
Wilberforce University's Administration of the Title IV, Higher Education Act Programs

FINAL AUDIT REPORT



ED-OIG/A05G0029
March 2008

Our mission is to promote the efficiency,
effectiveness, and integrity of the
Department's programs and operations.



U.S. Department of Education
Office of Inspector General

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

Audit Services
Chicago/Kansas City/Dallas Audit Region

March 21, 2008

Dr. Floyd H. Flake
President
Wilberforce University
PO Box 1001
1055 North Bickett Road
Wilberforce, Ohio 45384

Dear Dr. Flake:

Enclosed is our final audit report, Control Number ED-OIG/A05G0029, entitled *Wilberforce University's Administration of the Title IV, Higher Education Act Programs*. This report incorporates the comments you provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on this audit:

Lawrence A. Warder
Acting Chief Operating Officer
Federal Student Aid
U. S. Department of Education
Union Center Plaza, Room 112G1
830 First Street, N. E.
Washington, D.C. 20202

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

/s/

Gary D. Whitman
Regional Inspector General for Audit

Enclosure

Our mission is promote the efficiency, effectiveness, and integrity of the Department's programs and operations.

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EXECUTIVE SUMMARY

The objectives of the audit were to determine whether Wilberforce University (University) complied with selected provisions of the Higher Education Act of 1965, as amended (HEA), and regulations governing (1) the return of Title IV, HEA program funds, (2) student eligibility, (3) disbursements, and (4) award calculations. Our audit period was the 2004-2005 and 2005-2006 award years (July 1, 2004, through June 30, 2006).

We identified significant instances of noncompliance by the University in all four of our objectives. Specifically, the University

- Did not return \$61,990 in unearned Title IV, HEA program funds;
- Did not administer the Federal Work Study (FWS) program in accordance with the HEA and regulations, resulting in payment of \$2,372,141 in wages that lacked adequate supporting documentation;
- Disbursed \$38,650 in Title IV, HEA program funds to ineligible students;
- Did not notify students when Title IV, HEA program funds were credited to their accounts;
- Did not return credit balances to students in a timely manner; and
- Did not perform FFEL exit counseling.

The University did not comply with the Title IV, HEA program requirements because it was not administratively capable. During the audit period, the University experienced significant staff turnover and lacked sufficient financial aid staff, failed to develop and implement written policies and procedures, did not maintain all records needed to demonstrate compliance with the HEA and applicable regulations, and did not ensure sufficient communication between the financial aid office and all other institutional offices at the University.

We recommend that the Acting Chief Operating Officer (COO) for Federal Student Aid (FSA) place the University on provisional certification and the reimbursement payment method. We also recommend that the Acting COO require the University to (1) return funds disbursed improperly; (2) develop and implement written policies and procedures that provide reasonable assurance that it will comply with the requirements governing the Title IV, HEA programs; and (3) ensure that its personnel are trained in the requirements of the Title IV, HEA programs. Finally, we recommend that the Acting COO take appropriate action pursuant to 34 C.F.R. Part 668, Subpart G, to fine, limit, suspend, or terminate the University's participation in the Title IV, HEA programs.

A draft of this report was provided to the University for review and comment on September 11, 2007. We received the University's comments, along with additional documentation, on October 23, 2007. In its comments, the University did not concur with any of the eight findings presented in the draft report and disagreed with all recommendations except those recommending implementation of written policies and procedures. The University's comments are summarized at the end of each finding. Based on the University's comments and our analysis of the additional documentation, we revised Finding Nos. 3 and 7, and eliminated one of the findings

disclosed in the draft report (related to annual loan limits). We did not make any other significant revisions to the findings and recommendations.

Except for information protected under the Privacy Act of 1974 (5 U.S.C. § 552a), the full text of the University's comments on the draft report is included as an Enclosure to this report. We have not included the University's attachments to its comments on the draft report because they were voluminous. Copies of the attachments are available upon request.

BACKGROUND

The University is a historically black university located in Wilberforce, Ohio. According to its catalog, in effect for the 2004-2005 award year, the University was founded in 1856 and is the oldest, private African-American university in the United States. The University offers bachelor degree programs and one master's degree program to approximately 1,200 students, 67 percent of whom are traditional students. The University is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools.

The purpose of the programs authorized by Title IV of the HEA is to provide financial assistance to students attending eligible postsecondary higher education institutions. The University participates in five Title IV, HEA programs: Federal Pell Grant (Pell), Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work Study (FWS), Federal Family Education Loan (FFEL), and Federal Perkins Loan (Perkins). Pell Grants help financially needy students meet the cost of their postsecondary education. FSEOGs provide additional assistance to undergraduate students with exceptional need to promote access to postsecondary education. The FWS program provides funds that are earned through part-time employment to assist students in financing the costs of postsecondary education. FFEL Program loans enable a student or his or her parents to pay the costs of the student's attendance at postsecondary schools. The Perkins Loan program provides low-interest loans to needy students to finance the costs of postsecondary education.

During the 2004-2005 and 2005-2006 award years, the University disbursed the following amounts of Title IV, HEA program funds to 1,030 and 979 recipients, respectively:

<u>Program</u>	<u>2004-2005</u>	<u>2005-2006</u>
Pell	\$ 2,102,623	\$ 1,881,522
FSEOG	\$ 1,045,089	\$ 1,045,089
FWS	\$ 1,171,572	\$ 1,200,569
Perkins	\$ 378,798	\$ 358,720
FFEL	<u>\$ 6,055,717</u>	<u>\$ 5,971,363</u>
Totals	\$10,753,799	\$10,457,263

AUDIT RESULTS

During the 2004-2005 and 2005-2006 award years, the University did not satisfy the administrative capability standards for participation in the Title IV, HEA programs. We identified noncompliance with selected provisions of the Title IV, HEA program requirements and regulations governing the administration of the Title IV, HEA programs in all four of our objectives: (1) the return of Title IV, HEA program funds, (2) student eligibility, (3) disbursements, and (4) award calculations. For the students included in our samples,¹ the instances of noncompliance resulted in the University's retaining approximately \$166,256 that it should not have retained.

FINDING NO. 1 – The University Did Not Satisfy the Administrative Capability Standards for Participation in the Title IV, HEA Programs

The University did not administer the Title IV programs in accordance with the HEA and regulatory requirements. Specifically, the University

1. Did not return \$61,990 in unearned Title IV, HEA program funds;
2. Did not properly administer the FWS program, resulting in payment of \$2,372,141 in wages that lacked adequate supporting documentation;
3. Disbursed \$38,650 in Title IV, HEA program funds to ineligible students;
4. Did not notify students before disbursements were made or after loan funds were credited to their accounts;
5. Did not return credit balances to students in a timely manner; and
6. Did not perform FFEL exit counseling.

The cause of the University's noncompliance was its lack of administrative capability. The University experienced significant staff turnover and lacked sufficient financial aid staff, lacked written policies and procedures, did not maintain all records needed to demonstrate compliance with the HEA and applicable regulations, and did not ensure sufficient communication between the financial aid office and all other administrative offices at the University.

Pursuant to 34 C.F.R. § 668.16²

To begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution—

(a) Administers the Title IV, HEA programs in accordance with all statutory provisions of or applicable to Title IV of the HEA [and] all applicable regulatory provisions prescribed under that statutory authority

¹ See Objectives, Scope, and Methodology section, #7, #8, #9, and #10.

² C.F.R. citations in this report are from the July 1, 2005, edition.

Given the serious weaknesses in the University's system of internal control over the Title IV, HEA programs and the seriousness of Finding Nos. 2 and 3, it is questionable whether the University meets the regulatory standards of administrative capability, established under Section 498(d) of the HEA, for participation in the Title IV, HEA programs in which it currently participates. Examples of the University's noncompliance with administrative capability requirements are provided below:

- Under 34 C.F.R. § 668.16(b)(2), an institution must use “an adequate number of qualified persons to administer the Title IV, HEA programs in which the institution participates.” At the end of the 2003-2004 award year, the University terminated its entire financial aid staff. Since then, the University's Financial Aid Office has experienced frequent turnover. The University hired its current Financial Aid Director in March 2004, and at various times during our audit period, the University's financial aid staff consisted of up to four people: one Financial Aid Director, two counselors, and one secretary. As of March 2007, the University had two full-time employees in its Financial Aid Office: the Financial Aid Director and the secretary. The University also experienced turnover in key administrative positions responsible for the oversight and supervision of the financial aid office. The University's previous Controller and Vice President of Finance³ left their positions in April 2005.
- Under 34 C.F.R. § 668.16(b)(3), an institution must communicate “to the individual designated to be responsible for administering Title IV, HEA programs, all the information received by any institutional office that bears on a student's eligibility for Title IV, HEA program assistance” During our audit, we noted a lack of communication between the Financial Aid Office, Bursar's Office, and Registrar's Office. The lack of communication had a negative effect on the Financial Aid Office's ability to provide us with records.⁴
- Under 34 C.F.R. § 668.16(b)(4), an institution must establish “written procedures for or written information indicating the responsibilities of the various offices with respect to the approval, disbursement, and delivery of Title IV, HEA program assistance and the preparation and submission of reports to the Secretary” Most of the findings presented in this audit report were due, in part, to the University's failure to establish written policies and procedures to guide its administration of the Title IV, HEA programs.
- Under 34 C.F.R. § 668.16(d), an institution must establish and maintain “records required under this part and the individual Title IV, HEA program regulations.” The University had a difficult time providing the records we requested to support its financial aid transactions for both the 2004-2005 and 2005-2006 award years. As described in Finding Nos. 2, 3, 6, and 7, the University failed to produce records that it was required to maintain.

³ The Financial Aid Director reports to the Vice President of Finance. The Controller has direct involvement in the financial aid process.

⁴ All instances where the University did not provide us with records were taken into account while performing our audit, and the monetary effects are included in our findings and recommendations.

Recommendations

We recommend the Acting COO for FSA

- 1.1 Place the University on provisional certification;
- 1.2 Place the University on the reimbursement payment method;
- 1.3 Take appropriate action under 34 C.F.R. Part 668, Subpart G, to fine, limit, suspend, or terminate the University's participation in the Title IV, HEA programs;
- 1.4 Provide technical assistance to the University in developing and implementing written policies and procedures and a system of internal control sufficient to provide reasonable assurance of compliance with Title IV, HEA program requirements; and

We also recommend that the Acting COO require the University to

- 1.5 Ensure the number of personnel is adequate to administer the Title IV, HEA programs;
- 1.6 Ensure that personnel are trained in the requirements of the Title IV, HEA programs; and
- 1.7 Contract with a consultant, acceptable to the U.S. Department of Education (Department), to perform a 100 percent file review for years 2004-2005 to the present, to ensure its compliance with requirements for the return of Title IV, HEA program funds, the administration of the FWS program, and the disbursement of Title IV, HEA program funds as described in Findings 2, 3, and 4.

University Comments

The University did not concur with the finding and four (1.1, 1.2, 1.3 and 1.8) of the eight recommendations, stating that the findings in our draft audit report were not sufficient in weight and severity to question administrative capability. The University contended that the experience of its Financial Aid Director, use of third-party servicers, system of internal controls, and record retention practices supported its administrative capability. However, the University did concur that its lack of written policies and procedures may have contributed to discontinuity in some of its administration of the Title IV, HEA programs.

OIG Response

The University did not provide documentation that would cause us to change our finding or recommendations. The University's systems of internal control and record retention were inadequate because the University did not have any written policies and procedures for administering the Title IV, HEA programs. The University did not provide such written policies and procedures with its response to the draft report. The University's system of record retention was inadequate because the University did not maintain all required records necessary to support its compliance with the HEA and applicable regulations.

Prior to and during our audit period, there was frequent staff turnover in the University's financial aid office and in key administrative positions responsible for oversight of the financial aid office. The University disbursed over \$10 million in Title IV, HEA program funds to approximately 1,000 students during each award year in our audit period, but did not consistently employ sufficient staff to administer these funds.

