



JUL 18 2014

Helmut Adam, President
Associated Colleges, Inc.
9050 Heather Avenue
Milwaukee, WI 53224

Certified Mail Return Receipt Requested
Domestic Return Receipt
7006 2760 0002 1694 1618

RE: Final Program Review Determination
Worldwide Educational Services
121-125 Newark Avenue
Jersey City, NJ 07302-2811
OPE ID: 03126100
PRCN: 200330221625

Dear Mr. Adam:

The U.S. Department of Education's (Department's) School Participation Team – New York/Boston issued a program review report on April 26, 2004 covering Worldwide Educational Services' administration of 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), for the 2001/2002 and 2002/2003 award years.

The School Participation Team – New York/Boston has reviewed Worldwide Educational Services' responses to the Program Review Report. A copy of the program review report and Worldwide Educational Services' response is attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by Worldwide Educational Services' 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.

Although the findings in the program review report identified serious concerns, this office has made a decision to close the review based on the length of time that has passed since the examination of those records, and the institution's subsequent closure on November 17, 2003.

As a result, Worldwide Educational Services may consider the program review closed with no further action required.

If you have any questions please call Christopher Curry at (646) 428-3738.

Sincerely,

(b)(6)

Betty Coughlin
Division Director

Enclosure: Program Review Report
Worldwide Educational Services' Response to the Program Review Report

bcc: Reading file
Correspondence
Chris Curry
School file
ERM

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

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

Program Review Report



**FEDERAL
STUDENT AID**
We Help Put America Through School

APR 26 2004

Mr. Helmut Adam, President
Associated College Group
9050 West Heather Avenue
Milwaukee, WI 53225

CERTIFIED MAIL
Return Receipt Requested

Re: Worldwide Educational Group
121-125 Newark Ave
Jersey City, NJ 07302

REF: PRCN 200330221625

Dear Mr. Adam:

On May 19 through 23, 2003, Christopher Curry and Nautochia Webb, Institutional Review Specialists, conducted a program review of the Title IV, HEA programs administered at your institution. The findings resulting from that review are presented in the enclosed report.

This report contains findings pertaining to the institution's administration of the Title IV student financial assistance programs. The following are some of the report's findings of non-compliance that are detailed in the enclosed report: (1) Approved Number of Hours Not Offered In Programs, (2) Improper Accounting for Hours of Instruction, (3) Incorrect Pell Grant Awards and Disbursements, and (4) Late/Unpaid Title IV Refunds.

Findings of non-compliance are referenced to the applicable statutes and regulations and specify the action required to comply with these statutes and regulations. Regulations are cited throughout the report in the format "34 CFR...". Please review and respond to the report, indicating the corrective actions taken by the institution. Your response should be sent directly to Christopher Curry within 30 days unless exceptions are noted for specific findings.

I would like to express my appreciation for the courtesy and cooperation extended during the program review. If you should have any questions concerning this report, please call Christopher Curry at (212) 637-6421.

Sincerely

(b)(6)

William J Swift, Acting Area Case Director
Case Management Division - Northeast
New York Team

cc: Patricia Lacognata, Executive Director

bcc: Reading file, Correspondence file, Nautochia Webb, Teresa Martinez,
Chris Curry, Bob James, DRCC
75 Park Place, New York, NY 10007

INSTITUTIONAL REVIEW REPORT

Worldwide Educational Services
121-125 Newark Avenue
Jersey City, N.J. 07302-2811
(201) 435-5111

DATES OF REVIEW: May 19 - 23, 2003

<u>AWARD YEARS REVIEWED:</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>
<u>STUDENT SAMPLE SIZE:</u>	17	21	20

OPE ID#: 03126100

DUNS: 171651573

PRCN: 200330221625

TYPE AND CONTROL: 1 Year/Proprietary

ACCREDITATION: Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT)

SFA PROGRAM PARTICIPATION:

<u>2000/2001</u>	<u>2001/2002</u>	<u>2001/2002</u>	
\$ 204,998	\$ 223,209	\$ 182,841	Federal Pell Grant (Pell)
\$ 15,561	\$ 27,900	\$ 26,480	Federal Supplemental Educational Opportunity Grant (FSEOG)
\$ 9,817	\$ 19,213	\$ 5,407	Federal Work Study
\$ 541,880	\$ 573,443	\$ 300,979	FFEL Loan Program

Source: PEPS

FFEL DEFAULT RATES:

1999	6.7 %
2000	9.5 %
2001	12.3 %

METHOD OF FUNDING: Closed School

REVIEWING ED OFFICIALS: Christopher Curry
Nautochia Webb

INSTITUTIONAL OFFICIALS CONTACTED:

Edward Schwartz, President
Patricia Lacognata, Executive Director
Jennifer Amato, Program Coordinator
Jaire Estrada, Owner

INTRODUCTION

Background

Worldwide Educational Services (Worldwide) was established in 1971. The Jersey City campus was granted accreditation by ACCSCT in 1995. The school was purchased by the current owner, AEK, Inc. in 2000. The following programs of study were offered at the Jersey City location:

Computer Software Specialist	600 hours
Computerized Accounting	600 hours
Medical Office Technology	600 hours
Network Administration/PC Support	600 hours
Administrative Assistant	920 hours
Network Engineer/PC Support	900 hours

The institution closed as of November 17, 2003.

