



UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
BOSTON TEAM
J.W. McCORMACK POST OFFICE AND COURTHOUSE-ROOM 706
BOSTON, MASSACHUSETTS 02109-4557

Area Case Director
(617) 223-9328

Team Leaders
Boston (617) 223-9338
Washington (202) 401-3430

March 16, 2005

Lorren West
President
Gibbs College
10 Norden Place
Norwalk, Connecticut 06855-1436

Final Audit Determination
Reference: ACN: 01-2003-43729

Certified Mail - Return Receipt Requested
7000 0600 0029 1003 1993

OPE ID: 012877

Dear Ms. West:

The Boston Case Management Team has completed its review of the audit report concerning Gibbs College's administration of the Title IV, Higher Education Act (HEA) student financial assistance programs. That report, prepared by Almich & Associates Certified Public Accountants, covered the period January 1, 2003 through December 31, 2003. We have considered the corrective action plan provided with the audit report.

Enclosed is our final audit determination. Comment on the actions taken including any required by the attachment to this letter in the "Prior Audit" section of the next regularly scheduled non-federal audit.

The presence of repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to the imposition of an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to Subpart G of the Student Assistance General Provisions regulations, 34 CFR Part 668.

Program records relating to the period covered by this audit must be retained until the later of: resolution of the loans, claims or expenditures questioned in the audit under 34 CFR 668.24(e)(3), or the end of the retention period applicable to the record under 34 CFR 668.24(e)(1) and (e)(2). If you have any questions about our review, please call Mr. Joseph Smith of my staff at (617) 223-9600.

Sincerely,

Rosemary K. Torpey, Ph.D.
Team Leader
School Participation Team, NE-Boston

(enclosures)

cc: Daniel Shields, Director of Financial Aid, Gibbs College, Norwalk, Connecticut

Final Audit Determination
Gibbs College, Norwalk, Connecticut

ACN: 01-2003-43729

CPE ID: 012877

Audit Finding Number 03-1**(Page 15)****Federal Pell Grant Program Reconciliation****Audit Finding:**

The college's Federal Pell Grant Program funding authorization for the 2002-2003 award year was not properly reflected in the U.S. Department of Education Grant Administration and Payment System (GAPS) by the end of the audited period because the college had not completed its reconciliation of Federal Pell Grant Program transactions for the 2002-2003 award year.

Federal Pell Grant Program regulations at 34 CFR §690.83(a)(2) provide that an institution shall submit Payment Data in accordance with procedures established through publication in the *Federal Register*. The *Federal Register* notice published on August 15, 2002 (67 FR 53345-53349) made clear that "in general, an institution must submit disbursement information no later than 30 days after disbursing or becoming aware of the need to adjust a student's Federal Pell Grant."

Student Assistance General Provisions at 34 CFR §668.24(a) require that an institution establish and maintain on a current basis Title IV, HEA program records that document its disbursement and delivery of Title IV, HEA program funds.

The college concurred with the finding and responded that it was working to complete its Federal Pell Grant Program reconciliation. In addition, the college has implemented new procedures with its third party servicer to ensure reconciliation of all Pell Grants.

Final Audit Determination:

Post-audit examination of the college's 2002-2003 Federal Pell Grant Program records confirms that the funding authorization is equivalent to the amount of federal funds received by the college for this period. No further action is required.



UNITED STATES DEPARTMENT OF EDUCATION

STUDENT FINANCIAL ASSISTANCE

BOSTON TEAM

J.W. McCORMACK POST OFFICE AND COURTHOUSE-ROOM 706
BOSTON, MASSACHUSETTS 02109-4557

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Team Leaders
Boston (617) 223-9338
Washington (202) 401-3430

April 29, 2005

Wynn Blanton
President
Gibbs College
85 Garfield Avenue
Cranston, Rhode Island 02920-7807

Final Audit Determination
Reference: ACN: 01-2003-43722

Certified Mail – Return Receipt Requested
7000 0060 0029 1003 1986

OPE ID: 007844

Dear Mr. Blanton:

The New York/Boston Team has completed its review of the audit report concerning Katharine Gibbs School's administration of the Title IV, Higher Education Act (HEA) student financial assistance programs. That report, prepared by Almich & Associates Certified Public Accountants, covered the period January 1, 2003 through December 31, 2003. We have considered the corrective action plan provided with the audit report.

Enclosed is our final audit determination. Although the enclosures to this letter may not address each of the auditors findings, the college must take the necessary actions to correct each of the deficiencies noted in the audit report. Comment on the actions taken including any required by the attachment to this letter in the "Prior Audit" section of the next regularly scheduled non-federal audit.

The presence of repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to the imposition of an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to Subpart G of the Student Assistance General Provisions regulations, 34 CFR Part 668.

Program records relating to the period covered by this audit must be retained until ~~the later of:~~ resolution of the loans, claims or expenditures questioned in the audit under 34 CFR 668.24(e)(3), or the end of the retention period applicable to the record under 34 CFR 668.24(e)(1) and (e)(2). If you have any questions about our review, please call Mr. Joseph Smith of my staff at (617) 223-9600.

Sincerely,

Rosemary K. Torpey, Ph.D.
Team Leader
School Participation Team – NE
New York/Boston Team

(enclosures)

cc: Karen Silva, Vice President of Operations and Finance, Gibbs College, Cranston, Rhode Island

Final Audit Determination
Gibbs College (f/k/a Katharine Gibbs School), Cranston, Rhode Island

ACN: 01-2003-43722
OPE ID: 007844

Audit Finding Numbers 03-1

(Page 15)

Late Payment of Title IV Credit Balance

Audit Findings:

In one instance, the college paid a \$606 Title IV, HEA credit balance 210 days after the deadline established at 34 CFR §668.164(e), Student Assistance General Provisions. A similar finding was noted in the prior audit. The credit balance—created on June 19, 2003 by the delivery of Federal Family Education Loan Program funds—was resolved on January 29, 2004. In the absence of prior written authorization, an institution must return a Title IV, HEA credit balance to the student or parent borrower within 14 days of its creation on the student's account receivable. The college did not follow its internal procedures in this instance.

The college responded that the credit balance was paid to the student and that the Vice President of Finance has strengthened procedures to ensure that Title IV credit balances are monitored and refunded on a timely basis.

Final Audit Determination:

We note with concern that the institution's quarterly reporting strategy—which was implemented in response to a similar prior year finding—failed to detect this credit balance and prevent a recurrence of this finding. The credit balance was improperly retained for nearly seven months and it should have been identified in at least two of those quarterly reports. The efficacy of your strengthened procedures should be evident in your next regularly scheduled audit report.

Final Audit Determination
Gibbs College (f/k/a Katharine Gibbs School), Cranston, Rhode Island

ACN: 01-2003-43722
OPE ID: 007844

Audit Finding Number 03-2

(Page 16)

Enrollment Reporting

Audit Findings:

The college submitted late and inaccurate enrollment reports to the National Student Loan Data System (NSLDS). The error rate identified in the initial audit sample warranted the expansion of the sample to 133 students. Within that expanded sample, 35 students were identified for whom enrollment reports were filed late and 25 students were identified for whom enrollment status was incorrectly reported.

Federal Family Education Loan Programs regulations at 34 CFR §682.610(c) make clear that an institution must complete and return a student status confirmation report within 30 days of its receipt. Student Assistance General Provisions at 34 CFR §668.14(b)(7) makes clear that an institution must submit reports to the Secretary and, if it participates in the Federal Stafford Loan, Federal PLUS, or the Federal Perkins Loan Program, to holders of loans made to the institution's students under that program at such times and containing such information as the Secretary may reasonably require to carry out the purpose of the Title IV, HEA programs.

The college concurred with the findings and corrected student enrollment status through NSLDS. In addition, the Director of Financial Aid has implemented procedures to ensure timely and accurate reporting of student enrollment status changes. Reports will be made every 60 days, NSLDS student records will be compared to institutional records to ensure completeness, and the SAIG mailbox will be monitored for the receipt of enrollment status confirmation reports.

Final Audit Determination:

The corrective action response is adequate. No further action is required.

Final Audit Determination
Gibbs College (f/k/a Katharine Gibbs School), Cranston, Rhode Island

ACN: 01-2003-43722
OPE ID: 007844

Audit Finding Numbers 03-3, 03-4

(Pages 17-18)

Untimely Returns of Title IV Funds

Audit Findings:

The college returned its portion of a student's unearned Title IV, HEA program funds under the *Return of Title IV Funds (R2T4)* calculation after the payment deadline for one student who withdrew 15 days after the payment deadline. The student withdrew on October 24, 2003, and the auditor stated that R2T4 check was due to be written by November 23, 2003. Funds were returned to student's lender *via* electronic funds transfer on December 8, 2003. In another instance, the college failed to return unearned Title IV, HEA program funds for a student who withdrew on December 12, 2003. Further inquiry established that the college's returned the student's unearned Title IV, HEA funds 74 days after the payment deadline, on March 26, 2004. The college departed from established internal procedures to ensure timely payments in these instances. Similar findings have been noted in five successive audits.

Student Assistance General Provisions at 34 CFR §668.22(j) make clear that an institution must return the amount of Title IV, HEA funds for which it is responsible *as soon as possible*, but no later than 30 days after the date of the institution's determination that the student withdrew.

The college concurred with the findings and stated that internal procedures were strengthened to ensure timely calculation and return of funds.

Final Audit Determination:

Since repayments of unearned Title IV, HEA funds have been made, no liability is asserted. However, the presence of refund deficiencies in five successive audits is a manifestation of the college's failure to implement effective corrective actions. This repetitive failure suggests an impaired administrative capability. The recurrence of a similar finding in a future audit may necessitate a referral for administrative fine action to ensure the efficacy of your corrective action.

Final Audit Determination
Gibbs College (f/k/a Katharine Gibbs School), Cranston, Rhode Island

ACN: 01-2003-43722
OPE ID: 007844

Audit Finding Number 03-5

(Page 19)

Federal Pell Grant Program Reconciliation

Audit Finding:

The auditor reported that the college reconciled its 2002-2003 Federal Pell Grant Program transactions but did not draw down of all of the federal funds that students were entitled to receive during that period. The total draw down was \$4,236 less than the program funding authorization reflected in the U.S. Department of Education Grant Administration and Payment System (GAPS) for the 2002-2003 award year. The college concurred with the finding and has worked with its third party servicer to ensure that procedures are in place to reconcile Pell Grants.

Federal Pell Grant Program regulations at 34 CFR §690.83(a)(2) provide that an institution shall submit Payment Data in accordance with procedures established through publication in the *Federal Register*. The *Federal Register* notice published on August 15, 2002 (67 FR 53345-53349) made clear that "in general, an institution must submit disbursement information no later than 30 days after disbursing or becoming aware of the need to adjust a student's Federal Pell Grant."

Student Assistance General Provisions at 34 CFR §668.14(b)(4) require that an institution establish and maintain such administrative records and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary.

Further inquiry established that the college reported post-audit downward adjustments to Pell Grant Payment Data which reduced the difference from \$4,236 to \$826.77. The U.S. Department of Education further reduced the institution's funding authorization by \$826.77 through an administrative adjustment on February 15, 2005.

Final Audit Determination:

The condition has been resolved through post-audit reconciliation. No further action is required.



UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
BOSTON TEAM
J.W. McCORMACK POST OFFICE AND COURTHOUSE-ROOM 706
BOSTON, MASSACHUSETTS 02109-4557

Area Case Director
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Team Leaders
Boston (617) 223-9338
Washington (202) 401-3430

April 29, 2005

Steve Bonkowski
President
Gibbs College
126 Newbury Street
Boston, Massachusetts 02116-2904

Final Audit Determination
Reference: ACN: 01-2003-43720

Certified Mail – Return Receipt Requested
7000 0600 0029 1003 2280

OPE ID: 007481

Dear Mr. Bonkowski:

The New York/Boston Team has completed its review of the audit report concerning Gibbs College's administration of the Title IV, Higher Education Act (HEA) student financial assistance programs. That report, prepared by Almich & Associates Certified Public Accountants, covered the period January 1, 2001 through December 31, 2003. We have considered the corrective action plan provided with the audit report.

Enclosed is our final audit determination. Although the enclosures to this letter may not address each of the auditors findings, the college must take the necessary actions to correct each of the deficiencies noted in the audit report. Comment on the actions taken including any required by the attachment to this letter in the "Prior Audit" section of the next regularly scheduled non-federal audit.

The presence of repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to the imposition of an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to Subpart G of the Student Assistance General Provisions regulations, 34 CFR Part 668.

Program records relating to the period covered by this audit must be retained until the later of: resolution of the loans, claims or expenditures questioned in the audit under 34 CFR 668.24(e)(3), or the end of the retention period applicable to the record under 34 CFR 668.24(e)(1) and (e)(2). If you have any questions about our review, please call Mr. Joseph Smith of my staff at (617) 223-9600.

Sincerely,

Rosemary K. Torpey, Ph.D.
Team Leader
School Participation Team – NE
New York/Boston Team

(enclosures)

cc: Lisa Sander, Director of Financial Aid, Gibbs College, Boston, Massachusetts

Audit Finding:

The auditor stated that the college did not return ineligible funds for one student and identified the disbursement of \$2,142 in Federal Family Education Loan Program (FFEL) funds which the borrower was not eligible to receive. The college returned the funds and cancelled the student's loan.

Further inquiry established that the student was a first-year first-time FFEL borrower who enrolled on January 13, 2003 and withdrew on January 31, 2003. The student withdrew before the 30-day delayed disbursement period for FFEL loans had elapsed. On February 10, 2003 the college determined that the student had withdrawn but it disbursed FFEL funds to the student's account on February 19, 2003.

In fact, all Title IV, HEA program disbursements were made after the college determined that the student had withdrawn. However, the student's account record also reflects the return of all Title IV, HEA program funds. The return of all of the Title IV, HEA program funds further exposed the institution's failure to calculate the amount of Title IV, HEA program assistance the student had earned while in attendance from January 13, 2003 through January 31, 2003. The student could have been eligible to receive a post-withdraw disbursement justified by a *Return of Title IV Funds* (R2T4) calculation.

Final Audit Determination:

We note that a similar condition was identified in a recent program review report finding covering the same period. In its response to that finding, the college indicated that it would ensure that R2T4 calculations are performed for all students who withdraw during a term. Since corrective action has been implemented, all FFEL funds and other Title IV, HEA funds were returned and the projected liability is minimal, no further action is required for this student.

Final Audit Determination
Gibbs College, Boston, Massachusetts

ACN: 01-2003-43720
OPE ID: 007481

Audit Finding Number 03-2

(Page 15)

Untimely Enrollment Status Report

Audit Finding:

The college did not update the National Student Loan Data System (NSLDS) in a timely manner for one student. Federal Family Education Loan Program Regulations at 34 CFR §682.610(c) delineate timeframes by which an institution must report student enrollment status changes to the NSLDS, guarantee agencies and lenders. The institution subsequently reported the status change.

Final Audit Determination:

In response to a similar finding identified in a recent program review report, the institution increased the frequency of its enrollment status reporting. No further action is required.

Final Audit Determination
Gibbs College, Boston, Massachusetts

ACN: 01-2003-43720
OPE ID: 007481

Audit Finding Number 03-4

(Page 17)

Federal Pell Grant Program Reconciliation

Audit Finding:

The auditor reported that the total amount of the college's Federal Pell Grant Program award authorization was not properly reflected in the U.S. Department of Education's Grant Administration and Payment System (GAPS). The auditor noted that the 2002-03 Pell Grant program funding authorization and net draw down from the account were equal at \$1,623,507 whereas the institution had made audited Pell disbursements totaling \$1,663,726.

The auditor noted that the institution failed to perform its final reconciliation of Federal Pell Grant Program transactions until May 2004 whereupon the institution reimbursed its federal fund bank account in the amount of \$40,219.

It was further determined through an on-site program review conducted by the U.S. Department of Education that this discrepancy was related to the institution's failure to ensure the submission of downward adjustments to Pell Grant Payment data for students who withdrew by a third party servicer. Since the institution's Pell Grant Payment data overstated the amount of Federal Pell Grant Program funds that individual students were entitled to receive, the program funding authorization was overstated.

Final Audit Determination:

The institution addressed the cause of this deficiency in response to the program review report. No further action is required.



**F E D E R A L
S T U D E N T A I D**

We Help Put America Through School

MAY 5 2005

**Ref: Audit Control
No. 02-2003-43721
OPEID 00750700**

Mr. John M. Larson
President
Gibbs College
630 West Mount Pleasant Avenue
Route 10
Livingston, New Jersey 07039-1611

**Certified Mail
Return Receipt Requested
Receipt # 7004 1160 0004 4288 0324**

Dear Mr. Larson:

This letter advises you of our final audit determination concerning the audit report of your institution's administration of the Title IV Student Financial Assistance Programs. This report prepared by Almich and Associates, Certified Public Accountants covers the year ended December 31, 2003. We have considered the corrective action plan provided with the audit report.

Enclosed is our final audit determination for this audit. Although the enclosure(s) to this letter may not address each of the auditor's findings, the institution must take the necessary actions to correct all the deficiencies noted in the audit report. The auditor must comment on all the actions taken by the institution to correct each finding noted in this audit report, as well as any required actions in the attachment to this letter, in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

The institution is advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 CFR Part 668 Subpart G.

Program records relating to the period covered by this audit must be retained until the later of: resolution of the loan(s), claim(s) or expenditure(s) questioned in the audit, 34 C.F.R. 668.24 (e) (3)(i); or the end of the retention period applicable to the record under 34 C.F.R. 668.24 (e)(1) and (e)(2).

Page 2 - Mr. John M. Larson
President
Gibbs College, NJ

Your continued cooperation throughout the audit review process is appreciated. If you have any questions about our review, please call **Cheryl Lewis of my staff on (202) 377-4237.**

Sincerely,



Shirley Brown
Team Leader
School Participation Team, NE
NY/Boston

Enclosure(s)

cc: Kai Wallace, Financial Aid Administrator
Margie Lewis, Receivables and Cash Receipts Team
Constance Daly, PELL Operations
Vincent Huntley, PELL Operations
William Swift, Acting Area Case Director, School Participation Team,
NY/Boston

ACN 02-2003-43721
Institution Gibbs College, Montclair, New Jersey
Finding Number 03-02, NSLDS Update Not Timely, Page 19

Finding:

The auditors stated that 71 FFEL student files were tested. They requested and received NSLDS enrollment status history detail for 40 withdrawn and graduated students. In 14 out of 40 students tested, the student's enrollment status was reported late. Additionally, the enrollment status date was reported incorrectly for 2 students.

Final Audit Determination:

34 CFR Section 682.610 (c) of the Federal Stafford Loan Program regulations requires that a school must complete and return a student confirmation report form (or other similar status confirmation report) within 30 days of its receipt. Further, the institution must promptly notify the lender when a recipient's status drops below half time and it does not expect to submit its next SSCR within the next 60 days. Documentation of the required submission and contacts is necessary to provide for a clear audit trail.

When the institution entered into a program participation agreement, it agrees that it will establish and maintain the administrative and fiscal procedures and records necessary to ensure proper and efficient administration of Title IV funds. In addition, the institution assures that it would provide upon request and in a timely manner, information relating to the administrative capability and financial responsibility of the institution to the Secretary.

You stated in your corrective action plan that the Director of Financial Aid has worked with a Third Party Servicer and implemented procedures to ensure that enrollment status changes are reported on a timely basis.

We are pleased that the institution has implemented procedures to ensure that Federal reports are submitted timely.

ACN

02-2003-43721

Institution

Gibbs College, Montclair, New Jersey

Finding Numbers

03-03 and 03-04, Return of Title IV Funds, Pages 20 and 21

Finding:

The auditor stated that a return of Federal Pell Grant Title IV fund payment was not paid within the required time frame for 1 of 25 student files tested for refund compliance.

The auditor also stated that for 1 out of 75 student files tested, ineligible FFEL Title IV funds were not returned within the required time frame.

Final Audit Determination:

34 CFR Section 682.607 of the Federal Family Education Loan Program regulations requires an institution to pay directly to the lender that portion of a refund from the school that is allocable to the loan.

If the student received a FFEL, an institution must calculate the refund due to a student and return to the lender any portion of the refund allocated to the loan program within 60 calendar days (30 days effective July 1, 2000).

34 CFR Section 668.22 of the Student Assistance General Provisions regulations requires that the amount of the Title IV Program portion of the refund allocated to the Title IV Programs other than the FWS, Federal Stafford, Federal PLUS and FSLs programs must be returned to the appropriate program account(s). The institution must make the refund within 30 days of the date that the student officially withdraws or is expelled or the institution determines that a student has unofficially withdrawn.

Since the number of days late for each of the untimely refunds cited in the audit was minimal and only two late refunds were cited in the audit, the institution will not be required to post a letter of credit as required under *34 CFR 668.173(d)*. In addition, the institution will not incur a liability for this finding. However, the institution is advised to be more diligent in its refund processing in the future.

ACN 02-2003-43721

Institution Gibbs College, Montclair, New Jersey

Finding Number 03-05, Federal Pell Under Award, Page 22

Finding:

The auditor stated that of 63 Federal Pell Grant files tested, 2 students were under awarded in 2002-2003. Student #1 was under awarded Federal Pell Grant funds in the amount of \$300 and Student #2 was under awarded Federal Pell Grant funds in the amount of \$228.

Final Audit Determination:

34 CFR Section 690.80 of the Federal Pell Grant Program regulations states that an institution may only award or disburse a grant to a student if that grant, combined with other resources the student receives, does not exceed the student's financial need.

We remind the institution that correctly calculating the cost of attendance, family contribution and obtaining correct supporting documentation is basic to need determination. The institution must take greater care when calculating the cost of attendance to ensure that it correctly evaluates each student's financial aid information, to be certain the student receives the award amount to which he/she is entitled.

As a result of the underpayment of \$528 in Federal Pell Grants disbursements to the two students, in your Corrective Action Plan, you stated that the institution provided institutional grants to replace the two under awarded Federal Pell Grant recipients. In addition, the Director of Financial Aid has strengthened internal procedures to ensure Title IV funds are properly awarded.

In the 2002-2003 award year the institution's NAPD in COD is \$4,783,609, but the net draw in GAPS is \$4,783,126 leaving an unexpended balance of \$483. The institution should draw down this amount from GAPS to recoup a portion of the institutional funds that were disbursed to the two students. We will by way of this letter, notify PELL Operations of your adjustment.

In the future, if the institution should experience a finding of this nature where there is an eligible disbursement, it should go into GAPS and make the necessary draw down of funds or contact the Department for assistance.

ACN

02-2003-43721

Institution

Gibbs College, Montclair, New Jersey

Finding Number

03-06, Tuition Charges and Student Account Discrepancy

Finding:

The auditor stated that 1 out of 75 student files tested, there was a discrepancy in the tuition charges listed on the enrollment agreement and the tuition charges listed on the student's ledger.

Final Audit Determination:

34 CFR Section 668.24 of the General Provisions regulations states that to participate in the Title IV Student Financial Aid Programs, an institution must be able to adequately administer those programs. The Secretary considers an institution to have that capability if it establishes and maintains required student and financial records and administer Title IV Programs with adequate checks and balances in its system of internal control.

The institution is also reminded that it must keep records that substantiate the eligibility of its students for student financial assistance funds.

Your auditor stated that when the institution was made aware of this finding, it corrected the student's ledger. They also stated that they reviewed the corrected ledger and determined the revisions were accurate.

As recommended by the auditor, the institution should follow it procedures more diligently to ensure that the correct tuition charges are appropriately reflected in student accounts.

ACN 02-2003-43721

Institution Gibbs College, Montclair, New Jersey

Finding Number 03-07, FWS Earnings, Page 24

Finding:

The auditor stated that of 5 FWS student files tested, 1 student had FWS disbursements that did not correspond with the amount earned for hours worked.

Final Audit Determination:

34 CFR Section 675.19 of the Federal Work-Study Program regulations states that an institution must establish and maintain program and fiscal records that include a certification that each student has worked and earned the amount being paid. The student's supervisor, an official of the institution or off-campus agency, shall sign the certification. The certification shall 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. It must also include a payroll voucher containing sufficient information to support all payroll disbursements.

The institution is responsible for ensuring that the student is paid for work performed, regardless of who employs the student under the FWS program. The institution must also be certain that its certification of timecard entries is correct and represent the students' hours worked.

You stated in your Corrective Action Plan that the underpayment of earnings was paid and that the institution has strengthened its internal procedures to ensure that timesheets and payroll records are consistent for proper payment.

We are pleased that the institution has implement procedures to ensure that students are promptly paid for hours worked. Your auditor must make specific comment in the "Prior Audit" section of the next scheduled audit report regarding the institution's progress in this area.