Instead, the University relied on the experience of a single Financial Aid Director and the part-time assistance of a third-party servicer, which were not sufficient to administer its Title IV, HEA programs adequately. During our audit, a discussion with a University official indicated that the University had hired a third-party servicer, an independent contractor, to work part-time for the 2005-2006 award year. The scope of responsibility for the third-party servicer included only verifying student enrollment and eligibility.

FINDING NO. 2 – The University Did Not Return All Unearned Title IV, HEA Program Funds

The University did not comply with the requirements in the HEA and regulations governing the return of Title IV, HEA program funds. The University did not complete return to Title IV (R2T4) calculations for every student who officially or unofficially withdrew. When it did complete R2T4 calculations, the University did not always complete them accurately, and it did not return all unearned Title IV, HEA program funds in a timely manner.

Official Withdrawals

We judgmentally selected 20 of 66 students who officially withdrew from the University during the 2004-2005 and 2005-2006 award years. Thirteen of these 20 students received Title IV, HEA program funds during the semester in which they officially withdrew. The University did not perform R2T4 calculations for 8 of the 13 students, and should have returned \$7,974 in Title IV, HEA program funds for 2 of these 8 students. The University incorrectly calculated the R2T4 amount for 1 of the remaining 5 students, and should have returned \$157 in Title IV, HEA program funds for the student.

Pursuant to 34 C.F.R. § 668.22(a)(1)

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance . . . that the student earned as of the student's withdrawal date

In cases in which it performed the R2T4 calculations and returned Title IV, HEA program funds, the University did not return the unearned funds in a timely manner. The University performed R2T4 calculations for 5 of the 13 students and determined that 4 required the return of Title IV, HEA program funds. For these 4 students, the University returned the unearned Title IV, HEA program funds from 92 to 236 days after it determined the student withdrew. Under 34 C.F.R. § 668.22(j)(1), the University was required to return the funds "as soon as possible but no later than 30 days after the date of the institution's determination that the student withdrew"

Unofficial Withdrawals

Guidance issued by the Department in Dear Colleague Letter GEN-04-03 (Revised, November 17, 2004) states, "If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must

assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period.”

For the purposes of our audit, we considered a student to be a potential unofficial withdrawal if the student earned a 0.00 grade point average (GPA) for a semester. The University provided us with lists of all students who received a 0.00 GPA for a semester. For the 2004-2005 award year, the University identified 6 students with a 0.00 GPA for a semester. We reviewed the records for all 6 students. For the 2005-2006 award year, the University identified 32 students with a 0.00 GPA for a semester. We judgmentally selected 10 students from the list and reviewed their records.

Of the 10 students in our sample for the 2005-2006 award year, 2 were not relevant to a discussion of unofficial withdrawals: 1 student withdrew officially⁵ and another did not receive Title IV, HEA program funds during the semester in which the student earned a 0.00 GPA. The results of our review of the remaining students are provided below, in Table 1.

Table 1

Award Year	Number of Students Selected / Reviewed	Number of Title IV, HEA Program Funds Recipients	Number of Students Who Never Attended Classes	Number of Students Who Started Class, but Unofficially Withdrew	Number of R2T4 Calculations Not Performed
2004-2005	6	6	2	4	4
2005-2006	8	8	6	2	2
Total	14	14	8	6	6

For the 2004-2005 award year, the University did not provide evidence showing that two of the six students began attending any of their classes. For the 2005-2006 award year, the University did not provide evidence showing that six of the eight students began attending any of their classes. All Title IV, HEA program funds disbursed to these eight students should have been returned.

Pursuant to 34 C.F.R. § 668.21

(a)(1) If a student officially withdraws, drops out, or is expelled before his or her first day of class of a payment period, all funds paid to the student for that payment period for institutional or non-institutional costs under the Federal Pell Grant, FSEOG, and Federal Perkins Loan programs are an overpayment.

(2) The institution shall return that overpayment to the respective Title IV, HEA programs in the amount that the student received from each program.

(b) For purposes of this section, the Secretary considers that a student drops out before his or her first day of class of a payment period if the institution is unable to document the student's attendance at any class during the payment period.

⁵ This student officially withdrew after the 60 percent mark of the semester, and although the student earned 100 percent of the Title IV, HEA program funds disbursed, the University did not perform the required R2T4 calculation.

For FFEL Program loans, under 34 C.F.R. § 682.604(d)

(3) If a student does not register for the period of enrollment for which the loan was made, or a registered student withdraws or is expelled prior to the first day of classes of the period of enrollment for which the loan is made, the school shall return the proceeds to the lender

(4) If the school is unable for any other reason to document that a registered student attended school during the period of enrollment for which the loan is made, the school must determine the student's withdrawal date as required under § 682.605, and by the deadline described in § 682.607(c), shall notify the lender of the student's withdrawal, expulsion, or failure to attend school, if applicable, and return to the lender—

(i) Any loan proceeds credited directly by the school to the student's account; and

(ii) The amount of payments made directly by the student to the school, to the extent that they do not exceed the amount of any loan proceeds delivered by the school to the student.

For the remaining six students in Table 1 (four from the 2004-2005 award year and two from the 2005-2006 award year), the University did not provide evidence to support the students' completion of any classes during the semester. All six students received Title IV, HEA program funds during the semester in which they unofficially withdrew from the University, but the University did not complete R2T4 calculations for any of these six students. As we noted previously, under 34 C.F.R. § 668.22(a)(1), schools are required to complete an R2T4 calculation for all Title IV recipients who withdraw during a payment period or period of enrollment.

Not All Unearned Title IV, HEA Program Funds Returned

By making disbursements to students who never attended classes, by not completing R2T4 calculations for every student who officially or unofficially withdrew, and by not completing R2T4 calculations accurately, the University failed to return \$61,990 in Title IV, HEA program funds disbursed on behalf of the students in our sample during the 2004-2005 and 2005-2006 award years. In addition, by not returning Title IV, HEA program funds in a timely manner, the University forced students to incur unnecessary interest costs, and students' grace periods⁶ could have been unnecessarily extended, resulting in the Department's incurring unnecessary interest and special allowance costs.

Compliance Thresholds for Timely Return of Title IV, HEA Funds

According to 34 C.F.R. § 668.22(j)(1), "An institution must return the amount of title IV funds for which it is responsible . . . no later than 30 days after the date of the institution's determination that the student withdrew" Pursuant to 34 C.F.R. § 668.173(b)(1), "an institution returns unearned title IV, HEA funds timely if . . . [t]he institution deposits or

⁶ Students do not begin repayment of their Stafford loans until six months after they cease to be enrolled on at least a half-time basis.

transfers the funds into the bank account it maintains under §668.163 no later than 30 days after the date it determines that the student withdrew”

To be compliant with refund reserve standards provided in 34 C.F.R § 668.173(a)(3), the University must return funds in a timely manner. Under 34 C.F.R. § 668.173(c)

An institution does not comply with the reserve standard under §668.173(a)(3) if, in a compliance audit conducted . . . by the Office of the Inspector General . . . the auditor or reviewer finds . . . [i]n the sample of student records audited or reviewed that the institution did not return unearned title IV, HEA program funds with the timeframes described in paragraph (b) of this section for 5% or more of the students in the sample.

If an institution does not meet this compliance threshold for either of its two most recently completed fiscal years, it must submit an irrevocable letter of credit to the Department as described in 34 C.F.R. § 668.173(d). Because the University exceeded the 30-day limit for all students in our samples for whom a return of unearned Title IV, HEA program funds was due during the 2005-2006 award year, the University most likely exceeded the compliance threshold for its corresponding fiscal year.

Lack of Written Policies and Procedures

The University did not comply with withdrawal and R2T4 requirements because, in addition to its lack of administrative capabilities, it did not develop and disseminate written policies and procedures explaining

- Procedures students need to follow to officially withdraw from the University,
- Identification of students who unofficially withdraw from the University,
- Deadlines for the return of Title IV, HEA program funds,
- How and when the R2T4 calculation is performed, and
- How a student’s last date of attendance will be determined.

Also, the University did not have procedures in place to ensure that it made all the required refund information available to enrolled and prospective students. Under 34 C.F.R. § 668.43(a), the University is required to make the following information available upon request to enrolled and prospective students:

(2) Any refund policy with which the institution is required to comply for the return of unearned tuition and fees or other refundable portions of costs paid to the institution;

(3) The requirements and procedures for officially withdrawing from the institution;

(4) A summary of the requirements under § 668.22 for the return of title IV grant or loan assistance

Recommendations

We recommend the Acting COO for FSA require the University to

- 2.1 Return \$61,990 to the Department or lenders, as appropriate, the amount of Title IV, HEA program funds retained for students in our sample who withdrew during the 2004-2005 and 2005-2006 award years;
- 2.2 Review records for students who unofficially withdrew from the University during the 2005-2006⁷ and 2006-2007 award years, calculate the amount of Title IV, HEA program funds the University retained but should have returned to the Title IV, HEA programs, and return those amounts to the Department and lenders, as appropriate;
- 2.3 Review records for students who officially withdrew from the University during the 2004-2005 and 2005-2006 award years,⁸ calculate the amount of Title IV, HEA program funds the University retained but should have returned to the Title IV, HEA programs, and return those funds to the Department and lenders, as appropriate;
- 2.4 Provide evidence of implemented written policies and procedures for (a) performing timely R2T4 calculations for all students who officially and unofficially withdraw from the University; (b) ensuring the appropriate amount of Title IV, HEA program funds are returned for all students who officially and unofficially withdraw; and (c) providing enrolled and prospective students the information required under 34 C.F.R. § 668.43(a);
- 2.5 Provide evidence, including a thorough description of the content, of the training on R2T4 provided to financial aid, registrar, and bursar staff; and
- 2.6 Submit a letter of credit, as required under 34 C.F.R. § 668.173(d), or provide documentation showing that, for each of the two most recent fiscal years, it returned unearned Title IV, HEA program funds within the timeframes described in 34 C.F.R. § 668.173(b) for more than 95 percent of its students eligible for such a return of funds.

We also recommend the Acting COO

- 2.7 Consider fine proceedings under 34 C.F.R. § 668.84 for the University's failure to return Title IV, HEA program funds for students who withdrew.

University Comments

The University acknowledged that R2T4 calculations were not always completed within prescribed timeframes and that it did not have procedures in place to ensure that it made all the required refund information available to enrolled and prospective students. The University stated that it has implemented enhanced policies and procedures and controls in response to a separate but overlapping audit pertaining to R2T4.

For official withdrawals, the University disagreed with our R2T4 calculations for the two of eight students in our sample, which resulted in \$7,974 in Title IV, HEA funds not being returned. For both students, the University claimed that the OIG failed to take into account that the students were enrolled in sequential modules and had completed one or more modules before ceasing attendance. The University stated that, under the Department's guidance, these students

⁷ Only those students whose records we did not review as part of this audit.

⁸ Only those students whose records we did not review as part of this audit.

are not considered to have withdrawn from the institution and the institution does not need to perform an R2T4 calculation. Further, for one period of enrollment, one of these two students should have been considered an unofficial withdrawal and should have been subject to the University's unofficial withdrawal policy. The University stated that it performed a R2T4 calculation for this student and returned the appropriate unearned Title IV funds.

The University also did not agree that the students we identified as unofficial withdrawals had withdrawn from the University. The University stated that it used mid-term grade reports as a mechanism to determine if enrolled students should be classified as unofficial withdrawals. If instructors indicated on the mid-term grade reports that a student had no academically-related activity or that the student did not receive a passing grade, the University determined that the student unofficially withdrew and initiated action to perform an R2T4 calculation and return unearned Title IV, HEA funds. The University's official grading policy enabled instructors to differentiate between students who failed to complete a course and those who completed but "earned" a failing grade. The University contended that the students with a 0.00 GPA identified in our finding simply failed to earn any passing grades during that semester.