SCOPE OF REVIEW

The New York Case Management Team conducted a program review on May 19th through May 23rd, 2003, to examine Worldwide's administration of the Title IV SFA programs. The focus of the review was to determine Worldwide's compliance with the statutes and federal regulations as they pertain to the administration of the Title IV programs. The review consisted of, but was not limited to, an examination of Worldwide's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic records, student account ledgers, and fiscal records. In addition, the reviewers conducted interviews with the appropriate personnel.

The reviewers selected valid statistical samples from listings of Title IV recipients provided by the institution. In determining the statistical sample, each aid recipient as identified by Worldwide was defined as an individual unit in the respective population, and each recipient in each sample was counted only once. The statistical samples were derived for each award year under review using the Department's Statistical Sampling System software. From those samples, a sub-sample of student files was selected for review from the 2001/02 and 2002/03 award years. Additional samples were also selected to further test the extent of findings uncovered in the review of the original sample of students. The student files were reviewed in detail, including academic, admissions, financial aid, and fiscal records.

The attached Appendix A lists the names and social security numbers of the students in the program review sub-sample, as well as the applicable award years. Students are referenced throughout this report by the numbers noted in that appendix.

During the visit, some areas of non-compliance were noted. Findings of non-compliance are referenced to the applicable regulations and specify the actions to be taken by the institution to bring operations of the financial aid programs into compliance with regulations and statutes.

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

REVIEW FINDINGS AND REQUIREMENTS

1. Approved Number of Hours Not Offered In Programs

Finding: The reviewers found that Worldwide's records did not document that it always provided the complete number of hours of instruction for programs that students were enrolled in. In many cases, the total documented number of hours of instruction offered in the program of study were less than what was approved by the state, and reported to the Department. In other cases the total number of hours offered in the program was equal to, or greater than, what was approved, but the specified number of hours offered for each class within a program was not provided. The following are some examples of problems identified when the students' attendance reports were evaluated.

Student # 9 enrolled in the Medical Office Technology program beginning on 7/23/01. The program was outlined in the school's catalog as providing 600 hours of instruction in a variety of classes, most of which were offered in 25 or 50-hour increments. Worldwide disbursed the following funds to this student:

Pell Grant	\$2,500.00
FFEL Subsidized	\$1,697.50
FFEL Unsubsidized	\$1,358.37

However, a review of the attendance records for this student showed that, although she graduated, she was only offered 554 hours of instruction. A more detailed evaluation of the attendance record showed that the number of hours offered in many of the individual classes differed from what was listed in course descriptions and approved by the state. The breakdown of the number of hours specified, and the number actually offered is as follows:

<u>Course</u>	<u>Course Title</u>	<u>Required Hours</u>	<u>Recorded Hours</u>	<u>Accept Hours</u>
101	Introduction to Keyboarding	25	62	25
102	Introduction to Word Processing	25	36	25
103	Intermediate Word Processing	25	20	20
104	Advanced Word Processing	25	36	25
105	Introduction to Computers	25	54	25
107	Business Communications	25	0	0
110	Business Writing	25	0	0
110A	Office Procedures I	25	0	0
110B	Office Procedures II	25	24	24
111A	Business Math	25	36	25
124	Career Development	30	48	30
124A	Job Search Techniques	25	38	25
115	Medical Office Procedures	50	20	20
140	Medical Terminology I	50	24	24
141	Medical Terminology II	50	20	20
142	Medical Billing/Ins. Procedures	50	72	50
143	Comp. Medical Record Keeping	50	0	0
144	Medical Document Processing	50	60	50
122	MS Excel 1	0	4	0
Total Hours:		600	554	365

Just considering the documented number of hours of instruction offered, the program of study offered to this student was 554 hours long, and was therefore not eligible for Pell Grant funding. However, Title IV funds cannot be used to pay for hours in excess of what is required for program completion. Therefore, the real number of hours that this student was offered that would be considered for Title IV purposes is 365 ('Accept Hours' column).

Institutional officials discussed that the computerized attendance system (CLASS) was just being implemented in the 2001/02 award year, and felt that that incorrect data entry may have resulted in some class sections being incorrectly classified. However, they were unable to provide any records to supercede the CLASS records presented during the on-site visit. Additionally, a review of the school's calendar clearly showed the school could not have offered 600 hours of instruction within the time period this student was enrolled.

Similarly, student #12 began classes on 4/30/01. The reviewers were provided with a report from CLASS that showed she had completed 412 hours, of 693 instructional hours offered (in a program that was approved for 600 hours). The report only purported to show classes starting after 6/4/01, however 11 of the classes on the report supposedly started on 6/4/01. According to that report, the student was offered 17 hours of instruction in those classes on 6/4/01. Since the student was scheduled to attend classes 6 hours per day, this record is obviously inaccurate. Additionally, as for student #9, the

CLASS report showed the student was not always offered the approved number of hours of instruction in each course. In some cases less hours were offered, but in most cases extra hours were documented. For example, the Career Development Course was approved for 30 hours. This student's report showed that the course was taught 1 hour per day from 6/22/01 through 8/17/01, for a total of 43 hours.