AUDIT CLEARANCE DOCUMENT						
<input checked="" type="checkbox"/> Original <input type="checkbox"/> Amended <input type="checkbox"/> Revised ACD <input type="checkbox"/> Revised FAD <input type="checkbox"/> Compromise Settlement						
Audit Control #: 02-2003-43721		Mgmt. Imp. Rpt. #:		Original Date: 03/29/2005		Date: 03/30/2005
Auditee Name : Gibbs College		State: NJ		OPE ID: 00750700		TIN: 223275485
Section 1 - Summary of Resolution Actions						
Finding #:		Amount Recommended by Audit			Management Decision	
					Original ACD	Amended ACD
Questioned Cost:		\$			\$	\$
Unsupported Cost:		\$			\$	\$
Other Recoveries:		\$			\$	\$
Non-Monetary: 7		Total: \$0			Total: \$0	Total: \$
Deduct Amount Not Recoverable:					(\$)	(\$)
Add Additional Amount Recommended by Action Official:					\$	\$
TOTAL AMOUNT RECOVERABLE:					\$0	\$
Total # of Findings: 7		List Open Findings #'s: 0			DEDUCT	
Amounts Already Recovered:					\$	\$
Adjustment at Auditee Site:					\$	\$
Other (Explain Below):					\$	\$
TOTAL DEDUCTIONS:					\$0	\$
NET AMOUNT TO BE COLLECTED: (Must equal amount shown in section 3)					\$0	\$
Section 2 - Better Use Funds						
		\$		\$		\$
Section 3 - Accounting Information						
DUNS #	DOCUMENT #	FUND CODE	PROJECT CODE	OBJECT CLASS	Amount to be Collected	Amount to be Deobligated
					\$	\$
					\$	\$
Net Amount to be Collected (Must equal Amount shown in section 1)					\$	\$
Reviewing Official: <i>Cheryl Lewis</i>		Approving Official: <i>Shirley Brown</i>		OGC Clearance (if needed):		
Comments:						

U. S. Department of Education

OPE ID: 00750700
Institution Name: Gibbs College

Deficiency Data Input Form (DDIF)				
State: NJ	Revision Begin Date: 03/30/2005			
Audit Control Number: 02-2003-43721	Completion Date: 03/30/2005			
Assign Date: 12/17/2004	Lead Specialist: Cheryl Lewis			
Responsible Specialist: Cheryl Lewis				
Type of Entry:				
A - Add Code	C - Change Code	D - Delete Code	E - Establish Liability	U - Update Liability
Note: Enter only new codes, revised codes, or codes that have an established or updated liability.				

Repayment Methods:

- C - Cash Returned to Federal Account at Institution
- D - Funds to Direct Loan Organization Center
- E - Education Finance Accounts Receivable
- L - Not Required to Pay Assessed Liability Amt < \$1000
- N - Check to Perkins Loan Fund
- R - Repayment to Lender
- S - Repayment to Student
- T - Fine (Used by AAAD)
- V - Paid to ED (Liability already recovered by ED Finance)

U. S. Department of Education

Index Sheet

Ope Id No: 01287700

School Name: GIBBS COLLEGE

Subfolder: Audit Reports

Doc Type: Final Audit Determination Letter (FAD)

Rec Date:

Org Date: 04/22/2004

School Year: 2002

ACN: 09-2002-31147

PRCN:

Box Id: TD366

Unique ID: SC1000000345406



TR3 16444

DRCC

EZ audit
S.F. case team



UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
BOSTON TEAM
J.W. McCORMACK POST OFFICE AND COURTHOUSE-ROOM 706
BOSTON, MASSACHUSETTS 02109-4557

Area Case Director
(617) 223-9328

Team Leaders
Boston (617) 223-9338
Washington (202) 401-3430

April 22, 2004

Lorren West
President
Gibbs College
10 Norden Place
Norwalk, Connecticut 06855-1436

Final Audit Determination
Reference: ACN: 09-2002-31147

Certified Mail – Return Receipt Requested
7002 2030 0001 4242 9129

OPE ID: 012877

Dear Ms. West:

The Boston Case Management Team has completed its review of the audit report concerning Gibbs College's administration of the Title IV, Higher Education Act (HEA) student financial assistance programs. That report, prepared by Almich & Associates Certified Public Accountants, covered the period January 1, 2002 through December 31, 2002. We have considered the corrective action plan provided with the audit report.

Enclosed is our final audit determination. Although the enclosures to this letter may not address each of the auditors findings, the college must take the necessary actions to correct each of the deficiencies noted in the audit report. Comment on the actions taken including any required by the attachment to this letter in the "Prior Audit" section of the next regularly scheduled non-federal audit.

The presence of repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to the imposition of an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to Subpart G of the Student Assistance General Provisions regulations, 34 CFR Part 668.

Program records relating to the period covered by this audit must be retained until the later of: resolution of the loans, claims or expenditures questioned in the audit under 34 CFR 668.24(e)(3), or the end of the retention period applicable to the record under 34 CFR 668.24(e)(1) and (e)(2). If you have any questions about our review, please call Mr. Joseph Smith of my staff at (617) 223-9600.

Sincerely,

A handwritten signature in cursive script that reads "Rosemary K. Torpey".

Rosemary K. Torpey, Ph.D.
Acting Area Case Director

(enclosures)

cc: Alex Ormeno, Director of Financial Aid, Gibbs College, Norwalk, Connecticut

We help put America through school.

Audit Finding:

The college did not adequately verify student aid application data for three students as required under Subpart E, 34 CFR Part 668, Student Assistance General Provisions.

The college concurred with the criticism and completed the verification process. Subsequent modifications to the students' application data did not affect their Title IV, HEA program awards. In addition, the college adopted a verification checklist and will submit its verification records for additional review by a third-party servicer to prevent a recurrence of this finding.

Final Audit Determination:

The institution's response is adequate. No further action is required.

Index Sheet

Ope Id No: 00942000

School Name: GIBBS COLLEGE

Subfolder: Audit Reports

Doc Type: Correspondence Miscellaneous

Rec Date: 06/08/2004

Org Date: 06/04/2004

School Year: 2002

ACN: 09-2002-31147

PRCN:

Box Id: TD378

Unique ID: SC1000000349563



TRY 17708



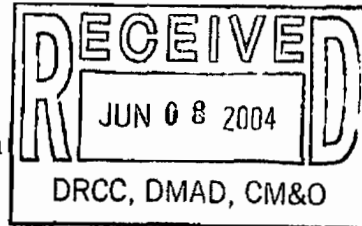
**F E D E R A L
S T U D E N T A I D**

We Help Put America Through School

**Case Management Division Northeast
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107-3322**

June 4, 2004

Mr. M. Lauck Walton
President
Gibbs College
1980 Gallows Road
Vienna, VA 22182



**Reference:
ACN: 09-2002-31147**

**Certified Mail
7001 1940 0003 4873 6153
Return Receipt Requested**

OPE ID#: 00942000

Dear Mr. Walton:

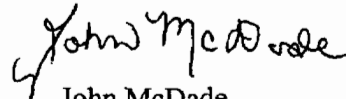
This letter advises Gibbs College of the actions necessary to resolve findings from the 2002 audit report of the institution's administration of the Title IV, Federal Student Aid Programs. This report prepared by Almich and Associates, Certified Public Accountants, covers the period January 1, 2002 through December 31, 2002.

For the Philadelphia Case Management Team to complete its review of Gibbs College's audit, it will be necessary for the institution to conduct a file review for late or unmade Returns of Title IV Funds. Outlined in the enclosure to this letter are the findings from the audit report and an explanation of additional information that must be forwarded to the following address within forty-five (45) days from the receipt of this letter:

United States Department of Education
Office of Federal Student Aid
The Wanamaker Building
Attention: John McDade
Suite 511
100 Penn Square East
Philadelphia, PA 19107-3322

If you have any questions regarding this letter, please call me at (215) 656-6488.

Sincerely,

A handwritten signature in black ink that reads "John McDade". The signature is written in a cursive style with a large initial "J" and "M".

John McDade
Case Management and
Oversight Specialist

Enclosure

cc:

Ms. Genevia Bonner, Director of Financial Aid
United States Department of Education, Document Receipt and Control Center
Mr. Douglas Laine, United States Department of Education
Mr. John McDade, United States Department of Education

Finding Number: 02-2, Late Returns/Non>Returns of Title IV Funds, page 15
Finding Number: 02-7, Documentation of a Late Return of Title IV Fund
Unavailable, page 21
Finding Number: 02-9, Documentation of Late Return of Ineligible Title IV
Funds, page 23

Audit Findings:

The auditor disclosed that the institution did not make timely Returns of Title IV Funds for two (2) students, who withdrew from the institution. According to the audit report, the Return to Title IV Funds was 101 days late and 24 days late for the two students. Additional documentation shows that the 101-day late return was actually returned on April 9, 2004.

In addition, the auditor reported a Documentation of Refund finding (#02-7) and a Documentation of Return of Ineligible Funds finding (#02-9); both findings indicate that Federal Student Aid funds received for students that withdrew from the institution in 2002 were returned in 2003.

Therefore, Late Refund/Return of Title IV Fund calculations were noted for four (4) out of 20 withdrawn student files tested for Refund/Return of Title IV Fund calculation procedures. This resulted in an error rate of 20%. The students were #B1, B2, B4, and B5.

In addition, for student #B4, the institution calculated that \$707.32 should be returned to the Federal Pell Grant Program. Based on the canceled check submitted for student #B4, it appears \$623.00 was returned to the Federal Pell Grant Program. Therefore, \$84.32 has still not been returned to the Federal Pell Grant Program.

Preliminary Audit Determination:

Reference:

34 CFR Section 668.14 (b), Student Assistance General Provisions
34 CFR Section 668.16 (a), Student Assistance General Provisions
34 CFR Section 668.22, Student Assistance General Provisions
34 CFR Section 682.605, Federal Family Education Loan Program
34 CFR Section 682.607, Federal Family Education Loan Program

Federal regulations require all returns of Title IV funds must be sent to the Department, appropriate lender, or student no later than 30 days after the date of the institution's determination of the student's withdrawal.

Federal regulations require that an institution must determine the amount of Title IV assistance a student has earned as of his or her withdrawal date from the institution. If

the amount of Title IV assistance the student has earned is less than the amount disbursed to that student, the difference between these amounts must be returned to the Title IV programs.

The amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of title IV grant or loan assistance that has been earned by the student; and applying this percentage to the total amount of title IV grant or loan assistance that was disbursed to the student for the payment period as of the student's withdrawal date.

The institution must review the files of all students who withdrew from the institution during 2002. The institution must submit a spreadsheet detailing the results of the file review. The spreadsheet must be submitted in hardcopy and electronic format and must include the following:

1. Student Name;
2. Social Security Number;
3. Last Day of Attendance (LDA);
4. Date of Determination of Student Withdrawal (DOD);
5. Return of Title IV Funds Due – Yes/No;
6. Return of Title IV Funds Type (i.e., Pell, Unsubsidized FFEL Loan, Unsubsidized Federal Direct Loan (FDL), Subsidized FFEL Loan, Subsidized FDL, FSEOG, etc.);
7. Amount of Return of Title IV Funds already returned by the institution;
8. Amount of Return of Title IV Funds already returned by the student (if applicable, see step 7 and 8 of the ED R2T4 calculation worksheet);
9. Date Return of Title IV Funds was due;
10. Date refund/return was made with supporting documentation (copies of cancelled checks, both front and back, and supporting bank statements);
11. Additional amount of R2T4/refund due by institution (if any); and
12. Award Year from which funds were disbursed.

In addition, the institution must submit the following hardcopy documentation:

13. Enrollment Contract;
 14. Detail Attendance Record (organized chronologically);
 15. Academic transcript;
 16. Ledger Card (student account card);
 17. All Student Change of Status Notifications;
 18. Official Withdrawal Form;
 19. Copies of cancelled checks, both front and back and supporting bank statements);
 20. A copy of the R2T4 calculation performed for each student for each student withdrawal; and
 21. If the file review indicates that the original R2T4 calculation performed is inaccurate, the institution must submit a copy of the revised R2T4 calculation.
-

The institution must engage an independent Certified Public Accountant (CPA) to attest to the completeness and accuracy of the spreadsheet and hardcopy documentation provided by the institution.

Please be sure that the completed file review is sent to our office address listed on the first page of this letter within 45 days.

APPENDIX

**Gibbs College
2002 Audit**

	Student Name	Social Security Number
B1.	(b)(6)	
B2.		
B4.		
B5.		

Index Sheet

Ope Id No: 00750700

School Name: GIBBS COLLEGE

Subfolder: Audit Reports

Doc Type: Final Audit Determination Letter (FAD)

Rec Date:

Org Date: 05/10/2004

School Year: 2002

ACN: 09-2002-31147

PRCN:

Box Id: TD382

Unique ID: SC1000000351449



TR5 5680.



**F E D E R A L
S T U D E N T A I D**
We Help Put America Through School

MAY 1 0 2004

Ref: Audit Control Number:
09-2002-31147
OPE ID Number 00750700

Certified-Return Receipt Requested

President
Gibbs College
33 Plymouth Street
Montclair, NJ 07042

Dear President:

This letter advises you of the Department of Education's final audit determination concerning the above referenced audit report of Gibbs College's administration of the Title IV Student Financial Assistance Programs. This report, prepared by Almich & Associates, Certified Public Accountants covers the period January 1, 2002 through December 31, 2002. We have reviewed the institution's corrective action plan provided with the audit report.

Enclosed is our final audit determination for this audit. Although the enclosure to this letter may not address each of the auditor's findings, the institution must take the necessary actions to correct all of the deficiencies noted in this audit report. The auditor must comment on all the actions taken by the institution to correct each finding noted in this audit report, as well as any required actions in the enclosures to this letter, in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

The institution is advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may lead to an adverse administrative action. An adverse action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 CFR 668, Subpart G.

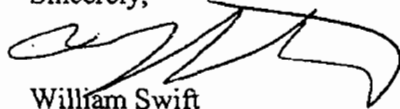
Page 2--President, Gibbs College

Ref: Audit Control Number:
09-2002-31147

Program records relating to the period covered by this audit must be retained until the later of: resolution of the loan(s), claim(s) or expenditure(s) questioned in the audit, 34 CFR 668.24(e)(3)(i); or the end of the retention period applicable to the record under 34 CFR 668.24(e)(1) and (e) (2).

Your continued cooperation throughout the audit resolution process is appreciated. If you have questions about our review, please call Steve Eisenberg of my staff on (212) 637-0792.

Sincerely,



William Swift
Acting Area Case Director
Case Mgmt.Division – Northeast
New York Team

Enclosure(s)

cc: Financial Aid Administrator, Gibbs College

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-1, FFEL Exit Counseling, Page 22

AUDIT FINDING

In 13 of 65 FFELP files tested, documentation found in the student files indicated that loan exit counseling was not performed timely. (Repeat Finding)

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 682.604(g) requires an institution to conduct exit counseling with each borrower. 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 provide exit counseling information to 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.

We recommend that the Institution ensure that exit counseling is provided timely to all borrowers, and that adequate documentation is retained.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-2, Refund Made Late to Title IV, Page 23

AUDIT FINDING

Of 25 files tested for refund compliance, the Return of Title IV funds payments for 2 students were not paid within the required timeframe. (Repeat Finding)

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 668.22 (j) states that an institution must return the amount of title IV funds as soon as possible, but no later than 30 days after the date of the institution's determination that the student withdrew.

We recommend that the Institution continue to strengthen its procedures for refunding federal funds on a timely basis.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-3, Inconsistent Information Not Resolved, Page 24

AUDIT FINDING

Of 75 files tested for student eligibility, 1 student's ISIR contained conflicting information that was not resolved prior to the disbursement of Title IV funds. The reported tax paid and earned income credit were incorrect.

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 668.56(a) states that an institution shall require an applicant selected for verification to submit acceptable documentation that will verify or update information used to determine the applicant's EFC.

In its Corrective Action Plan, the Institution stated it had recalculated the need analysis for the student using the corrected data. The auditor reviewed the documentation during the fieldwork and found it to be accurate. The student remained eligible for all Title IV funds received. There are no remaining questioned costs associated with this finding.

We recommend that the Institution ensure that conflicting information is resolved prior to disbursement of Title IV funds.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-4, Verification Not Completed, Page 25

AUDIT FINDING

Of the 75 files tested, 4 students' files selected for verification contained incomplete or missing information. For Student No. 1, the number in college was incorrect. For Student No. 2, the tax returns were missing. For Student No. 3, the tax return was not signed. For Student No. 4, the student tax form was missing.

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 668.56 (a) states that an institution shall require an applicant selected for verification to submit acceptable documentation to verify or update information used to determine the applicant's EFC.

In response to this finding, the Institution:

1. Recalculated the need analysis for Student No. 1. The student remained eligible for all Title IV funds received.
2. Obtained and verified the necessary documentation for Student No. 2.
3. Obtained the missing signature for Student No. 3.
4. Obtained the missing tax form and recalculated financial aid for Student No. 4 using the corrected data. Student No. 4 had reduced Federal Pell Grant eligibility in the amount of \$700. The student remained eligible for all other Title IV aid received. The Institution submitted a copy of the student's ledger card, indicating the \$700 had been refunded to Pell.

We recommend that the Institution require that all documentation needed for verification is obtained timely.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-5, Information in Student Files Missing, Page 26

AUDIT FINDING

In 1 of the 75 files tested, the FAFSA/ISIR was not signed by the student. The student received Federal Pell Grant funds in the amount of \$1,403 for the 2001-02 award year.

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 668.56 (a) states that an institution shall require an applicant selected for verification to submit acceptable documentation to verify or update information used to determine the applicant's EFC.

The auditor noted that the Institution obtained the signature on the FAFSA. The auditor reviewed the document during the fieldwork and found it to be accurate. The student remained eligible for all Title IV aid received.

We recommend that the Institution continue to strengthen its procedures to ensure that proper documentation is maintained supporting student eligibility, and EFC.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-6, FFEL Awarded Without Proper Documentation,
Page 9

AUDIT FINDING

Of 65 FFELP files tested, 1 dependent student received a Federal Unsubsidized Stafford Loan in the amount of \$3,849 without appropriate documentation of a parent loan denial. The student was properly awarded all other aid as a dependent student.

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 682.201 (a)(3) states that for a student to be awarded additional unsubsidized FFEL, the file should include documentation that PLUS was denied, or would likely be denied.

The institution should ensure that students are not awarded additional unsubsidized FFEL without appropriate documentation of a parent loan denial.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-7, Student Credit Balance Paid Late, Page 28

AUDIT FINDING

Of the 75 files tested, the credit balance for 1 student was paid after the 14-day prescribed time frame.

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 668.164 (e) states that the institution must pay credit balances 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.

The institution should ensure that student credit balances are repaid within prescribed timeframes.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-8, Student Enrollment Status Incorrectly Reported,
Page 29

AUDIT FINDING

In 1 of 65 FFELP files tested, the student's enrollment status was reported incorrectly. The enrollment status on NSLDS was reported as "Withdrawn". The correct status is "Graduated".

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 682.610 (c) states that an institution is required to report a change in a student's enrollment status directly to ED, the lender, or the guarantee agency within 30 days if a student has ceased to be enrolled (or failed to enroll) at least half time, or changed his or her permanent address, and the institution does not expect to submit its next SSCR within the next 30 days.

The auditor noted that after the Institution learned of this finding, it corrected the enrollment status for the student in this finding.

The institution should ensure that changes in enrollment status are reported correctly.

ACN : 09-2002-31147

INSTITUTION : Gibbs College

FINDING NUMBER : 02-9, Pell Awards Not Reconciled, Page 30

AUDIT FINDING

The total 2001-2002 Federal Pell Grant authorization as shown on the EDGAPS Activity Report for the award year ended June 30, 2002 dated March 20, 2003 was \$3,659,005. Audited Pell disbursements are \$3,056,659. Final net draws per EDGAPS are \$3,056,659. The Fiscal Operations Report indicates Pell disbursements of \$3,880,281. The final authorization exceeds EDGAPS net draws and audited disbursements in the amount of \$602,346.

FINAL AUDIT DETERMINATION

Federal Program regulation 34 CFR 668.14(b)(4) states that an institution must establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary, or from students under the Title IV HEA programs.

In its corrective action plan, the Institution noted that it had completed its reconciliation of 2001-02 Pell, and was requesting Pell Authorization Adjustments.

Starting with the 1999-2000 Federal Pell Grant award year (July 1, 1999-June 30, 2000), all Pell Authorization Adjustments must be submitted to Pell Financial Operations (PFO) electronically. If you have any questions regarding this process, please send an email to pellsystems@ed.gov or contact the Pell Grant Hotline at 1-800-4PGRANT (1-800-474-7268).

The institution should ensure that Pell Grant disbursements are reconciled timely to Pell Grant authorizations.

Northeast Case Management Division Transmittal Sheet

School: Gibbs College OPE ID# 007507

ACN: 09-02-31147 Issue Date (Month/Day/Year) 1/1

CASE MANAGEMENT DOCUMENTS FOR SIGNATURE/APPROVAL:

- | | |
|---|--|
| <input type="checkbox"/> Recert TR Ltr
<input type="checkbox"/> Recert Approval (Ltr & PPA)
<input type="checkbox"/> Other _____

<input checked="" type="checkbox"/> Audit
<input checked="" type="checkbox"/> FAD/TR Letter
<input checked="" type="checkbox"/> ARB ACD/Code Sheets
<input type="checkbox"/> Attachments
<input type="checkbox"/> Close-out Audit/Audit Tracking Letter
<input type="checkbox"/> Other _____ | <input type="checkbox"/> Draft Correspondence
<input type="checkbox"/> Inspector General
<input type="checkbox"/> Office of the General Counsel
<input type="checkbox"/> Control Letter
<input type="checkbox"/> Other _____ |
|---|--|

Functional Specialist S. EISENBERG Co Team Leader _____

DATE	FROM	TO	SUBJECT	INITIALS	DATE
5/10	SNE	WJS	FAD		
5/10	WJD	OS	harlow	gz	5/10

RETURN TO _____
COMMENTS:

Audit Clearance Document			
<input checked="" type="checkbox"/> Original <input type="checkbox"/> Amended <input type="checkbox"/> Revised ACD <input type="checkbox"/> Revised FAD <input type="checkbox"/> Compromise Settlement			
Audit Control #: 09-2002-31147	Mgmt. Imp. Rep. #:	Orig. Date: MAY 10 2004	Date:
Auditee Name: Gibbs College	State: NJ	OPE ID: 00750700	TIN: 223275485

SECTION 1 Summary of Resolution Actions			
Finding Number:	Amount Recommended By Audit	Management Decision	
		Original ACD	Amended ACD
Questioned Cost:	\$	\$	\$
Unsupported Cost:	\$	\$	\$
Other Recoveries:	\$	\$	\$
Non-Monetary: 1-9	Total:	Total: 0	Total:
Deduct: Amount Not Recoverable		(\$)	(\$)
Add: Additional Amount Recommended By Action Official		\$	\$
Total Amount Recoverable:		\$ 0	\$
Total # of Findings: 9	List Open Finding #s: 0	Deduct	
Amounts Already Recovered:		(\$)	(\$)
Adjustment at Auditee Site:		(\$)	(\$)
Other: (Explain Below)		(\$)	(\$)
Total Deductions		(\$)	(\$)
Net Amount To Be Collected (Must Equal Amount Shown in Section 3)		0	

SECTION 2 Better Use of Funds		
\$	\$	\$

SECTION 3 Accounting Information					
DUNS Number	Document Number	Fund Code	Project Code	Object Class	Amount to be Collected
071050207					\$ 0
					\$
Net Amount To Be Collected (Must Equal Amount Shown in Section 1)				\$	0
Reviewing Official: 		Approving Official: 		OGC Clearance (if needed):	
Comments:					

DEFICIENCY DATA INPUT FORM

1. INSTITUTION, Gibbs College 2. STATE NJ
 3. OPE-ID 00750700 4. AUDIT CONTROL NO. 09-02-31147

5. ASSIGN DATE 03/01/04 5A. REV-BEG-DATE 03/01/04 6. COMPLETION DATE 05/10/04 7. LEAD SPEC. SRE 7A. RESPONSIBLE SPEC. _____

8. TYPE OF ENTRY	9. ORIG. CODE #	10. REVISED CODE #	11. SPECIALIST LIABILITY	12. REPAYMENT METHOD	11A. SPECIALIST LIABILITY	12A. REPAYMENT METHOD

TYPE OF ENTRY
 A- Add Code C- Change Code D- Delete Code E- Establish Liability
 U- Update Liability

Note: Enter only new codes, revised codes, or codes that have an established or updated liability

13. CORRES. TYPE	14. SENDER DATE	15. SENDER ORG.	16. RECEIVER DATE	17. RECEIVER ORG.	18. REPLY DUE DATE	19. ACN
<u>A</u>	<u>05/04/04</u>	<u>SCH</u>	<u>05/04/04</u>	<u>CMO</u>		<u>09-2002-31147</u>
<u>X</u>	<u>5/10/04</u>	<u>CMO</u>				<u>09 2002 31147</u>

- REPAYMENT METHODS**
- C - Cash Returned to Federal Account at Institution
 - D - Funds to Direct Loan Origination Center
 - E - Education Finance Accounts Receivable
 - L - Not Required to Pay Assessed Liability Amt < \$1000
 - N - Check to Perkins Loan Fund
 - R - Repayment to FFEL Program
 - S - Repayment to Student
 - T - Fine (Used by AAA)
 - V - Paid to ED (Liability already recovered by ED Finance)

- CORRESPONDENCE TYPE**
- A- Additional Information
 - C- Closure (w/TR/PADL)
 - I- Institutional Response
 - O- Missing Close Out Audit Report Letter
 - R- Appeal Resolution
 - S- Special (i.e Congressionals)
 - T- Transmittal/PADL
 - X-Closure (no TR/PADL)
 - Z- Solicit 3070 Documents
 - Q- Denied 3070 Request
 - P- Approved 3070 Request
 - 6- Telephone Call

Index Sheet

Ope Id No: 00748100

School Name: GIBBS COLLEGE

Subfolder: Audit Reports

Doc Type: Final Audit Determination Letter (FAD)

Rec Date:

Org Date: 04/22/2004

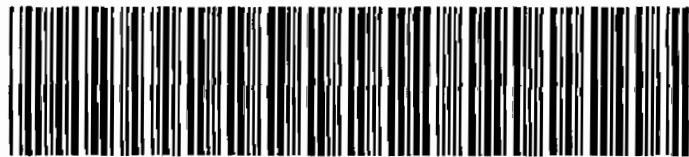
School Year: 2002

ACN: 09-2002-31147

PRCN:

Box Id: TD366

Unique ID: SC1000000345405



TR3 16443

DRCC

e2 audit
S.F. case team



UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
BOSTON TEAM
J.W. McCORMACK POST OFFICE AND COURTHOUSE-ROOM 706
BOSTON, MASSACHUSETTS 02109-4557

Area Case Director
(617) 223-9328

Team Leaders
Boston (617) 223-9338
Washington (202) 401-3430

April 22, 2004

David Waldron
President
Gibbs College
126 Newbury Street
Boston, Massachusetts 02116-2904

Final Audit Determination
Reference: ACN: 09-2002-31147

Certified Mail – Return Receipt Requested
7002 2030 0001 4242 9105

OPE ID: 007481

Dear Mr. Waldron:

The Boston Case Management Team has completed its review of the audit report concerning Gibbs College's administration of the Title IV, Higher Education Act (HEA) student financial assistance programs. That report, prepared by Almich & Associates Certified Public Accountants, covered the period January 1, 2002 through December 31, 2002. We have considered the corrective action plan provided with the audit report.

