2011)
4. Term Begin Date;
5. Term End Date;
6. Credit Hours Enrolled for Term;
7. Pell Award Amount Disbursed for Term;
8. Ledger Disbursement Date;
9. ISIR Award Year;
10. Paid-on ISIR Transaction Number;
11. Expected Family Contribution (EFC); and
12. Pell Grant Scheduled Award Amount

The excel spreadsheet has been provided by both hard copy and electronic format and submitted with the program review response.

Walnut Hill has reviewed its policies and procedures to ensure that Pell Grant funds are awarded and calculated correctly within an award year.

Revisions made to Walnut Hill policies and procedure includes financial aid file reviews by the financial aid representative and financial aid director to ensure financial files are in compliance. Upon review of the financial aid file, the financial aid director returns the signed file to the financial aid representative to confirm review. If the review

indicates errors in awarding Title IV financial aid programs, the financial aid file is returned to the financial aid representative to submit the necessary corrections.

Finding # 5: Direct Loan Disbursement Deficiencies

Walnut Hill acknowledged receipt of Citations for Direct Loan Disbursement Deficiencies.

Noncompliance:

A. Ineligible Disbursement

The institution disbursed an ineligible Direct Loan to student # 22 for the 2011-2012 award year.

The institution posted a Subsidized Direct Loan of \$ 1,493 to the student's ledger on 6/19/2012 for the term that began on 4/23/2012 and ended on 7/1/2012. The student did not enroll during this term. The student's last date of attendance was 4/14/2012.

B. Improper Disbursement

Student # 26 received a parent PLUS loan approval of \$ 9,855 for the 2011-2012 award year. The net disbursed amount for this PLUS loan is \$ 9,609. The institution disbursed PLUS loan funds for more than the approved amount. The institution disbursed a total of \$14,413 to the student's ledger for the 2011-2012 award year. The student improperly received a PLUS loan net disbursement of \$ 4,804.

**Action Required: Walnut Hill Completed
For Finding # 5 Direct Loan Disbursement Deficiencies**

Walnut Hill has provided a student ledger that reflects pertaining to the Direct Loan funds improperly disbursed to students #22 and 26. A copy of the confirmation of the downward adjustments processed in COD and an updated ledger is included with documentation in response to the program review.

Walnut Hill has reviewed its policies and procedures for disbursing Federal Direct Loans to ensure that the institutional properly awards and disburses funds to eligible students and parents. Walnut Hill has implemented weekly staff meeting to review Expected Cash Flow Reports to ensure all packaged financial loan programs have been received. In addition, Walnut Hill as installed Direct Loan Tools along with FID Express for tracking to all Direct Loan Disbursements have been posted for students and parents.

Finding # 6: Federal Pell Grants Not Awarded to Eligible Students

Walnut Hill acknowledged receipt of Citations for Federal Pell Grant Not Awarded to Eligible Students.

Noncompliance:

Walnut Hill failed to award and disburse Federal Pell Grant funds to four eligible students during the 2011-2012 award year.

Student # 19 was enrolled as a full-time student for the term that began on 8/31/2011 and ended on 11/9/2011. The student's EFC was zero. The student was eligible to receive a scheduled Federal Pell Grant of \$ 5,550. Walnut Hill failed to disburse Federal Pell Grant funds of \$ 2,775 to the student for the term.

Student # 24 was enrolled as a full-time student for the term that began on 2/6/2012 and ended on 4/14/2012. The student's EFC was 2772. The Scheduled Federal Pell award was \$ 2,800. Walnut Hill failed to award Federal Pell Grant funds of \$ 1,400 to the student for this term.

Student # 25 was enrolled as a full-time student in each of the three terms during the 2011-2012 award year. The student's EFC was 1839. The Scheduled Federal Pell Grant award was \$ 3,700. Walnut Hill failed to award any Federal Pell Grant funds to the student during the award year.

Student # 29 was enrolled as a full-time student for a term that began on 2/6/2012 and ended on 4/14/2012. The EFC for ISIR (Transaction #2) was \$ 0. The Scheduled Federal Pell Grant award was \$ 5,550. Walnut Hill failed to award Federal Pell Grant funds of \$ 2,775 to the student for this term.

Action Required: Walnut Hill Completed
For Finding # 6 Pell Grant Not Awarded to Eligible Students

Walnut Hill reviewed Federal Pell Grant eligibility for the students # 9, 24, 25, and 29. A copy of an updated award letter and student ledger is included as documentation in response to the program review.