Worldwide provided a copy of a manual attendance listing that was used prior to the CLASS system to track attendance. That listing shows the student completed 316 hours before she stopped attending. However those listings only identify whether the student was present or absent on a given day, and do not show the particular class the students were enrolled in. Therefore, it does not serve to confirm whether or not all the hours attended were required. Given the questions raised about possible excess hours of instruction from the CLASS report, it is impossible to show from the documentation provided whether the student completed sufficient approved hours of instruction to complete the first payment period.

Student #8, having previously completed the Computer Software Specialist program in 2/02, enrolled in the Medical Office Technology Program beginning 7/29/02. Documentation in her file shows that she was given enough credit for previous courses that she was only required to complete 390 clock hours, and her Pell Grant award was determined based on 390 hours. However, a review of her attendance record shows that she was not offered all the specified hours in her adjusted program. Indeed, a SAP Monitoring report in her file, dated 4/24/03, notes that she had 'met all academic and attendance requirements to complete program' after having completed 290.15 of 362 scheduled hours. The student's transcript and attendance report shows she last attended class on 4/4/03. Therefore, Worldwide was well aware the student had not been offered all 390 scheduled hours when it performed the final academic evaluation. The final breakdown of clock hours actually offered/completed compared to the specific program hours is as follows:

<u>Course Title</u>	<u>Required Hours</u>	<u>Documented Hours Offered</u>
Medical Office Procedures	60	68
Job Search Techniques	30	0
Medical Terminology I	60	70
Medical Terminology II	60	56
Medical Billing/Insurance	60	116
Computerized Medical Record Keeping	60	24
Medical Document Processing	<u>60</u>	<u>28</u>
Total	390	362

Due to the excess hours offered per the attendance records, only 180 hours could be considered for Title IV purposes. Nevertheless, since the original program the student was enrolled in was approved for 600 hours, the student is not eligible for any Pell Grant funds based on the attendance documentation provided.

The original program review sample was expanded to check the hours offered to students in the 2000/01 and 2002/03 award years. Based on a review of the expanded sample, it appears that the issue was most prevalent in the 2001/02 award year, and was also often noted for evening students for the 2000/01 award year.

Failure to properly document hours of instruction offered might result in students receiving funds they are not entitled to.

References: 34 CFR 668.8(h) General Provisions 4/29/94
34 CFR 668.16 General Provisions 4/29/94
34 CFR 668.24 General Provisions 11/1/99
34 CFR 682.204 FFEL 11/1/99, amended 6/29/01

Requirement: An institution must maintain records that document students' eligibility for Title IV funds, including the number of hours of instruction offered in the programs of study. Documented hours in excess of those approved by the state licensing agency cannot be considered for Title IV purposes.

Due to the systemic nature of this issue, Worldwide must perform a review of all students who were awarded Title IV funds during the 2001/02 award year and students enrolled in the evening programs during the 2000/01 award year, to identify the amount of clock hours that can be considered for Title IV purposes, as discussed in this finding. In order to complete this study, Worldwide must also consider the issues discussed at Findings #2 and 3 to insure a proper determination is made of the number of documented hours of instruction offered, and that proper calculations are performed for the revised Pell Grant eligibility amounts.

Worldwide must:

- 1) confirm the number of hours of instruction offered for each student to determine their base Title IV eligibility amount;
- 2) confirm the amount of hours of instruction completed by each student, and
- 3) calculate the revised amount of Title IV funds the student is eligible for.

In the example of student # 9 noted above, the student was offered 365 hours. She would therefore be ineligible for any Pell Grant funds, and her FFEL eligibility would be recalculated based on the proration criteria found at 682.204.

Any resulting overpayments are institutional liabilities. Worldwide must then provide a report identifying the amount of Title IV liabilities in the following format.

Award Year
Student Name
Social Security Number
Revised # hours offered in Program
Revised # of hours completed
Amount of funds disbursed (by Title IV program)
Revised eligibility amount (by Title IV program)
Difference

To further clarify, this file review should identify any improper or overdisbursements. If the original disbursement amount is determined to have been justified, but the adjustment to the number of instructional hours now results in a refund based on the student's withdrawal, that additional refund due would be reported at Finding #5.

The report is due within 60 days of receipt of this report.

Instructions for the repayment of the above liabilities will be provided in the final program review determination (FPRD) letter.

Worldwide must be prepared to provide reviewers with documentation of its determinations for any of the file reviews required in resolving the findings of this program review.

Since the institution must perform other file reviews based on further findings from this program review that involve possible reconsideration of students' Pell Grant eligibility, it is recommended that these calculations be performed first to insure the accurate determinations of student eligibility for those issues. Consequently, any Pell overawards attributable to this finding should be reported under this report, and the institution should take care not to duplicate these liabilities in reports produced for other findings.

2. Improper Accounting for Hours of Instruction

Finding: Worldwide assigned credit for make-up hours that were not related to hours of instruction the students had missed.