The University provided alternative actions that it would like to take instead of being required to implement our recommendations 2.1 through 2.6. For recommendations 2.1, 2.2, 2.3, 2.4, 2.5, and 2.6, respectively, the University proposed to (1) provide documentation of R2T4 returns; (2) review records for students who potentially unofficially withdrew; (3) provide an attestation statement of the accuracy and completeness of comprehensive reviews of records for students who officially withdrew; (4) submit implemented policies and procedures for R2T4 calculations, and provide enrolled and prospective students with required information; (5) provide evidence of R2T4 training;⁹ and (6) provide documentation showing the University returned unearned Title IV, HEA program funds within the timeframes for the two most recent fiscal years, respectively.

Finally, the University disagreed with recommendation 2.7, stating that "...any administrative action to fine, limit, suspend, or terminate the University's participation in the Title IV, HEA programs would be more punitive than warranted and result in the cessation of operation for the institution."

OIG Response

The University did not provide any documentation that caused us to change our finding or significantly amend our recommendations. We did modify recommendation 2.4, requiring the University to provide written policies and procedures (instead of "develop and implement" policies and procedures), and 2.5, to acknowledge that the University asserts that it provided R2T4 training to staff. The University's comments included training certificates, but the certificates did not identify the content of the training and were not sufficient to verify that it included R2T4 training.

For official withdrawals, we used the appropriate methodology to calculate R2T4 for both students. The guidance on modular courses that the University cited is in Dear Colleague Letter GEN-00-24 (Return of Title IV Aid—Volume #1). Under this guidance, if a student withdraws

⁹ The University stated that, on June 14, 2007, it provided the Department's training on R2T4 to the University's financial aid, registrar, and bursar staff.

from a standard term-based program comprised of a series of modules after completing at least one course in one module, the student is not considered to have withdrawn and the R2T4 calculation does not apply. This guidance is not applicable to the withdrawals at the University though, because the University's program does not use standard terms and does not meet the criteria in paragraph A.4. of the Dear Colleague Letter. Therefore, we did not change recommendation 2.1.

As to the University's statement that it performed an R2T4 calculation and returned funds for the student who should have been considered an unofficial withdrawal, the documentation provided with the University's comments did not support that it had performed the calculation or that the unearned Title IV, HEA funds were returned to the lender. For unofficial withdrawals, the University stated that it used mid-term grade reports for all students to determine students' enrollment statuses. However, the University's mid-term grade reports do not prove that a student completed a payment period, do not demonstrate that the students participated in any academically-related activity, and do not support that the student even started class. We reviewed the mid-term grade reports for each student we selected for review. For students receiving failing grades, neither the mid-term grade reports nor the students' official grades distinguished between students who earned a failing grade and those who received a failing grade because they did not attend any classes. Many of the mid-term grade reports we reviewed included statements from the students' instructors that the students had not attended any classes, directly contradicting the University's assertion that those students had earned failing grades. Because the University could not support that the identified students earned their failing grades, the University must assume the students unofficially withdrew, perform R2T4 calculations, and return any unearned Title IV, HEA program funds. Therefore, we did not change recommendation 2.2.

As an alternative to recommendation 2.3, the University proposed to provide an attestation statement asserting that a comprehensive review of records for officially withdrawn students was performed in response to the Department's Final Determination Letters for the 2004-2005 and 2005-2006 award years (ACN: 05-2004-62398, issued September 18, 2006; ACN: 05-2005-62501, issued September 21, 2006). An attestation statement would not be sufficient evidence that the University handled R2T4 recalculations in compliance with the regulations. The results of our work demonstrate that the University did not completely and accurately review its records for officially withdrawn students as required by the final determination letters for the two prior audits. Therefore, we did not change recommendation 2.3.

The University agreed with recommendation 2.6 with the exception of submitting a letter of credit. Federal funds are still at risk because the University did not complete R2T4 calculations and/or return Title IV, HEA program funds in accordance with federal requirements. As a result, our recommendation 2.6 that the University submit a letter of credit remains.

Although the University disagreed with recommendation 2.7, we did not change our recommendation due to the results of our testing and the Department's findings on the return of Title IV, HEA program funds. In the Department's final determination letters, the Department took action against the University for failure to return Title IV, HEA program funds for students who withdrew.

FINDING NO. 3 – The University Did Not Administer the FWS Program in Compliance with the HEA and Regulations

During the 2004-2005 and 2005-2006 award years, the University did not (1) maintain records to support all FWS payments, (2) ensure FWS participants did not work FWS jobs when the work conflicted with their scheduled classes, (3) demonstrate that it paid FWS wages to students, (4) pay FWS students at least once a month for work completed, and (5) provide FWS job descriptions sufficient to demonstrate that all FWS positions were allowable under the FWS regulations.

We randomly selected 40 of the 1,275 students who were awarded FWS and to whom the University paid FWS wages totaling \$2,372,141 during the 2004-2005 and 2005-2006 award years. The 40 students in our sample received \$65,616 of the total FWS wages the University paid during the 2 award years (See **Table 2**).

Table 2

Award Year	Title IV, HEA Universe Amount	Title IV, HEA Universe Participants	FWS Universe Amount	FWS Universe Participants	FWS Sample Amount	FWS Sample Participants
2004-2005	\$10,753,799	1,030	\$1,171,572	584	\$36,963	20
2005-2006	\$10,457,263	979	\$1,200,569	691	\$28,653	20
Total	\$21,211,062	2,009	\$2,372,141	1,275	\$65,616	40

The University requires FWS participants to submit biweekly timesheets to receive earned FWS wages. However, the time and effort documentation the University provided us for the 40 students we selected for our sample did not demonstrate that all FWS payments the University made were allowable. Based on our review of the University’s records for the 40 students in our sample, the University did not

- *Maintain records to support all FWS payments.* An institution participating in the FWS program is required to comply with general record retention requirements in 34 C.F.R. § 668.24. Under 34 C.F.R. § 675.19(b)(2), such an institution must also

establish and maintain program fiscal records that . . . [i]nclude a certification by the student’s supervisor, an official of the institution or off-campus agency, that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day

The 40 students in our sample submitted 396 timesheets. Forty-eight (12.1 percent) were (a) signed by the supervisor on the same day for different pay periods for the same student (the University did not comply with its internal policy, which requires all timesheets to be submitted within 2 days after the last day of the pay period), (b) missing dates and/or hours worked, and/or (c) duplicates (some students had more than one timesheet for the same pay period—each timesheet was filled out differently, but the duplicates did not show a

difference in the total number of hours worked during the pay period—and the University could not explain the reason for the duplicate timesheets).

- *Ensure FWS participants did not work FWS jobs when the work conflicted with their scheduled classes.* Pursuant to 34 C.F.R. § 675.8(d), institutions participating in the FWS program agree to “[a]ward FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient’s educational program or career goals” Of the 40 students in our sample, 23 students submitted 139 timesheets that showed that they had worked FWS jobs during the hours of their scheduled classes. This scheduling practice conflicts with, rather than reinforces, the students’ educational programs.
- *Demonstrate that it paid all FWS wages to students.* According to 34 C.F.R. § 668.24(a)(6), an institution is required to establish and maintain “program records that document . . . [i]ts disbursement and delivery of title IV, HEA program funds.” Under 34 C.F.R. § 675.19(b)(2)(ii), an institution participating in the FWS program must “maintain program fiscal records that . . . [i]nclude a payroll voucher containing sufficient information to support all payroll disbursements” For the 40 students in our sample, we identified two unsupported payments: the University’s documentation for one payment was missing a timesheet and for another payment the University’s payroll register could not be located. Also, five FWS checks for other students were not endorsed by those students.
- *Pay FWS students at least once a month for work completed.* Under 34 C.F.R. § 675.16(a)(1), “An institution must pay a student FWS compensation at least once a month.” For 7 of the 40 students in our sample, payments ranged from 40 to 94 days after the work was completed.
- *Provide FWS job descriptions sufficient to demonstrate that all FWS positions were allowable under the FWS regulations.* Without adequate job descriptions for positions paid with FWS funds, an institution cannot determine whether a student’s employment complements and reinforces his or her educational program or career goals. Schools are required to make this determination, to the maximum extent possible, under their FWS participation agreement (34 C.F.R. § 675.8(d)). Also, without adequate job descriptions, an institution cannot ensure that its FWS positions are allowable under other requirements in the HEA and regulations. For example, 34 C.F.R. § 675.20(c)(1)(i) states, “Regardless of the student’s employer, the student’s work must be governed by employment conditions, including pay, that are appropriate and reasonable in terms of . . . [t]ype of work” An institution cannot make this determination without an adequate job description. Without adequate job descriptions, we could not determine if the jobs assigned to any of the 40 students in our sample were allowable under the FWS regulations. Although the University provided us with job descriptions for three different FWS job positions for the 2004-2005 award year, we could not determine each individual student’s job position. In some instances, FWS timesheets listed the department employing the student, but we were unable to trace the information to the FWS job descriptions. The University did not provide us with any job descriptions for the 2005-2006 award year.

Inadequate System of Internal Control

In addition to its lack of administrative capabilities, the University lacks a system of internal control sufficient to administer the FWS program in compliance with the HEA and Departmental regulations. The University has not developed, implemented, or followed written policies and procedures. When asked for written policies and procedures for administering the FWS program, we were told there were none. Based on our review of the University's FWS records, it was not clear that those supervising FWS workers were familiar with the FWS requirements.

Summary of Improper Payments

The students in our sample of 40 FWS recipients submitted 396 timesheets for payment during the 2004-2005 and 2005-2006 award years. Of the 396 payments that the University recorded in its records, 192 were not proper: time and effort documentation was inadequate, students recorded hours worked on timesheets during times they should have been in class, and timesheets or canceled checks demonstrating payment were not provided. The 192 payments totaled \$15,763.

Absent adequate job descriptions, the University cannot support the validity of any of the \$65,616 in FWS wages paid to the students in our sample and cannot support that any of the FWS students worked allowable FWS positions. As a result, the Department has no assurances that the University did not pay unsupported FWS wages totaling \$1,171,572 for the 2004-2005 award year, and paid unsupported FWS wages totaling \$1,200,569 for the 2005-2006 award year. Given the severity and pervasiveness of the instances of noncompliance described above, the Department has no assurances that the University can support the validity of its FWS program as a whole.

Recommendations

We recommend the Acting COO for FSA require the University to

- 3.1 Provide adequate support for or return to the Department \$2,372,141 for unsupported wages paid during the 2004-2005 award year (\$1,171,572) and the 2005-2006 award year (\$1,200,569);
- 3.2 Return \$15,763 to the Department, the amount of unallowable payments of FWS program funds to the students in our sample (this amount is also included in the amount requested in Recommendation 3.1);
- 3.3 Develop and implement written policies and procedures for (a) maintaining adequate time and effort documentation, (b) maintaining documentation supporting FWS payments, (c) ensuring FWS participants are not assigned FWS job positions that conflict with scheduled classes, and (d) maintaining authorizations to credit FWS earnings to students' accounts;
- 3.4 Develop FWS job descriptions, ensuring that each description includes the (a) name and address of the student's employer, (b) purpose of the student's job, (c) student's duties and responsibilities, (d) job qualifications, (e) job's wage rate or range, (f) length of the student's employment (beginning and ending dates), and (g) name of the student's supervisor; and

- 3.5 Provide training to those responsible for administering the FWS program and supervising the work of FWS recipients.

University Comments

The University agreed that it failed to maintain records to support all FWS payments, stating that the manual timesheets caused deficiencies in recordkeeping. It has since implemented an automated payroll system. The University did not concur that it failed to

- Ensure participants' FWS work did not conflict with their scheduled classes. FWS work hours conflicted with scheduled classes because the FWS participants and their supervisors modified the work schedules, for student availability. To the maximum extent practicable, the University trained and consulted with FWS students and their supervisors to avoid conflicts between work and class schedules.
- Demonstrate that it paid FWS wages to students. The University submitted copies of supporting documents to the OIG auditors on May 9, 2007, but they were not considered when preparing the draft audit report. Therefore, the University submitted, in response to the draft audit report, original documentation, such as timesheets, canceled checks, and payroll registers to address deficiencies noted in our report.
- Pay students at least once a month for work completed. Students are paid on a biweekly basis, and the OIG auditors failed to take into account the dates that the timesheets were submitted for payment. The timesheets were not submitted to the financial aid office in time for it to pay students timely. However, the timesheets were processed so that students were paid within 30 days of their receipt.
- Provide job descriptions sufficient to demonstrate that all positions were allowable under the FWS regulations. The University provided a step-by-step explanation of the process it followed to ensure FWS positions were allowable. The draft report did not "provide a relevant correlation between the regulatory criteria and unallowable FWS positions." The University disagreed with our report's monetary recommendations (3.1 and 3.2) but agreed with the other recommendations.