Enclosed is our final audit determination. Although the enclosures to this letter may not address each of the auditors findings, the college must take the necessary actions to correct each of the deficiencies noted in the audit report. Comment on the actions taken including any required by the attachment to this letter in the "Prior Audit" section of the next regularly scheduled non-federal audit.

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Program records relating to the period covered by this audit must be retained until the later of: resolution of the loans, claims or expenditures questioned in the audit under 34 CFR 668.24(e)(3), or the end of the retention period applicable to the record under 34 CFR 668.24(e)(1) and (e)(2). If you have any questions about our review, please call Mr. Joseph Smith of my staff at (617) 223-9600.

Sincerely,

A handwritten signature in cursive script that reads "Rosemary K. Torpey".

Rosemary K. Torpey, Ph.D.
Acting Area Case Director

(enclosures)

cc: Lisa Sander, Director of Financial Aid, Gibbs College, Boston, Massachusetts

We help put America through school.

Audit Finding:

The college did not obtain a signed copy of a Federal tax return for one student selected for verification as required under 34 CFR §668.57, Student Assistance General Provisions. The auditor noted that the college obtained a signed copy of the tax return and that no other problems were identified in the student's award. Similar, more extensive findings were noted in three prior audit reports.

The college concurred with this criticism. Starting with the 2002-2003 award year, the college engaged the services of Global Financial Aid Services (GFAS) to ensure that the verification process is completed before Title IV funds are disbursed.

Final Audit Determination:

We note that the creation of this particular deficiency pre-dates the institution's agreement with GFAS. The college is encouraged to continue its effort to enhance performance and internal control in this important area.

Audit Findings:

In one instance, the college returned its portion of unearned Title IV, HEA program funds 154 days after the payment deadline. In addition, the college failed to return unearned Title IV, HEA funds for two other students who withdrew. The auditor indicated that the college departed from established internal procedures in these instances.

Student Assistance General Provisions at 34 CFR §668.22(j) make clear that an institution must return the amount of Title IV, HEA funds for which it is responsible *as soon as possible*, but no later than 30 days after the date of the institution's determination that the student withdrew.

The college concurred with the findings and noted that it had engaged the services of Global Financial Aid Services (GFAS) to perform all refund and return of Title IV funds calculations starting with the 2002-2003 award year. In addition, new reports and procedures have been implemented to ensure the timely return of unearned Title IV funds.

Final Audit Determination:

We note that the specific deficiencies cited in the report pre-exist the institution's recent agreement with GFAS in this area and that the corrective action proposals appear adequate to resolve these deficiencies.

However, we also note with serious concern the presence of similar findings in **seven** successive audits cycles. Its recurrence in a future audit will heighten the Department's need to monitor the institution's Title IV, HEA administration and may necessitate the initiation of an adverse administrative action pursuant to Subpart G of the Student Assistance General Provisions, 34 CFR Part 668.

Audit Finding:

The college did not provide exit loan counseling within the prescribed timeframe for one Federal Family Education Loan Program borrower. In addition, the date on which exit loan counseling was provided to another borrower was not evident in the record. An institution must provide and document exit loan counseling pursuant to Federal Family Education Loan Program regulations established at 34 CFR §682.604(g). The auditor cited the institution's failure to uniformly apply its procedures as the cause of this finding. Similar findings were noted in audits covering the college for its fiscal years ending in 1998, 1999, and 2001.

The college agreed with the finding and mailed the appropriate exit loan counseling materials. In addition, the college noted that GFAS is responsible for sending exit packet to student borrowers and that another third-party servicer, Cohort Concepts, provides exit loan counseling to graduating students. The financial aid office will mail exit loan counseling materials to any student who fails to attend one of these seminars.

Final Audit Determination:

We note that the rate of institutional error in this area has decreased. The college is encouraged to implement additional controls to prevent future oversights.

Audit Finding:

One dependent student's eligibility for an additional unsubsidized loan amount pursuant to Federal Family Education Loan Program regulations at 34 CFR §682.201(a)(3) was unsubstantiated. In order to award an addition unsubsidized loan to a dependent student borrower, an institution must document the likelihood that the dependent student's parent would be precluded by exceptional circumstances from borrowing under the PLUS program. A similar finding was noted in the prior year audit.

The college agreed with the finding and returned the ineligible unsubsidized loan amount. In addition, the college is using a new student file checklist under the new GFAS servicing agreement which is expected to prevent a recurrence of this finding.

Final Audit Determination:

The institution's response is adequate. No further action is required.

Audit Finding:

The college disbursed Federal Pell Grant Program and Federal Supplemental Educational Opportunity Grant Program funds to a student who had previously earned a first baccalaureate degree. The student received \$3,634 under these programs. In general, only undergraduate students are eligible for awards under these programs (34 CFR §§676.2, 676.9, 690.2, and 690.6). A student who has earned a baccalaureate or first professional degree may not be considered an undergraduate student under these programs.

The college concurred with the finding and returned the funds to the appropriate programs accounts. The college notes the existence of additional quality assurance reviews under its new servicing agreement with GFAS.

Final Audit Determination:

The institution's response is adequate. No further action is required.

Audit Finding:

The finding describes the unreconciled status of the college's Federal Pell Grant Program records for the 2001-2002 award year. At the time of the audit, the institution's Federal Pell Grant Program funding authorization stood at \$1,398,435 (Program Award No. P063P012415) whereas the amount of its audited Pell Grant disbursements and net receipts of Federal funds came to \$1,317,647. This discrepancy caused the program authorization to exceed actual disbursements by \$80,788. In addition, the amount of Federal Pell Grant Program expenditures reported on the Fiscal Operations Report and Application to Participate (FISAP) for the period was \$1,424,375. The Department administratively reduced the funding authorization in May 2003 to the amount of the college's net draw down from EDCAPS/GAPS to account for unreported decreases in student payment data.

Subsequent downward adjustments have caused the institution's net draws to exceed its net authorization by \$1960. The institution's current net authorization under Program Award Number P063P012415 is \$1,313,821.28 and its current net drawdown is \$1,315,781.28.

Federal Pell Grant Program regulations at 34 CFR §690.83 require that an institution submit any change relevant to a student's Federal Pell Grant payment data by the deadline established in the *Federal Register*. The *Federal Register* notice published on August 20, 2001 (66 FR 43754) makes clear that an institution must submit a Federal Pell Grant Program disbursement record not later than the earlier of: 30 calendar days after it makes a disbursement; that it becomes aware of the need to make an adjustment to previously reported disbursement data; or, September 30, 2002. Federal Supplemental Educational Opportunity Grant Program regulations at 34 CFR §676.19 require that an institution ensure the accuracy of information provided in its Fiscal Operations Reports.

The college agreed with the finding and indicated that it will perform the final program reconciliation and submit necessary records to the U.S. Department of Education. The college also noted that GFAS has been contracted to administer the disbursement and reconciliation of Federal Pell Grant Program funds. The college will timely respond to any requests for information made by the servicer to ensure timely reconciliation.

Final Audit Determination:

Failures to report timely adjustments of Federal Pell Grant Program awards may cause former students to experience unnecessary financial hardship upon enrolling in another eligible program or institution. The institution's recurring failure to reconcile its Federal program expenditures timely and accurately in six successive audit cycles suggests a serious weakness in its administrative capability and calls into question its fitness as a fiduciary. The recurrence of a similar finding may necessitate the imposition of restrictions upon the institution's current payment method.

The college must comment on the actions taken to resolve its \$1960 excessive drawdown under Program Award Number P063P012415 in a separate letter to this office or in the context of its next regularly scheduled non-federal audit.



UNITED STATES DEPARTMENT OF EDUCATION

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WASHINGTON, D.C., 20202- _____

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**PHILADELPHIA CASE
MANAGEMENT TEAM**

**COPY FOR YOUR
INFORMATION**

Reference:

ACN: 09-2002-31147

Certified Mail

7003 1680 0000 0643 8640

Return Receipt Requested

OPE ID#: 00942000

Mr. M. Lauck Walton
President
Gibbs College
1980 Gallows Road
Vienna, VA 22182

Dear Mr. Walton:

This letter advises you of the United States Department of Education's final audit determination (FAD) concerning the audit report of your institution's administration of the Title IV, Federal Student Aid (formerly Student Financial Assistance) Programs. This report, prepared by Almich and Associates, Certified Public Accountants, covers the period January 1, 2002 through December 31, 2002. We have reviewed the institution's corrective action plan provided with the audit report.

Enclosed is our final audit determination for this audit. Although the enclosures to this letter may not address each of the auditor's findings, the institution must take the necessary actions to correct all of the deficiencies noted in the audit report. The auditor must comment on all the actions taken by the institution to correct each finding noted in this audit report, as well as any required actions in the enclosures to this letter, in the "Prior Audit" section of the next regularly scheduled non-Federal audit.

The institution is advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may result in the U.S. Department of Education initiating administrative action. An administrative action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 CFR Part 668 Subpart G.

Finding #02-4, 02-10 have been satisfactorily addressed as described in the institution's corrective action plan. The institution is advised that repeat findings in future audits or failure to satisfactorily resolve the findings of this audit may result in the U.S. Department of Education initiating administrative action. An administrative action may include the imposition of a fine, or the limitation, suspension, or termination of the eligibility of the institution pursuant to 34 CFR Part 668 Subpart G.

Additional comments on Finding #02-1, 02-2, 02-3, 02-5, 02-6, 02-7, 02-8, 02-9 plus the auditor's qualified opinion are enclosed in this Final Audit Determination.

Please be advised that the closure of this audit does not preclude the Department from later determining through any review, that additional action is required.

As a reminder, when submitting future audit report packages, please be sure to include a separate (electronic) document that identifies each student by their specific audit reference number, student name, and Social Security number in accordance with Appendix D of the January 2000 United States Department of Education Office of Inspector General Audit Guide.

If you elect to appeal to the Secretary for a review of this final audit determination, you must file a written request for a hearing. The U.S. Department of Education must receive your request no later than 45 days from the date you receive this final audit determination. An original and four copies of the information you submit must be attached to your request. Your request may be sent by regular, overnight or courier mail to:

Ms. Mary E. Gust, Director
Administrative Actions and Appeals Division
U.S. Dept. of Education
School Eligibility Channel, ASEDS/FSA
830 First Street, NE - UCP3, Room 83E1
Washington, DC 20002-8019

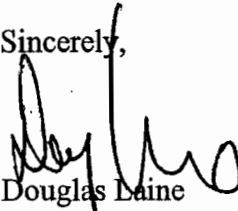
Your request must: (1) indicate the findings, issues and facts you dispute; (2) state the institution's position together with pertinent facts and reasons supporting your position; (3) include any documentation to support your position with **auditor verification**; and (4) include a copy of this Final Audit Determination letter. We define **auditor verification** as a confirmation statement that a corrective action was accurately taken by the institution in accordance with the U.S. Department of Education's instructions. This corrective action includes a confirmation of documents, liabilities paid, file reviews, projection sampling and formulas used to calculate liabilities.

Your request for the Secretary's review of the final audit determination will result in a hearing before a qualified hearing official. You will be contacted by the hearing official regarding the conduct of the hearing. For further information regarding this review, you should refer to 34 CFR § 668, Subpart H, of the Student Assistance General Provisions regulations.

Program records relating to the period covered by these audits are subject to the normal three-year record retention requirements outlined in program regulations. Records pertaining to findings under appeal must be retained for three years after the Secretary's final decision.

Your continued cooperation throughout the audit resolution process is appreciated. If you have any questions about our review, please call John McDade of my staff at (215) 656-6442.

Sincerely,



Douglas Laine
Team Leader

cc:

Ms. Janet Angelis, Interim Director of Financial Aid
Commonwealth of Virginia Department of Education
Accrediting Council for Independent Colleges and Schools
Mr. Robert James, Liaison for Career Institutions of Higher Education
Ms. Bonnie Gibbons, United States Department of Education
Mr. John McDade, United States Department of Education
Ms. Margie Lewis, United States Department of Education, Receivables Team
Ms. Martina Fernandez-Rosario, United States Department of Education

ACN: 09-2002-31147

Institution: Gibbs College

Finding Number: 02-1, Untimely Loan Counseling, page 14

Finding Number: 02-6, Missing Loan Counseling, page 20

Finding:

The auditor reported that the institution did not timely perform loan counseling for 2 out of 66 students, and the auditor reported that the institution did not conduct loan counseling for 4 out of 66 students. There were Missing Loan Counseling findings in the 2001 and 2000 audits.

The missing loan counseling occurred when the institution did not follow its procedures.

An institution's failure to provide loan counseling increases the possibility of a student defaulting on his or her loan.

Final Audit Determination:

Reference:

34 CFR Section 668.42, Student Assistance General Provisions
34 CFR Section 682.604, Federal Family Education Loan Program

Entrance Counseling

An in-person or videotaped initial loan counseling session is required for each borrower prior to the release of a Federal Direct Student Loan. An individual with knowledge of the Title IV programs must be available shortly after the counseling session to answer borrowers' questions. In conducting entrance counseling, the school must:

1. Explain the use of a Master Promissory Note;
2. Emphasize to the borrower the seriousness and importance of the repayment obligation the student borrower is assuming;
3. Describe the consequences of default, including adverse credit reports and garnishment of wages;
4. Provide to the student borrower information as to the average indebtedness of other student borrowers who had attended the school; and
5. Inform the student borrower as to the average monthly repayment of other student borrowers.

Institutions must document, in each student's file, that this entrance counseling has been conducted.

Exit Counseling

An institution must conduct exit loan counseling either in person, by audiovisual presentation, or by interactive electronic means when a student either withdraws from an institution or completes his or her course of study. In each case, the school must ensure that an individual with knowledge of the Title IV programs is available shortly after the counseling session to answer the student borrowers' questions. In conducting exit counseling, the school must:

1. Inform the student borrower of the average anticipated monthly repayment amount based on the student borrower's indebtedness or on the average indebtedness of student borrowers who have obtained Federal Direct Subsidized or Federal Direct Unsubsidized Loans for attendance at that school or in the student borrower's program of study;
2. Review for the student borrower available repayment options including the standard repayment, extended repayment, graduated repayment, and income contingent repayment plans, and loan consolidation;
3. Provide options to the student borrower concerning those debt-management strategies that the school determines would facilitate repayment by the student borrower;
4. Explain to the student borrower how to contact the party servicing the student borrower's Direct Loans;
5. Emphasize to the borrower the seriousness and importance of the repayment obligation the student borrower is assuming;
6. Describe the consequences of default, including adverse credit reports and garnishment of wages;
7. Review with the student borrower the conditions under which the student borrower may defer repayment or obtain a full or partial cancellation of a loan;
8. Review with the student information on the availability of the Department's Student Loan Ombudsman's Office; and
9. Require the student borrower to provide corrections to the school's records concerning name, address, social security number, references, driver's license number and State of issuance, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and the name and address of the student borrower's expected employer (if known). The school must provide this information to the Department within 60 days.

If a borrower withdraws from an institution without the school's prior knowledge or fails to attend or complete an exit loan counseling session as scheduled, the school must still provide exit loan counseling. This can be done either through interactive electronic means or by mailing written counseling materials to the borrower at the borrower's last known address within 30 days after the institution learns that the borrower has withdrawn from the school or failed to complete the exit counseling.

In the institution's corrective action plan, the institution concurred with these findings, and the institution provided the loan counseling for the students.

The auditor recommends that the institution adhere to its procedures regarding timely loan counseling and counseling documentation.

The institution must ensure that it has corrected its procedures so this type of finding does not recur. Also, the institution must instruct its auditor to provide specific comment concerning the effectiveness of your corrective actions in the Prior Audit section of the non-Federal audit report.

ACN: 09-2002-31147

Institution: Gibbs College

Finding Number: 02-2, Late Returns/Non>Returns of Title IV Funds, page 15
Finding Number: 02-7, Documentation of a Late Return of Title IV Fund
Unavailable, page 21
Finding Number: 02-9, Documentation of Late Return of Ineligible Title IV
Funds, page 23

Finding:

The auditor disclosed that the institution did not make timely Returns of Title IV Funds for two (2) students, who withdrew from the institution. According to the audit report, the Return to Title IV Funds was 101 days late and 24 days late for the two students. Additional documentation shows that the 101-day late return was actually returned on April 9, 2004.

In addition, the auditor reported a Documentation of Refund finding (#02-7) and a Documentation of Return of Ineligible Funds finding (#02-9); both findings indicate that Federal Student Aid funds received for students that withdrew from the institution in 2002 were returned in 2003.

Therefore, Late Refund/Return of Title IV Fund calculations were noted for four (4) out of 20 withdrawn student files tested for Refund/Return of Title IV Fund calculation procedures. This resulted in an error rate of 20%.

In addition, for student #FR 40, the institution calculated that \$707.32 should be returned to the Federal Pell Grant Program. Based on the canceled check submitted for student #FR 40, it appears \$623.00 was returned to the Federal Pell Grant Program. Therefore, \$84.32 has still not been returned to the Federal Pell Grant Program. The institution did not accurately compute Returns of Title IV Funds calculations.

As a result of the error rate, the Department directed the institution to perform a file review for all students who withdrew from the institution in 2002.

There was an Unmade Refund/Returns of Title IV Fund finding in the 2001 audit and a Late Refund/Returns of Title IV Fund Finding in the 2000 audit.

The auditor stated that procedures to ensure timely returns of refunds and ineligible funds were not always followed and documented.

Failure to make timely returns of Title IV funds results in an institution receiving funding to which it is not entitled and causes increased expense for the U.S. Department of Education.

Final Audit Determination:

Reference:

34 CFR Section 668.14 (b), Student Assistance General Provisions
34 CFR Section 668.16 (a), Student Assistance General Provisions
34 CFR Section 668.22, Student Assistance General Provisions
34 CFR Section 668.171, Student Assistance General Provisions
34 CFR Section 668.173, Student Assistance General Provisions
34 CFR Section 682.605, Federal Family Education Loan Program
34 CFR Section 682.607, Federal Family Education Loan Program
34 CFR Section 690.2, Federal Pell Grant Program
34 CFR Section 690.63, Federal Pell Grant Program
34 CFR Section 690.80, Federal Pell Grant Program

An institution is required to return the unearned amount of Title IV assistance by subtracting the amount of Title IV assistance earned by the institution from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew.

Federal regulations require all returns of Title IV funds must be sent to the Department, appropriate lender, or student as soon as possible, but no later than 30 days after the date of the institution's determination of the student's withdrawal.

Federal regulations indicate the percentage of payment period or period of enrollment completed is determined by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date.

The percentage of title IV grant or loan assistance that has been earned by the student is equal to the percentage of the payment period that the student completed as of the student's withdrawal date, if this date occurs on or before completion of 60 percent of the payment period that is measured in credit hours.

Enrollment status is defined as: full-time, three-quarter-time, half-time, or less-than-half-time depending on a student's credit-hour work load per academic term at an institution using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours.

The Federal Pell Grant for a payment period, i.e., an academic term, for a student in a program using standard terms with less than 30 weeks of instructional time in two semesters or trimesters or in three quarters is calculated by -- (1) Determining his or her enrollment status for the term; (2) Based upon that enrollment status, determining his or her annual award from the Payment Schedule for full-time students or the Disbursement Schedule for three-quarter-time, half-time, or less-than-half-time students. Then, the

institution must multiply his or her annual award determined under 34 CFR Section 690.63 (c) as applicable. In addition, the institution must divide the amount by two for programs using semesters or trimesters or three for programs using quarters.

Federal regulations require that if a student's enrollment status changes from one academic term to another term within the same award year, the institution shall recalculate the Federal Pell Grant award for the new payment period taking into account any changes in the cost of attendance.

Your audit contained a late refund/return of Title IV Fund finding that is noncompliant with 34 CFR Section 668.173. Pursuant to this regulation, the institution will be required to provide to the Department a letter of credit equal to 25 percent of the refunds/returns of Title IV Funds that were made or should have been made for the most recently completed fiscal year. The Philadelphia Case Management Team is reviewing the documentation submitted by the institution, and if a letter of credit is required, your institution will be notified under separate cover.

In the institution's June 2003 corrective action plan, the institution concurred with these findings, and indicated that it has returned the funds in question and improved its procedures.

The auditor recommends that the institution take due diligence and care in ensuring that the timeframes for Returns of Title IV Funds/refunds are followed.

On June 4, 2004, the Department directed the institution to complete a file review for all students who withdrew from the Gibbs College in 2002. On August 2, 2004, the Department received the institution's file review with supporting documents for 180 withdrawn students; the institution forwarded additional documents on September 3, 2004. Based on the file review with supporting documentation, additional unearned aid has not been returned to the appropriate Title IV program for 41 students. Please refer to Attachment A, which displays the additional amounts of unearned aid that needs to be returned.

The amounts listed in Attachment A sixth through ninth columns are the additional Title IV aid amounts that the institution needs to return to the Federal programs (specified in the third column).

Furthermore, the file review indicated that Title IV aid was not timely returned for those 30 students listed in Attachment B. Please note that some of the students listed in Attachment B are also listed in Attachment A. Please refer to Attachment C for student names and reference numbers for those students included in the file review and identified in this FAD.

Excess/imputed interest was assessed for the time periods that the Title IV Funds were returned late, which is an increased expense for the U. S. Department of Education.

Since the Department incurred unnecessary interest costs associated with the late Returns of Title IV Funds, the institution must reimburse these costs to the Department. Attachments A and B show the excess/imputed interest amounts due for each student.

Excess/imputed interest was calculated by multiplying the applicable unearned Title IV amount by the number of days the unearned Title IV Funds were late times the daily interest rate. The daily interest rate was computed by dividing the applicable interest rate by 360 days. Interest rates were: 5% for January 1, 2002 through June 30, 2002; 3% for July 1, 2002 through December 31, 2002; 2% for 2003; and 1% for 2004.

For Federal Subsidized Loans, excess interest is due to the Department for the first 150 days and is due to the lender for the remaining period. For Federal Unsubsidized Loans, excess interest is due to the lender to reduce the student's loan debt. For Federal Pell Grants and for Federal Supplemental Educational Opportunity Grants (FSEOG), imputed interest is due to the Department.

In addition, the file review revealed that some students received ineligible disbursements of Federal aid while other students were overpaid Federal Pell Grants.

The institution must ensure that it has corrected its procedures so this type of finding does not recur. Also, the institution must instruct its auditor to provide specific comment concerning the effectiveness of your corrective actions in the Prior Audit section of the non-Federal audit report.

Our review of the file review with supporting documentation shows that the Gibbs College needs to return additional unearned aid of \$22,744.70 to the Title IV programs along with excess interest of \$729.00 to the lenders to reduce the student's outstanding loan balances. In addition, Gibbs College owes imputed interest of \$426.34 to the Department. Repayment instructions are included on pages 18 and 19 of this FAD.

Gibbs College must confirm payment to the Department and to the various lenders by providing copies of the front and back of the cancelled refund/return of unearned Title IV aid checks.

After the Department receives payment for this liability, and confirmation that Title IV Funds were returned to all Title IV programs, this finding will be closed.

ACN: 09-2002-31147

Institution: Gibbs College

Finding Number: 02-3, Improper Federal Work-Study Payments for Hours Worked, pages 16-17

Finding:

The auditor reported that the Federal Work-Study timesheets were not always consistent with the disbursement records for the corresponding time period for five (5) out of five students. Therefore, the auditor expanded the sample to include the entire universe of 12 students. As a result, there were questioned costs of \$1,070.76.

The auditor stated that these errors were caused when the institution failed to adhere to its procedures with respect to verification of hours worked versus hours paid and the amounts earned for Federal Work-Study students.

An institution's failure to properly disburse from the Federal Work-Study program may cause students to be deprived of financial assistance.

Final Audit Determination:

Reference:

34 CFR Section 668.161, Student Assistance General Provisions

34 CFR Section 675.16, Federal Work-Study Programs

34 CFR Section 675.19, Federal Work-Study Programs

Federal regulations indicate that the institution is responsible for ensuring that the student is paid for work performed. Federal regulations also require that the institution must establish and maintain program and fiscal records that each student has worked and earned the amount being paid.

In the institution's corrective action plan, the institution concurred with this finding. The institution indicated that it will resolve the Federal Work-Study disbursements that did not correspond with the amount earned or hours worked. The institution also indicated that it would conduct a quality assurance review to ensure compliance with the Federal Work-Study regulations.

The auditor recommended that the institution adhere to its procedures with respect to verification of hours worked versus hours paid and amount earned by students.

The institution must ensure that it has corrected its procedures so this type of finding does not recur. Also, the institution must instruct its auditor to provide specific comment concerning the effectiveness of your corrective actions in the Prior Audit section of the non-Federal audit report.