For example, student #27's attendance report showed that the student completed a makeup hour for his Install/Config Windows class on 6/24/02. However, the student had not yet missed any time in this class. Similarly, the student was credited with make-up hours for the Basic Feature 95/98 class on 7/1/02, 7/2/02, 7/3/03, and 7/8/02. However the student did not even begin taking this class until 7/8/02 according to his attendance report, and did not miss any hours until 7/9/02. Again, the student was given credit for makeup hours in the Network+ class on 9/3/02, 9/4/02, 9/9/02, 9/10/02 and 9/11/02. However, CLASS shows that he did not begin the class until 9/16/02. Finally, after the student began the Network+ class, he was absent for a total of 18 hours through 10/15/02.

However, after discounting the “early” makeup hours for this class noted above, the student still received credit for 37.6 makeup hours for this class over the same period.

The reviewers were told that makeup work was assigned by instructors from the classes that students had missed; and the work was completed under the guidance of an instructor. A make-up sheet was then completed, and that sheet was initialed by the student and the instructor. The make-up sheet was then handed to an administrator who recorded the hours. However, the makeup sheet does not identify the class the student was supposed to be doing makeup work for. Since students were often enrolled in more than one class at a time, the reviewers asked how the administrator knew what class to assign the hours for. The answer was that the administrator would ask the students. But no clarifying notations were made on the make-up sheets to document this.

In student #27's case, the reviewers also noted that the instructor's initials/signatures did not always appear next to each day, they were often signed covering two or three lines (days) on a sheet. Therefore, it is unclear that the student's work was actually verified when the work was supposedly performed.

Similarly, student #35 was given credit for 8 makeup hours in her Medical Terminology II class for work performed on 10/4/02, when she had only missed 2 hours of instruction in that class as of that date.

In other cases, such as for student # 21, school officials confirmed that the 147 hours noted a make-up sheet were all for extra time the student chose to devote. Although none of these hours were credited to him as make-ups, the fact that the hours show the exact same way on his makeup sheet as other students' purported makeup hours call into question the process for controlling and recording makeup hours at this school.

Clearly, the institution had inadequate controls to monitor that the students were performing adequately supervised makeup for hours of instruction that were missed.

Failure to accurately document the number of hours of instruction completed by students may result in the students receiving Title IV funds they are not entitled to.

Reference: 34 CFR 600.2 Institutional Eligibility 4/29/94

Requirement: As noted in Finding #1, an institution must maintain complete and accurate records of the number of hours of instruction offered and completed in order to document the amount of Title IV funds students are eligible to receive. In conjunction with the file review required for Finding #1, the institution must insure that only hours that can clearly be documented as having made up missed hours of instruction can be considered in determining the revised number of hours completed. Therefore, the effects of this finding for students in the 2001/02 award year will be reflected in that file review.

For students in the 2002/03 award year, Worldwide must perform a file review to determine whether students' Pell Grant awards were correct based on the issues identified

in this finding. The institution is liable for any resulting overawards. Worldwide must report any overawards in the following format:

Student Name
Social Security Number
Amount of funds disbursed
Revised eligibility amount
Difference

The report is due within 60 days of receipt of this report.

Instructions for the repayment of the above liabilities will be provided in the final program review determination (FPRD) letter.

Worldwide must be prepared to provide reviewers with documentation of its determinations for any of the file reviews required in resolving the findings of this program review.

Worldwide must maintain documentation of the number of make-up hours included in the recalculation of hours completed for verification of the results for any of the file reviews required from this program review.

3. Incorrect Pell Grant Awards and Disbursements

Finding: The reviewers determined that Worldwide awarded and disbursed incorrect amounts of Pell Grants to students.

As noted in Finding #1, the problem with the documented hours of instruction resulted in some students being ineligible for Pell Grant funds when the records did not confirm the program offered at least 600 hours of instruction, while other students' eligibility would be reduced. However, there were other issues relating to calculating students' Pell Grant eligibility that were found during the program review.

Worldwide also disbursed an incorrect amount of Pell Grant funds to student # 27. An \$1825 Pell Grant disbursement was posted to the student's ledger card on 10/22/01, which would have been the amount he was eligible for based on the EFC on his initial ISIR. However, a correction was made to that ISIR record, resulting in a higher EFC of \$479. The new ISIR was received by the school on 10/8/02. Therefore, the student was only eligible for a \$1775 Pell Grant disbursement for the first payment period.

Worldwide's records show that student # 35 was apparently paid less in Pell Grant funds than she was eligible for. The student enrolled in the Medical Office Tech class beginning 9/16/02, and was taking 5 hours of classes per day. According to Worldwide's catalog, this class was being offered over 24 weeks. However, the student's Pell Grant award appears to have been calculated based on a 20-week program duration. The

Medical Office Tech program had been offered over 20 weeks in the past. Given the student's \$0 EFC, she should have been eligible for a \$1067 ($\$4000 \times 600/900 \times 24/30 = \2133) Pell Grant for her first payment period, instead of the \$889 disbursed to her.

In addition, Worldwide disbursed the Pell Grant funds to the student after it had determined that she had withdrawn, instead of performing a Refund to Title IV (R2T4) calculation to determine what amount of post-withdrawal disbursement was appropriate.

Worldwide was incorrectly adjusting Pell Grant awards for students who switched schedules from full-time to part-time programs. When the length of the part-time programs exceeded the 30-week academic year criteria, Worldwide erroneously failed to perform the second required proration of the Pell Grant award amount.