OIG Response

The University provided additional documentation that was sufficient to support seven of the nine unsupported payments and one of six unendorsed checks reported in the draft audit report. However, other documentation provided by the University was not sufficient, and we have not otherwise changed our finding and related recommendations.

- All of the supervisors for FWS work are University employees. The University was able to, and should have, instructed the supervisors not to schedule FWS students for work at the same time as their scheduled classes.
- The copies that the University provided to us during our audit were not always legible. The University's comments included scanned images of canceled checks and original payroll registers and timesheets to demonstrate that it paid wages to FWS participants. This additional documentation did not include a timesheet or payroll register to support 2 payments made to students. The canceled checks that the University provided as support

for 5 payments to students were not adequate, because the checks had not been endorsed by the students.

- As stated in 34 C.F.R. § 675.16(a)(1), FWS payments must be made within 30 days after work is completed, not 30 days within the receipt of a timesheet or end of the pay period. The University was responsible for ensuring that students and supervisors submitted the timesheets on a timely basis and that FWS payments were made available to FWS participants within 30 days of completing work.
- The University provided three types of documentation to support its claim that FWS jobs at the University are allowable:
 - *Federal Work Study Student Employee Request Form.* The form was specific for use during the University's Spring 2007 term, which was not within our audit period. We could not determine whether a similar form was used during our audit period.
 - *FWS job list.* The list described FWS positions by department, majors recruited, and the number of positions available. However, the job list did not state, and we were unable to determine, whether the list was used during our audit period. Further, the job list only provided descriptions for clerical jobs, and did not describe labor jobs at the various departments. While the job list differentiates between work locations (for example, multiple library locations), the FWS timesheets did not identify the specific locations where the students actually worked. Therefore we could not determine which location's description applied to a student's work.
 - *Job position spreadsheet.* The spreadsheet identified the type of FWS position (labor, clerical, or security) and identified the department. However, the position descriptions were not student-specific, and the spreadsheet could not be used to determine what position each student actually worked. For example, if a student worked for the Campus Police department, we were unable to determine which of the multiple positions the student was working in. Because security positions had a different pay rate than labor and clerical positions, the University was required to identify the student's specific position. Also, because the spreadsheet does not identify the source of its information, we were unable to determine the reliability of the information.

FINDING NO. 4 – The University Disbursed Title IV, HEA Program Funds to Ineligible Students

The University did not ensure all students maintained satisfactory academic progress (SAP). We reviewed the records of 68 randomly selected students from a universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. Three of the 68 students did not maintain SAP.

Pursuant to 34 C.F.R. § 668.32(f)

A student is eligible to receive title IV, HEA program assistance if the student . . .
[m]aintains satisfactory progress in his or her course of study according to the
institution's published standards of satisfactory progress

The University’s SAP policy in effect during our audit period stated that, among other requirements, a student must be making SAP towards the completion of his or her degree by meeting the following standards.

Credit Hours Attempted including Repeats, W’s and F’s	Minimum Cumulative Grade Point Average (GPA)	Required Completion Rate for All Credit Hours Attempted
0-29	1.50	50% (1/2)
30-60	1.75	67% (2/3)
61 or more	2.00	75% (3/4)

The policy further states that a student who receives federal assistance but fails to maintain SAP during a semester will receive a warning letter. If at the end of the next semester of attendance the student fails to maintain SAP, a final letter will be mailed, resulting in the termination of federal aid. A student is ineligible for financial aid if (a) the minimum standards of academic progress are not met, (b) the student exceeded the maximum timeframe allowed, or (c) the student has been dismissed or suspended from the University.

The University did not establish procedures to ensure that its employees followed its policy. Although the three students in our sample were placed, appropriately, on academic probation, they remained on probation status for more than the number of semesters allowed by the University’s policy. Instead of terminating the three students from the Title IV, HEA programs, the University disbursed an additional \$38,650 to them.

Recommendations

We recommend the Acting COO for FSA require the University to

- 4.1 Return \$38,650 to the Department or lenders, as appropriate;
- 4.2 Review the eligibility of its students who were placed on academic probation under its SAP policy from the 2004-2005¹⁰ award year to the present, determine the amount of Title IV funds disbursed to students after they became ineligible, and return any additional funds disbursed to ineligible students; and
- 4.3 Provide training on the University’s SAP policy and procedures to staff responsible for determining whether students are maintaining SAP.

University Comments

The University did not concur with the finding, did not concur with recommendations 4.1 and 4.2, and provided an alternative to recommendation 4.3. Two of the three students (Student A and Student B) identified in the finding had a cumulative completion rate of over 67 percent and were eligible to receive Title IV, HEA program funds. The University claimed that it was not aware of a third student until it received the draft report. The University stated that the OIG auditors did not understand the University’s “policies governing a student’s academic standing with the University vs. monitoring of continued eligibility for SFA purposes, and the applicable SAP policy.”

¹⁰ Only those students whose records we did not review as part of this audit.

OIG Response

The University did not provide documentation that would cause us to change our finding or recommendations.

The University's statement that we did not understand its SAP policy is incorrect. We initially used the University's published SAP policy for the time of our review to test each student's eligibility. However, when the University informed us that there was an error in this published SAP policy, and that a corrected version had been implemented, we re-reviewed the academic progress of all 68 students using the revised SAP policy.

We informed the University about all 3 of the students we identified as ineligible to receive Title IV, HEA program funds when we discussed the results of our audit with University officials on March 28, 2007. The 3 students failed to maintain SAP under the University's revised SAP policy: the first student (Student A) completed less than an average of at least 10 credits per semester, per academic year; the second (Student B) did not have a cumulative completion rate of 67 percent; and the third did not maintain at least a 2.00 cumulative GPA after attempting 61 or more credit hours.

FINDING NO. 5 – The University Did Not Provide Required Notifications for Awards and Disbursements of Title IV, HEA Program Funds

The University did not provide required notifications of awards or disbursements. We reviewed the records for 68 randomly selected students from the universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. The University could not provide evidence that it notified 39 of the 68 students of their Title IV, HEA program awards or that it notified any of the 68 students before it posted Title IV, HEA program disbursements to their accounts. According to 34 C.F.R. § 668.165(a)(1)

Before an institution disburses title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan or FFEL Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans.

Of the 68 students in our sample, 62 received FFEL and/or Perkins program loan funds. The University receives FFEL funds via electronic transfer from lenders. The University did not notify any of the 62 students when it credited the loan funds to the students' accounts. According to 34 C.F.R. § 668.165(a)

(2) If an institution credits a student's account at the institution with Direct Loan, FFEL, or Federal Perkins Loan Program funds, the institution must notify the student, or parent of—

- (i) The date and amount of the disbursement;
- (ii) The student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of

that loan. However, the institution does not have to provide this information with regard to FFEL Program funds unless the institution received the loan funds from a lender through an EFT payment or master check; and

(iii) The procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement.

(3) The institution must send the notice described in paragraph (a)(2) of this section in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution.

The University did not provide the required notifications because its procedures were inadequate. The University provided students with web-based access to their student accounts and considered such access to satisfy the requirements of 34 C.F.R. § 668.165(a). Although the students' accounts reflected when disbursements were made, the students were not notified directly before or after the disbursements were made.

The University is responsible for notifying each student or parent of his or her award and when disbursements are made. Allowing students access to on-line accounts does not meet the notification requirements in the regulations and does not provide the protections to students and parents intended by the regulations.

Recommendation

We recommend the Acting COO for FSA require the University to

- 5.1 Develop and implement written policies and procedures to ensure that it provides timely notification to students of Title IV, HEA program awards and disbursements, in compliance with 34 C.F.R. § 668.165(a).

University Comments

The University did not concur with the finding and requested that the finding and recommendation be removed from the final audit report. The University has implemented enhanced policies and procedures to address the noted deficiencies, and concurs with the OIG's recommendation that it submit written policies and procedures for its participation in the Title IV, HEA programs in response to the final audit. However, the University asserted that 34 C.F.R. § 668.24 does not require it to maintain award notification documents.

The University meets the notification requirements in 34 C.F.R. § 668.165(a)(1) by sending award notifications to students. When the University packages Title IV, HEA program awards for eligible students, an award letter is generated and sent to students. Copies of the students' written award letters are maintained in the financial aid office, not in individual student files. Since the University is not required to maintain award notification documents, the presence of 29 of 68 award notifications was adequate to substantiate its compliance with 34 C.F.R. § 668.165(a)(1).

The University contends that it satisfies the requirements in 34 C.F.R. § 668.165(a)(2) and (3), to provide notification when loan funds are credited to students' accounts, when it sends statements of account (billing statements). The billing statements provide secondary notification of the

funds awarded, the amounts a student or parent can expect to receive, and the date and amount of FFEL funds that were credited to the student's account. However, the University conceded that the billing statements do not notify borrowers of their right to cancel all or a portion of the loan nor of the procedures and deadlines to make such a cancellation. This information was provided to individual borrowers via the University's loan servicer at the time the loan funds were disbursed. Effective July 1, 2007, the University remedied the disclosure deficiencies. The University asserted that the availability of on-line access to student accounts was not intended to demonstrate its compliance with the notification requirements.

OIG Response

The University did not provide documentation that would cause us to change our finding or recommendations. The University's understanding of the record retention requirements is not correct. According to 34 C.F.R. § 668.24(a)(3), institutions are required to maintain records that document their administration of the Title IV, HEA programs in accordance with all applicable requirements. Evidence of compliance with notification requirements for 29 of 68 students is not adequate. The University was required to maintain evidence for all students participating in its Title IV, HEA programs.

While the record retention requirements do not mandate that documentation must be in a hardcopy format, 34 C.F.R. § 668.24(d)(3)(i) states that such records ". . . must be retrievable in a coherent hard copy format or in other media formats acceptable to the Secretary." The University's Banner system did not always maintain evidence that it sent award notifications to students. Though the University claimed that award notifications were also maintained in its Financial Aid Office, it did not provide the missing notifications to us to support its claim. By not maintaining or providing evidence of notifications, the University cannot demonstrate that it complied with the requirements.

Because the University's billing statements did not provide information to borrowers about their rights when loan funds are credited to their accounts, they were not adequate notifications. The billing statements did not give borrowers the information they need to cancel unwanted loan disbursements. Also, the University's procedures did not ensure that its billing statements were sent to borrowers within 30 days before or after the date that loan funds were credited to their accounts. Without timely notifications, additional charges may have been incurred by borrowers, lenders, or the Department. The University's comments did not provide documentation to support its claim that it has already remedied the deficiencies in these notifications.

Though the University's comments indicated that the availability of on-line access to student accounts was not intended to demonstrate its compliance with notification requirements, during our audit we were informed by the University's Bursar that the University intended to use the on-line accounts as a method for compliance.

FINDING NO. 6 – The University Did Not Pay Credit Balances in a Timely Manner

The University did not pay credit balances directly to students or parents by the 14th day after the balance occurred and did not obtain written authorizations from the students or parents allowing the University to hold the credit balances. We randomly selected 68 of the 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. At various times during the award years, 60 of the 68 students had a credit balance in their account. The University did not pay the credit balances to 3 of the 60 students within the applicable 14-day requirement. One of the three students had 2 credit balances paid late during our review. The payments ranged from 15 to 60 days after the credit balances occurred.