ACN: 09-2002-31147

Institution: Gibbs College

Finding Number: 02-5, Incomplete Verification, page 19

Finding:

The auditor noted that the institution did not properly complete verification for two (2) out of 70 students. There was an Incomplete Verification finding in the 2000 audit.

The auditor stated that these errors were caused when the institution did not apply its procedures for obtaining and reviewing complete documentation.

Failure to properly complete verification may result in students receiving funds they are not entitled to, and cause an increased expense for the Department.

Final Audit Determination:

Reference:

34 CFR Section 668.54, Student Assistance General Provisions
34 CFR Section 668.56, Student Assistance General Provisions

An institution shall require each applicant whose application is selected for verification to verify all of all applicable items.

An applicant selected for verification is required to submit specific documentation that will verify or update the information used in determining the applicant's expected family contribution. Adjusted gross income and untaxed income and benefits for the base year are among the required data that must be verified. A signed copy of the federal income tax return is acceptable documentation to verify adjusted gross income and can also be used to verify some sources of untaxed income and benefits.

In the institution's corrective action plan, the institution enhanced its verification procedures that include a verification checklist, Financial Aid staff confirmation of verification, and double review of the file before disbursing funds.

The auditor recommended that the institution follow its procedures for obtaining and reviewing complete verification documentation.

The auditor reported that the institution collected the missing information for both students, and these students remained eligible for the Title IV aid previously received.

The institution must ensure that it has corrected its procedures so this type of finding does not recur. Also, the institution must instruct its auditor to provide specific comment concerning the effectiveness of your corrective actions in the Prior Audit section of the non-Federal audit report.

ACN: 09-2002-31147

Institution: Gibbs College

**Finding Number: 02-8, Improper Loan Certification – Failure to Document
Dependent Student’s Parent’s PLUS Loan Denial, page
22**

Finding:

The auditor reported that the institution awarded a Federal Unsubsidized Stafford Loan of \$2,587 to a dependent student without documentation of a parent (PLUS) loan denial.

The auditor stated that this error was caused when the institution did not follow its procedures.

Improperly awarding loans to students may result in students receiving funds they are not entitled to, and cause an increased expense for the Department.

Final Audit Determination:

Reference:

34 CFR Section 682.201, Federal Family Education Loan Program
34 CFR Section 682.204, Federal Family Education Loan Program

For purposes of a dependent undergraduate student's eligibility for an additional unsubsidized Stafford loan amount, as described at Section 682.204(d), is a dependent undergraduate student for whom the financial aid administrator determines and documents in the school's file, after review of the family financial information provided by the student and consideration of the student's debt burden, that the student's parents likely will be precluded by exceptional circumstances (e.g., denial of a PLUS loan to a parent based on adverse credit, the student's parent receives only public assistance or disability benefits, is incarcerated, or his or her whereabouts are unknown) from borrowing under the PLUS Program and the student's family is otherwise unable to provide the student's expected family contribution. A parent's refusal to borrow a PLUS loan does not constitute an exceptional circumstance.

In addition to any amount borrowed under paragraphs (a) and (c) of this section, certain dependent undergraduate students under the conditions specified in Sec. 682.201(a)(3) may borrow additional amounts under the Unsubsidized Stafford Loan Program. The additional amount that such a student may borrow under the Unsubsidized Stafford Loan Program is dependent on the length of the academic program.

In the institution's corrective action plan, the institution concurred with the finding. The institution returned the loan on June 25, 2003, which is after the February 2003 auditor's visit to the Gibbs College. The institution indicated that it has strengthened its procedures.

The auditor recommended that the institution follow its procedures to ensure that students are properly awarded Federal Student Aid.

The institution must ensure that it has corrected its procedures so this type of finding does not recur. Also, the institution must instruct its auditor to provide specific comment concerning the effectiveness of your corrective actions in the Prior Audit section of the non-Federal audit report.

ACN: 09-2002-31147

Institution: Gibbs College

Finding Number: Special, Auditor's Qualified Opinion, page 10

Finding:

The auditor issued a qualified opinion on the major programs as stated on page 10 of the audit report.

Reference:

34 CFR Section 668.15, Student Assistance General Provisions
34 CFR Section 668.171, Student Assistance General Provisions
34 CFR Section 668.173, Student Assistance General Provisions
34 CFR Section 668.174, Student Assistance General Provisions
34 CFR Section 668.175, Student Assistance General Provisions

Subpart L of the Student Assistance General Provisions regulations states that to begin and to continue to participate in any of the Title IV programs an institution must demonstrate to the Secretary that it is financially responsible under the standards established in this subpart. Even if an institution satisfies all of the general standards of financial responsibility, the Secretary does not consider the institution to be financially responsible if in the institution's audited financial statements, the opinion expressed by the auditor was an adverse, qualified, or disclaimed opinion, or the auditor expressed doubt about the continued existence of the institution as a going concern.

In accordance with 34 CFR § 668.175 of the Student Assistance General Provisions regulations, an institution that is not financially responsible may continue to participate in the Title IV programs by qualifying under an alternative standard set forth in this section. A participating institution may qualify as financially responsible by submitting an irrevocable letter of credit, that is acceptable and payable to the Secretary for an amount determined by the Secretary that is not less than one-half of the Title IV program funds received by the institution during its most recently completed fiscal year.

The institution must ensure that it has corrected its procedures so this type of finding does not recur. Additionally, the institution must instruct its auditor to provide specific comment concerning the effectiveness of your corrective actions in the Prior Audit section of the non-Federal audit report.

REPAYMENT INSTRUCTIONS:

Based on this final audit determination, the total liability is \$23,900.04. The following liability is due to the Federal Family Education Loan Program lender(s):

Finding #	Amount	Program
Finding 02-2, 02-7, 02-9:	\$18,122.64	Federal Family Education Loan Program
	\$729.00	Excess Interest due to FFEL lenders

Based on this final audit determination, the following liability is due to the United States Department of Education:

Finding #	Amount	Program
Finding 02-2, 02-7, 02-9:	\$4,622.06	Federal Pell Grant Program
	<u>\$426.34</u>	Imputed Interest due to Department
Total	\$5,048.40	

The payment of the liability, in the amount of **\$5,048.40** must be completed by forwarding your check payable to the United States Department of Education within **45** days of the date of this letter to:

U.S. Department of Education
P.O. Box 952226
St Louis, MO 63195-2226

Please remit checks only, and do not send correspondence to this lockbox address.

If the U.S. Department of Education does not receive payment within that 45-day period, interest will accrue in monthly increments until the date of receipt of your payment.

If full payment cannot be made within 45 days of the date of this letter, please contact the Debt Management Group at (202) 401-1450 to apply for a payment plan. Interest charges and other conditions will apply. Written requests should be sent to:

Ms. Nancy Hoglund, Supervisor
U.S. Department of Education
Debt Management Group
400 Maryland Avenue, SW
FB-6, Room 4C107
Washington, DC 20202-4330

The following identification data applies to this repayment and must be written on your check and accompanying documents.

Amount: \$5,048.40
TIN: 364328545
ACN: 09-2002-31147
DUNS: (b)(2)

If payment is not received in accordance with the above instructions, the U.S. Department of Education may collect the amount due and payable by administrative offset against payments due your organization from the Federal Government. This debt may also be referred to the Department of the Treasury for further action as authorized by the Debt Collection Act of 1996.

The institution must provide supporting documentation (copy of the canceled checks, front and back) that payment was made to the holder of the loan within 45 days of receipt of this letter, to the following address:

John McDade
United States Department of Education
Office of Federal Student Aid
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107-3322

Attachment A

TITLE IV FUND TYPE		DATE REFUND WAS MADE	AMOUNT PAID DUE BY Gibbs	AMOUNT PAID DUE TO PELL	AMOUNT PAID DUE TO ED	EXCESS INTEREST DUE TO PELL	EXCESS INTEREST DUE TO ED
FR 1	2001-02	UNSUB	1,293.98	1,293.98		58.05	-
FR 1	2001-02	SUB	533.77	533.77		16.77	7.18
FR 2	2002-03	PELL	183.82		183.82	-	5.27
FR 3	2001-02	SUB	657.82	657.82		15.75	7.05
FR 3	2001-02	UNSUB	1,293.01	1,293.01		44.82	-
FR 4	2001-02	SUB	3.57	3.57		0.12	0.06
FR 5	2002-03	UNSUB	3.01	3.01		0.10	-
FR 5	2002-03	SUB	96.89	96.89		2.21	0.99
FR 6	2001-02	SUB	173.30	173.30		6.53	3.05
FR 6	2001-02	UNSUB	646.99	646.99		35.76	-
FR 6	2002-03	SUB	100.00	100.00		2.39	1.07
FR 7	2001-02	SUB	592.97	592.97		11.50	5.01
FR 7	2001-02	UNSUB	1,293.01	1,293.01		35.99	-
FR 7	2001-02	PELL	938.00		938.00	-	26.11
FR 8	2002-03	SUB	645.05	645.05		11.83	5.38
FR 9	2001-02	PELL	74.86		74.86	-	4.20
FR 10	2001-02	SUB	848.75	848.75		26.10	11.03
FR 10	2001-02	UNSUB	1,293.01	1,293.01		56.57	-
FR 11	2001-02	PELL	1,110.00		1,110.00	-	63.21
FR 12	2001-02	SUB	22.61	22.61		0.84	0.39
FR 13	2001-02	PELL	8.00		8.00	-	0.44
FR 14	2001-02	SUB	27.84	27.84		1.06	0.50
FR 15	2001-02	PLUS	262.89	262.89		14.20	-
FR 16	2001-02	SUB	56.02	56.02		2.30	1.11
FR 17	2001-02	PELL	394.90		394.90	-	21.50
FR 18	2001-02	SUB	2.55	2.55		0.10	0.05
FR 19	2001-02	PELL	7.25		7.25	-	0.38
FR 20	2001-02	PELL	353.75		353.75	-	15.82
FR 21	2001-02	SUB	439.34	439.34		17.24	8.20
FR 21	2001-02	PELL	77.62		77.62	-	4.50
FR 22	2001-02	PELL	55.75		55.75	-	2.42
FR 23	2001-02	PELL	78.54		78.54	-	4.19
FR 24	2001-02	UNSUB	100.00	100.00		3.83	-
FR 25	2001-02	SUB	7.70	7.70		0.28	0.13

Attachment C

<u>Student Number</u>	<u>Name</u>	<u>Social Security Number</u>
FR 1	(b)(6)	
FR 2		
FR 3		
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FR 40		

<u>Student Number</u>	<u>Name</u>	<u>Social Security Number</u>
FR 41	(b)(6)	
FR 42		
FR 43		
FR 44		
FR 45		
FR 46		
FR 47		
FR 48		
FR 49		
FR 50		
FR 51		
FR 52		
FR 53		
FR 54		
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FR 56		
FR 57		
FR 58		
FR 59		

Attachment A

TITLE IV		FUND TYPE	BASE PERCENT WAS MADE	AMOUNT PAID DUE BY GIBBS	AMOUNT PAID DUE TO FEE	AMOUNT PAID DUE TO EB	EXCESS INTEREST DUE TO FEE	INTEREST DUE TO EB
FR 26	2001-02	SUB	Unmade	16.96	16.96		0.61	0.28
FR 27	2001-02	SUB	Unmade	0.62	0.62		0.02	0.01
FR 28	2001-02	SUB	Unmade	367.45	367.45		13.66	6.35
FR 28	2001-02	UNSUB	Unmade	934.38	934.38		50.87	-
FR 29	2001-02	PELL	Unmade	312.00		312.00	-	16.25
FR 30	2001-02	PELL	Unmade	124.00		124.00	-	4.81
FR 31	2001-02	SUB	Unmade	216.32	216.32		7.01	3.05
FR 32	2001-02	SUB	Unmade	188.85	188.85		6.06	2.62
FR 33	2001-02	SUB	Unmade	221.21	221.21		6.80	2.88
FR 33	2001-02	UNSUB	Unmade	935.53	935.53		40.93	-
FR 34	2001-02	SUB	Unmade	20.25	20.25		0.80	0.38
FR 35	2001-02	PELL	Unmade	600.00		600.00	-	26.17
FR 36	2001-02	SUB	Unmade	84.45	84.45		3.22	1.51
FR 37	2001-02	PELL	Unmade	0.11		0.11	-	0.01
FR 38	2002-03	UNSUB	Unmade	672.36	672.36		18.38	-
FR 38	2002-03	SUB	Unmade	420.85	420.85		8.00	3.51
FR 39	2001-02	SUB	Unmade	65.94	65.94		2.14	0.93
FR 39	2001-02	PELL	Unmade	219.14		219.14	-	10.20
FR 40	2001-02	PELL	Unmade	84.32		84.32	-	3.77
FR 59	2001-02	SUB	Unmade	848.75	848.75		31.97	14.95
FR 59	2001-02	PLUS	Unmade	2,734.64	2,734.64		151.16	-
				\$22,744.70	\$18,122.64	\$4,622.06	\$705.97	\$296.87

Attachment B

Gibbs College

FR ID	DATE	AMOUNT	TYPE	DATE RETURN		DATE RETURN		EXCESS INTEREST	DUE TO LEADER	TOTAL
				BY GIBBS	WAS DUE	WAS MADE	WAS PAID			
FR 2	10/24/2002		UNSUB	1,293.01	12/16/2002				0.32	-
FR 2	10/24/2002		SUB	848.75	12/16/2002				-	0.21
FR 2	10/24/2002		PELL	316.00	12/16/2002				-	0.26
FR 41	6/20/2002		PELL	1,083.00	8/21/2002				-	0.45
FR 42	5/30/2002		PELL	250.00	9/8/2002				-	0.66
FR 43	6/27/2002		PELL	1,333.00	8/16/2002				-	1.11
FR 44	9/26/2002		PELL	816	11/8/2002				-	0.41
FR 45	12/19/2002		PELL	133.00	1/26/2003				-	0.75
FR 46	2/12/2002		SUB	848.75	3/17/2002				-	0.94
FR 46	2/12/2002		PLUS	1,203.50	3/17/2002				1.34	-
FR 47	7/22/2002		PELL	1,333.00	8/21/2002				-	1.56
FR 47	7/22/2002		FSEOG	40.83	8/21/2002				-	0.05
FR 9	1/31/2002		UNSUB	1,293.01	3/22/2002				0.54	-
FR 9	1/31/2002		SUB	848.75	3/22/2002				-	0.35
FR 13	2/20/2002		SUB	848.75	4/4/2002				-	3.42
FR 13	2/20/2002		UNSUB	1,293.98	4/4/2002				5.21	-
FR 48	2/14/2002		PELL	433.00	4/27/2002				-	0.36
FR 49	8/15/2002		PELL	717.00	10/24/2002				-	5.34
FR 50	3/28/2002		UNSUB	1,293.98	4/27/2002				12.51	-
FR 50	3/28/2002		SUB	848.75	4/27/2002				-	8.20
FR 15	2/11/2002		SUB	848.75	4/7/2002				-	0.59
FR 15	2/11/2002		PLUS	1,036.23	4/7/2002				0.72	-
FR 16	1/18/2002		SUB	792.73	2/17/2002				-	2.31
FR 16	1/18/2002		PELL	533.00	2/17/2002				-	1.55
FR 51	8/13/2002		SUB	448.58	10/24/2002				-	0.34
FR 51	8/13/2002		UNSUB	573.30	10/24/2002				-	0.43
FR 18	1/30/2002		SUB	656.08	3/6/2002				-	0.18
FR 52	10/25/2002		PELL	788.00	12/6/2002				-	0.39
FR 21	1/31/2002		SUB	74.68	3/9/2002				-	0.19
FR 24	7/18/2002		PELL	750.00	8/21/2002				-	0.94

Attachment B

Gibbs College

FUND CODE	AMOUNT RETURN BY GIBBS	DATE RETURN WAS DUE	DATE RETURN WAS MADE	EXCESS INTEREST DUE TO LENDER	INTEREST PAID
FR 53	426.82	11/20/2002	12/3/2002	-	0.46
FR 53	1,293.01	11/20/2002	12/3/2002	1.40	-
FR 54	1,250.00	9/6/2002	4/16/2003	-	45.90
FR 27	938.00	6/30/2002	5/8/2003	-	20.74
FR 55	1,333.00	8/15/2002	8/26/2002	-	1.22
FR 30	809.00	8/15/2002	8/26/2002	-	0.61
FR 56	102.06	9/20/2002	9/25/2002	-	0.04
FR 56	1,293.01	9/20/2002	9/25/2002	0.54	-
FR 33	357.48	6/21/2002	6/30/2002	0.45	-
FR 35	609.00	6/22/2002	6/30/2002	-	0.68
FR 57	833.00	7/24/2002	9/27/2002	-	4.37
FR 58	1,333.00	9/22/2002	7/3/2003	-	24.44
				\$23.03	\$129.47

Attachment C

<u>Student Number</u>	<u>Name</u>	<u>Social Security Number</u>	<u>Student Number</u>	<u>Name</u>	<u>Social Security Number</u>
FR 1	(b)(6)				
FR 2					
FR 3					
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FR 39					
FR 40					



Your Future Begins Here

July 30, 2004

United States Department of Education
Office of Federal Student Aid
The Wanamaker Building
Attention: John McDade
Suite 511
100 Penn Square East
Philadelphia, PA 19107-3322

OPE ID: 00942000
ACN: 09-2002-31147

Dear Mr. McDade:

In response to your June 4, 2004 letter, please find the requested spreadsheet detailing the file review of those students for whom a Return of Title IV calculation was required with the attestation from Almich and Associates, an independent certified public accounting firm. In addition, enclosed is the requested hard-copy documentation.

Please contact me if you have questions or require additional information.

Sincerely,

Lauck Walton
President

Enclosures

RECEIVED

AUG 02 2004

**PHILADELPHIA CASE
MANAGEMENT TEAM**

GIBBS COLLEGE

VIENNA, VIRGINIA

EIN NUMBER: 364328545
OPE ID NUMBER: 00942000
DUNS NUMBER: (b)(2)

INDEPENDENT ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS
REGARDING SPECIFIED COMPLIANCE REQUIREMENTS

FOR THE PERIOD JANUARY 1, 2002 THROUGH DECEMBER 31, 2002

RECEIVED

AUG 02 2004

**PHILADELPHIA CASE
MANAGEMENT TEAM**

*ALMICH & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS*

GIBBS COLLEGE
VIENNA, VIRGINIA

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Auditor Information Sheet	1
Independent Accountants' Report on Management's Assertions on Compliance with Specified Requirements Applicable to the SFA Programs	2
Schedule of Management's Assertions Regarding Specified Compliance Requirements	3
Review of Student Files for Withdrawn Students 2002	4

AUDITOR INFORMATION SHEET

GIBBS COLLEGE
1980 GALLOWS ROAD
VIENNA, VIRGINIA 22182
EIN NUMBER: 364328545
OPE ID NUMBER: 00942000
DUNS NUMBER: (b)(2)
TEL. NO.: 703-556-8888
FAX NO.: 703-556-0953
PRESIDENT: M. Lauck Walton
CONTACT PERSON & TITLE: Genevia Bonner
Director of Financial Aid

LEAD AUDITOR : John F. Woll
LICENSE NUMBER : Home State: 51024 Out of State(s): 0305024474
ENGAGEMENT PARTNER : Linda H. Cooley
FIRM'S NAME : Almich & Associates
ADDRESS : 19000 MacArthur Blvd., Suite 610
Irvine, CA 92612

TEL. NO. : (949) 475-5410
FAX NO. : (949) 475-5412

ALMICH & ASSOCIATES

AN ACCOUNTANCY CORPORATION

• Certified Public Accounting and Business Services •

INDEPENDENT ACCOUNTANTS' REPORT
ON MANAGEMENT'S ASSERTIONS ON COMPLIANCE
WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE
SFA PROGRAMS

To the Board of Directors of
Gibbs College :

We have examined management's assertions that Gibbs College complied with the specified compliance requirements, listed on the accompanying schedule, regarding requirements established in the U.S. Department of Education Audit Determination Letter dated June 4, 2004 (ACN: 09-2002-31147) relative to participation in the Federal Student Financial Assistance Programs during the period January 1, 2002 through December 31, 2002. Management is responsible for Gibbs College's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Gibbs College's compliance based on our examination.

Our examination was made in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; and the Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, issued by the U.S. Department of Education, Office of the Inspector General, 2000 Revision, and accordingly, included examining, on a test basis, evidence about Gibbs College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Gibbs College's compliance with specified requirements.

In our opinion, Gibbs College complied, in all material respects, with the aforementioned requirements for the period January 1, 2002 through December 31, 2002.

This report is intended solely for the information and use of the board of directors, management, and the U.S. Department of Education, is not intended to be, and should not be used by anyone other than these specified parties.



Irvine, California
July 29, 2004

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF MANAGEMENT'S ASSERTIONS REGARDING
SPECIFIED COMPLIANCE REQUIREMENTS

1. Gibbs College complied with the compliance requirements listed in the U.S. Department of Education Audit Determination Letter dated June 4, 2004 (ACN: 09-2002-31147) for Finding No. 02-2 Late Return of Title IV funds; Finding No. 02-7, Documentation of a Late Return of Title IV funds Unavailable and Finding No. 02-9, Documentation of Late Return of Ineligible Funds.
2. Gibbs College has interpreted the compliance requirements in the U.S. Department of Education Audit Determination Letter dated June 4, 2004 (ACN: 09-2002-31147) for Finding No. 02-2 Late Return of Title IV funds; Finding No. 02-7, Documentation of a Late Return of Title IV funds Unavailable and Finding No. 02-9, Documentation of Late Return of Ineligible Funds to require them to conduct a file review of all Title IV recipients who withdrew from the institution during 2002 to determine if there were any additional students for whom Gibbs College owes additional refunds.
3. Gibbs College has interpreted the compliance requirements in the U.S. Department of Education Audit Determination Letter dated June 4, 2004 (ACN: 09-2002-31147) for Finding No. 02-2 Late Return of Title IV funds; Finding No. 02-7, Documentation of a Late Return of Title IV funds Unavailable and Finding No. 02-9, Documentation of Late Return of Ineligible Funds to require the funds return date, in the case of electronic funds return, to be the date posted on the ELM Cash Transactions report for loan refunds, and the COD Award Disbursements Record for Pell refunds.