For example, student # 18 enrolled in the 600 clock-hour Network Administration program, beginning 6/4/01. The enrollment agreement stated the course would take 20 weeks to complete. He received a \$733 Pell Grant disbursement (from the 2000/01 award year) for the first payment period, properly using proration calculations for both the number of weeks in the program being less than 30, and the number of clock hours being less than 900. However, a Request for Disbursement form in the student's file noted that, 'The above student has changed from day to evening and is now eligible for \$1250 instead of \$833'.

The student's new schedule would have him completing the program in 38 weeks. Therefore, Worldwide only performed the proration to adjust for the hours in the program being less than 900. The student's award was then calculated as $\$3750/900 \times 300 = \1250 . However, this does not meet regulatory requirements. CFR 690.63(e) specifies that the proration calculation for the number of weeks in the program is based on the number of weeks it would take for a *full time* student to complete the clock hours in the program. Since regulation defines full time enrollment as at least 24 hours per week, the greatest number of weeks a student could theoretically take to complete the 600-hour program is 25 weeks. Therefore, the proration for the number of weeks in the program should still be applicable. Given that, the student's correct award would have been $\$3750/30 \times 25 = \3125 , then $\$3125/900 \times 300 = \1042 , instead of \$1250 disbursed by Worldwide.

Similarly, the Pell Grant awards for the following students were calculated incorrectly for students #6, 9, 10, 15, 17, and 19.

Failure to properly determine a student's eligibility may result in the student receiving more funds than they are entitled to, or may also result in students receiving less funds than they are entitled to.

References: 34 CFR 668.2 General Provisions 4/29/94
34 CFR 668.4 General Provisions 11/29/96
34 CFR 690.62 and 690.63 Pell Grant 11/1/94

Requirement: An institution must insure that all regulatory provisions are considered when calculating a student's Pell Grant eligibility.

Since most students are affected by the issues discussed in Findings #1 and #2, the issues noted for this finding must be taken into account when calculating students' revised Pell Grant eligibility amounts when completing the reconstruction required for those findings, and any liabilities will be included in the reports for those findings.

4. Late/Unpaid Title IV Refunds

Finding: The reviewers found late refunds to the Title IV programs for several of the students sampled from the 2001/02 and 2002/03 award years.

For example, Worldwide determined that student #24 had stopped attending school on 1/14/03. The student's file contained a calculation sheet that showed a \$483.01 refund was due back to the Pell Grant program as a result of her withdrawal. However, there was no refund recorded on the ledger card provided to the reviews at the time of the program review in May 2003.

Similarly, student #32 failed to return from her LOA on 2/18/03, and was dismissed on 3/3/03. There were no refund calculations found in her file during the program review, and no refunds were noted on her ledger card. The NSLDS database shows that the amount of Pell Grant funds disbursed to the student was adjusted during the program review on 5/22/03, however the NSLDS record does not confirm that funds were actually transferred.

Worldwide dismissed student #29 on 1/14/03 when it determined that she did not return from her leave of absence (LOA) as scheduled. The school paid an \$889 refund to the Pell Grant program on 3/30/03, although it was due on 2/13/03.

Student #20 last attended classes on 5/3/02. Worldwide returned the undisbursed FFEL check for the second half of the loan to the lender on 7/3/02, noting that the student was no longer in attendance. However, the school did not actually drop the student until 9/5/02, and the ledger card shows the refund from the first disbursement was not paid to the lender until 10/21/02.

Worldwide's records show that student #12 was dropped on 2/27/02, and a FFEL refund was paid on 4/11/02. However the correct drop date should be 1/18/02, when her LOA expired and she did not return.

Failure to make timely refunds results in the institution retaining funds it is not entitled to and causes an increased expense for the Department of Education (Department).

Reference: 34 CFR 668.22 General Provisions 7/29/98, amended 11/1/99

Requirement: An institution is responsible for insuring accurate and timely refunds based on a student's withdrawal from school. Regulations state that refunds due to all Title IV programs are to be made within thirty days of the student's withdrawal date. For those students cited above, the refunds were made in excess of thirty days.

In order to determine the extent of the late/unpaid refunds, Worldwide must perform a self-study of all students who withdrew from the institution during the 2000/01, 2001/02, and 2002/03 award years. The institution must report the results of the file review to the regional office, in the following format:

Award Year
Student's Name
Social Security Number
Amount of Refund
Date Refund Paid
Date Refund Due
Interest liability (see below)

The institution must calculate the interest due the Department for these late Federal Pell Grant refunds, based on a 5% annual rate (daily rate = .05/365 or .0001369). The following calculation is to be completed for each late refund (except for unsubsidized loans):

Interest Liability = # days refund late X amount of refund X .0001369

The report is due within 60 days of receipt of this report.

Instructions for the repayment of the above liabilities will be provided in the final program review determination (FPRD) letter.

5. Incorrect Refund Calculations

Finding: The reviewers noted that Worldwide used an incorrect number of instructional hours completed when performing the Return to Title IV (R2T4) calculation for student # 24. The institution used 110 hours in the calculation, when the correct amount should have been 103. The difference was due to extra hours that the student was offered beyond that which was approved for the program, as noted in Finding #1. Any hours offered/completed in excess of those approved cannot be considered when determining students' Title IV eligibility.