Pursuant to 34 C.F.R. § 668.164(e)

Whenever an institution disburses title IV, HEA program funds by crediting a student's account and the total amount of all title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but—

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

According to 34 C.F.R. § 668.165(b)(1)

If an institution obtains written authorization from a student or parent, as applicable, the institution may—

- (i) Disburse title IV, HEA program funds to a bank account designated by the student or parent;
- (ii) Use the student's or parent's title IV, HEA program funds to pay for charges described in § 668.164(d)(2) that are included in that authorization; and
- (iii) Except if prohibited by the Secretary under the reimbursement method, hold on behalf of the student or parent any title IV, HEA program funds that would otherwise be paid directly to the student or parent under § 668.164(e).

The University did not return credit balances in a timely manner because it does not have written policies and procedures to provide reasonable assurance that it either returns credit balances within 14 days of the occurrence or obtains the student's authorization to hold the credit balance on behalf of the student.

Recommendation

We recommend the Acting COO for FSA require the University to

- 6.1 Develop and implement written policies and procedures to provide reasonable assurance that it pays credit balances within the applicable 14-day requirement or it obtain and maintains voluntary authorizations from students, or their parents, to hold excess funds.

University Comments

The University did not concur with the finding but agreed with the recommendation. It asserted that only 3 of the 16 students we identified in our draft report were not paid timely. Other credit balances resulted from institutional or state aid, not disbursements of Title IV, HEA program funds (and were not subject to the deadline); from our not considering days when the school was closed for a holiday break; or from other errors in our calculations of credit balances. The University provided documentation it believed would support its position and requested that the finding be removed because 3 instances of non-compliance from a sample of 60 do not warrant a finding of materiality.

OIG Response

We have revised our finding and recommendation. Our draft report identified 16 students with 18 total instances of credit balances not paid timely. We reviewed the billing statements the University provided for the 13 identified student exceptions (14 instances) with which it disagreed. We agree with the University that 13 of these 14 instances were credit balances resulting from institutional or state aid. However, in the remaining instance, the student was disbursed Title IV, HEA program funds and the credit balance was not paid for 16 days.

We have not removed this finding from our report. The exceptions represent 5 percent of our sample (3 of 60), or 4 different credit balances in total, for which credit balances were not paid within the 14-day requirement.

FINDING NO. 7 – The University Did Not Perform FFEL Exit Counseling

The University did not perform exit counseling for all FFEL recipients who ceased at least half-time study at the school. We randomly selected 68 of the 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. Sixty-two of the 68 received FFEL funds. Thirty-nine of the 62 students were no longer attending the University, but the University could not provide evidence of FFEL exit counseling for 36 of the 39.

Pursuant to 34 C.F.R. § 682.604(g)(1)

A school must ensure that exit counseling is conducted with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that this counseling is conducted shortly before the student borrower ceases at least half-time study at the school If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must ensure that exit counseling is provided through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address within 30 days after learning that the student borrower has withdrawn from school or failed to complete the exit counseling as required.

It is the responsibility of the University to ensure recipients are aware of their rights and responsibilities when they participate in the Title IV, HEA programs. The University failed to fulfill this responsibility because it has not developed and implemented policies and procedures that provide reasonable assurance that all students who receive FFEL funds and cease attending at least half-time study at the University are provided FFEL exit counseling.

Recommendation

We recommend the Acting COO for FSA require the University to

- 7.1 Develop and implement written policies and procedures to provide reasonable assurance that FFEL exit counseling is performed and documented for all FFEL recipients who cease attending at least half-time study at the University.

University Comments

The University concurred with our recommendation but did not concur with our finding. The University asserted that the record retention requirements in 34 C.F.R. § 668.24 do not require it to maintain exit loan counseling confirmation in each student's file. The conflict of this rule with the requirements in 34 C.F.R. § 682.604(g)(1), for providing exit loan counseling to borrowers, impedes the University's ability to substantiate its compliance. The University does not maintain exit loan documents in individual students' files, but it provided the auditors with evidence of its methods for exit counseling, the exit loan counseling materials, and the "confirmation of exit loan counseling performed by audiovisual presentation and by interactive electronic means." This is adequate to show the University's compliance with the requirements.

OIG Response

The University did not provide documentation that would cause us to change our finding or recommendation. There is no conflict in the regulatory requirements: 34 C.F.R. § 668.24(a)(3) requires schools to maintain documentation of their administration of Title IV, HEA programs in accordance with all applicable requirements, 34 C.F.R. § 668.24(c)(1)(v) requires schools to maintain any information collected at exit loan counseling, and 34 C.F.R. § 682.604(g)(4) requires schools to "maintain documentation substantiating the school's compliance with this section [exit counseling] for each student borrower." The records maintained by the University are not adequate to support that each individual borrower received the required exit counseling.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether the University complied with selected provisions of the HEA and regulations governing (1) the return of Title IV, HEA program funds, (2) student eligibility, (3) disbursements, and (4) award calculations. Our audit period was the 2004-2005 (July 1, 2004, through June 30, 2005) and 2005-2006 (July 1, 2005, through June 30, 2006) award years.

We originally planned to audit cash management in addition to our other objectives. However, for the years ended June 30, 2004 and 2005, the Independent Public Accountant reported that the University maintained excess FSEOG and Pell Grant funds. During our audit, FSA made a final determination on this finding. Accounting records and bank accounts through the month ended June 30, 2006, were reviewed. FSA imputed interest to the excess cash balances and assessed a liability. Therefore, we did not audit cash management.

To achieve our audit objectives, we performed the following procedures:

1. Reviewed selected provisions of the HEA, regulations, and FSA guidance applicable to the audit objectives;
2. Identified the amount of Title IV, HEA program funds the University received on behalf of its students during the 2004-2005 (\$10,753,799) and 2005-2006 (\$10,457,263) award years;
3. Reviewed the University's web site, catalog, prior audit reports, and organizational charts to gain an understanding of the University's history and organization;
4. Reviewed the University's written policies and procedures and interviewed University officials to gain an understanding of the internal control system applicable to the administration of its Title IV, HEA programs;
5. Reviewed the University's OMB Circular A-133 audit reports for the years ending June 30, 2004 and 2005, prepared by its Independent Public Accountant;
6. Reviewed reports prepared by FSA, the Higher Learning Commission, and the Ohio Board of Regents;
7. Reviewed the academic and financial aid records for a sample of 68 students randomly selected from the 2,009 students¹¹ who received Title IV, HEA program funds, to determine if students met the general eligibility requirements for the 2004-2005 and 2005-2006 award year,¹² and to determine if the University correctly awarded and disbursed Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years;

¹¹ For Pell, FSEOG, FFEL, and Perkins, we obtained the universe of recipients from the Department's National Student Loan Data System and used statistical software to generate a random sample for both the 2004-2005 and 2005-2006 award years. The 68 students in our sample were awarded \$722,754 in Title IV, HEA program funds from the \$21,211,062 in Title IV, HEA program funds awarded to the 2,009 students.

¹² We selected a sample of 20 students from the 2005-2006 award year and found that one student was not awarded Title IV, HEA program funds for the 2005-2006 award year. However this student was disbursed FFEL funds for the previous award year (2004-2005) in the 2005-2006 award year.

8. Reviewed the financial aid records, timesheets, canceled checks, check registers, and job descriptions for a sample of 40 students¹³ randomly selected from the 1,275 students awarded FWS for the 2004-2005 and 2005-2006 award years;¹⁴
9. Reviewed the financial aid and academic records, withdrawal forms, and R2T4 calculations for a sample of 20 students judgmentally selected from the 66 students who, according to a listing the University provided, officially withdrew from the University during the 2004-2005 and 2005-2006 award years;¹⁵
10. Reviewed the financial aid and academic records for all 6 students from the 2004-2005 award year and a sample of 10 students judgmentally selected¹⁶ from the 32 students who, according to a listing the University provided, unofficially withdrew from the University during the 2005-2006 award year; and
11. Reviewed additional documentation provided by the University in response to the findings presented in the draft report, to determine whether the additional documentation was sufficient to reduce the instances of noncompliance for each of the findings.

We relied, in part, on data provided to us by University officials. We used the data to draw our samples to test the University's compliance with the FWS and R2T4 requirements. The University uses its computer system, Banner, to record enrollment, application, academic, and financial information for its students. To assess the reliability of the FWS data, we compared the FWS data with corroborating evidence such as timesheets and canceled checks. To assess the reliability of the R2T4 data, we compared the R2T4 data with withdrawal forms, class lists, and R2T4 calculations. Based on these comparisons, we concluded that the data the University provided to us were sufficiently reliable for the purposes of our audit.

We conducted our audit from July 2006 through March 2007, at the University's offices in Wilberforce, Ohio, and at our offices in Chicago, Illinois, and Kansas City, Missouri. We discussed the results of our audit with University officials on March 28, 2007. We performed our work in accordance with generally accepted government auditing standards appropriate to the scope of our audit.

¹³ For FWS, we obtained the universe of recipients from the University. Using statistical software, we generated a random sample for both the 2004-2005 and 2005-2006 award years. The 40 students in our sample were awarded \$82,046 of the \$2,555,922 Title IV, HEA program funds awarded to the 1,275 students.

¹⁴ We selected 20 students from each award year for review. However, we determined that 2 students were awarded FWS funds but did not participate in the program and were not paid any FWS funds.

¹⁵ For both samples, we judgmentally selected students whose official withdrawal dates indicated that it was likely that the University would be required to perform an R2T4 calculation.

¹⁶ We selected five students from the Fall 2005 semester and five students from the Spring 2006 semester. For each semester, we selected the second student on the list and then selected every other student until we had five for the semester.

ENCLOSURE: University Comments on the Draft Audit Report

Wilberforce University
Control Number Ed-IG/A05G0029



October 22, 2007

Gary Whitman
U.S. Department of Education
Office of Inspector General
Citigroup Center
500 West Madison Street, Suite 1414
Chicago, IL 60661

Dear Mr. Whitman:

In response to your letter dated September 11, 2007, Wilberforce University has reviewed the draft audit report, Control Number ED-IG/A05G0029, titled *Wilberforce University's Administration of the Title IV, Higher Education Act Programs* and respectfully renders the institution's comments on the findings and recommendations. We have answered those findings and recommendations with emphasis showing that our management of the Title IV programs is adequate to properly administer such funds. We are certain that our responses have adequately addressed the concerns of the report.

Your consideration of the additional documentation and alternate recommendations in the preparation of the final audit report is greatly appreciated.

Respectively Submitted,

/s/

Tijuana Hudson
Tijuana Hudson
Vice President for Administrative and Financial Affairs
Wilberforce University

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FINDING NO. 1 – The University Did Not Satisfy the Administrative Capability Standards for Participation in the Title IV, HEA Programs

OIG Stated Condition: The University did not administer the Title IV programs in accordance with the HEA and regulatory requirements. Specifically, the University

1. Did not return \$61,990 in unearned Title IV, HEA program funds;
2. Did not properly administer the FWS program, resulting in payment of a projected \$1,171,572 in unallowable FWS wages and \$1,200,569 in unsupported FWS wages;
3. Disbursed \$38,650 in Title IV, HEA program funds to ineligible students;
4. Awarded \$2,000 in FFEL funds in excess of annual loan limits;
5. Did not notify students before disbursements were made or after loan funds were credited to their accounts;
6. Did not return credit balances to students in a timely manner; and
7. Did not perform FFEL exit counseling.

INSTITUTION'S RESPONSE:

Wilberforce University does not concur with this finding. The findings contained within the OIG's draft audit report is not of the weight and severity sufficient to substantiate a administrative capability finding to correspond with violations referenced in 34 C.F.R. § 668.16. As will be demonstrated in the Institution's response to each of the findings contained within the draft audit report, Wilberforce University has competently rebuffed and diminished the materiality of findings 2 and 3 along with the other noted deficiencies of findings 4, 5, 6, 7, and 8.

The University concurs that the lack of written policies and procedures may have contributed to discontinuity in some of the administration of its Title IV, HEA programs. However, the impact has not resulted in pervasive misfeasance, malfeasance, or nonfeasance or diminished and impaired administrative capability.

The University contends that the wealth and experience of our seasoned Financial Aid Director in conjunction with the utilization of third party servicers has not adversely impacted the University's ability to comply with 34 C.F.R. § 668.16(b)(2) requiring the use of an adequate number of qualified persons to administer the Title IV, HEA programs in which Wilberforce participates.