**GIBBS COLLEGE
VIENNA, VIRGINIA**

REVIEW OF STUDENT FILES FOR WITHDRAWN STUDENTS

FOR THE PERIOD JANUARY 1, 2002 – DECEMBER 31, 2002

United States Department of Education
 Review of Student Files for Withdrawn Students in 2002

(b)(6)

FUND TYPE	FUNDS DUE (Y/N)	AMT RETURN BY GIBBS	AMT RETURN BY STUDENT	DATE RETURN WAS DUE	DATE RETURN WAS MADE	ADDITIONAL DATE DUE BY GIBBS
SUB	Y	848.75	-	8/21/2002	7/30/2002	-
SUB	Y	1,293.98	-	8/21/2002	7/30/2002	-
SUB	N	-	-	4/18/2002	-	-
PLUS	N	-	-	4/18/2002	-	-
PELL	N	-	-	4/18/2002	-	-
SUB	N	-	-	9/29/2002	-	-
UNSUB	N	-	-	9/29/2002	-	-
PELL	N	-	-	9/29/2002	-	-
FSEOG	N	-	-	9/29/2002	-	-
PELL	N	-	-	9/4/2002	-	-
SUB	Y	848.75	-	1/17/2003	12/19/2002	-
UNSUB	Y	1,293.01	-	1/17/2003	12/19/2002	-
UNSUB	N	-	-	4/17/2002	-	-
SUB	N	-	-	4/17/2002	-	-
UNSUB	N	-	-	10/4/2002	-	-
SUB	N	-	-	4/7/2002	-	-
PELL	N	-	-	4/7/2002	-	-
SUB	N	-	-	4/7/2002	-	-
UNSUB	N	-	-	1/26/2003	-	-
UNSUB	N	-	-	1/26/2003	-	-
UNSUB	Y	133.00	-	1/26/2003	5/8/2003	-
UNSUB	Y	1,290.00	-	10/24/2002	10/3/2002	3.01
UNSUB	Y	1,333.00	-	10/24/2002	10/25/2002	96.89
PELL	Y	717.00	-	9/4/2002	6/13/2002	-
UNSUB	Y	1,293.01	-	9/4/2002	8/30/2002	-
SUB	Y	848.75	-	9/4/2002	8/30/2002	-
PELL	Y	1,176.00	-	9/4/2002	8/30/2002	-
PLUS	N	-	-	5/18/2002	-	-
SUB	Y	123.35	-	5/18/2002	5/2/2002	-
PELL	N	-	-	5/18/2002	-	-
SUB	N	-	-	9/19/2002	-	-
UNSUB	N	-	-	9/19/2002	-	-
SUB	N	-	-	1/11/2003	-	-
UNSUB	N	-	-	1/11/2003	-	-
SUB	Y	167.11	-	3/28/2002	2/28/2002	173.30
UNSUB	Y	646.02	-	3/28/2002	2/28/2002	646.99
SUB	Y	748.75	-	10/5/2002	9/19/2002	100.00
UNSUB	Y	566.51	-	10/5/2002	9/25/2002	-
PELL	Y	17.00	-	10/5/2002	2/7/2002	-
SUB	Y	848.75	-	2/17/2002	2/7/2002	-
UNSUB	Y	1,293.01	-	2/17/2002	2/7/2002	-
UNSUB	N	-	-	1/22/2003	-	-
UNSUB	N	-	-	1/22/2003	-	-
SUB	Y	718.47	-	12/26/2002	12/12/2002	592.97
UNSUB	Y	1,293.96	-	12/26/2002	12/12/2002	1,293.01
PELL	Y	-	-	12/26/2002	-	598.00
PELL	N	-	-	12/26/2002	-	-
SUB	Y	848.75	-	1/15/2003	1/13/2003	-
SUB	N	-	-	6/14/2002	-	-
UNSUB	N	-	-	6/14/2002	-	-
SUB	N	-	-	5/22/2002	-	-
UNSUB	N	-	-	5/22/2002	-	-
PELL	N	-	-	3/17/2002	-	-
SUB	Y	848.75	-	3/17/2002	3/25/2002	-
PLUS	Y	1,203.50	-	3/17/2002	3/25/2002	-
UNSUB	Y	1,293.01	-	9/11/2002	8/30/2002	-
SUB	Y	848.75	-	9/11/2002	8/30/2002	-
PELL	Y	1,333.00	-	8/21/2002	9/5/2002	-
FSEOG	Y	40.83	-	8/21/2002	9/5/2002	-

United States Department of Education
 Review of Student Files for Withdrawn Students in 2002

(b)(6)

FUND TYPE	FUNDS DUE (Y/N)	AMT RETURN BY GIBBS	AMT RETURN BY STUDENT	DATE RETURN WAS MADE	DATE RETURN WAS MADE	ADJL BAL DUE BY GIBBS	
5/27/2002	7/22/2002	2001-02	Y	848.75	8/21/2002	7/30/2002	-
6/27/2002	7/22/2002	2001-02	Y	1,293.96	8/21/2002	7/30/2002	-
3/19/2002	3/19/2002	2001-02	N	-	4/18/2002	-	-
3/19/2002	3/19/2002	2001-02	N	-	4/18/2002	-	-
3/19/2002	3/19/2002	2001-02	N	-	4/18/2002	-	-
8/30/2002	8/30/2002	2001-02	N	-	9/29/3002	-	-
8/30/2002	8/30/2002	2001-02	N	-	9/29/3002	-	-
8/30/2002	8/30/2002	2001-02	N	-	9/29/3002	-	-
8/30/2002	8/30/2002	2001-02	N	-	9/29/3002	-	-
8/30/2002	8/30/2002	2001-02	N	-	9/29/3002	-	-
11/11/2002	12/12/2002	2002-03	Y	848.75	1/11/2003	12/19/2002	-
11/11/2002	12/12/2002	2002-03	Y	1,293.01	1/11/2003	12/19/2002	-
3/12/2002	3/18/2002	2001-02	N	-	4/17/2002	-	-
3/12/2002	3/18/2002	2001-02	N	-	4/17/2002	-	-
9/4/2002	9/4/2002	2002-03	N	-	10/4/2002	-	-
3/8/2002	3/8/2002	2001-02	N	-	4/7/2002	-	-
3/8/2002	3/8/2002	2001-02	N	-	4/7/2002	-	-
12/19/2002	12/27/2002	2001-02	N	-	1/26/2003	-	-
12/19/2002	12/27/2002	2001-02	N	-	1/26/2003	-	-
8/28/2002	9/24/2002	2002-03	Y	133.00	10/24/2002	5/8/2003	-
8/28/2002	9/24/2002	2002-03	Y	1,290.00	10/24/2002	10/29/2002	3.01
8/28/2002	9/24/2002	2002-03	Y	1,333.00	10/24/2002	10/25/2002	96.89
5/16/2002	8/5/2002	2001-02	Y	717.00	9/4/2002	6/13/2002	-
7/23/2002	8/5/2002	2002-03	Y	1,293.01	9/4/2002	8/30/2002	-
7/23/2002	8/5/2002	2002-03	Y	848.75	9/4/2002	8/30/2002	-
7/23/2002	8/5/2002	2002-03	Y	1,176.00	9/4/2002	8/30/2002	-
3/28/2002	4/18/2002	2001-02	N	-	5/18/2002	-	-
3/28/2002	4/18/2002	2001-02	N	-	5/18/2002	-	-
8/13/2002	8/20/2002	2001-02	N	-	9/19/2002	-	-
8/13/2002	8/20/2002	2001-02	N	-	9/19/2002	-	-
11/19/2002	12/12/2002	2002-03	N	-	1/11/2003	-	-
11/19/2002	12/12/2002	2002-03	N	-	1/11/2003	-	-
1/31/2002	2/26/2002	2001-02	Y	167.11	3/28/2002	2/28/2002	173.30
1/31/2002	2/26/2002	2001-02	Y	646.02	3/28/2002	2/28/2002	646.99
8/6/2002	9/5/2002	2002-03	Y	748.75	10/5/2002	9/19/2002	100.00
8/6/2002	9/5/2002	2002-03	Y	565.51	10/5/2002	9/19/2002	-
1/18/2002	1/18/2002	2001-02	Y	848.75	2/17/2002	2/17/2002	-
1/18/2002	1/18/2002	2001-02	Y	1,293.01	2/17/2002	2/17/2002	-
11/7/2002	12/23/2002	2002-03	N	-	1/22/2003	-	-
11/7/2002	12/23/2002	2002-03	N	-	1/22/2003	-	-
11/7/2002	11/26/2002	2001-02	Y	718.47	12/26/2002	12/12/2002	592.97
11/7/2002	11/26/2002	2001-02	Y	1,293.96	12/26/2002	12/12/2002	1,293.01
11/7/2002	11/26/2002	2001-02	Y	-	12/26/2002	9/5/2002	958.00
11/7/2002	11/26/2002	2002-03	N	-	12/26/2002	-	-
11/25/2002	12/18/2002	2002-03	Y	848.75	1/15/2003	1/13/2003	-
3/28/2002	5/15/2002	2001-02	N	-	6/14/2002	-	-
3/28/2002	5/15/2002	2001-02	N	-	6/14/2002	-	-
3/28/2002	4/22/2002	2001-02	N	-	5/22/2002	-	-
3/28/2002	4/22/2002	2001-02	N	-	5/22/2002	-	-
2/12/2002	2/15/2002	2001-02	Y	848.75	3/17/2002	3/25/2002	-
2/12/2002	2/15/2002	2001-02	Y	1,203.50	3/17/2002	3/25/2002	-
7/22/2002	8/12/2002	2002-03	Y	1,293.01	9/11/2002	8/30/2002	-
7/22/2002	8/12/2002	2002-03	Y	848.75	9/11/2002	8/30/2002	-
7/22/2002	7/22/2002	2002-03	Y	1,333.00	8/21/2002	9/5/2002	-
7/22/2002	7/22/2002	2002-03	Y	40.93	8/21/2002	9/5/2002	-

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DATE	AMOUNT	TYPE	STATUS	DATE DUE	AMOUNT	STATUS	DATE RETURN	DATE RETURN	DATE RETURN	DATE RETURN
				(Y/N)	BT GIBBS	BY STUDENT	DATE RETURN	DATE RETURN	DATE RETURN	DATE RETURN
					BT GIBBS	BY STUDENT	DATE RETURN	DATE RETURN	DATE RETURN	DATE RETURN
1/31/2002	1,293.01	UNSUB	2001-02	Y	848.75	-	3/22/2002	3/25/2002	3/25/2002	-
1/31/2002	436.00	PELL	2001-02	Y	436.00	-	3/22/2002	2/28/2002	2/28/2002	10.16
3/21/2002	-	SUB	2001-02	N	-	-	5/12/2002	-	-	-
3/21/2002	-	UNSUB	2001-02	N	-	-	5/12/2002	-	-	-
3/21/2002	-	PELL	2001-02	N	-	-	5/12/2002	-	-	-
3/18/2002	-	UNSUB	2001-02	N	-	-	5/31/2002	-	-	-
3/18/2002	-	SUB	2001-02	N	-	-	5/31/2002	-	-	-
3/15/2002	-	PELL	2001-02	N	-	-	4/21/2002	-	-	-
3/15/2002	-	SUB	2001-02	N	-	-	4/21/2002	-	-	-
7/22/2002	1,697.50	UNSUB	2001-02	Y	2,654.11	-	1/11/2002	10/11/2002	10/11/2002	-
5/23/2002	542.30	SUB	2001-02	Y	542.30	-	7/20/2002	6/30/2002	6/30/2002	-
5/23/2002	1,293.01	UNSUB	2001-02	Y	1,293.01	-	7/20/2002	6/30/2002	6/30/2002	-
5/23/2002	1,250.00	PELL	2001-02	Y	1,250.00	-	7/20/2002	6/30/2002	6/30/2002	-
5/23/2002	926.00	FSEOG	2001-02	Y	926.00	-	7/20/2002	6/30/2002	6/30/2002	-
11/27/2002	-	PLUS	2002-03	N	-	-	1/19/2003	-	-	-
6/27/2002	848.75	SUB	2001-02	Y	848.75	-	11/16/2002	10/28/2002	10/28/2002	-
6/27/2002	1,293.98	UNSUB	2001-02	Y	1,293.98	-	11/16/2002	10/28/2002	10/28/2002	-
6/27/2002	-	PELL	2001-02	Y	-	-	11/16/2002	-	-	-
6/27/2002	-	SUB	2001-02	Y	-	-	11/16/2002	-	-	-
12/20/2002	-	PLUS	2002-03	N	-	-	2/9/2003	-	-	-
12/20/2002	-	PELL	2002-03	N	-	-	2/9/2003	-	-	-
12/20/2002	-	SUB	2002-03	N	-	-	2/9/2003	-	-	-
5/12/2002	848.75	SUB	2001-02	Y	848.75	-	8/22/2002	7/25/2002	7/25/2002	-
5/12/2002	848.75	SUB	2001-02	Y	848.75	-	8/22/2002	7/25/2002	7/25/2002	-
5/12/2002	1,293.98	UNSUB	2001-02	Y	1,293.98	-	8/22/2002	7/25/2002	7/25/2002	-
5/12/2002	1,293.01	SUB	2001-02	Y	1,293.01	-	8/22/2002	7/25/2002	7/25/2002	-
5/12/2002	239.00	PELL	2001-02	Y	239.00	-	8/22/2002	7/25/2002	7/25/2002	-
5/6/2002	-	SUB	2001-02	Y	-	-	6/21/2002	848.75	848.75	-
5/6/2002	-	UNSUB	2001-02	Y	-	-	6/21/2002	1,293.01	1,293.01	-
5/6/2002	636.60	PELL	2001-02	Y	636.60	-	6/21/2002	5/29/2002	5/29/2002	-
1/30/2002	-	PELL	2001-02	Y	-	-	3/19/2002	970.00	970.00	-
3/26/2002	-	SUB	2001-02	N	-	-	5/26/2002	-	-	-
3/26/2002	-	UNSUB	2001-02	N	-	-	5/26/2002	-	-	-
3/26/2002	-	PELL	2001-02	N	-	-	5/26/2002	-	-	-
2/21/2002	1,293.01	UNSUB	2001-02	Y	1,293.01	-	4/4/2002	3/20/2002	3/20/2002	-
2/21/2002	1,116.46	UNSUB	2001-02	Y	1,116.46	-	4/4/2002	3/27/2002	3/27/2002	-
2/21/2002	31.79	SUB	2001-02	Y	31.79	-	4/4/2002	3/20/2002	3/20/2002	22.61
9/25/2002	-	SUB	2002-03	N	-	-	11/16/2002	-	-	-
9/25/2002	-	UNSUB	2002-03	N	-	-	11/16/2002	-	-	-
3/19/2002	-	SUB	2001-02	N	-	-	4/21/2002	-	-	-
3/19/2002	-	PELL	2001-02	N	-	-	4/21/2002	-	-	-
8/21/2002	630.45	UNSUB	2002-03	Y	630.45	-	11/10/2002	10/30/2002	10/30/2002	-
8/21/2002	-	SUB	2002-03	N	-	-	6/6/2002	-	-	-
5/3/2002	-	SUB	2001-02	N	-	-	6/6/2002	-	-	-
5/3/2002	-	UNSUB	2001-02	N	-	-	6/6/2002	-	-	-
2/20/2002	848.75	SUB	2001-02	Y	848.75	-	4/4/2002	5/3/2002	5/3/2002	-
2/20/2002	1,293.98	UNSUB	2001-02	Y	1,293.98	-	4/4/2002	5/3/2002	5/3/2002	-
2/20/2002	617.00	PELL	2001-02	Y	617.00	-	4/4/2002	3/20/2002	3/20/2002	8.00
3/28/2002	1,293.98	UNSUB	2001-02	Y	1,293.98	-	5/19/2002	4/25/2002	4/25/2002	-
3/28/2002	848.75	SUB	2001-02	Y	848.75	-	5/19/2002	4/25/2002	4/25/2002	-
3/28/2002	-	PELL	2001-02	N	-	-	5/19/2002	-	-	-
8/8/2002	1,293.01	UNSUB	2002-03	Y	1,293.01	-	9/20/2002	8/30/2002	8/30/2002	-
1/15/2002	135.54	SUB	2002-03	Y	135.54	-	2/24/2002	8/30/2002	8/30/2002	-
1/15/2002	848.75	SUB	2001-02	Y	848.75	-	2/24/2002	2/7/2002	2/7/2002	-
1/15/2002	1,336.05	UNSUB	2001-02	Y	1,336.05	-	2/24/2002	2/7/2002	2/7/2002	-

DATE RETURN WAS MADE	DATE RETURN WAS DUE	AMOUNT RETURNED BY STUDENT	AMOUNT RETURNED BY GIBBS	FUND CODE	TYPE	DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT
10/25/2002	11/6/2002	2001-02	SUB	N	12/6/2002	-	-	-	-	-	-
10/25/2002	11/6/2002	2001-02	UNSUB	N	12/6/2002	-	-	-	-	-	-
10/25/2002	11/6/2002	2001-02	PELL	Y	12/6/2002	788.00	-	-	12/12/2002	-	-
4/30/2002	4/30/2002	2001-02	PELL	Y	5/30/2002	-	-	-	-	-	353.75
9/25/2002	10/17/2002	2002-03	PELL	Y	11/16/2002	716.00	-	-	10/25/2002	-	-
9/25/2002	10/17/2002	2002-03	SUB	Y	11/16/2002	848.75	-	-	10/26/2002	-	-
9/25/2002	10/17/2002	2002-03	UNSUB	Y	11/16/2002	1,293.01	-	-	10/26/2002	-	-
7/24/2002	8/22/2002	2002-03	SUB	Y	9/21/2002	848.75	-	-	8/28/2002	-	-
7/24/2002	8/22/2002	2002-03	UNSUB	Y	9/21/2002	1,293.01	-	-	8/28/2002	-	-
7/24/2002	8/22/2002	2001-02	PELL	N	9/21/2002	902.00	-	-	8/28/2002	-	-
3/29/2002	4/26/2002	2001-02	SUB	N	5/26/2002	-	-	-	-	-	-
3/29/2002	4/26/2002	2001-02	PLUS	N	5/26/2002	-	-	-	-	-	-
10/21/2002	11/29/2002	2002-03	SUB	Y	12/25/2002	848.75	-	-	12/11/2002	-	-
10/21/2002	11/29/2002	2002-03	UNSUB	Y	12/25/2002	1,293.01	-	-	12/11/2002	-	-
1/31/2002	2/17/2002	2001-02	SUB	Y	3/9/2002	334.73	-	-	3/6/2002	-	439.34
1/31/2002	2/17/2002	2001-02	SUB	Y	3/9/2002	74.69	-	-	3/27/2002	-	-
1/31/2002	2/17/2002	2001-02	UNSUB	Y	3/9/2002	1,293.01	-	-	3/8/2002	-	-
10/21/2002	11/12/2002	2002-03	PELL	Y	12/31/2002	1,293.01	-	-	12/3/2002	-	77.62
10/21/2002	11/12/2002	2002-03	SUB	Y	12/31/2002	848.75	-	-	12/3/2002	-	-
10/21/2002	11/12/2002	2002-03	PELL	Y	12/31/2002	650.00	-	-	12/12/2002	-	-
3/29/2002	4/22/2002	2001-02	SUB	Y	5/22/2002	385.52	-	-	5/2/2002	-	-
3/29/2002	4/22/2002	2001-02	PELL	N	5/22/2002	-	-	-	-	-	-
2/27/2002	3/22/2002	2001-02	SUB	N	4/21/2002	-	-	-	3/28/2002	-	-
2/27/2002	3/22/2002	2001-02	UNSUB	Y	4/21/2002	1,136.88	-	-	-	-	-
2/27/2002	3/22/2002	2001-02	UNSUB	N	4/21/2002	-	-	-	-	-	-
1/28/2002	2/26/2002	2001-02	PLUS	Y	3/28/2002	-	-	-	-	-	848.75
1/28/2002	2/26/2002	2001-02	PELL	N	3/28/2002	-	-	-	-	-	2,734.64
5/6/2002	5/15/2002	2001-02	PELL	Y	5/5/2002	826.00	-	-	5/22/2002	-	55.75
1/24/2002	4/5/2002	2001-02	PELL	Y	5/5/2002	534.00	-	-	4/12/2002	-	0.38
11/7/2002	12/12/2002	2002-03	PELL	N	1/11/2003	-	-	-	-	-	-
11/7/2002	12/12/2002	2002-03	SUB	N	1/11/2003	-	-	-	-	-	-
11/7/2002	12/12/2002	2002-03	UNSUB	N	1/11/2003	-	-	-	-	-	-
6/26/2002	7/22/2002	2001-02	SUB	N	8/21/2002	-	-	-	-	-	-
6/26/2002	7/22/2002	2001-02	PELL	N	8/21/2002	-	-	-	-	-	-
6/26/2002	7/22/2002	2001-02	UNSUB	N	8/21/2002	-	-	-	-	-	-
6/26/2002	7/22/2002	2001-02	FSEOG	Y	8/21/2002	1,000.00	-	-	6/26/2002	-	-
9/5/2002	9/24/2002	2001-02	SUB	N	10/24/2002	-	-	-	-	-	-
9/5/2002	9/24/2002	2001-02	UNSUB	N	10/24/2002	1,106.39	-	-	10/3/2002	-	-
7/18/2002	7/22/2002	2001-02	SUB	Y	8/21/2002	848.75	-	-	7/30/2002	-	-
7/18/2002	7/22/2002	2001-02	UNSUB	Y	8/21/2002	1,193.01	-	-	7/30/2002	-	100.00
7/18/2002	7/22/2002	2001-02	PELL	Y	8/21/2002	750.00	-	-	9/11/2002	-	-
6/26/2002	7/22/2002	2001-02	SUB	Y	8/21/2002	848.75	-	-	7/23/2002	-	-
6/26/2002	7/22/2002	2001-02	UNSUB	Y	8/21/2002	1,293.96	-	-	7/23/2002	-	-
6/26/2002	7/22/2002	2001-02	UNSUB	Y	8/21/2002	261.22	-	-	7/30/2002	-	-
6/26/2002	7/22/2002	2001-02	PELL	N	8/21/2002	-	-	-	-	-	-
1/31/2002	3/6/2002	2001-02	SUB	Y	4/7/2002	657.73	-	-	3/28/2002	-	7.70
1/31/2002	3/6/2002	2001-02	UNSUB	Y	4/7/2002	1,293.01	-	-	3/28/2002	-	-
1/31/2002	3/6/2002	2001-02	PELL	N	4/7/2002	-	-	-	-	-	-
10/21/2002	10/21/2002	2002-03	SUB	Y	11/20/2002	426.82	-	-	12/3/2002	-	-
10/21/2002	10/21/2002	2002-03	UNSUB	Y	11/20/2002	1,293.01	-	-	12/3/2002	-	-
9/13/2002	10/16/2002	2002-03	SUB	N	11/15/2002	-	-	-	-	-	-
9/13/2002	10/16/2002	2002-03	UNSUB	N	11/15/2002	-	-	-	-	-	-
5/6/2002	10/23/2002	2001-02	PELL	N	11/22/2002	-	-	-	-	-	-
5/6/2002	10/23/2002	2001-02	SUB	N	11/22/2002	-	-	-	-	-	-
3/28/2002	4/17/2002	2001-02	SUB	N	5/17/2002	-	-	-	-	-	-

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FUND TYPE	FUND DUE (Y/N)	PAID RETURN BY GIBBS	PAID RETURN BY STUDENT	DATE RETURN WAS DUE	DATE RETURN WAS MADE	AMOUNT DUE BY GIBBS	AMOUNT DUE BY STUDENT	AMOUNT DUE BY GIBBS
211/2002	3/22/2002	2001-02	Y	786.14	3/28/2002	786.14		16.96
211/2002	3/22/2002	2001-02	Y	1,293.01	4/21/2002			
211/2002	3/22/2002	2001-02	N		4/21/2002			
613/2002	8/7/2002	2001-02	N		9/6/2002			
613/2002	8/7/2002	2001-02	N		9/6/2002			
613/2002	8/7/2002	2001-02	Y	1,250.00	4/15/2003			
613/2002	8/7/2002	2001-02	N		9/6/2002			
110/2002	1/10/2002	2001-02	Y	1,697.50	2/5/2002			
3/28/2002	3/28/2002	2001-02	N		4/27/2002			
3/28/2002	3/28/2002	2001-02	N		4/27/2002			
515/2002	5/31/2002	2001-02	Y	513.20	6/30/2002			0.62
515/2002	5/31/2002	2001-02	Y	1,293.98	6/30/2002			
515/2002	5/31/2002	2001-02	Y	938.00	6/30/2002			
3/6/2002	3/6/2002	2001-02	Y	358.63	4/4/2002			367.45
3/6/2002	3/6/2002	2001-02	Y	358.63	4/4/2002			934.38
7/31/2002	8/21/2002	2001-02	N		9/20/2002			
9/12/2002	10/11/2002	2001-02	Y	1,293.01	11/10/2002			
9/12/2002	10/11/2002	2001-02	Y	848.75	11/10/2002			
11/6/2002	11/9/2002	2002-03	Y	1,293.01	12/19/2002			
11/6/2002	11/9/2002	2002-03	Y	848.75	12/19/2002			
9/27/2002	10/17/2002	2002-03	Y	1,293.01	11/19/2002			
9/27/2002	10/17/2002	2002-03	Y	848.75	11/19/2002			
9/27/2002	10/17/2002	2002-03	Y	1,334.00	11/16/2002			
2/28/2002	3/22/2002	2001-02	N		4/21/2002			
2/28/2002	3/22/2002	2001-02	N		4/21/2002			
3/12/2002	3/19/2002	2001-02	N		4/17/2002			
3/12/2002	3/19/2002	2001-02	N		4/17/2002			
3/12/2002	3/19/2002	2001-02	N		4/17/2002			
3/28/2002	3/28/2002	2001-02	Y	1,590.83	4/21/2002			
3/28/2002	3/28/2002	2001-02	Y	116.82	4/27/2002			
9/9/2002	10/9/2002	2001-02	Y	1,293.98	11/6/2002			
9/9/2002	10/9/2002	2001-02	Y	848.75	11/6/2002			
6/27/2002	7/16/2002	2001-02	Y	1,293.98	8/15/2002			
6/27/2002	7/16/2002	2001-02	Y	1,293.98	8/15/2002			
11/26/2002	12/20/2002	2002-03	N	1,333.00	1/9/2003			
3/29/2002	4/23/2002	2001-02	N		5/23/2002			
3/29/2002	4/23/2002	2001-02	Y	1,293.01	5/13/2002			
8/8/2002	9/5/2002	2001-02	N		10/5/2002			
4/24/2002	7/16/2002	2001-02	N		8/15/2002			
4/24/2002	7/16/2002	2001-02	Y	809.00	8/15/2002			124.00
8/23/2002	11/26/2002	2002-03	N		12/26/2002			
4/22/2002	5/2/2002	2001-02	Y	403.26	6/1/2002			216.32
4/22/2002	5/2/2002	2001-02	Y	1,293.01	6/1/2002			
10/25/2002	11/20/2002	2002-03	Y	848.75	12/20/2002			
10/25/2002	11/20/2002	2002-03	Y	1,293.01	12/20/2002			
10/25/2002	11/20/2002	2002-03	Y	511.00	11/30/2002			
8/21/2002	8/21/2002	2002-03	Y	102.06	9/20/2002			
8/21/2002	8/21/2002	2002-03	Y	1,293.01	9/20/2002			
12/19/2002	12/27/2002	2002-03	N		1/26/2003			
12/19/2002	12/27/2002	2002-03	N		1/26/2003			
4/26/2002	5/6/2002	2001-02	Y	86.13	6/5/2002			188.85
4/26/2002	5/6/2002	2001-02	Y	1,290.33	6/5/2002			
12/3/2002	12/17/2002	2002-03	N		1/16/2003			
12/3/2002	12/17/2002	2002-03	N		1/16/2003			