The reviewers noted numerous issues with student # 35's refund calculation. As related in Finding #2, this student was given credit for excess make-up hours, resulting in the incorrect number of hours completed being used in the calculation. Additionally, as related in Finding #3, the student received less of a Pell Grant disbursement than she was entitled to. Finally, an error was made when inputting data into the school's refund

calculation program. An incorrect loan period was noted for the unsubsidized loan resulting in the \$1149.94 amount not being included in the total amount of aid that could have been disbursed for the payment period.

The refund calculation for student #17 was incorrect based on attendance records provided to the reviewers. Those records showed the student began classes on 12/3/01, and last attended on 1/8/02. During that time the records shows the student was present for 68 hours, and absent for none. However, in performing the R2T4 calculation, the school reported that there were 84 scheduled hours of instruction within the period the student attended, which resulted in those 84 hours being used to calculate the amount of funds that could be retained by the school. This number of hours cannot be substantiated by the records provided. Using the documented number of hours scheduled, an additional refund of \$66.22 would have been due. However, as noted in Finding #3, the student's Pell Grant award had been incorrectly calculated as well.

Reference: 34 CFR 668.22 General Provisions, 12/1/87, amended 11/1/99.

Requirement: Due to the systemic nature of this finding, Worldwide must perform a self-study of all students who withdrew from the institution during the 2001/02 and 2002/03 award years to determine the extent of the incorrect allocation of Title IV refunds. The institution must report the results of the file review in the following format:

Award Year
Student Name
Social Security Number
Additional Refund Due (by Title IV program)
Interest liability (see Finding #4)

The report is due within 60 days of receipt of this report.

The institution will be appraised of any additional requirements upon our review of the response to this finding.

6. Untimely Notifications of Change in Enrollment

Finding: Worldwide did not make timely notifications to guarantee agencies of changes in students' enrollment status.

For example, student #32 failed to return from her LOA as scheduled on 2/18/03. However, the NSLDS database shows that Worldwide reported that the student was still on an LOA as of 4/28/03 (with an effective date of 2/28/03?). Then, the institution failed to report the student as withdrawn until 9/23/03. As a result of these delayed notifications, the lender released a second disbursement of PLUS funds on 4/4/03. As noted in Finding #4, the disposition of those funds are in question.

Similarly, Worldwide did not make a timely determination of withdrawal for students # 17, 24, 27, and 35.

Failure to accurately report changes to students' enrollment status may result in the delays to the students entering repayment status, resulting in the Department needlessly incurring interest and special allowance costs on loans that should be in repayment.

Reference: 34 CFR 682.610(c) FFEL 11/1/99, amended 6/29/01

Requirement: Regulations require that a school report changes in enrollment status to guarantee agencies within 30 days, if it does not anticipate filing a confirmation report within 60 days.

Although the institution has closed, the Worldwide is responsible for insuring that the proper notifications were made for all FFEL recipients, with the accurate effective dates. In response to this finding, the institution must provide this office with assurances all notifications were made.

7. Credit Balance Maintained

Finding: Worldwide retained credit balances on students' accounts in excess of regulatory timeframes.

Worldwide made a \$422.92 disbursement of unsubsidized Stafford Loan funds to student #8's account on 4/21/03, creating a \$405.23 credit balance on the student's account. The student had graduated from the institution on 4/4/03. The ledger card that was provided during the program review, dated 5/21/03, showed the credit balance had not been delivered to the student as of that date.

Student #18's account had a credit balance after Pell Grant and SEOG funds were disbursed on 3/12/02. However, the funds were not delivered to the student until 5/15/02.

Student #10's account had a \$52.50 credit balance after Pell Grant funds were disbursed on 3/21/02. However, the funds were not delivered to the student until 11/19/02.

The improper retention of Title IV proceeds results in the institution holding funds to which it is not entitled and deprives needy students of funds due them.

References: 34 CFR 668.16 General Provisions 4/29/94
34 CFR 668.164 General Provisions 9/23/96
34 CFR 668.165 General Provisions 12/1/94
34 CFR 682.604 FFEL 12/18/92, 5/17/94, 6/28/94, and 11/29/94

Requirement: Schools are required by regulation to pay credit balances to students in a timely manner. As of July 1, 1996 the Secretary considers a disbursement to a student timely if it is made within 14 days.

In response to this finding, Worldwide must review the account records for all students, and identify any Title IV credit balances that still remain on students' accounts. A report identifying the outstanding credit balances must be provide in the following format:

- Student Name
- Social Security Number
- Amount of Title IV Credit Balance
- Credit Balance Date
- Date Payment Due to Student

Further instructions will be provide upon review of the institution's response to this finding.

8. Inadequate Documentation of FWS Hours Worked and Payments

Finding: Worldwide's records supporting the number of hours students worked and were paid under FWS are not properly reconciled, and at times appear to have been altered.

For example, the institution provided manual timesheets for student #9 that showed she had worked from 11:30 AM until 4:30 PM from 10/1/01 through 10/5/01, and from 10/9/01 through 10/12/01, at an off-campus job for Jersey City Employment & Training Program, Inc. The check and payroll voucher provided showed the student was then paid \$360 for that pay period, based on the 45 hours worked (\$8/hr X 45 hours = \$360).