Walnut Hill has reviewed its policies and procedures to ensure that Federal Pell Grant funds are awarded to all eligible students enrolled at the institution.

Revisions made to Walnut Hill policies and procedure includes financial aid file reviews by the financial aid representative and financial aid director to ensure financial files are in compliance. Upon review of the financial aid file, the financial aid director returns the signed file to the financial aid representative to confirm review. If the review indicates errors in awarding Title IV financial aid programs, the financial aid file is returned to the financial aid representative to submit the necessary corrections.

Finding # 7: Professional Judgment Deficiencies

Walnut Hill acknowledged receipt of Citations for Professional Judgment Deficiencies.

Noncompliance:

The institution failed to document its use of professional judgment for student # 6. The institution's documentation for student # 16 was inadequate.

Student # 6 was awarded from the 2010-2011 award year and the institution failed to document the reason for its use of professional judgment.

Student # 16 was awarded from the 2011-2012 award year. The student's 2011-2012 ISIR (Transaction #2) indicated the parent's AGI was \$ 6,220; the taxes paid were \$ 623; and the Other Untaxed Income was \$ 0. The parent's 2010 tax return showed that the parent's AGI was \$ 47,652; the taxes paid were \$1 278; and the Making Work Pay credit was \$ 800. Walnut Hill used a professional judgment to adjust the parent's AGI from \$ 47,652 to \$ 6,220 and the taxes paid from \$1,278 to \$623. The student's file contained documentation to support the change in the parent's AGI and taxes. Walnut Hill did not explain the reason for using its professional judgment. However, during the on-site review, the institution provided an explanation for using its professional judgment and the explanation was placed in the student's file.

**Action Required: Walnut Hill Completed
For Finding # 7 Failure to Document Professional Judgment**

Walnut Hill has submitted documentation to indicate that there was not a professional judgment completed on behalf of student #6.

Walnut Hill has reviewed its policies and procedures to ensure that the institution substantiates the determination of a professional judgment and ensure that adequate documentation is retained in the student's file.

Revisions made to Walnut Hill policies and procedure includes financial aid file reviews by the financial aid representative and financial aid director to ensure financial files are in compliance. Upon review of the financial aid file, the financial aid director returns the signed file to the financial aid representative to confirm review. If the review indicates errors in awarding Title IV financial aid programs, the financial aid file is returned to the financial aid representative to submit the necessary corrections.

Walnut Hill College
OPEID: 02192800
PRCN: 2012-30327987

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Appendix E: WHC's written response dated September 16, 2013



The Restaurant School at
Walnut Hill College

FAX COVER PAGE

Date: 9-13-2013

To: DEBORAH MARSH

Financial Aid Office

Dept: UN. DEPT. OF EDUCATION

Fax #: 215-656-6499

From: Rhonda Moore 
Director of Financial Aid

Phone: (267) 295-2308

Number of Pages (including cover page): 12

Comments: <u>2010-2011 ISIR #06 TRANSACTION</u>
<u>2010-2011 VERIFICATION WORKSHEET</u>
<u>VERIFICATION EXPLANATION</u>

Written Narrative of Verification for Student # 6

For the 2010-2011 award year student #6 was selected for verification. Student #6 submitted a verification worksheet on March 30, 2010; however did not provide a tax return for parents until after April 5, 2010. The information provided by student #6 included both mother and father in the household, reflecting 05 in the household and 01 in college.

In June 2011, student #6 requested a meeting with the financial aid officer. During this meeting student #6 disclosed information pertaining to parent's marital status. Student #6 relayed that parents have been separated since September 2010.

The financial aid officer was able to contact student #6's mother to confirm her current marital status. She confirmed that she and her husband have been separated since early September 2010. Her husband was no longer in the household and that she was disabled and did not work; however, collected social security and used money in the bank to support self and family.

On June 21, 2011 student #6 returned the updated verification worksheet reflecting 04 in the household, and 01 in college and documentation of mom's social security benefits. The financial aid officer received permission from student # 6 to submit corrections to the 2010-2011 ISIR and was present in the financial aid office while the financial aid officer submitted corrections to 2010-2011 ISIR.

Based on the verification documentation submitted, student #6's 2010/2011 ISIR was corrected to reflect mother's marital status as divorced/separated since September 2010, mother's income, number in household, and number in college.

After reviewing the 2010/2011 verification and ISIR, it was determined that there was not a professional judgment on behalf of Walnut Hill College; however, a correction to the 2010/2011 ISIR to reflect a change in parent's marital status, mother's income, number in household, number in college.