Furthermore, in the instances cited in the OIG's draft audit report that were attributed to 34 C.F.R. § 668.16(b)(3) and 34 C.F.R. § 668.16(d), the University's responses will demonstrate that there are no material weaknesses within its systems of internal controls and record retention to warrant questionable administrative capability.

INSTITUTION'S RESPONSE TO RECOMMENDATIONS:

- 1.1 Wilberforce University disagrees with this recommendation and asserts that it has satisfied, in the past, the conditions that warranted a provisional certification and has strengthened its management controls.
- 1.2 Wilberforce does not agree with the recommendation to move to the reimbursement payment method of Title IV, HEA funds.

- 1.3 Wilberforce disagrees with the recommendation to the Acting COO to consider fine proceedings under 34 C.F.R. § 668.84 for the University's failure to return Title IV, HEA program funds for students who withdrew. With the execution of the recommendations outlined in the draft audit report, Wilberforce University respectfully submits that any administrative action to fine, limit, suspend, or terminate the University's participation in the Title IV, HEA programs would be more punitive than warranted and result in the cessation of operation for the institution. Wilberforce University is totally committed to compliance and upholding a operating integrity to safeguard the interest of the Federal Government.
- 1.4 Wilberforce University concurs that the submission of comprehensive written Policies and Procedures will provide reasonable assurances to the Acting COO of FSA programs of the University's compliance with 34 C.F.R. § 668.16(b)(4), improved administrative condition and its competence within its systems of internal control sufficient to provide reasonable assurance of compliance with the Title IV, HEA program requirements.
- 1.5 The University concurs with this recommendation.
- 1.6 The University concurs with this recommendation.
- 1.7 The University concurs with this recommendation.
- 1.8 The University does not believe that a comprehensive review for years 2004-2005 to the present is warranted based on the assurances already provided via the Institution's annual compliance reviews as well as the demonstrated diminished materiality of findings that would justify such action. Wilberforce does not concur with this recommendation.

FINDING NO. 2: The University Did Not Return All Unearned Title IV, HEA Program Funds

The University did not comply with the requirements in the HEA and regulations governing the return of Title IV, HEA program funds. The University did not complete return to Title IV (R2T4) calculations for every student who officially or unofficially withdrew. When it did complete R2T4 calculations, the University did not always complete them accurately, and it did not return all unearned Title IV, HEA program funds in a timely manner.

INSTITUTION'S RESPONSE:

The OIG draft report concludes that Wilberforce University did not calculate accurate student refunds, make all required refunds, and make refunds in a timely manner for the 2004/04 and 2005/06 program years. The report further states that Wilberforce University lacks appropriate policies, procedures and disclosures pertaining to the University's withdrawal policy. While the University acknowledges that refunds were not always completed within prescribed timeframes, it disagrees with the OIG's revised refund calculations, which were based on incorrect data and a misrepresentation of data. In addition, Wilberforce University has implemented enhanced policies and procedures and controls in response to a separate but overlapping audit pertaining to R2T4.

- A. OIG's revised calculation of refunds to students that officially withdrew from the University were erroneous.

Without the benefit of long- term Wilberforce experience and the unique aspects of the University's non-standard term, non-traditional program, the OIG's refund calculations

inadvertently contain errors that incorrectly state that the University did not calculate and return funds for 2 of 8 students within the sample of students selected resulting in unearned Title IV funds not being returned in the amount of \$7,974.

Both students were enrolled in the non-standard term program in which students are enrolled and charges assessed for a payment period. Courses in the program are offered on sequential basis/modules. In the case of student cited, the student's term began on 11/04/2004 and ended on 06/30/2005. The student ceased enrollment on a full-time basis on 02/03/05. For students enrolled in a non-standard term program for which coursework is completed, grades are granted and credit hours are earned for the payment period in which the student enrolled, the student is not considered to have withdrawn from the institution and not subject to the a R2T4 calculation prescribed in 34 C.F.R. § 668.22(a)(1). The student is considered withdrawn from courses within the payment period that reduces the number of units for which the student is enrolled and eligible to receive Title IV aid. In these instances, for students enrolled in a nonstandard term, federal Pell payment regulations requires schools to recalculate the student's Pell eligibility to coincide with the reduction in enrollment status. In the case of the student cited, the student received \$388.00 in Title IV, HEA program funds for the period of enrollment. The calculated less-than half time Pell award was based on a valid 2004/05 ISIR record with an EFC of 925.

The OIG's failure to take into consideration this critical factor and apply the correct principles governing the application of Return of Title IV Aid resulted in an incorrect determination of non-compliance pertaining to the student.

Likewise, in the case of student B for which OIG reviewer's determined unearned Title IV, HEA funds were improperly retained in the amount of \$7,735.83, there was no evidence to support that the student withdrew from the University/program. Documentation in the student's academic file showed that the student was withdrawn from courses within the payment period for which the student was enrolled and charges assessed. The withdrawal from sequentially scheduled courses did not constitute an official withdrawal from the University. The University did concur that for the period of enrollment that began on 10/27/2004 and ended on 06/22/2005, the student should have been subject to the unofficial withdrawal policy as dictated by 34 C.F.R. § 668.22(c)(iii) because the student failed to provide official notice to the University of withdrawal and failed to attend the remaining sequence of courses for which she was enrolled. In response to this determination, Wilberforce University initiated the appropriate return of unearned Title IV funds and provided documentation to the OIG reviewers.

B. OIG's determination of students that unofficially withdrew from the University and were subject to R2T4 calculations was erroneously determined.

The OIG draft audit states that "For the purposes of our audit, we considered a student to be a potential unofficial withdrawal if the student earned a 0.00 grade point average (GPA) for a semester. The University provided us with lists of all students who received a 0.00 GPA for a semester. For the 2004-2005 award year, the University identified 6 students with a 0.00 GPA for a semester. We reviewed the records for all 6 students. For the 2005-2006 award year, the University identified 32 students with a 0.00 GPA for a semester."

OIG reviewers concluded that “For the 2004-2005 award year, the University did not provide evidence showing that two of the six students began attending any of their classes. For the 2005-2006 award year, the University did not provide evidence showing that six of the eight students began attending any of their classes. All Title IV, HEA program funds disbursed to these eight students should have been returned.”

Wilberforce disagrees with this finding. The University contends that the OIG’s determination is erroneous and failed to take into consideration documentation to substantiate enrollment for the sample of students selected that would render the determination of unofficial withdrawal by the University irrelevant and the application of R2T4 mute.

Guidance issued by the Department in Dear Colleague Letter GEN-04-03 (Revised, November 17, 2004) states, “An institution must have a procedure for determining whether a Title IV aid recipient who began attendance during a period completed the period or should be treated as a withdrawal. We [the department] do not require an institution to use a specific procedure for making this determination. “Wilberforce University is an institution that is not required to take attendance. Student’s enrollment in courses is validated by individual instructors via registration confirmation of enrolled students during the initial census period of a term. Student’s grades are submitted to the Registrar’s Office for the official recording of grade assignments to student’s official records. Additionally, Instructors are required to report mid-term deficiencies (grades of D & F) for referrals to academic services and determination of enrollment standing by the Registrar. As stated in the University’s Catalog, pg. 14, *Report of Grades* “ mid-term of grades submitted by faculty for those students whose work is below C are sent to the Tutorial Program Director for follow-up, counseling and corrective action.” (Appendix A)

For the program years of 2004/05 and 2005/06, the University uses mid-semester grade reporting as a mechanism to determine whether students enrolled in the institution should be deemed unofficially withdrawn based on the absence of academically related activity in all of the courses for which they are enrolled. In conjunction with Guidance issued by the Department in Dear Colleague Letter GEN-04-03 (Revised, November 17, 2004) If a student is earning a passing grade in at least one course offered over an entire period, the institution makes the presumption that the student is enrolled in the course and, thus, enrolled in the period. In those instances in which grade reports are received that indicated no academically related activity or no passing grades in any of courses for which a student began attendance, the student is treated as withdrawn and a determination of the last date of attendance/academically related activity is initiated for the purpose of unofficially withdrawing the student and calculating a Return of unearned Title IV, HEA funds as appropriate.

It is Wilberforce position that these measures serve as valid procedures to determine the enrollment status of students who may have left the University without formal withdrawal notification to administration.

Additionally, Wilberforce contends that the 0.00 GPA’s recorded for the sample of students selected represent “earned” grades for the terms identified. The institution further contends that the official grading policy provides instructors with the ability to differentiate between those students who complete the course but failed to achieve the course objectives, and those students who did not complete the course. Thus, these students who began attendance and did not officially withdraw failed to **earn** a passing grade in any of the courses offered and for Title IV

purposes were not considered unofficially withdrawn and not subject to R2T4 calculations and the return of unearned Title IV, HEA program funds.

Wilberforce University has conducted a comprehensive review of the records selected by the reviewers for testing of Unofficial Withdrawals. The results of the review are provided below, in Table 1. (Appendix B)

Table 1

Award Year	Number of Students Selected/ Reviewed	Number of Students Who started attendance in enrolled courses	Number of students reported as passing at least one course with academically related midterm coursework	Number of students for who started class, but unofficially withdrew	Number of HEA Title IV, HEA Program Funds Recipients	Number of R2T4 Calculations required to be performed
2004-05	6	6	6	0	6	0
2005-06	8	8	8	0	8	0
Total	14	14	14	0	14	0

Although Wilberforce University does not concur with the OIG’s findings of failure to return unearned Title IV, HEA programs funds identified in this draft audit report, the University does acknowledge that the Institution did not have procedures in place to ensure that it made all the required refund information available to enrolled and prospective students. Under 34 C.F.R. § 668.43(a),

INSTITUTIONAL RESPONSE TO RECOMMENDATION:

In light the inadvertent but significant mythological errors pertaining to the OIG’s determination of unpaid refunds within the sample of students that officially withdrew and the submission of data that clarifies the methods used to determine unofficial withdrawals, Wilberforce University asserts that the OIG draft audit report grossly misrepresents the institution’s administrative capability pertaining to compliance with the requirements in the HEA and regulations governing the return of Title IV, HEA program funds.

Wilberforce University asserts that in the 68 records selected by the reviewers from a universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years there is insufficient evidence to render a determination of non-compliance or administrative misfeasance in the area of R2T4 beyond that which has already been disclosed, addressed and remedied to the satisfaction of the U. S. Department of Education through the University’s Independent annual audits.

Therefore, Wilberforce respectfully offer the following alternative recommendations:

- 2.1 Provide documentation of R2T4 return made to the U.S. Department of Education or lenders as appropriate for the student identified in this draft report. (Appendix C)
- 2.2 Review records for students who potentially unofficially withdrew from the University during the 2005-2006 and 2006-2007 award years, provide evidence of documentation to substantiate completion of the enrollment period/payment period or calculate the amount of Title IV, HEA program funds the University retained but should have returned to the Title IV, HEA programs, and return those amounts to the Department and lenders, as appropriate;

- 2.3 Provide attestation statement of the accuracy and completeness of comprehensive reviews of records for students who officially withdrew from the University during the 2004-2005 and 2005-2006 award years submitted to the U.S. Department of Education in response to Final Determination Letters and Preliminary Determination Letters for A-133 ACN 05-2005-62501 and ACN-05-2006-73386.
- 2.4 Submit implemented written policies and procedures for (a) performing timely R2T4 calculations for all students who officially and unofficially withdraw from the University; (b) ensuring the appropriate amount of Title IV, HEA program funds are returned for all students who officially and unofficially withdraw; and (c) providing enrolled and prospective students the information required under 34 C.F.R. § 668.43(a); To be submitted with the final audit response.
- 2.5 Provide evidence of Department of Education R2T4 Training provided to financial aid, registrar, and bursar staff provided in June 14, 2007. (Appendix D)
- 2.6 Require the University to provide documentation showing that, for each of the two most recent fiscal years, it returned unearned Title IV, HEA program funds within the timeframes described in 34 C.F.R. § 668.173(b) for more than 95 percent of its students eligible for such a return of funds. Targeted Date of Completions December 7, 2007.