However, upon requesting additional documentation, the reviewers were provided with a copy of her actual system-generated Time Card Report, and an apparently revised set of manual FWS time sheets. These manual sheets were exact duplicates of those submitted earlier, except now the times corresponded exactly with the times on the Time Card Report. In that case, the times often did not match what had been reported on the timesheets originally provided. For example, a comparison of the first three days in this pay period showed the following differences (please note the Time Card Report utilizes military time, which has been converted below for comparison purposes):

<u>Date</u>	<u>Original Record</u>		<u>Time Card Report</u>	
	<u>Hours Worked</u>	<u>Total</u>	<u>Hours Worked</u>	<u>Total</u>
10/1/01	11:30 - 4:30	5	none	
10/2/01	11:30 - 4:30	5	12:22 - 4:22 (16:22)	4:02
10/3/01	11:30 - 4:30	5	11:58 - 4:24 (16:24)	4:43

Also, on 10/10/01, the Time Card Report shows the student clocking out for a 33-minute lunch (a rare entry), but the amended manual timesheet ignores that lunch period and just notes the start and end times in determining the amount of time worked.

With a revised accounting, it appears the student worked a total of 37 hours/30 minutes during the pay period, instead of the 45 hours she was paid for.

Additionally, the reviewers were not provided with timesheets for the following periods (weeks ending): 9/21/01, 1/11/02, 1/18/02. Copies of checks and payroll calculations were also missing for the periods ending 12/21/01, 2/1/02, and 3/1/02 for this student.

Discrepancies were also found in the files for the other FWS recipients in the review sample. For student #21, the institution's Attendance Time Sheet, which shows the number of hours each student worked per day over a two-week pay period, records that this student worked five hours on 12/11/01. The student's file contained a sheet that records extra class time he had worked, and the student reported here that he did extra class work from 10AM until 3PM on 12/11/01. He then was scheduled to attend class from 5:30 to 9:30 PM that day. It is therefore unclear when he would have been able to fit five hours of work into that schedule, as reported on that day. There were several other similar dates on his time sheets with this apparent discrepancy.

The documentation provided for student #22 was not adequate to document the payments made. The time sheets and earnings statements were often for different periods. For instance, the first timesheet in the file was for the period 9/10/01 through 9/22/01, and recorded 25.5 hours worked. The first earnings statement showed it was for the period ending 9/28/01, and the payment was based on 48.5 hours. The second timesheet was for the period 9/24/01 through 10/7/01, and recorded 18.5 hours. However, the next earnings statement was for the period ending 10/12/01, with payment for only 8 hours worked that period. The reviewers were never able to find a point where the hours reconciled. Additionally, the timesheet for the period ending 10/28/01 was not signed by a supervisor or the student. The payroll voucher shows that there were three more checks issued to the student after 10/26/01, but there were no timesheets for any of those, and an earnings statement was also missing for one of those periods (period ending 11/23/01).

The records were again incomplete for student #19. The student had noted that she had been underpaid on both 12/10/01 and 1/4/02 for hours documented on her timesheets. The Earnings Statement is missing for the period ending 1/18/02 but, based on the amount on the Payroll Voucher, it appears the student was also underpaid that period as well. Finally, there are no timesheets for the period ending when the student received payment for 90 hours worked, so it is not possible to confirm whether the student was eventually paid of all her hours. Lastly, there are timesheets in the student's file showing she worked a total of over 150 hours from 4/8/02 through 5/17/02. However the only corresponding earning statement, for the period ending 5/10/02, reflects payment for only 50 hours. It is unclear whether the student had exceeded her award and payment was made from a non-FWS payroll.

Failure to properly monitor students' employment under FWS may result in students not receiving full benefit for their work, or may result in students receiving more funds than they are entitled to.

References: 34 CFR 675.8 FWS 12/1/87 amended 11/30/94
34 CFR 675.16 FWS 12/1/87 amended 11/30/94
34 CFR 675.19 FWS 12/1/87 amended 11/30/94
34 CFR 675.20 FWS 12/1/87 amended 11/30/94

Requirement: In response to this finding, Worldwide must review the files of all FWS recipients from the 2001/2002 and 2002/2003 award years to determine whether students were paid the amounts they were entitled to. In order to do this, Worldwide must: (1) confirm the amounts student were actually paid from FWS funds and, (2) resolve any conflicts regarding the hours each student worked. If conflicts exist, as in examples cited above with class schedules, and Worldwide cannot confirm the students actually worked the hours in question, those hours cannot be counted as eligible for FWS funding. Once the institution has identified the amount of funds the students were eligible for under FWS, it must compare that with what students were paid under FWS.

Worldwide must then provide a report providing the following information for each FWS recipient:

Award Year
Student Name
Social Security #
Amount of FWS paid (federal share)
Amount of FWS eligibility (federal share)
Difference

Any reported overpayments will be considered institutional liabilities. The corrective action for any student who was underpaid will be to pay the students accordingly for the hours owed. Worldwide will be apprised of additional requirements, including instructions for payment of any liabilities, after this office has reviewed the institution's response.

The institution must retain the documentation used to complete this study for further review by this office, if necessary.