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FUND TYPE	FUNDS DUE (Y/N)	AMT RETURN BY GIBBS	AMT RETURN BY STUDENT	DATE RETURN WAS DUE	DATE RETURN WAS MADE	AMOUNT DUE BY GIBBS
SUB	Y	786.14	-	4/21/2002	3/28/2002	16.96
UNSUB	Y	1,293.01	-	4/21/2002	3/28/2002	-
PELL	N	-	-	4/21/2002	-	-
SUB	N	-	-	9/6/2002	-	-
UNSUB	N	-	-	9/6/2002	-	-
PELL	Y	1,250.00	-	9/6/2002	4/16/2003	-
FSEOG	N	-	-	9/6/2002	-	-
SUB	Y	1,897.50	-	2/9/2002	1/28/2002	-
SUB	N	-	-	4/27/2002	-	-
UNSUB	N	-	-	4/27/2002	-	-
PELL	N	-	-	4/27/2002	-	-
SUB	Y	513.20	-	6/30/2002	6/13/2002	0.62
UNSUB	Y	1,293.98	-	6/30/2002	6/13/2002	-
PELL	Y	938.00	-	6/30/2002	5/6/2003	-
SUB	Y	398.63	-	4/4/2002	-	367.45
UNSUB	Y	1,293.01	-	4/4/2002	3/28/2002	994.38
PELL	N	-	-	9/20/2002	-	-
UNSUB	Y	1,293.01	-	11/10/2002	10/26/2002	-
SUB	Y	948.75	-	11/10/2002	10/26/2002	-
PELL	N	-	-	11/10/2002	-	-
UNSUB	Y	1,293.01	-	12/19/2002	12/3/2002	-
SUB	Y	948.75	-	12/19/2002	12/3/2002	-
UNSUB	Y	1,293.01	-	11/16/2002	11/2/2002	-
SUB	Y	948.75	-	11/16/2002	11/2/2002	-
PELL	Y	1,334.00	-	11/16/2002	10/25/2002	-
UNSUB	N	-	-	4/21/2002	-	-
UNSUB	N	-	-	4/21/2002	-	-
PELL	N	-	-	4/21/2002	-	-
SUB	N	-	-	4/17/2002	-	-
UNSUB	N	-	-	4/17/2002	-	-
PELL	N	-	-	4/17/2002	-	-
UNSUB	Y	1,590.83	-	4/27/2002	4/12/2002	-
SUB	Y	116.82	-	4/27/2002	4/22/2002	-
SUB	Y	948.75	-	1/16/2002	10/10/2002	-
UNSUB	Y	1,293.98	-	1/16/2002	10/10/2002	-
SUB	Y	948.75	-	8/15/2002	7/24/2002	-
UNSUB	Y	1,293.98	-	8/15/2002	7/24/2002	-
PELL	Y	1,333.00	-	8/15/2002	8/26/2002	-
SUB	N	-	-	11/19/2003	-	-
UNSUB	N	-	-	5/23/2002	-	-
PELL	Y	1,293.01	-	5/23/2002	5/13/2002	-
PELL	N	-	-	10/5/2002	-	-
PELL	N	-	-	8/15/2002	-	-
PELL	Y	895.00	-	8/15/2002	8/26/2002	124.00
SUB	Y	403.26	-	12/26/2002	-	-
UNSUB	Y	1,293.01	-	6/12/2002	5/20/2002	216.32
SUB	Y	948.75	-	12/20/2002	12/3/2002	-
UNSUB	Y	1,293.01	-	12/20/2002	12/3/2002	-
PELL	Y	511.00	-	12/20/2002	11/30/2002	-
SUB	Y	102.06	-	9/20/2002	9/25/2002	-
UNSUB	Y	1,293.01	-	9/20/2002	9/25/2002	-
PELL	N	-	-	9/20/2002	-	-
SUB	N	-	-	1/26/2003	-	-
UNSUB	N	-	-	1/26/2003	-	-
PELL	N	-	-	6/5/2002	5/20/2002	188.65
SUB	Y	86.13	-	6/5/2002	5/20/2002	-
UNSUB	Y	1,250.33	-	6/5/2002	5/20/2002	-
PELL	N	-	-	1/18/2003	-	-
SUB	N	-	-	1/18/2003	-	-
UNSUB	N	-	-	1/18/2003	-	-

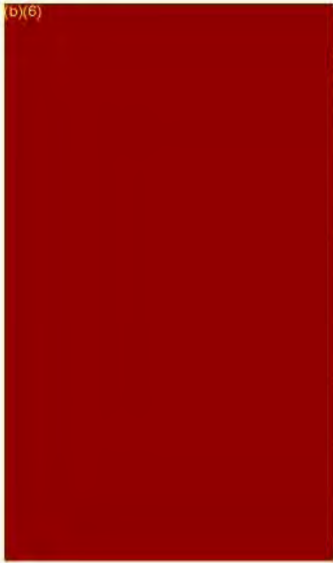
(b) (6)

United States Department of Education
 Review of Student Files for Withdrawn Students in 2002

b(6)

			FUND TYPE	FUNDS DUE (Y/N)	AMT RETURN BY GIBBS	AMT RETURN BY STUDENT	DATE RETURN WAS DUE	DATE RETURN WAS MADE	ADDITIONAL DUE BY GIBBS
12/3/2002	12/17/2002	2002-03	PELL	N	-	-	1/16/2003		-
3/29/2002	4/17/2002	2001-02	SUB	Y	589.76	-	5/17/2002	4/25/2002	-
9/4/2002	10/10/2002	2002-03		N	-	-	11/9/2002		-
5/6/2002	5/22/2002	2001-02	SUB	Y	-	-	6/21/2002		221.21
5/6/2002	5/22/2002	2001-02	UNSUB	Y	357.48	-	6/21/2002	6/30/2002	935.53
2/28/2002	2/28/2002	2001-02	SUB	N	-	-	3/30/2002		-
2/28/2002	2/28/2002	2001-02	UNSUB	N	-	-	3/30/2002		-
2/28/2002	2/28/2002	2001-02	PELL	N	-	-	3/30/2002		-
2/14/2002	2/14/2002	2001-02	SUB	Y	640.73	-	3/16/2002	3/8/2002	20.25
2/14/2002	2/14/2002	2001-02	UNSUB	Y	1,293.01	-	3/16/2002	3/8/2002	-
2/14/2002	2/14/2002	2001-02	PELL	N	-	-	3/16/2002		-
11/5/2002	12/5/2002	2002-03	UNSUB	Y	1,293.98	-	1/4/2003	12/19/2002	-
11/5/2002	12/5/2002	2002-03	SUB	Y	318.85	-	1/4/2003	12/19/2002	-
8/2/2002	8/22/2002	2002-03	SUB	N	-	-	9/21/2002		-
8/2/2002	8/22/2002	2002-03	UNSUB	N	-	-	9/21/2002		-
11/25/2002	12/20/2002	2002-03	SUB	N	-	-	1/19/2003		-
11/25/2002	12/20/2002	2002-03	UNSUB	N	-	-	1/19/2003		-
3/28/2002	4/22/2002	2001-02	UNSUB	N	-	-	5/22/2002		-
3/28/2002	4/22/2002	2001-02	SUB	N	-	-	5/22/2002		-
9/27/2002	10/24/2002	2002-03	SUB	N	-	-	11/23/2002		-
9/27/2002	10/24/2002	2002-03	UNSUB	N	-	-	11/23/2002		-
9/27/2002	10/24/2002	2002-03	PELL	Y	1,334.00	-	11/23/2002	10/25/2002	-
5/23/2002	5/23/2002	2001-02	PELL	Y	609.00	-	6/22/2002	6/30/2002	150.00
3/28/2002	3/28/2002	2001-02	SUB	N	-	-	4/27/2002		-
3/28/2002	3/28/2002	2001-02	UNSUB	N	-	-	4/27/2002		-
12/3/2002	12/20/2002	2002-03		N	-	-	1/19/2003		-
10/17/2002	11/18/2002	2002-03	SUB	N	-	-	12/18/2002		-
10/17/2002	11/18/2002	2002-03	UNSUB	N	-	-	12/8/2002		-
10/17/2002	11/18/2002	2002-03	PELL	N	-	-	12/8/2002		-
10/24/2002	11/19/2002	2001-02	SUB	Y	848.75	-	12/19/2002	12/3/2002	-
10/24/2002	11/19/2002	2001-02	UNSUB	Y	1,293.98	-	12/19/2002	11/30/2002	-
10/24/2002	11/19/2002	2001-02	PELL	Y	150.00	-	12/19/2002	11/30/2002	-
2/7/2002	2/21/2002	2001-02	SUB	Y	691.50	-	3/23/2002	3/8/2002	84.45
2/7/2002	2/21/2002	2001-02	UNSUB	Y	1,293.98	-	3/23/2002	3/8/2002	-
2/7/2002	2/21/2002	2001-02	PELL	N	-	-	3/23/2002		-
1/31/2002	2/26/2002	2001-02	PELL	Y	212.00	-	3/28/2002	2/28/2002	0.11
6/24/2002	6/24/2002	2001-02	PELL	Y	833.00	-	7/24/2002	9/27/2002	-
8/13/2002	9/5/2002	2001-02		N	-	-	10/5/2002		-
5/14/2002	5/14/2002	2001-02	UNSUB	N	-	-	6/13/2002		-
5/14/2002	5/14/2002	2001-02	SUB	N	-	-	6/13/2002		-
5/14/2002	5/14/2002	2001-02	PELL	Y	757.00	-	6/13/2002	5/8/2003	-
9/24/2002	10/22/2002	2002-03	SUB	N	-	-	11/21/2002		-
9/24/2002	10/22/2002	2002-03	PELL	N	-	-	11/21/2002		-
10/16/2002	12/4/2002	2002-03	UNSUB	Y	-	-	1/3/2003		672.36
10/16/2002	12/4/2002	2002-03	SUB	Y	-	-	1/3/2003		420.85
4/18/2002	7/16/2002	2001-02	UNSUB	N	-	-	8/15/2002		-
4/18/2002	7/16/2002	2001-02	SUB	N	-	-	8/15/2002		-
11/27/2002	12/17/2002	2002-03	UNSUB	N	-	-	1/16/2003		-
11/27/2002	12/17/2002	2002-03	SUB	N	-	-	1/16/2003		-
11/27/2002	12/17/2002	2002-03	PELL	N	-	-	1/16/2003		-
6/28/2002	11/18/2002	2001-02	UNSUB	N	-	-	12/18/2002		-
6/28/2002	11/18/2002	2001-02	SUB	N	-	-	12/18/2002		-
4/25/2002	5/2/2002	2001-02	SUB	Y	782.81	-	6/1/2002	5/20/2002	65.94
4/25/2002	5/2/2002	2001-02	UNSUB	Y	1,293.01	-	6/1/2002	5/20/2002	-
4/25/2002	5/2/2002	2001-02	PELL	Y	-	-	6/1/2002		219.14
3/29/2002	4/12/2002	2001-02	UNSUB	N	417.50	-	5/12/2002	4/19/2002	-
6/21/2002	7/22/2002	2001-02	SUB	Y	848.75	-	8/21/2002	7/23/2002	-
6/21/2002	7/22/2002	2001-02	UNSUB	Y	1,293.98	-	8/21/2002	7/23/2002	-
6/21/2002	7/22/2002	2001-02	PELL	N	-	-	8/21/2002		-
11/22/2002	12/16/2002	2002-03	PELL	N	-	-	1/15/2003		-

United States Department of Education
 Review of Student Files for Withdrawn Students in 2002



			FUND TYPE	FUNDS DUE (Y/N)	AMT RETURN BY GIBBS	AMT RETURN BY STUDENT	DATE RETURN WAS DUE	DATE RETURN WAS MADE	AMT. DUE BY GIBBS
	3/27/2002	4/4/2002	2001-02	SUB	N	-	-	5/4/2002	-
	3/27/2002	4/4/2002	2001-02	UNSUB	Y	254.98	-	5/4/2002	3/28/2002
	3/27/2002	4/5/2002	2001-02	PELL	N	-	-	5/5/2002	-
	8/12/2002	9/4/2002	2002-03	SUB	Y	19.89	-	10/4/2002	9/19/2002
	8/12/2002	9/4/2002	2002-03	UNSUB	Y	1,293.01	-	10/4/2002	9/19/2002
	4/25/2002	5/1/2002	2001-02	SUB	Y	723.98	-	5/31/2002	5/8/2002
	4/26/2002	5/15/2002	2001-02	SUB	Y	848.75	-	6/14/2002	5/22/2002
	4/26/2002	5/15/2002	2001-02	UNSUB	Y	1,293.01	-	6/14/2002	5/22/2002
	4/26/2002	5/15/2002	2001-02	PELL	Y	623.00	-	6/14/2002	5/22/2002
	7/23/2002	7/27/2002	2001-02	SUB	N	-	-	8/26/2002	-
	7/23/2002	7/27/2002	2001-02	UNSUB	N	-	-	8/26/2002	-
	7/23/2002	7/27/2002	2001-02	PELL	N	-	-	8/26/2002	-
	8/13/2002	9/24/2002	2001-02	UNSUB	Y	848.75	-	10/24/2002	10/3/2002
	8/13/2002	9/4/2002	2002-03		N	-	-	10/4/2002	-
	9/19/2002	10/11/2002	2002-03	SUB	Y	848.75	-	11/10/2002	10/26/2002
	9/19/2002	10/11/2002	2002-03	UNSUB	Y	1,293.01	-	11/10/2002	10/26/2002
	9/19/2002	10/11/2002	2002-03	UNSUB	Y	214.29	-	11/10/2002	10/30/2002
	9/19/2002	10/11/2002	2002-03	PELL	Y	1,250.00	-	11/10/2002	10/25/2002
	9/19/2002	10/11/2002	2002-03	FSEOG	Y	166.00	-	11/10/2002	10/25/2002
	3/14/2002	4/16/2002	2001-02	SUB	N	-	-	5/16/2002	-
	3/14/2002	4/16/2002	2001-02	PLUS	N	-	-	5/16/2002	-
	7/15/2002	7/15/2002	2002-03	PELL	N	-	-	8/14/2002	-
	8/6/2002	8/23/2002	2002-03	PELL	Y	1,333.00	-	9/22/2002	8/29/2002

GIBBS COLLEGE

VIENNA, VIRGINIA

EIN NUMBER: 364328545

OPE ID NUMBER: 00942000

DUNS NUMBER: (b)(2)

COMPLIANCE ATTESTATION EXAMINATION
OF THE TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

at VIENNA, VIRGINIA

FEDERAL PELL GRANT PROGRAM (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY
GRANT PROGRAM (84.007)
FEDERAL FAMILY EDUCATION LOAN PROGRAM (84.032)
FEDERAL WORK STUDY PROGRAM (84.033)

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003

ALMICH & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

GIBBS COLLEGE
VIENNA, VIRGINIA

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Institution's Primary Accrediting Organization: Accrediting Council for Independent Colleges and Schools

Other Accrediting Organizations: N/A

Records for the accounting and administration of the SFA programs are located at:

Main Campus:

Gibbs College

1980 Gallows Road

Vienna, Virginia 22182

SERVICER INFORMATION SHEET

GLOBAL FINANCIAL AID SERVICES, INC.
10467 CORPORATE DRIVE
GULFPORT, MS 39503

TEL. NO.	<u>(228) 523-1000</u>
FAX NO.	<u>(228) 523-1050</u>
PRESIDENT:	<u>Mr. Edward J. Addison, Jr.</u>
CONTACT PERSON & TITLE:	<u>Ms. Chyrl Ayers-Meeker, Vice President</u>
LEAD AUDITOR:	<u>Michael C. Facer</u>
E MAIL ADDRESS:	<u>Mfacer@weworski.com</u>
LICENSE NUMBER:	<u>Home State: CA 61244, Out of State: MS R-2503</u>
FIRM'S NAME:	<u>Weworski & Associates</u>
ADDRESS:	<u>4660 La Jolla Village Drive, Suite 880</u> <u>San Diego, CA 92122</u>
TEL. NO.	<u>(858) 546-1505</u>
FAX NO.	<u>(858) 546-1405</u>

DIVISION OF RESPONSIBILITY FOR COMPLIANCE REQUIREMENTS

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
I. Computer operations			
A. Terminal and software security	X	X	See Footnotes
B. Data integrity	X	X	See Footnotes
C. System and data backup	X	X	See Footnotes
D. Disaster recovery plan	X	X	See Footnotes
II. Cash management			
A. Drawdowns		X	
B. Authorization vs. Expenditures		X	
C. Reconcile G/L to bank		X	
D. Bank account notes federal funds		X	
III. Financial reports			
A. FISAP		X	
B. EDPMTS/EDCAPS		X	
C. Pell IPS		X	
IV. Institutional eligibility			
A. Participation agreement/ECAR	X		
B. Accreditation status	X		
C. Admissions policy	X		
D. Eligible programs	X		
E. Calculation of institution eligibility ratios	X		
F. Licenses	X		
G. Administrative capability items	X		

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
V. Student eligibility			
A. High School diploma or equivalent or ability to benefit	X	X	See Footnotes
B. Regularly enrolled in eligible program	X		
C. Citizen or permanent resident		X	
D. Satisfactory progress	X	X	See Footnotes
E. Default/refund status		X	
F. Social security number match requirement		X	
G. Other requirements	X		
VI. Coordination of programs			
A. Financial aid organization	X		
B. Other information available	X		
C. Need analysis	X		
D. Professional judgment documentation		X	
VII. Administrative capability			
A. Student file maintenance	X	X	See Footnotes
B. Record retention	X	X	See Footnotes
C. Verification		X	
VIII. Disbursements			
A. Financial aid transcripts/NSLDS information	X	X	See Footnotes
B. Independent/Dependent status determination	X	X	See Footnotes
C. Timing and amount of disbursements		X	
IX. Refunds or overpayments			
A. Policy	X	X	See Footnotes
B. Refund calculations		X	
C. Overpayment calculations	X	X	See Footnotes
D. Disbursements and accounting for refunds/overpayments	X		
X. Institutional disclosure			
A. Accuracy of institutional data	X		
B. Disclosure to students	X		
XI. Pell Grant			
A. Types of expenditures allowed		X	
B. Program performance			
1. Calculation and disbursement of award		X	
2. Timing of payment, cutoff dates for receipts of SARs		X	
C. Financial reports		X	

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
XII. Campus-based programs (general)			
A. Types of expenditure allowed			
1. Program expenditures		X	
2. Administrative cost allowance		X	
B. Program performance			
1. Accuracy of FISAP data		X	
2. System of need analysis, etc.		X	
XIII. Campus-based programs (Perkins)			
A. Type of expenditures allowed	X		
B. Matching	X		
C. Program performance			
1. Student eligibility	X		
2. Approved promissory note	X		
3. Due diligence	X		
4. Repayment records	X		
D. Special compliance requirements			
1. Minimum cash balance; cash planning	X		
2. Treatment of interest earned on Perkins loan balance	X		
XIV. Campus-based programs (FSEOG)			
A. Eligible expenditures		X	
B. Matching		X	
C. Selection of students for FSEOG awards	X	X	See Footnotes
XV. Campus-based programs (FWS)			
A. Types of expenditures and employment allowed			
1. Types of employment allowed	X	X	See Footnotes
2. Types of expenditures allowed		X	
B. Matching		X	
C. Program performance			
1. Selection of students for employment	X		
2. Approval of time sheets and payment to students	X		
D. Special compliance requirements			
1. JLD and CSJLD programs	X		
2. CSL programs (5% minimum)	X		

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
XVI. Federal Family Education Loans (FFEL)			
A. Program performance			
1. Determination of eligibility and completion of application	X	X	See Footnotes
2. Default reduction measures	X		
3. Entrance and exit counseling	X	X	See Footnotes
4. Loan disbursement	X		
5. EFT Roster reconciliation	X		
6. Eligibility for disbursement	X		
B. Status reporting			
1. SSCR completion	X	X	See Footnotes
2. Change in enrollment status	X		
C. Special compliance requirements			
1. Refund policy		X	
2. Refunds to lenders	X		
XVII. Federal Direct Loan Program (FDLP)			
A. Program performance			
1. Determination of eligibility		X	
2. Entrance and exit counseling	X	X	See Footnotes
3. Exporting & importing electronic files to/from the LOC		X	
4. Loan disbursement		X	
5. Monthly data matching including:			
a. Loan and cash detail records		X	
b. Summary records		X	
B. FDLP status reporting			
1. SSCRs	X	X	See Footnotes
2. Change in enrollment status	X		

Footnotes:

I. Computer operations:

- A. Terminal and software security - The Institution is responsible for the terminal and software security for Global's remote software located at the Institution. Most clients house the software on a network with user groups designed to secure the software. Global is responsible for terminal and software security of the systems located on-site at Global. Global's terminals and software are housed on a Novell network with security to prevent unauthorized access.
- B. Data integrity - The Institution is responsible for the data entered into Global's Need Analysis, Automated Budget, and Automated Award Letter. The software has certain edits to reduce data errors. The Institution is also responsible for the accuracy of the data entered in the tables for program, term, lender, and guarantor data. Global is responsible for the electronic transmission and retrieval of the data to the Central Processing Service (CPS). During the File Review process, Global's staff compare the data from the FAFSA and ISIR to ensure that the two documents agree. Further, the tables set up at the Institution must match the tables used by Global or the files will reject during File Review. These controls provide for additional data integrity.

- C. System and data backup - The Institution is responsible for the maintenance of the local computer system and for backing up the data. Global is responsible for the maintenance of its local computer system and for backing up the data at Global.
- D. Disaster recovery plan - The Institution is responsible for a disaster recovery plan for local systems and data. Global is responsible for a disaster recovery plan for its systems and data. Global retains all data transmitted and retrieved from CPS, in the event the Institution needs the data. Global optically images the files sent by the Institution and used for review.

V. Student eligibility:

- A. High school diploma or equivalent or ability to benefit - The Institution is responsible for determining that the applicant meets the Institution's admissions requirements. Global sets policy with each client concerning the documentation required for proof of high school completion, equivalent, and/or ability to benefit. The majority of Global's clients allow the disbursement of Title IV funds and/or the certification/origination of FFEL/FDSL loans, without a copy of the high school diploma or transcript as long as the student has a signed document indicating the student is a high school graduate. Global continues to report the diploma or transcript as missing in the reporting system until a copy is received at Global. The majority of Global's clients require that a copy of the GED certificate with test scores be received at Global prior to disbursement of Title IV funds or certification/origination of FFEL/FDSL loans.

Global requires that students admitted under ability to benefit regulations send in a copy of the test and results. Global reviews the test and results to ensure the test is valid and the student passed the test.

- D. Satisfactory progress - The Institution is responsible for reviewing each student's academic progress and ensuring the standards of satisfactory progress are met. Global accepts a (Yes) or (No) flag in the computer extract transmitted by the Institution for authorization to disburse Pell Campus Based Program funds and/or to certify/originate FFEL/FDSL loans.

VII. Administrative capability:

- A. Student file maintenance - The Institution retains the original or a copy of the original file documentation sent to Global for review. Global has an automated file tracking system to maintain the location of the file once received by Global. Global optically images files for storage, retrieval, and disaster recovery.
- B. Record retention - The Institution is responsible for maintaining the copy or original file documentation sent to Global. Global retains all records used to make Title IV disbursement or loan certifications. The files are stored and optically imaged for disaster recovery and retrieval.

VIII. Disbursements:

- A. Financial aid transcripts/NSLDS information - The Institution is responsible for packaging the student and determining if the student attended any other post-secondary institutions. Global reviews the ISIR during the file review process to ensure that the NSLDS page of the ISIR clears any FAT requirements, and that no other documentation in the file creates conflicting information.

VIII. Disbursements:

- B. Independent/Dependent status determination - The Institution is responsible for ensuring that the student completed the FAFSA accurately and the information entered in the need analysis was accurate. Global compares the FAFSA and ISIR to ensure that the two match and create no conflicting information.

IX. Refunds or overpayments:

- A. Policy - The Institution is responsible for reviewing and signing off on the tables Global uses to calculate refunds. Global is responsible for creating the tables and requesting sign off by the client.
- C. Overpayment calculations - The Institution is responsible for providing Global with the data to determine if an overpayment exists. If an overpayment is discovered, then Global adjusts the disbursements for Pell/CBP funds in the system and notifies the Institution to return any required loan proceeds.

XIV. Campus-based programs (FSEOG):

- C. Selection of students for FSEOG awards - The Institution develops, at the start of each award year, a selection criteria and distribution formula for FSEOG funds. Global's remote software provides a selection report by date range and EFC for the Institution. Global reviews the FSEOG spending plan, and reviews selected FSEOG awards during the file review process to ensure the students are eligible.

XV. Campus-based programs (FWS):

- A. Types of expenditures and employment allowed -
 - 1. Types of employment allowed - The Institution is responsible for developing FWS job descriptions that meet regulations. Global reviews the job descriptions provided by the Institution to ensure the job description meets regulations.

XVI. Federal Family Education Loans (FFEL):

- A. Program performance -
 - 1. Determination of eligibility and completion of the application - The Institution is responsible for ensuring the student completes the FFEL application accurately and truthfully. Global reviews the application to ensure it is complete and accurate. Global certifies the loan application and transmits it to the lender.
 - 3. Entrance and exit counseling - The Institution is responsible for conducting the entrance and exit counseling interview with students. Global reviews the entrance counseling documentation and ensures that it is complete prior to certification of an FFEL application. Global places the required exit interview documents for each withdrawal and graduate processed on the Virtual Change in Status (VCS) website. Global notifies students via e-mail or by letter to visit the website and print and/or download the exit interview information. The Institution is also notified via e-mail of the student processed and can download the exit documentation for each student from the website.

XVI. Federal Family Education Loans (FFEL):

B. Status reporting -

1. **SSCR completion -** Global receives the SSCR automated file and transmits the files via modem to the Institution with a deadline date for transmission back to Global. The Institution is responsible for the accuracy of the SSCR and for transmitting the file back to Global by the deadline date. Global is responsible for submitting the electronic file to the U.S. Department of Education (the Department) once received from the Institution.

XVII. Federal Direct Loan Program (FDLP):

A. Program performance -

2. **Entrance and exit counseling -** The Institution is responsible for conducting the entrance and exit counseling interview with students. Global reviews the entrance counseling documentation and ensures that it is complete prior to origination of an FDLP application. Global places the required exit interview documents for each withdrawal and graduate processed on the Virtual Change in Status (VCS) website. Global notifies students via e-mail or by letter to visit the website and print and/or download the exit interview information. The Institution is also notified via e-mail of the student processed and can download the exit documentation for each student from the website.

B. FDLP status reporting -

1. **SSCRs -** Global receives the SSCR automated file and transmits the files via modem to the Institution with a deadline date for transmission back to Global. The Institution is responsible for the accuracy of the SSCR and for transmitting the file back to Global by the deadline date. Global is responsible for submitting the electronic file to the Department once received from the Institution.