Wilberforce disagrees with the recommendation to the Acting COO to consider fine proceedings under 34 C.F.R. § 668.84 for the University's failure to return Title IV, HEA program funds for students who withdrew. With the execution of the recommendations 2.1 through 2.6 and evidence of compliance within the Thresholds for Timely Return of Title IV, HEA Funds, Wilberforce University respectfully submits that any administrative action to fine, limit, suspend, or terminate the University's participation in the Title IV, HEA programs would be more punitive than warranted and result in the cessation of operation for the institution. Wilberforce University is totally committed to compliance and upholding an operating integrity to safeguard the interest of the Federal Government.

FINDING NO. 3: The University Did Not Administer the FWS Program in Compliance with the HEA and Regulations

OIG Stated Condition: During the 2004-2005 and 2005-2006 award years, the University did not (1) maintain records to support all FWS payments, (2) ensure FWS participants did not work FWS jobs when the work conflicted with their scheduled classes, (3) demonstrate that it paid FWS wages to students, (4) pay FWS students at least once a month for work completed, and (5) provide FWS job descriptions sufficient to demonstrate that all FWS positions were allowable under the FWS regulations.

INSTITUTION'S RESPONSE:

Because of the magnitude and multiple issues raised by OIG pertaining to the administration of the Federal Work Study Program (FWS), the University will respond to each stated condition separately.

3.1 Failure to maintain records to support all FWS payments.

Wilberforce University concurs with the OIG draft audit conclusion that in the review of FWS timesheets submitted for payments by supervisors that the records demonstrated some deficiencies in recordkeeping. The University contends that for the 2004/05 and 2005/06

program years that the manual nature of the timesheets completed by supervisors did not reflect the optimal conditions for tracking purposes.

The University has since remedied this administrative deficit with the implementation of an automated payroll system that provides enhancements in data reporting record retention that provide the safeguards within its systems in internal controls that ensure compliance.

3.2 Failure to ensure FWS participants did not work FWS jobs when the work conflicted with their scheduled classes

Wilberforce University does not concur with this finding. Wilberforce University in no way endorses or perpetuates scheduling **practice** that conflicts with, rather than reinforces, the students' educational programs or educational objectives. It is the University's contention that the work/class schedule conflicts that were noted by the reviewer's resulted from individual student employee and supervisor work scheduling arrangements/ modifications resulting from student's availability during periods of enrollment. To the fullest extent possible Pursuant to 34 C.F.R. § 675.8(d), Wilberforce University award FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient's educational program or career goals. As diligently as administratively possible, the University trains, consults and admonishes FWS students and supervisors on the established policy on conflict between work and class schedules. As discussed in response 3.1, the University's enhanced automated payroll system will provide safeguards for scheduling conflicts.

3.3 Failure to demonstrate that it paid FWS wages to students.

The institution does not concur with this finding as it relates to "*Demonstrate that it paid FWS wages to students*". The Department stated "For the 40 students in our sample, the University's documentation for 9 payments were missing timesheets or canceled checks to support the payments made to the students, and 6 of the FWS checks for other students were not endorsed by those students or posted to their accounts."

The University submitted additional documentation for the above finding on May 9, 2007. However original documents were not submitted (copies submitted) and the OIG reviewers did not consider the information in the preparation of the draft audit report. The University is resubmitting the original documents in response to the draft audit report and is confident that the documents provided remedy the noted deficiencies and records required. It is important to note that the University's bank, Fifth Third Bank, does not return cancelled checks to the University. The bank submits to the University, via CD, images of the front and back of the checks. Thus, the University has included images of the checks printed from the CD. There are no original checks to submit, only images printed from the CD.

When FWS payroll checks are delivered to students directly from the University's Bursar's Office, it is University policy to require the student to present valid identification and sign a check/payroll register to confirm receipt of funds. The University has attached the original signed payroll registers to substantiate the students' receipt of funds.

Students who are unavailable to pick up their last check (student has left for the semester) are required to stop by the Bursar's office to complete a form stating the address to where the final check will be mailed.

The University has maintained supporting documentation to support that students received their work study funds. Records associated with these disbursements were maintained in accordance with 34 C.F.R. § 668.24 –see supporting documents (Appendix E)

3.4 Failure to pay FWS students at least once a month for work completed.

The University does not concur with this finding. For the program years of 2004/05 and 2005/06, and presently, FWS students are scheduled for payment bi-weekly. see (Appendix F) A review of the instances cited in the draft audit report, the reviewers failed to take into consideration the dates that timesheets were received by the payroll office for payment of reports FWS hours/work completed. In each of the instances cited, FWS timesheets were submitted for payment on dates that would not result in a pay date within 30 calendar days of the last reported work day on the timesheets. The failure of the auditors to report the receipt date of the timesheets for processing resulted in a misrepresentation of the processing efforts of the University’s payroll. An example of this representation is detailed in the table below:

Table 2

Student Id #	Pay period/Time sheet end date	Timesheet receipt date	FWS Pay date	Processing time from receipt of timesheet to student pay date
000032269	08/21/04	09/21/04	09/30/04	9 days
000022242	03/19/05	04/20/05	04/28/05	8days
000024015	08/21/04	09/21/04	09/30/04	9days
000017099	08/21/04	09/10/04	09/16/04	6 days

3.5 Failure to provide FWS job descriptions sufficient to demonstrate that all FWS positions were allowable under the FWS regulations.

Wilberforce University does not concur with the finding that it failed to provide FWS job descriptions sufficient to demonstrate that all FWS positions were allowable under the FWS regulations. The Institution further argues that the OIG reviewer failed to provide a relevant correlation between the regulatory criteria and unallowable FWS positions. The absence of job titles on hiring documents for the sample of students selected provided no basis for unallowable and unsupported payments. The OIG’s determination of ineligible FWS earnings to eligible students is unprecedented and unsubstantiated. Wilberforce University respectfully disagrees and appeals to the OIG to utilize the following articulation of procedures and supporting documentation to validate FWS Job descriptions and positions of students employed under the Federal Work Study Program at Wilberforce University.

The validity of FWS positions at Wilberforce University is based on the on the following facts.

Allowable Positions:

- All FWS positions for which students are employed are allowable in according to 34 C.F.R. § 675.21 which states that , an institution, other than a proprietary institution, may employ a student to work for the institution itself, including those operations, such as food service, cleaning, maintenance, or security, for which the institution contracts.

Wilberforce University vehemently attest that all FWS positions for which students are employed at by the Institution are allowable under 34 C.F.R. § 675.21 Prohibited Positions:

- Additionally, FWS employment must not displace employees (including those on strike) or impair existing service contracts; involve constructing, operating, or maintaining any part of a building used for religious worship or sectarian instruction; or solicit, accept, or permit soliciting any fee, commission, contribution, or gift as a condition for a student's FWS employment. (FSA Handbook Volume 6, pgs. 6-26)

Wilberforce vehemently attest that there are no FWS student employed in positions that are not permissible under 34 C.F.R. § 675.21.

During the on-site fieldwork, Wilberforce University provided the reviewers with job descriptions for three different FWS job positions for the program years of 2004/05 and 2005/06. Positions for which students are hired by the University fall into one of the three job descriptions provided to the reviewers for 2004/05 award years and 2005/06 award years.

To establish qualifying FWS positions for individual departments, the University utilized the following steps.

- Each year the FWS coordinator contacts participating FWS departments and individual supervisors to assess hiring needs, position specifications and staffing needs. (Appendix G)
- Data from the department/agency's position request is collected, analyzed and utilized to assist students and supervisors during the recruitment and hiring process.
- During the review period FWS positions are reviewed to determine the appropriate pay and the reasonable nature of the type of work required in relation to job duties, position requirements and required skill sets.
- Positions for which students are hired by the University fall into one of the three job descriptions provided to the reviewers for 2004/05 award years and 2005/06 award years; clerical positions, laborer, security monitors.
- The FWS job descriptions provided to the reviewers detail the purpose of the student's job; the student's duties and responsibilities; the job qualifications; the job's wage rate or range; the length of the student's employment (beginning and ending dates).
- Although the job titles associated with the job descriptions does not appear on individual student time sheets or hiring documents, the position tracking document maintained by the FWS coordinator traces the department/supervisor back to the relevant FWS job descriptions/position (Appendix H) classification for individual FWS employees.
- When students are employed by University departments/FWS employers hiring documents are submitted to the Financial Aid department for processing. The centralization of processing of FWS hires provides the safeguards to ensure that no student working and paid with Title IV, HEA Federal Work Study Program

funds is employed by a department/supervisor that is not authenticated and supported by a classified position/Job description.

Wilberforce University vehemently asserts the position that no FWS position for which students are employed by the University are ineligible earnings/payments and inconsistent with the provisions set forth in 34 C.F.R. § 675.21 (a) (1).

For the purpose of this response Wilberforce University has provided documentation to support the validity of the FWS students selected by the reviewer and referenced in this draft audit report. (Appendix I)

INSTITUTION'S RESPONSE TO RECOMMENDATION:

Wilberforce contends that the submission of data associated with this finding adequately rebuffs the reviewer's opinion of serious impairment within the University's systems of Internal Controls and question of whether the University meets the regulatory standards of administrative capability, established under Section 498(d) of the HEA, for participation in the Title IV, HEA programs in which it currently participates. We therefore make the alternate recommendations of corrective action to offer assurances to the Acting CCO for FSA of Wilberforce University's ability to effectively administer all aspects of the Federal Work Study Program. These recommendations are as follows:

- Wilberforce University respectfully request that that recommendation for repayment of wages paid during the 2004-2005 and 2005-2006 award years be discarded. The submission of documentation by the University substantiates the validity of earnings by students employed in the FWS program and do not constitute ineligible or unallowable funds. .
- Wilberforce University Develop agrees with the recommendation to provide the Department with written policies and procedures for (a) maintaining adequate time and effort documentation, (b) maintaining documentation supporting FWS payments, (c) ensuring FWS participants are not assigned FWS job positions that conflict with scheduled classes, and (d) maintaining authorizations to credit FWS earnings to students' accounts.
- Wilberforce University agrees with the recommendation to provide the Department with enhanced written procedures that will ensure that FWS job descriptions includes the (a) name and address of the student's employer, (b) purpose of the student's job, (c) student's duties and responsibilities, (d) job qualifications, (e) job's wage rate or range, (f) length of the student's employment (beginning and ending dates), and (g) name of the student's supervisor.
- Wilberforce University has implemented training for personnel responsible for administering the FWS program and supervising the work of FWS recipients.

FINDING NO. 4: The University Disbursed Title IV, HEA Program Funds to Ineligible Students

OIG Stated Condition: The University did not ensure all students maintained satisfactory academic progress (SAP). We reviewed the records of 68 randomly selected students from a

universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. 3 of the 68 students did not maintain SAP.

INSTITUTION'S RESPONSE:

Wilberforce does not concur with this finding.

A review of academic progress of the cited students revealed that the students met the institution's established minimum cumulative quantitative standard of satisfactory academic progress and maintained eligibility for the enrollment period for which financial aid was received. In conversation's with the reviewers it was noted that there was a lack of understanding of the academic policies governing a student's academic standing with the University vs. monitoring of continued eligibility for SFA purposes, and the applicable SAP policy. It is the University's position that with the appropriate application of the prevailing SFA SAP policy the noted instances would not have materialized into a finding in the draft audit report.

Additionally, It should be noted that only 2 instances of concern were raised during the on-site fieldwork and subsequent follow-up by OIG reviewers. Consequently, the University was not provided information that would allow a complete response to all instances cited.

However, In the case of Student A (Student name deleted):

- At the end of 2002/03 year, the student's cumulative completion rate was 82.00 %.
- At the end of the 2003/04, the student's cumulative rate of completion was 78. %
- The student remained eligible to receive financial aid for 2004-2005 year.
- The student was awarded and disbursed Title IV funds for 2004-2005.

In the case of Student B (Student name deleted):

- At the end of 2002/03 year, the student's cumulative completion rate was 70.90 %.
- At the end of 2003/04, the student's cumulative rate of completion was 74.68 %
- The student remained eligible to receive financial aid for 2004-2005 year.
- The student was awarded and disbursed Title IV funds for 2004-2005.