9. Unreconciled Title IV Funds

Finding: The reviewers were unable to confirm the disposition of loan funds disbursed by lenders for two students in the review sample.

NSLDS shows that Worldwide received PLUS loan funds for student # 32 well after she stopped attending classes. The loan was approved by the guarantee agency on 10/29/02, by which time the student had been approved for a leave of absence (LOA) for the period 9/16/02 through 2/18/03. The records show the student never returned from the LOA. NSLDS shows that two disbursements were paid, one \$1591 disbursement was paid on 2/18/03, which was cancelled on 2/17/03, and a second \$1591 disbursement was paid on 4/4/03. There is no record that this disbursement was ever cancelled, and it is showing as

outstanding in NSLDS. There is no record of this disbursement in the records presented to the reviewers. The institution was asked to provide documentation as to the disposition of the loan check, but the only information provided was a copy of the loan approval notice with the word "Cancelled" written across it.

Similarly, NSLDS shows that \$875 in subsidized Stafford Loan funds was delivered to Worldwide for student # 24, and are still outstanding. The student's ledger card does not record any loan funds disbursed. The institution provided copies of correspondence and the checks that were returned to the lender. This office has contacted the guarantee agency to clarify what their records show.

References: 34 CFR 668.24(b) General Provisions 11/1/99
34 CFR 682.610 FFEL 11/1/99

Requirement: An institution should maintain records that document the disposition of any Title IV funds received at the institution, whether through drawdowns, or loan funds received from lenders.

In response to this finding, Worldwide must review its records and provide documentation of the disposition of the above-referenced loan disbursement for student #32. This office will pursue documentation from the guarantee agency for student #24's loan funds, and appraise the institution of any additional requirements based on information we receive from that agency.

Institution's Response

RITZERT & LEYTON

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

SUITE 100

4084 UNIVERSITY DRIVE
FAIRFAX, VIRGINIA 22030-6803

TELEPHONE (703) 934-2660

FACSIMILE (703) 934-9840

OF COUNSEL

HUGHES & BENZON

DISTRICT OF COLUMBIA ADDRESS

SUITE 520

1667 K STREET, N.W.
WASHINGTON, D.C. 20006

STEVEN M. COMBOS
J. CARLTON HOWARD, JR.*
PETER S. LEYTON*
GERALD M. RITZERT*
JOHN E. RITZERT, JR.*
DAVID A. ROLL

DANA M. FALLON
EDWARD J. DUFFY*

* ALSO ADMITTED IN D.C.
* ALSO ADMITTED IN MARYLAND
* ALSO ADMITTED IN NEW YORK
* ALSO ADMITTED IN PENNSYLVANIA

pleyton@ritzert-leyton.com

May 19, 2004

DIRECT

703-934-9826

**Via Facsimile 212-264-5025
And First Class Mail**

MAY 25 2004

Mr. Christopher Curry
Federal Student Aid/Schools Channel
U.S. Department of Education
New York Case Management and Oversight Team
75 Park Place
New York, New York 10007

Re: Worldwide Educational Group, Jersey City, NJ

Dear Mr. Curry:

This letter is in response to the program review report supplied to the Associated College Group (ACG) regarding the New York Team's program review conducted at Worldwide Educational Group (Worldwide) in Jersey City, New Jersey, on May 19-23, 2003. Worldwide, as you know, closed on November 17, 2003.

Prior to that date, Worldwide taught all students out and paid all known and identified liabilities. As the same time, it kept ED informed of its plans including the anticipated closing and teach out. It also sought on numerous occasions to determine when it would receive and be able to respond to the program review. It was concerned about requirements the Department might impose and was seeking to resolve the findings including, if necessary, paying any liability while it was operational and had staff.

Notwithstanding, ED provided no meaningful response prior to the closing and the program review was not completed prior to the closing. In fact, the report that this letter addresses was not provided until nearly a year after the on-site visit and about six months after the closing.

The receipt of this report at this time, as you would expect, has created substantial difficulty for ACG/Worldwide in terms of fashioning a response. Specifically, Worldwide is completely closed and ACG does not have any staff

RITZERT & LEYTON

A PROFESSIONAL CORPORATION

Christopher Curry

May 19, 2004

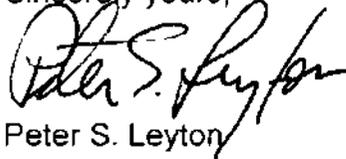
Page 2 of 2

who understand Title IV and who are capable of undertaking the requirements set forth in the program review report such as the voluminous work involved in reviewing the records of all students who were awarded Title IV funds during the 2001/02 award year. Further, the records are all in storage.

This is not to say that ACG/Worldwide is not capable of or going to respond to the report. However, in order to respond, ACG/Worldwide needs outside assistance. Accordingly, it has contracted with its accounting firm, Knutte & Associates, and the financial aid firm of FAME. Based upon the nature and scope of the issues involved and the contract entities' schedules, we believe that it will take about 120 days to complete the response.

While this may seem like a long time, I would point out that under the circumstances described above, it is really not unreasonable. Your response to this request for an extension is appreciated.

Sincerely yours,



Peter S. Leyton

PSL/

c: Helmut Adam