ALMICH & ASSOCIATES

AN ACCOUNTANCY CORPORATION

• Certified Public Accounting and Business Services •

REPORT ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE SFA PROGRAMS

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Gibbs College:

We have examined management's assertions that Gibbs College complied with the specified compliance requirements, listed on the accompanying schedule, regarding Institutional Eligibility, Reporting, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting, Student Eligibility, Disbursements, Refunds/Return of Title IV Funds, GAPS and Cash Management, Perkins Loans, and Administrative Capability listed in Section II of the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, relative to participation in the Federal Student Financial Assistance Programs during the year ended December 31, 2003. Management is responsible for Gibbs College's compliance with those requirements. Our responsibility is to express an opinion on Gibbs College's compliance based on our examination.

Our examination was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; and the Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, issued by the U.S. Department of Education, Office of the Inspector General, 2000 Revision, and accordingly, included examining, on a test basis, evidence about Gibbs College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Gibbs College's compliance with specified requirements.

Our examination disclosed the following material non-compliance with Refund/Return of Title IV Funds compliance requirements applicable to Gibbs College during the year ended December 31, 2003. As more fully discussed in Finding No. 03-9, Gibbs College was not in compliance with Refund/Return of Title IV funds compliance requirements with respect to timely payment of refunds.

In our opinion, except for the material non-compliance described in the third paragraph, Gibbs College complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2003.

This report is intended solely for the information and use of the board of directors, management, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Almich & Associates

Irvine, California
June 14, 2004

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF MANAGEMENT'S ASSERTIONS REGARDING
SPECIFIED COMPLIANCE REQUIREMENTS ^A

1. Gibbs College complied with the Institutional Eligibility and Participation compliance requirements listed in Section II of the ED SFA Guide.
2. Gibbs College complied with the Reporting requirements, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting listed in Section II of the ED SFA Guide.
3. Gibbs College complied with the Student Eligibility compliance requirements listed in Section II of the ED SFA Guide.
4. Gibbs College complied with the Disbursements compliance requirements listed in Section II of the ED SFA Guide.
5. Gibbs College complied with the Refund/Return of Title IV Funds compliance requirements listed in Section II of the ED SFA Guide, except for the timely payment of some refunds, as defined by the ED SFA Guide.
6. Gibbs College complied with the Grant Administration and Payment System (GAPS) and Cash Management compliance requirements listed in Section II of the ED SFA Guide.
7. Gibbs College does not participate in the Federal Perkins Loan program. As such, Gibbs College complied with the Federal Perkins Loan Collections, Due Diligence and NSLDS compliance requirements listed in Section II of the ED SFA Guide.
8. Gibbs College complied with the Administrative Capability compliance requirements listed in Section II of the ED SFA Guide.

^A Reference to the ED SFA Guide refers to the *Audit Guide, Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, prepared by the U.S. Department of Education, Office of Inspector General, 2000 Revision.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

POPULATION SUMMARY

Total population:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	\$ 1,172,090	\$ 5,128,791	\$ -	\$ 149,248	\$ -	\$ 151,391
Students	720	820	-	291	-	26

Enrolled, graduated or students on an approved leave of absence:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	\$ 873,573	\$ 4,155,459	\$ -	\$ 109,112	\$ -	\$ 139,778
Students	566	632	-	207	-	23
Sample -						
Dollars	\$ 96,211	\$ 359,452	\$ -	\$ 9,500	\$ -	\$ 12,627
Students	37	50	-	17	-	5

Withdrew, dropped or terminated students:

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Universe -						
Dollars	\$ 298,517	\$ 973,332	\$ -	\$ 40,136	\$ -	\$ 11,613
Students	154	188	-	84	-	3
Dollars Refunded	\$ 47,300	\$ 377,935	\$ -	\$ 1,123	\$ -	\$ -
Students with Refunds	57	148	-	5	-	-
Sample -						
Dollars	\$ 42,744	\$ 109,797	\$ -	\$ 3,583	\$ -	\$ -
Students	20	23	-	8	-	-
Dollars Refunded	\$ 10,210	\$ 42,096	\$ -	\$ -	\$ -	\$ -
Students with Refunds	12	20	-	-	-	-

Benchmark withdrawal rate calculation and sample criteria:

Total students in universe	869
Enrolled, graduated or students on an approved leave of absence	644
Withdrew, dropped or terminated students	225
Benchmark withdrawal rate	25.89%
Sample criteria	Approach I
Number of students selected from enrolled, graduated or students on approved leave of absence	50
Number of students selected from withdrew, dropped or terminated students	25
Total number of students with refunds paid in universe	161
Total number of students with refunds paid in sample	21

Summary of questioned costs from noncompliance (See accompanying findings):

	Pell	FFELP	FDL	FSEOG	FPL	FWS
Dollars	\$ 2,578	\$ 9,330	\$ -	\$ 500	\$ -	\$ -
Students	4	5	-	1	-	-

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

DEFINITION OF MATERIAL NON-COMPLIANCE

The following thresholds, in relation to management's assertions, have been established with respect to material non-compliance. If the instances of non-compliance exceed these thresholds of materiality, the exceptions are considered material requiring appropriate further action:

	Percent instances of <u>non-compliance</u>
1. Institutional eligibility and participation	0%
2. Reporting	10%
3. Student eligibility	10%
4. Disbursements	10%
5. Refund Compliance (except timeliness as to which the percentage is 5% - see Refund Timeliness discussion below)	10%
6. Cash Management	5% of federal Title IV funds
7. Perkins Collections and Due Diligence	10%
8. Administrative Capability	0%

Refund Timeliness

With respect to refund timeliness, all instances of non-compliance are reported in the schedules of findings and questioned costs when the refund check clearance date exceeds the required timeframe prescribed in regulation. Expanded samples are performed based on the following criteria:

- (a) If more than 5% (and more than two student refunds) of refunds are *issued and cleared* the bank after the required timeframe.
- (b) If more than 5% (and more than two student refunds) of refunds are *issued prior* to their due date but *clear* the bank more than 15 days after the required timeframe.
- (c) A combination of (a) and (b) above which yields more than 5% (and more than two student refunds) late refunds based on this definition of material non-compliance.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-1

Statement of Condition

Resolution of a credit balance was made in excess of 14 days following the appearance of the credit balance on the student's account.

Criteria

Federal regulations require that institutions must resolve credit balances within 14 days of the appearance of the credit balance on the student's account.

Effect

Of the 75 files tested, 1 student's credit balance was resolved after the 14-day prescribed time frame. The distribution of the credit balance is as follows:

<u>Student No.</u>	<u>Amount of Credit Balance</u>	<u>Source of Credit Balance</u>	<u>Date of Credit Balance</u>	<u>Resolution Date</u>	<u>Days Late</u>
1	\$966	FFELP	12/18/03	1/31/04	30

Cause

In this isolated case, the Institution did not follow its procedures to ensure that credit balances on student accounts were identified and properly settled, according to the student's wishes.

Recommendation

The Institution should follow its procedures to ensure the timely identification and resolution of student credit balances.

Summary Schedules A, B and C References

This finding is included on the accompanying summary schedule B.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-2 (Repeat Finding)

Statement of Condition

Documentation of Federal Family Education Loan Program (FFELP) exit counseling was lacking from students' files.

Criteria

All institutions must provide entrance and exit counseling for FFELP borrowers and maintain documentation in each student borrower's file.

Effect

In 2 of 73 FFELP files tested, the documentation of loan exit counseling was missing.

Cause

The Institution's procedures for providing exit counseling to borrowers were not uniformly applied.

Recommendation

The Institution should adhere to its procedures with respect to providing borrowers with loan entrance and exit counseling and maintain documentation in the student files.

Additional Information

Upon learning of this finding, the Institution mailed the required exit counseling documents to the students in the finding. We reviewed the documentation.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule B.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-3

Statement of Condition

The Institution reported the enrollment status to the National Student Loan Data System (NSLDS) for certain students in error.

Criteria

Institutions are required to accurately report a student's changes in enrollment status and notify NSLDS within 60 days of a student's change in enrollment status. The institution may utilize the Student Status Confirmation Report for notification if the report will be submitted within 60 days of the status change. Accurate and timely reporting of student status changes is essential because the last day of attendance on at least a half-time basis triggers the beginning of the borrower's grace period. Incorrect reporting of student status changes may result in federal interest subsidies being paid toward loans that should be in repayment and are no longer eligible for the subsidies.

Effect

Of 73 FFELP files tested, we requested and received NSLDS enrollment status history detail for 36 withdrawn and graduated students. For 3 of the 36 students tested, the students' enrollment status was reported incorrectly. Additionally, 15 students' enrollment statuses were not reported in a timely manner.

Cause

The Institution's procedures with respect to accurate reporting to NSLDS of borrowers' enrollment status changes were not always closely followed.

Recommendation

The Institution should more closely follow its procedures to ensure that student enrollment status changes are reported correctly and timely to NSLDS.

Additional Information

Upon learning of this finding, the Institution corrected the enrollment status for each of the 3 students in this finding. We reviewed the documentation and determined that it was accurate.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule C.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-4 (Repeat Finding)

Statement of Condition

Ineligible funds were not returned when students withdrew from the instructional program.

Criteria

Ineligible disbursements credited to student accounts are to be returned to the appropriate Title IV program within 30 days of the later of the determination date or the date the funds were delivered to the student's tuition account.

Effect

Of 75 files tested for refund compliance, the ineligible funds for 2 students were not returned. Distribution of the unpaid ineligible funds associated with this finding is as follows:

<u>Student No.</u>	<u>Amount Due</u>	<u>Title IV Program</u>	<u>LDA</u>	<u>Date of Determination</u>	<u>Check Due Date</u>
1	\$ 359	FFELP	6/3/03	7/13/03	8/12/03
2	4,282	FFELP	7/14/03	11/7/03	12/7/03

Cause

Procedures to ensure timely returns of ineligible funds were not followed.

Recommendation

The Institution's control procedures for processing refunds and Return of Title IV funds payments should be closely followed.

Additional Information

The Institution repaid the ineligible funds for both students in the finding. We reviewed copies of the electronic funds documentation.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule B.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-5 (Repeat Finding)

Statement of Condition

Verification was not always completed prior to disbursement of funds.

Criteria

Federal regulations require that institutions verify certain need analysis data for students selected for verification by the U.S. Department of Education and for any student whose file contains conflicting data. Under certain conditions for the Federal Pell and campus-based programs, the institution may make initial payment to the student for the first payment period while verification is being completed. If the student graduates or withdraws prior to completing verification, the institution is liable for the amount(s) disbursed.

Effect

Of the 75 files tested, the files of 2 students selected for verification contained conflicting information. For Student No. 1, there was conflicting information with respect to household size. For Student No. 2, there was conflicting information with respect to taxes paid, and the amounts on Worksheet A and C. The students received net Title IV aid as follows:

<u>Student No.</u>	<u>Award Year</u>	<u>Amount</u>	<u>Title IV Program</u>
1	2002-03	\$ 849	Federal Subsidized Stafford Loan
		350	Federal Pell Grant
2	2003-04	1,697	Federal Subsidized Stafford Loan
		1,350	Federal Pell Grant
		500	SEOG
Total Net Aid Disbursed		<u>\$ 4,746</u>	

Cause

The Institution did not always apply its procedures for obtaining and reviewing complete documentation with respect to verification.

Recommendation

The Institution should follow its procedures for obtaining and reviewing documentation for verified student files.

Additional Information

Upon learning of this finding, the Institution performed a re-calculation for both students using the accurate data. The students remained eligible for all Title IV aid received. There are no remaining questioned costs for this finding.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule A.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-6

Statement of Condition

In one student's file, tuition charges from the enrollment agreement did not agree with charges on the student's ledger.

Criteria

An institution is required to maintain accurate program and student records.

Effect

In 1 of the 75 files tested, there was a discrepancy in the tuition charges on the enrollment agreement and the tuition charges posted to the student's ledger.

Cause

In this isolated instance, the Institution's procedures with respect to the posting of tuition charges were not followed.

Recommendation

The Institution should follow its procedures to ensure that the amount of tuition charged on the student's ledger agrees with the amount listed on the student's enrollment agreement.

Additional Information

Upon learning of this finding, the Institution corrected the student's ledger. We reviewed the ledger and determined that it was accurate.

Summary Schedule A, B and C Reference

This finding is not included on the accompanying summary schedule A, B and C since there are no fields available for data entry.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-7 (Repeat Finding)

Statement of Condition

In one student's file, the Return of Title IV funds payment was not paid when the student withdrew from the instructional program.

Criteria

The U.S. Department of Education requires that payments made under the Return of Title IV funds provisions be returned within 30 days of a student's official withdrawal date and clear the bank within 45 days of the withdrawal date (34 CFR 668.22). These regulations, which became effective July 1, 2003, were implemented by the Institution on November 1, 2002, an option allowed in the final regulation package. The U.S. Department of Education considers a refund to be paid when it clears the bank.

Effect

Of 25 files tested for refund compliance, the Return of Title IV funds payment for 1 student was not paid. The distribution of the unpaid refund associated with this finding is as follows:

<u>Amount of Refund</u>	<u>Title IV Program</u>	<u>LDA</u>	<u>Withdrawal Date</u>
\$227	FPELL	8/7/03	8/9/03

Cause

In this isolated case, the refund calculation for the student was completed properly, but the refund was not paid.

Recommendation

Due diligence and care must be exercised in making refunds in compliance with SFA Program requirements.

Additional Information

The Institution repaid the Federal Pell Grant funds for the student in the finding. We reviewed copies of the electronic funds documentation.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule C.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-8

Statement of Condition

A Return of Title IV funds calculation was not completed correctly when the student withdrew from the instructional program.

Criteria

Refunds for withdrawn students are to be properly calculated in accordance with applicable refund policies.

Effect

Of 25 files tested for refund calculation accuracy, 1 student file contained an incorrect refund calculation.

Cause

Procedures to ensure the proper completion of refund calculations and appropriate payment of resulting refunds due were not followed.

Recommendation

Due diligence and care should be exercised in completing refund calculations in accordance with SFA program requirements.

Additional Information

Upon learning of the finding, the Institution re-processed the refund calculation. We reviewed the re-calculation and determined it was accurate. As a result, there are additional refunds due to the Federal Subsidized Stafford loan program in the amount of \$849, the Federal Unsubsidized Stafford loan program in the amount of \$1,294, and the Federal Pell Grant program in the amount of \$651. The Institution repaid the additional refunds for the student in the finding. We reviewed copies of the electronic funds documentation.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedule C.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-9 (Repeat Finding)

Statement of Condition

Returns of Title IV funds for certain students were not always made in a timely manner.

Criteria

The U.S. Department of Education requires that payments made under the Return of Title IV funds provisions be returned within 30 days of a student's official withdrawal date and clear the bank within 45 days of the withdrawal date (34 CFR 668.22). These regulations, which became effective July 1, 2003, were implemented by the Institution on November 1, 2002, an option allowed in the final regulation package. The U.S. Department of Education considers a refund to be paid when it clears the bank.

Effect

Return of Title IV funds payments were not paid within the required time frame for 3 of the 25 student files tested for refund compliance. The late payments associated with this finding are as follows:

Student No.	Amount of Refund	Program Paid	LDA	Determination Date	Check Issue Date	Check Issue Due Date	Check Cancellation Date	Check Cancellation Due Date	Days Late
1	\$ 359	FFEL	6/3/03	7/13/03	8/21/03	8/12/03	8/21/03	8/27/03	9
	1,784	FFEL	6/3/03	7/13/03	12/31/03	8/12/03	12/31/03	8/27/03	141
2	1,578	FFEL	11/10/03	12/10/03	1/10/04	1/9/04	1/10/04	1/25/04	1
3	2,400	Pell	7/14/03	11/7/03	1/31/04	12/7/03	1/31/04	12/22/03	40

Cause

The refunds noted above were not written or mailed in a timely manner, and in these cases, it appears that the Institution's control procedures for processing refunds and Return of Title IV funds payments were not always followed.

Recommendation

The Institution should take steps to ensure that its procedures for the timely disbursement of refunds and Returns of Title IV funds payments are strictly followed.

Additional Information

Based on our definition of material non-compliance on page 13 of this report, an expanded sample related to the finding was required. We expanded our sample by an additional 59 students for refund timeliness to achieve a confidence level of 95% with a confidence interval of $\pm 5\%$. The expanded sample testing resulted in the identification of 7 additional students with late refunds, which are included in the attached summary schedule C. Based on our original sample plus the expanded sample, refunds for 10 of the 84 withdrawn students tested were paid late based on the canceled check date.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-9 (Repeat Finding)-Continued

In addition, the expanded sample testing resulted in the identification of 4 students with unpaid refunds, which are included in the attached summary schedule C.

The expanded sample testing also resulted in the identification of 6 students with returns of ineligible disbursements that were not paid timely. In addition, the expanded sample testing resulted in the identification of 2 students with returns of ineligible disbursements that were not paid. The students are included on the accompanying summary schedule B.

Summary Schedules A, B and C Reference

This finding is included on the accompanying summary schedules B and C.

GIBBS COLLEGE
VIENNA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

FINDING NO. 03-10 (Repeat Finding)

Statement of Condition

The Institution was unable to document timely submission of Student Status Confirmation Reports (SSCRs).

Criteria

Institutions receiving SFA funds are required to ensure that reports contain reliable data, and are presented in accordance with the terms of applicable agreements. A SSCR transmittal history should be available for auditor attestation testing procedures.

Effect

The SSCR transmittal history was not available for our review. We were unable to complete SSCR testing procedures, as required.

Cause

The Institution's procedures relative to SSCR report maintenance were not consistently applied.

Recommendation

The Institution should follow its procedures to ensure that SSCRs are filed in a timely manner, and documentation is available for review.

Additional Information

We noted that the Institution's FY 2001 official cohort default rate is 11.1%.

Summary Schedules A, B and C Reference

This finding is not included on the accompanying summary schedules A, B and C, as there are no fields available for data entry.

GIBBS SCHOOL
VIENNA, VIRGINIA
FOR THE YEAR ENDED DECEMBER 31, 2003

Summary Schedule C: REFUNDS

Student/ Number	A	B	C	D	E	FFEL						PSU/FDL/SEOG					
						Last Day of Attendance	Withdrawal Date	Total School Refund Amount	Total IPA Refund Amount	Balance Refund Over-paid/Due (D-C)	F	G	H	I	J	K	L
						Refund Amount	Refund Due Date (B + 45) Days	Refund Check Cleared Date	# of Days Late (H - G)	Excess Interest Paid by ED (F/(365)*int)	Not Reported on SSCR	Amount of Refund	Refund Due Date (B + 45) Days	Refund Check Cleared Date	# of Days Late (N-M)	Imputed Interest To ED (L/(365)*int)	
A2																	
B1																	
B2																	
B3																	
A4																	
B4																	
B5																	
B6																	
B7																	
B8	6/3/03	7/13/03	2,143	2,143		2,143	8/27/03	12/31/03	126	61.03	X						
B9											X						
A5											X						
A6											X						
B10	1/23/03	2/5/03	-	2,794	2,794						X						
B11											X						
A3											X						
B12	11/10/03	12/10/03	1,578	1,578		1,578	1/24/04	1/10/04			X						
B13											X						
B15	8/7/03	8/9/03	-	227	227												
B14	7/14/03	11/7/03	2,400	2,400								2,400	12/22/03	1/31/04	40	\$ 13.15	
B16	8/8/03	9/9/03	2,142	2,142		2,142	10/24/03	10/28/03	4								
Total			\$ 8,263	\$ 11,284	\$ 3,021	\$ 5,863			130	\$ 61.03	9	\$ 2,400			40	\$ 13.15	

GIBBS COLLEGE
VIENNA, VIRGINIA

AUDITORS' COMMENTS ON RESOLUTION MATTERS
RELATING TO PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2003

The Institution's compliance audit for the fiscal year ended December 31, 2002, dated April 25, 2003, was performed by Almich & Associates.

The Institution has not received a final audit determination letter from the U.S. Department of Education.

The findings noted in the independent auditors' report, and corrective actions taken, are as follows:

Finding No. 02-1 (Repeat Finding)

The auditors found that, in 2 of 66 FFELP files tested, the documentation indicated that exit counseling was not performed in a timely manner.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it has commenced a servicing agreement with Global Financial Services, and part of the service is providing exit counseling documents to students. We found no exceptions with respect to exit counseling not being performed in a timely manner during our file testing for the current audit period.

Finding No. 02-2 (Repeat Finding)

The auditors found that, of 20 files tested for refund compliance, the Return of Title IV funds payments for 2 students were not paid within the required timeframe. Based on the auditors' definition of material non-compliance on page 13 of the audit report, an expanded sample was not required.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it would ensure that tighter controls are in place and funds are returned within the required timeframe. As noted in Finding No. 03-9 of this audit report, the Institution should take steps to ensure that its procedures for the timely disbursement of refunds and Return of Title IV funds payments are strictly followed.

Finding No. 02-3

The auditors found that, of 5 FWS files tested, 5 students had FWS disbursements that did not correspond with the amount earned for hours worked. Based on the auditors' definition of material non-compliance, the auditors expanded the sample by an additional 6 students to test 100% of the population for FWS disbursements. The expanded sample testing resulted in 5 additional students for whom disbursements did not correspond with the amount earned for hours worked, for a total of \$827 (federal share). Additionally, 1 student had a missing timesheet and 1 student was missing payroll documentation. Total questioned costs for this finding are \$1,071.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it would resolve the FWS disbursements that did not correspond with the amount earned or hours worked. We found no exceptions with respect to disbursement of FWS funds without appropriate verified documentation of hours worked and amount earned during our file testing for the current audit period.

Finding No. 02-4

The auditors found that, of 70 files tested, Title IV funds for 1 student were disbursed to the student's account while the student was on a leave of absence. The student received a Federal Subsidized Stafford loan in the amount of \$849 and a Federal Subsidized Stafford loan in the amount of \$1,294. The student returned from the leave of absence, and funds disbursed were subsequently earned.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it would ensure that appropriate procedures are followed when granting an approved Leave of Absence to ensure that the SFA programs are administered in accordance with requirements. We found no exceptions with respect to Title IV aid being disbursed while a student was on a leave of absence during our file testing for the current audit period.

Finding No. 02-5

The auditors found that, of the 70 files tested, the files of 2 students selected for verification contained incomplete information. For Student Nos. 1 and 2, the students' tax forms were not signed. The Institution obtained the signed tax forms for both students in the finding. The auditors reviewed the documentation and found it to be accurate. The students remained eligible for all funds received.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it has enhanced its verification procedures, which include utilizing a third party servicer for quality assurance. As noted in Finding No. 03-5 of this audit report, the Institution should follow its procedures for obtaining and reviewing complete documentation with respect to verification.

Finding No. 02-6 (Repeat Finding)

The auditors found that, in 4 of 66 FFELP files tested, the documentation of loan exit counseling was missing. Upon learning of this finding, the Institution mailed the required exit counseling documents to the students in the finding. The auditors reviewed the documentation.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it would follow its procedures to ensure exit counseling materials are provided to students within the 30 day period. As noted in Finding No. 03-2 of this audit report, the Institution should adhere to its procedures with respect to maintaining exit counseling documentation in the student files.

Finding No. 02-7 (Repeat Finding)

The auditors found that, of 20 files tested for refund compliance, documentation of refunds posted to 1 student's ledger was not available.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it would ensure tighter controls are in place and funds are returned within the required time frame. As noted in Finding No. 03-7 of this audit report, the Institution should take steps to ensure that its procedures for the timely disbursement of refunds and Return of Title IV funds payments are strictly followed.

Finding No. 02-8

The auditors found that, of 66 FFELP files tested, 1 dependent student received a Federal Unsubsidized Stafford Loan in the amount of \$2,587 without appropriate documentation. The student was appropriately awarded all other aid received as a dependent student.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that procedures have been implemented to ensure that documentation of parent loan denials is consistently maintained in the student file. We found no exceptions with respect to missing PLUS loan denial letters during our file testing for the current audit report period.

Finding No. 02-9

The auditors found, in 1 of 70 student files tested, documentation of return of ineligible funds posted to the student's ledger was not available. A return of \$1,333 is due to the Federal Pell Grant Program.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it has commenced a servicing agreement for Title IV administration with Global, which includes the processing and disbursement of Title IV funds. As noted in Finding No. 03-4, the Institution should follow its procedures with respect to return of ineligible funds.

Finding No. 02-10 (Repeat Finding)

The auditors found, of the 4 SSCRs required to be filed by the Institution during the audit period, the Institution did not file 1 SSCR in a timely manner. The report, due March 31, 2002, was filed on May 14, 2002, 44 days late.

Action Taken

In its corrective action plan, the Institution stated that it concurs with the auditors' finding. The Institution further stated that it would follow its procedures to ensure that SSCRs are filed in a timely manner. As noted in Finding No. 03-10, the Institution should more closely follow its procedures to ensure that SSCRs are filed in a timely manner, and documentation of the filing is maintained.

Other reviews

From March 24-27, 2003, the Institution underwent a program review with the U.S. Department of Education (U.S.D.E.). A report was issued on April 11, 2003. The report contained four findings. The Institution submitted written responses to the U.S.D.E. on May 9, 2003, addressing each finding in the program review report. The U.S.D.E. issued a final determination letter closing the program review on May 19, 2003 (PRCN: 200320321424).



Your Future Begins Here

Gibbs College

EIN: 364328545

OPE ID: 00942000

Audit Firm: Almich and Associates

Corrective Action Plan for the Fiscal Year Ended December 31, 2003

Finding 03-1

The school concurs with the finding. This finding is unusual and not consistent with school policy.

As the credit balance was refunded, no further action was taken.