INSTITUTION'S RESPONSE TO RECOMMENDATION:

- 4.1 The University does not agree with the return \$38,650 to the Department or lenders, as appropriate; there is insufficient evidence to support a determination of ineligibility that requires repayment.
- 4.2 The University disagrees with the recommendation for review of the eligibility of its students under its SAP policy from the 2004-2005 award year to the present. The University contends that the current review methods along with the rate questionable compliance do not warrant of comprehensive review of this magnitude.
- 4.3 The University agrees with the recommendation to provide OIG with the SAP policies and procedures used by staff in the determination of continued eligibility. The University contends that the review of the Institutions policies and procedures including the training provided to those staff responsible for determining whether students are maintaining SAP will render the assurance of Wilberforce's continued compliance and appropriate monitoring of eligible students.

FINDING NO. 5: The University Awarded FFEL Funds in Excess of Annual Loan Limits

OIG Stated Condition: The University awarded FFEL funds in excess of annual loan limits. We reviewed the records of 68 randomly selected students from a universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. Sixty-one of the students received either a FFEL subsidized or unsubsidized loan. One of the 61 students was awarded FFEL funds in excess of the annual loan limits. The University awarded and disbursed \$7,500 in FFEL funds to a third-year student during one academic year, \$2,000 more than the maximum amount allowable for the student.

INSTITUTION'S RESPONSE:

Wilberforce University does not concur with this finding. A review of the student's file revealed that the reviewer's failed to consider the additional eligibility requirements defined in 34 C.F.R § 682.201(a). The criteria and review did not take into consideration unsubsidized loan eligibility of Independent students or Dependents students for which a determination is made that a parent is unable to borrow.

In the **isolated** instance cited, the borrower's file revealed that the reviewer's failed to take into consideration the student regained eligibility for additional loans as a result of a non-standard period of enrollment. The additional enrollment term resulted in the student's annual loan limit being monitored based on a Borrower Based Academic year (BBAY) vs. a Scheduled Academic year (SAY). Pursuant to 34 C.F.R 682.204(k), In determining a Stafford loan amount in accordance with 34 C.F.R §682.204 (a), (c) and (d), the school must use the definition of academic year in 34 CFR § 668.3. In the case of the borrower cited, 30 weeks had expired on 01/04/2006; qualifying the borrower for additional borrowing in a new BBAY. Additionally, the student's records show that the increased eligibility for loans was based on a documented Parent PLUS denial that covered the period of enrollment for which the funds were intended, 06/14/05-08/09/05. The combined subsidized and unsubsidized Stafford loans equaled \$4,570. During the subsequent enrollment period of 08/10/05-05/06/06, the student progressed in grade level and entered a new BBAY, therefore the student became eligible for increased loan limits. The total funds disbursed for that enrollment period equaled \$2930; the students remaining eligibility at the advanced grade level and academic year.

Because of the unique qualities associated with students attending the summer enrollment period, the University takes great care in monitoring FFEL eligibility and annual loan limits. It is important to note that a review of the student's NSLDS records (**Appendix J**) show that the total amount disbursed to the borrower for all terms in 2005/06 is \$5,500 (subsequent adjustments were required due to the receipt of additional aid). It is the Universities contention that the total amount disbursed does not exceed the eligibility for a dependent, third year undergraduate student.

INSTITUTION'S RESPONSE TO RECOMMENDATIONS:

Wilberforce University respectfully request that Finding No. 5 and the associated recommendations for corrective action to the Acting COO for FSA be removed from the final audit report. With the submission of additional data, Wilberforce University asserts that in the 68 records selected by the reviewers from a universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years there is insufficient evidence to

render a determination of non-compliance or administrative misfeasance in the area of FFEL loan certifications in excess of borrower's annual loan limits.

FINDING NO. 6: The University Did Not Provide Required Notifications for Awards and Disbursements of Title IV, HEA Program Funds

OIG Stated Condition: The University did not provide required notifications of awards or disbursements. We reviewed the records for 68 randomly selected students from the universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. The University could not provide evidence that it notified 39 of the 68 students of their Title IV, HEA program awards or that it notified any of the 68 students before it posted Title IV, HEA program disbursements to their accounts.

INSTITUTION'S RESPONSE:

Wilberforce does not concur with this finding. Record retention requirements as defined in 34 C.F.R. § 668.24 do not require an institution to maintain award notification documents. Wilberforce contends that in order to make a determination of non-compliance in this area, the reviewers would have to provide evidence that within its testing methods that there was no evidence of award notifications to students. The presence of notification to 29 of the 68 randomly selected students from the universe of 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years substantiates the University's compliance with 34 CFR. § 668.165(a)(1).

Pursuant to 34 C.F.R. § 668.165(a)(1), Prior to the disbursement of FSA funds, Wilberforce University provides notification of the amount of funds a student and parent can expect to receive under each Title IV, HEA program. When eligibility for Title IV, HEA program funds are determined (packaging), Wilberforce University generates a notice of award. The notice of award (Award Letter) provides the student with information on the type and amount of funds the student/parent should expect to receive for each period of enrollment within the award year. The Award Letter also provides information on how funds are disbursed. Copies of the students written award letter is maintained in the financial aid office vs. individual student files. However, 34CFR 668.24 do not require an institution to maintain award notification documents. This standard established with the 1997 HEA reauthorizations in compliance with the Federal paper reduction act of 1994 relieved institutions from retaining these hard copy records.

According to 34 C.F.R. § 668.165(a)

(2) If an institution credits a student's account at the institution with Direct Loan, FFEL, or Federal Perkins Loan Program funds, the institution must notify the student, or parent of—

- (i) The date and amount of the disbursement;
- (ii) The student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan. However, the institution does not have to provide this information with regard to FFEL Program funds unless the institution received the loan funds from a lender through an EFT payment or master check; and

Wilberforce University contents that it satisfies the provisions set forth in 34 C.F.R. § 668.165(a)(2). Students that satisfy the enrollment requirement for disbursement of FSA funds are notified in writing via a statement of account (Billing Statement). The Billing

Statement provides secondary notification to the student of FSA funds awarded and the amounts the student/parent can expect to receive. The Billing Statement also details the date and amount FFEL funds received via EFT were disbursed to the student's account. The University concedes that the document does not state the student's right, or parent's right to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to the holder of that loan nor the procedures and the time by which the student or parent must notify the institution that he or she wishes to cancel the loan or loan disbursement. This information is communicated to individual borrowers via the University's loan servicer at the time loan funds are disbursed by the lender for delivery to student accounts. These disclosure statements are sent to borrowers with each disbursement of FFELP and PLUS loan funds. Effective July 1, 2007, Wilberforce University has remedied the noted disclosure deficiencies to student/parent borrowers receiving FFEL loan funds via Electronic Loan Transfer.

Wilberforce University agrees with the auditors that the University is responsible for notifying each student or parent of his or her award and when disbursements are made and asserts that the Financial Aid Management System's student self service access to on-line accounts was not intended to serve as a demonstration of the institution's compliance with the notification requirements in regulations.

INSTITUTION'S RESPONSE TO RECOMMENDATION:

Wilberforce University respectfully request that Finding NO. 6 and the associated recommendations to the Acting COO for FSA be removed from the final audit report. Whereas record retention requirements as set forth in 34 C.F.R § 668.24 do not require an institution to maintain award notification documents. Wilberforce University contends there is insufficient evidence to substantiate a material weakness in this area.

Wilberforce University has implemented enhanced policies and procedures to address the noted deficiencies. The institution concurs with the OIG's recommendation that written policies and procedures that provide reasonable assurance that the University will comply with the requirements governing the Title IV, HEA programs be submitted in response to the final audit. These written policies and procedures will be rendered in response to the final report.

FINDING NO. 7 – The University Did Not Pay Credit Balances in a Timely Manner

OIG Stated Condition: The University did not pay credit balances directly to students or parents by the 14th day after the balance occurred and did not obtain written authorizations from the students or parents allowing the University to hold the credit balances. We randomly selected 68 of the 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. At various times during the award years, 60 of the 68 students had a credit balance in their account.

The University did not pay the credit balances to 16 of the 60 students within the applicable 14-day requirement. The payments ranged from 15 to 224 days after the credit balances occurred.

INSTITUTION'S RESPONSE:

Wilberforce University does not concur with this finding. A review of the student's records for the sample of students selected and the students cited in this finding revealed that the reviewer's erroneously determined that the University did not pay credit balances resulting from the disbursements of title IV, HEA program funds to 16 of the 60. It is the University's contention

that the OIG's testing was flawed and misrepresented the instances of non-compliance in this area.

The Department stated that 16 of the 40 students selected in their sample did not have their credit balances paid within the 14 day period. Review of the 16 students' accounts yielded that the department did not appropriately apply 34 C.F.R. § 668.164(e), which specifically states "A **Title IV credit balance occurs only if the total amount of the Title IV funds exceeds allowable charges**". Credit balances in eleven of the sixteen noted instances of non-compliance were not due to Title IV aid and thus were not subject to the fourteen (14) day requirement. Two of the sixteen noted instances of non-compliance were refunded within the fourteen day requirement. Therefore of the sixty (60) students sampled, only three (3) instances of non-compliance (5%) are accurate and as such only those three noted instances should be considered by OIG. Based on the re-examination of the selected sample by the University, the error rate 16 of 60 is not substantiated. It is the Institution's position that three instances of non-compliance, out of a sample of sixty, does not warrant a "finding" of materiality and should not be taken into account towards the administrative capability of the University. (Appendix K) and the supporting documentation detail the results of the University's review.

INSTITUTION'S RESPONSE TO RECOMMENDATIONS:

The Institution is requesting that Finding 7 be removed. It is the University's position that three instances out of a sample of sixty does not warrant a "finding" of materiality. The Institution agrees with the proposed recommendation that enhanced written policies and procedures that have been developed and implemented be submitted to provide reasonable assurance that it pays Title IV credit balances within the applicable 14-day requirement or it obtains and maintains voluntary authorizations from students, or their parents, to hold excess funds. The written policies and procedures will be rendered in response to the final report.

FINDING NO. 8 – The University Did Not Perform FFEL Exit Counseling

OIG Stated Condition: The University did not perform exit counseling for all FFEL recipients who ceased at least halftime study at the school. We randomly selected 68 of the 2,009 students who received Title IV, HEA program funds during the 2004-2005 and 2005-2006 award years. Sixty-two of the 68 received FFEL funds. Thirty-nine of the 62 students were no longer attending the University, but the University could not provide evidence of FFEL exit counseling for 36 of the 39.

INSTITUTION'S RESPONSE:

Wilberforce University does not concur with this finding. Record retention requirements as defined in 34CFR 668.24 do not require an institution to maintain exit loan counseling confirmation in each students file.

Pursuant to 34 C.F.R. § 682.604(g)(1)

A school must ensure that exit counseling is conducted with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that this counseling is conducted shortly before the student borrower ceases at least half-time study at the school If a student borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school

must ensure that exit counseling is provided through either interactive electronic means or by mailing written counseling materials to the student borrower at the student borrower's last known address.

During the fieldwork performed at the institution, evidence was provided to the reviewers that demonstrated the methods used to perform exit loan counseling for those students that were no longer attending the University.

Although the University provided the reviewers with evidence of the exit loan counseling material that is mailed to students, as well as, the confirmation of exit loan counseling performed by audiovisual presentation and by interactive electronic means the exit loan documents are not retained in individual student files. The University contends that the conflicting regulatory relief of 668.24 and regulatory requirements of 34 C.F.R. § 682.604(g)(1) impedes an institutions ability to satisfactory substantiate compliance in this area.

INSTITUTION'S RESPONSE TO RECOMMENDATION:

Wilberforce University concurs with the OIG's recommendation that written policies and procedures that provide reasonable assurance that FFEL exit counseling is performed and documented for all FFEL recipients who cease attending at least half-time study at the University. These written policies and procedures will be rendered in response to the final report.