The Vice President of Finance has strengthened internal procedures to monitor Title IV credit balances and ensure refunds are made on a timely basis.

Finding 03-2

The school concurs with the finding.

As the exit counseling documents were provided to the borrower, no further action was taken.

The Director of Financial Aid has strengthened internal procedures to ensure that exit counseling documents are provided prior to, or within 30 days after, a student graduates, withdraws, or drops below half-time status.

Finding 03-3

The school concurs with the finding.

As the school reported the correct enrollment status, no further action was taken.

The Director of Financial Aid has implemented procedures to ensure that enrollment status changes are reported on a timely basis. The procedures include monitoring receipt of the enrollment status confirmation report in the mailbox, using the school computer system to match enrollment status and update NSLDS records to ensure that all students are included in the status reports, and ensuring submission of the report on a 60 day cycle. The Director of Financial Aid will monitor that the reports are submitted every 60 days and that enrollment statuses are accurately reported.

Finding 03-4

The school concurs with the finding. This finding is unusual and not consistent with school policy.

As the ineligible funds were returned, no further action was taken.

The Director of Financial Aid and Vice President of Finance have strengthened internal procedures to ensure that ineligible funds are returned in a timely manner.

Finding 03-5

The school concurs with the finding.

As verification has been completed, no further action was taken.

The Director of Financial Aid has strengthened internal procedures to ensure that verification is completed prior to the authorization and disbursement of title IV funds.

Finding 03-6

The school concurs with the finding. The finding is unusual and not consistent with school policy.

As the student ledger was corrected, no further action was taken.

The Vice President of Finance has strengthened internal procedures to ensure that tuition charges posted to the student ledger are consistent with the tuition charges appearing on the student enrollment agreement.

Finding 03-7

The school concurs with the finding.

The school has made the Pell Grant refund.

The Vice President of Finance has strengthened internal procedures to ensure that return of Title IV funds calculations are made and refunds are made on a timely basis.

Finding 03-8

The school concurs with the finding.

The school has corrected the return of Title IV calculation and refunded the appropriate amounts.

The Vice President of Finance has strengthened internal procedures to ensure that return of Title IV funds calculations are correct and appropriate Title IV refunds are made on a timely basis.

Finding 03-9

The school concurs with the finding.

The school has paid the refunds for those identified in the expanded sample.

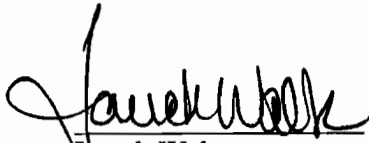
The Vice President of Finance has implemented procedures to ensure that return of Title IV calculations are made, and refunds are paid, on a timely basis. These procedures include monitoring withdrawn students and notifying the third party contracted to perform the return of Title IV calculations on a daily basis. Further, these procedures include enhanced monitoring to ensure the calculations are performed on a timely basis and refunds are made on a timely basis to ensure the 30 days timeframe is met.

Finding 03-10

The school concurs with the finding.

The school has accessed NSLDS to provide the submission schedule.

The Director of Financial Aid has strengthened internal procedures to ensure that enrollment status reporting is submitted to NSLDS on a 60 day cycle.


Lauck Walton
President


Date

**GIBBS COLLEGE
DBA KATHARINE GIBBS SCHOOL**

MONTCLAIR, NEW JERSEY

EIN NUMBER: 223275485

OPE ID NUMBER: 00750700

DUNS NUMBER: (b)(2)

**COMPLIANCE ATTESTATION EXAMINATION
OF THE TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS**

**at MONTCLAIR, NEW JERSEY
PISCATAWAY, NEW JERSEY**

**FEDERAL PELL GRANT PROGRAM (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY
GRANT PROGRAM (84.007)
FEDERAL WORK STUDY PROGRAM (84.033)
FEDERAL FAMILY EDUCATION LOAN PROGRAM (84.032)**

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003

***ALMICH & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS***

**GIBBS COLLEGE
DBA KATHARINE GIBBS SCHOOL
MONTCLAIR, NEW JERSEY**

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AUDITOR INFORMATION SHEET

GIBBS COLLEGE
DBA KATHARINE GIBBS SCHOOL
33 PLYMOUTH STREET
MONTCLAIR, NEW JERSEY 07042

EIN NUMBER: 223275485

OPE ID NUMBER: 00250300

DUNS NUMBER: (b)(2)

TEL. NO.: 973-744-2010

FAX NO.: 973-744-2298

PRESIDENT: Norman Rankis

CONTACT PERSON & TITLE: Anthony J. Cipolla
Vice President of Finance

LEAD AUDITOR : John F. Woll
 LICENSE NUMBER : Home State: 51024 Out of State(s): Not required in the
 ENGAGEMENT PARTNER : Linda H. Cooley State of New Jersey
 FIRM'S NAME : Almich & Associates
 ADDRESS : 19000 MacArthur Blvd., Suite 610
 Irvine, CA 92612
 TEL. NO. : (949) 475-5410
 FAX NO. : (949) 475-5412

Programs Examined:

FSEOG	84.007	X
FFELP	84.032	X
FWS	84.033	X
FPL	84.038	
Pell	84.063	X
FDLP	84.268	

For the Award Year that ended during the institution's fiscal year, the percentage o

Correspondence or telecommunication courses to total courses	N/A
Regular students enrolled in correspondence courses	N/A
Regular students that are incarcerated	N/A
Regular students enrolled based on ability to benefit	N/A

For short term programs:

Completion	N/A
Placement	N/A

The campuses/locations considered as part of this entity and covered or excluded by this examination are:

All Locations	>50% of Program Offered @ Site	Location On Eligibility Letter	Notice to ED Prior to Offering Instruction	Date		Of CPA's Last Visit	Exclusion Reason
				Opened	Closed		
Montclair, NJ Main Campus	Yes	Yes	Yes	5/29/84	N/A	3/08 - 3/11/04	N/A
Piscataway, NJ Additional Location	Yes	Yes	Yes	5/29/84	N/A	3/27/03	N/A

Institution's Primary Accrediting Organization: Accrediting Council for Independent Colleges and Schools

Other Accrediting Organizations: N/A

Records for the accounting and administration of the SFA programs are located at:

Main Campus:

**Gibbs College dba Katharine Gibbs School
33 Plymouth Street
Montclair, NJ 07042**

Administrative Offices:

**Gibbs College dba Katharine Gibbs School
50 Church Street
Montclair, NJ 07042**

Additional Location:

**Gibbs College dba Katharine Gibbs School
180 Centennial Ave.
Piscataway, NJ 08854**

Classroom Facility:

**Gibbs College dba Katharine Gibbs School
427 Bloomfield Avenue
Montclair, NJ 07042**

SERVICER INFORMATION SHEET

GLOBAL FINANCIAL AID SERVICES, INC.
10467 CORPORATE DRIVE
GULFPORT, MS 39503

TEL. NO.	<u>(228) 523-1000</u>
FAX NO.	<u>(228) 523-1050</u>
PRESIDENT:	<u>Mr. Edward J. Addison, Jr.</u>
CONTACT PERSON & TITLE:	<u>Ms. Chyrl Ayers-Meeker, Vice President</u>
LEAD AUDITOR:	<u>Michael C. Facer</u>
E MAIL ADDRESS:	<u>Mfacer@weworski.com</u>
LICENSE NUMBER:	<u>Home State: CA 61244, Out of State: MS R-2503</u>
FIRM'S NAME:	<u>Weworski & Associates</u>
ADDRESS:	<u>4660 La Jolla Village Drive, Suite 880</u>
	<u>San Diego, CA 92122</u>
TEL. NO.	<u>(858) 546-1505</u>
FAX NO.	<u>(858) 546-1405</u>

DIVISION OF RESPONSIBILITY FOR COMPLIANCE REQUIREMENTS

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
I. Computer operations			
A. Terminal and software security	X	X	See Footnotes
B. Data integrity	X	X	See Footnotes
C. System and data backup	X	X	See Footnotes
D. Disaster recovery plan	X	X	See Footnotes
II. Cash management			
A. Drawdowns		X	
B. Authorization vs. Expenditures		X	
C. Reconcile G/L to bank		X	
D. Bank account notes federal funds		X	
III. Financial reports			
A. FISAP		X	
B. EDPMTS/EDCAPS		X	
C. Pell IPS		X	
IV. Institutional eligibility			
A. Participation agreement/ECAR	X		
B. Accreditation status	X		
C. Admissions policy	X		
D. Eligible programs	X		
E. Calculation of institution eligibility ratios	X		
F. Licenses	X		
G. Administrative capability items	X		

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
V. Student eligibility			
A. High School diploma or equivalent or ability to benefit	X	X	See Footnotes
B. Regularly enrolled in eligible program	X		
C. Citizen or permanent resident		X	
D. Satisfactory progress	X	X	See Footnotes
E. Default/refund status		X	
F. Social security number match requirement		X	
G. Other requirements	X		
VI. Coordination of programs			
A. Financial aid organization	X		
B. Other information available	X		
C. Need analysis	X		
D. Professional judgment documentation		X	
VII. Administrative capability			
A. Student file maintenance	X	X	See Footnotes
B. Record retention	X	X	See Footnotes
C. Verification		X	
VIII. Disbursements			
A. Financial aid transcripts/NSLDS information	X	X	See Footnotes
B. Independent/Dependent status determination	X	X	See Footnotes
C. Timing and amount of disbursements		X	
IX. Refunds or overpayments			
A. Policy	X	X	See Footnotes
B. Refund calculations		X	
C. Overpayment calculations	X	X	See Footnotes
D. Disbursements and accounting for refunds/overpayments	X		
X. Institutional disclosure			
A. Accuracy of institutional data	X		
B. Disclosure to students	X		
XI. Pell Grant			
A. Types of expenditures allowed		X	
B. Program performance			
1. Calculation and disbursement of award		X	
2. Timing of payment, cutoff dates for receipts of SARs		X	
C. Financial reports		X	

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
XII. Campus-based programs (general)			
A. Types of expenditure allowed			
1. Program expenditures		X	
2. Administrative cost allowance		X	
B. Program performance			
1. Accuracy of FISAP data		X	
2. System of need analysis, etc.		X	
XIII. Campus-based programs (Perkins)			
A. Type of expenditures allowed	X		
B. Matching	X		
C. Program performance			
1. Student eligibility	X		
2. Approved promissory note	X		
3. Due diligence	X		
4. Repayment records	X		
D. Special compliance requirements			
1. Minimum cash balance; cash planning	X		
2. Treatment of interest earned on Perkins loan balance	X		
XIV. Campus-based programs (FSEOG)			
A. Eligible expenditures		X	
B. Matching		X	
C. Selection of students for FSEOG awards	X	X	See Footnotes
XV. Campus-based programs (FWS)			
A. Types of expenditures and employment allowed			
1. Types of employment allowed	X	X	See Footnotes
2. Types of expenditures allowed		X	
B. Matching		X	
C. Program performance			
1. Selection of students for employment	X		
2. Approval of time sheets and payment to students	X		
D. Special compliance requirements			
1. JLD and CSJLD programs	X		
2. CSL programs (5% minimum)	X		

<i>Compliance Requirements (Platinum Service)</i>	<i>Responsibility of Institution</i>	<i>Responsibility of Global Financial Aid Services, Inc.</i>	<i>Explanation of Divided Responsibility</i>
XVI. Federal Family Education Loans (FFEL)			
A. Program performance			
1. Determination of eligibility and completion of application	X	X	See Footnotes
2. Default reduction measures	X		
3. Entrance and exit counseling	X	X	See Footnotes
4. Loan disbursement	X		
5. EFT Roster reconciliation	X		
6. Eligibility for disbursement	X		
B. Status reporting			
1. SSCR completion	X	X	See Footnotes
2. Change in enrollment status	X		
C. Special compliance requirements			
1. Refund policy		X	
2. Refunds to lenders	X		
XVII. Federal Direct Loan Program (FDLP)			
A. Program performance			
1. Determination of eligibility		X	
2. Entrance and exit counseling	X	X	See Footnotes
3. Exporting & importing electronic files to/from the LOC		X	
4. Loan disbursement		X	
5. Monthly data matching including:			
a. Loan and cash detail records		X	
b. Summary records		X	
B. FDLP status reporting			
1. SSCRs	X	X	See Footnotes
2. Change in enrollment status	X		

Footnotes:

I. Computer operations:

- A. Terminal and software security** - The Institution is responsible for the terminal and software security for Global's remote software located at the Institution. Most clients house the software on a network with user groups designed to secure the software. Global is responsible for terminal and software security of the systems located on-site at Global. Global's terminals and software are housed on a Novell network with security to prevent unauthorized access.
- B. Data integrity** - The Institution is responsible for the data entered into Global's Need Analysis, Automated Budget, and Automated Award Letter. The software has certain edits to reduce data errors. The Institution is also responsible for the accuracy of the data entered in the tables for program, term, lender, and guarantor data. Global is responsible for the electronic transmission and retrieval of the data to the Central Processing Service (CPS). During the File Review process, Global's staff compared the data from the FAFSA and ISIR to ensure that the two documents agree. Further, the tables set up at the Institution must match the tables used by Global or the files will reject during File Review. These controls provide for additional data integrity.

- C. **System and data backup** - The Institution is responsible for the maintenance of the local computer system and for backing up the data. Global is responsible for the maintenance of its local computer system and for backing up the data at Global.
- D. **Disaster recovery plan** - The Institution is responsible for a disaster recovery plan for local systems and data. Global is responsible for a disaster recovery plan for its systems and data. Global retains all data transmitted and retrieved from CPS, in the event the Institution needs the data. Global optically images the files sent by the Institution and used for review.

V. **Student eligibility:**

- A. **High school diploma or equivalent or ability to benefit** - The Institution is responsible for determining that the applicant meets the Institution's admissions requirements. Global sets policy with each client concerning the documentation required for proof of high school completion, equivalent, and/or ability to benefit. The majority of Global's clients allow the disbursement of Title IV funds and/or the certification/origination of FFEL/FDSL loans, without a copy of the high school diploma or transcript as long as the student has a signed document indicating the student is a high school graduate. Global continues to report the diploma or transcript as missing in the reporting system until a copy is received at Global. The majority of Global's clients require that a copy of the GED certificate with test scores be received at Global prior to disbursement of Title IV funds or certification/origination of FFEL/FDSL loans.

Global requires that students admitted under ability to benefit regulations send in a copy of the test and results. Global reviews the test and results to ensure the test is valid and the student passed the test.

- D. **Satisfactory progress** - The Institution is responsible for reviewing each student's academic progress and ensuring the standards of satisfactory progress are met. Global accepts a (Yes) or (No) flag in the computer extract transmitted by the Institution for authorization to disburse Pell Campus Based Program funds and/or to certify/originate FFEL/FDSL loans.

VII. **Administrative capability:**

- A. **Student file maintenance** - The Institution retains the original or a copy of the original file documentation sent to Global for review. Global has an automated file tracking system to maintain the location of the file once received by Global. Global optically images files for storage, retrieval, and disaster recovery.
- B. **Record retention** - The Institution is responsible for maintaining the copy or original file documentation sent to Global. Global retains all records used to make Title IV disbursement or loan certifications. The files are stored and optically imaged for disaster recovery and retrieval.

VIII. **Disbursements:**

- A. **Financial aid transcripts/NSLDS information** - The Institution is responsible for packaging the student and determining if the student attended any other post-secondary institutions. Global reviews the ISIR during the file review process to ensure that the NSLDS page of the ISIR clears any FAT requirements, and that no other documentation in the file creates conflicting information.

VIII. Disbursements:

- B. Independent/Dependent status determination - The Institution is responsible for ensuring that the student completed the FAFSA accurately and the information entered in the need analysis was accurate. Global compares the FAFSA and ISIR to ensure that the two match and create no conflicting information.**

IX. Refunds or overpayments:

- A. Policy - The Institution is responsible for reviewing and signing off on the tables Global uses to calculate refunds. Global is responsible for creating the tables and requesting sign off by the client.**
- C. Overpayment calculations - The Institution is responsible for providing Global with the data to determine if an overpayment exists. If an overpayment is discovered, then Global adjusts the disbursements for Pell/CBP funds in the system and notifies the Institution to return any required loan proceeds.**

XIV. Campus-based programs (FSEOG):

- C. Selection of students for FSEOG awards - The Institution develops, at the start of each award year, a selection criteria and distribution formula for FSEOG funds. Global's remote software provides a selection report by date range and EFC for the Institution. Global reviews the FSEOG spending plan, and reviews selected FSEOG awards during the file review process to ensure the students are eligible.**

XV. Campus-based programs (FWS):

- A. Types of expenditures and employment allowed -**
 - 1. Types of employment allowed - The Institution is responsible for developing FWS job descriptions that meet regulations. Global reviews the job descriptions provided by the Institution to ensure the job description meets regulations.**

XVI. Federal Family Education Loans (FFEL):

- A. Program performance -**
 - 1. Determination of eligibility and completion of the application - The Institution is responsible for ensuring the student completes the FFEL application accurately and truthfully. Global reviews the application to ensure it is complete and accurate. Global certifies the loan application and transmits it to the lender.**
 - 3. Entrance and exit counseling - The Institution is responsible for conducting the entrance and exit counseling interview with students. Global reviews the entrance counseling documentation and ensures that it is complete prior to certification of an FFEL application. Global places the required exit interview documents for each withdrawal and graduate processed on the Virtual Change in Status (VCS) website. Global notifies students via e-mail or by letter to visit the website and print and/or download the exit interview information. The Institution is also notified via e-mail of the student processed and can download the exit documentation for each student from the website.**

XVI. Federal Family Education Loans (FFEL):

B. Status reporting -

1. **SSCR completion - Global receives the SSCR automated file and transmits the files via modem to the Institution with a deadline date for transmission back to Global. The Institution is responsible for the accuracy of the SSCR and for transmitting the file back to Global by the deadline date. Global is responsible for submitting the electronic file to the U.S. Department of Education (the Department) once received from the Institution.**

XVII. Federal Direct Loan Program (FDLP):

A. Program performance -

2. **Entrance and exit counseling - The Institution is responsible for conducting the entrance and exit counseling interview with students. Global reviews the entrance counseling documentation and ensures that it is complete prior to origination of an FDLP application. Global places the required exit interview documents for each withdrawal and graduate processed on the Virtual Change in Status (VCS) website. Global notifies students via e-mail or by letter to visit the website and print and/or download the exit interview information. The Institution is also notified via e-mail of the student processed and can download the exit documentation for each student from the website.**

B. FDLP status reporting -

1. **SSCRs - Global receives the SSCR automated file and transmits the files via modem to the Institution with a deadline date for transmission back to Global. The Institution is responsible for the accuracy of the SSCR and for transmitting the file back to Global by the deadline date. Global is responsible for submitting the electronic file to the Department once received from the Institution.**

SERVICER INFORMATION SHEET

**NATIONAL STUDENT CLEARINGHOUSE
13454 SUNRISE VALLEY DRIVE, SUITE 300
HERNDON, VIRGINIA 20171**

TEL. NO. (703) 742-7791
FAX NO. (703) 742-7792
PRESIDENT: Daniel R. Bochmer
CONTACT PERSON & TITLE: George Levathes, Asst. Vice President

LEAD AUDITOR: Laurie Warwick
E MAIL ADDRESS: Laurie.warwick@ey.com
FIRM'S NAME: Ernst & Young, LLP
ADDRESS: 8484 Westpark Drive
McLean, VA 22102

TEL. NO. (703) 747-1000
FAX NO. (703) 747-0131

DIVISION OF RESPONSIBILITY FOR COMPLIANCE REQUIREMENTS

<i>Compliance Requirements</i>	<i>Responsibility of Institution</i>	<i>Responsibility of National Student Clearinghouse</i>	<i>Explanation of Divided Responsibility</i>
I. Computer operations			
A. Terminal and software security	X		
B. Data integrity	X		
C. System and data backup	X		
D. Disaster recovery plan	X		
II. Cash management			
A. Drawdowns	X		
B. Authorization vs. Expenditures	X		
C. Reconcile G/L to bank	X		
D. Bank account notes federal funds	X		
III. Financial reports			
A. FISAP	X		
B. EDPMTS/EDCAPS	X		
C. Pell IPS	X		
IV. Institutional eligibility			
A. Participation agreement/ECAR	X		
B. Accreditation status	X		
C. Admissions policy	X		
D. Eligible programs	X		
E. Calculation of institution eligibility ratio	X		
F. Licenses	X		
G. Administrative capability items	X		

<i>Compliance Requirements</i>		<i>Responsibility of Institution</i>	<i>Responsibility of National Student Clearinghouse</i>	<i>Explanation of Divided Responsibility</i>
V.	Student eligibility			
	A. High School diploma or equivalent or ability to benefit	X		
	B. Regularly enrolled in eligible program	X		
	C. Citizen or permanent resident	X		
	D. Satisfactory progress	X		
	E. Default/refund status	X		
	F. Social security number match requirement	X		
	G. Other requirements	X		
VI.	Coordination of programs			
	A. Financial aid organization	X		
	B. Other information available	X		
	C. Needs analysis	X		
	D. Professional judgment documentation	X		
VII.	Administrative capability			
	A. Student file maintenance	X		
	B. Record retention	X		
	C. Verification	X		
VIII.	Disbursements			
	A. Financial aid transcripts/NSLDS information	X		
	B. Independent/Dependent status determination	X		
	C. Timing and amount of disbursements	X		
IX.	Refunds or overpayments			
	A. Policy	X		
	B. Refund calculations	X		
	C. Overpayment calculations	X		
	D. Disbursements and accounting for refunds/overpayments	X		
X.	Institutional disclosure			
	A. Accuracy of institutional data	X		
	B. Disclosure to students	X		
XI.	Pell Grant			
	A. Types of expenditures allowed	X		
	B. Program performance			
	1. Calculation and disbursement of award	X		
	2. Timing of payment, cutoff dates for receipts of SARs	X		
	C. Financial reports	X		

<i>Compliance Requirements</i>		<i>Responsibility of Institution</i>	<i>Responsibility of National Student Clearinghouse</i>	<i>Explanation of Divided Responsibility</i>
XII.	Campus-based programs (general)			
	A. Types of expenditure allowed			
	1. Program expenditures	X		
	2. Administrative cost allowance	X		
	B. Program performance			
	1. Accuracy of FISAP data	X		
	2. System of need analysis, etc.	X		
XIII.	Campus-based programs (Perkins)			
	A. Type of expenditures allowed	X		
	B. Matching	X		
	C. Program performance			
	1. Student eligibility	X		
	2. Approved promissory note	X		
	3. Due diligence	X		
	4. Repayment records	X		
	D. Special compliance requirements			
	1. Minimum cash balance; cash planning		X	
	2. Treatment of interest earned on Perkins loan balance		X	
XIV.	Campus-based programs (FSEOG)			
	A. Eligible expenditures	X		
	B. Matching	X		
	C. Selection of students for FSEOG awards		X	
XV.	Campus-based programs (FWS)			
	A. Types of expenditures and employment allowed			
	1. Types of employment allowed	X		
	2. Types of expenditures allowed	X		
	B. Matching	X		
	C. Program performance			
	1. Selection of students for employment		X	
	2. Approval of time sheets and payment to students		X	
	D. Special compliance requirements			
	1. JLD and CSJLD programs		X	
	2. CSL programs (5% minimum)		X	

<i>Compliance Requirements</i>	<i>Responsibility of Institution</i>	<i>Responsibility of National Student Clearinghouse</i>	<i>Explanation of Divided Responsibility</i>
XVI. Federal Family Education Loans (FFEL)			
A. Program performance			
1. Determination of eligibility and completion of application	X		
2. Default reduction measures	X		
3. Entrance and exit counseling	X		
4. Loan disbursement	X		
5. EFT Roster reconciliation	X		
6. Eligibility for disbursement	X		
B. Status reporting			
1. SSCR completion		X	
2. Change in enrollment status		X	
C. Special compliance requirements			
1. Refund policy	X		
2. Refunds to lenders	X		
XVII. Federal Direct Loan Program (FDLP)			
A. Program performance			
1. Determination of eligibility	X		
2. Entrance and exit counseling	X		
3. Exporting & importing electronic files to/from the LOC	X		
4. Loan disbursement	X		
5. Monthly data matching including:			
a. Loan and cash detail records	X		
b. Summary records	X		
B. FDLP status reporting			
1. SSCRs		X	
2. Change in enrollment status	X		

ALMICH & ASSOCIATES

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REPORT ON COMPLIANCE WITH SPECIFIED REQUIREMENTS APPLICABLE TO THE SFA PROGRAMS

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
Gibbs College dba Katharine Gibbs School:

We have examined management's assertions that Gibbs College dba Katharine Gibbs School complied with the specified compliance requirements, listed on the accompanying schedule, regarding Institutional Eligibility, Reporting, Pell Grant reporting, Loan reporting (including SSCRs) and FISAP reporting, Student Eligibility, Disbursements, Refunds/Return of Title IV Funds, GAPS and Cash Management, Perkins Loans, and Administrative Capability listed in Section II of the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, relative to participation in the Federal Student Financial Assistance Programs during the year ended December 31, 2003. Management is responsible for Gibbs College dba Katharine Gibbs School's compliance with those requirements. Our responsibility is to express an opinion on Gibbs College dba Katharine Gibbs School's compliance based on our examination.

Our examination was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; and the Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*, issued by the U.S. Department of Education, Office of the Inspector General, 2000 Revision, and accordingly, included examining, on a test basis, evidence about Gibbs College dba Katharine Gibbs School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Gibbs College dba Katharine Gibbs School's compliance with specified requirements.

In our opinion, Gibbs College dba Katharine Gibbs School complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2003.

This report is intended solely for the information and use of the board of directors, management, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Almich + Associates

Irvine, California
March 11, 2004

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