
**INTERNATIONAL BUSINESS COLLEGE'S
ADMINISTRATION OF TITLE IV
STUDENT FINANCIAL ASSISTANCE PROGRAMS**

FINAL AUDIT REPORT



*Control Number: ED-OIG/A06-A0003
March 2001*

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*U.S. Department of Education
Office of Inspector General
Dallas, Texas*

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

MAR 28 2001

Control Number ED-OIG/A06-A0003

Mr. Kirk Williams, President
International Business College
4630 50th Street
Lubbock, Texas 79414

Dear Mr. Williams:

Enclosed is our audit report, **International Business College's Administration of Title IV Student Financial Assistance Programs**. The report incorporates the comments you provided in response to our draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following U.S. Department of Education official, who will consider them before taking final Departmental action on the audit:

Mr. Greg Woods, Chief Operating Officer
Student Financial Assistance
ROB-3, Room 4004
7th and D Streets, SW
Washington, DC 20202-5132

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, we request receipt of your comments within 30 days.

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

Please refer to the above audit control number in all correspondence relating to this report.

Sincerely,

A handwritten signature in cursive script that reads "Lorraine Lewis".

Lorraine Lewis

Enclosure

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EXECUTIVE SUMMARY

International Business College (IBC), a proprietary school headquartered in Lubbock, Texas, did not adequately administer the Title IV student financial assistance programs. IBC inappropriately disbursed: (1) \$368,825 in Title IV funds for 146 of 363 students, who were required to verify information on their financial aid applications, without documenting that the required verifications were completed; (2) \$74,385 in William D. Ford Federal Direct Unsubsidized Loan Program (Direct Unsubsidized Loan) funds for 32 of 49 dependent students without documenting the exceptional circumstances that precluded the students' parents from obtaining Federal PLUS Loans; and (3) \$17,825 for two students who did not have a high school diploma, a General Education Development (GED) certificate or did not pass an independently administered test, and one student who already had a baccalaureate degree. In total, IBC inappropriately disbursed \$461,035 in Title IV funds from July 1, 1998 through June 30, 1999.

We recommend that the Chief Operating Officer for Student Financial Assistance require IBC to:

1. Return to the Department \$201,996 in Federal Pell Grant funds, \$7,500 in Federal Supplemental Educational Opportunity Grants (FSEOG), and \$159,329 in Federal Direct Subsidized Loan funds disbursed for students for whom verification was not completed.
2. Return to the Department \$74,385 in Direct Unsubsidized Loans disbursed for dependent students for whom the required documentation of exceptional circumstances was not obtained.
3. Return to the Department \$8,763 in Federal Pell Grant funds and \$9,062 in Federal Direct Loans disbursed for the three ineligible students.
4. Strengthen its management controls to ensure all school staff follow the requirements for completing the verification process, documenting the eligibility of dependent students for Direct Unsubsidized Loans, and determining the eligibility of students for Title IV aid.

IBC did not agree with our findings and recommendations. IBC submitted additional documentation with its response to our draft report. We determined that the additional documentation submitted by IBC for our verification finding was unreliable. We have not changed our conclusions for the verification finding. With regard to our finding of IBC not documenting exceptional circumstances for dependent students, we reduced the amount of Direct Unsubsidized Loan funds that IBC should return to the Department by \$4,823 to \$74,385. We have paraphrased the school's response and provided additional OIG comments after the Recommendations section of this report. A copy of the school's response is included as an Appendix to this report. Copies of the exhibits that were included with the response are available on request.

AUDIT RESULTS

International Business College (IBC) did not adequately administer the Title IV student financial assistance programs. IBC inappropriately disbursed \$461,035 in Title IV funds from July 1, 1998 through June 30, 1999 -- \$368,825 for students for whom verification was not completed, \$74,385 in Direct Unsubsidized Loan funds for dependent students without documentation that their parents would likely be precluded by exceptional circumstances from borrowing from the Federal PLUS Program, and \$17,825 for other ineligible students.

<p style="text-align: center;">VERIFICATION NOT COMPLETED FOR ALL SELECTED STUDENTS</p>
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IBC disbursed \$368,825 in Title IV funds from July 1, 1998 through June 30, 1999, for 146 students without documenting that the students completed the required verification of their Title IV application data. Verification ensures that student application information and eligibility determinations are correct. In order for verification to be complete, institutions must obtain documentation from students to verify five major data elements. If students chosen for verification do not provide the requested documentation, the students forfeit their Federal Pell Grant for the award year. Further, institutions must not disburse Federal Stafford Loans and Federal Direct Subsidized Loans for students who have not completed the required verification.

Verification Requirements

Verification of information submitted by applicants for Title IV assistance is governed by the Higher Education Act (HEA) of 1965, as amended, and Subpart E of Title 34, Code of Federal Regulations, Section 668 (34 CFR § 668). Applicants must submit information on income, family size, and other data to the Central Processing System (CPS). The CPS uses the information to determine each applicant's expected family contribution (EFC) and Title IV eligibility. To ensure the information is correct, the CPS selects certain applications for verification based on edits specified by the Secretary.

Title 34 CFR § 668.54 calls for institutions to require each applicant selected for verification to complete the verification process, except no institution is required to verify more than 30 percent of its total number of applicants. An application the school chooses to verify on its own does not count toward the 30 percent threshold. If the total number selected is less than 30 percent of the institution's total applicants, the institution must verify all selected applicants.

Title 34 CFR § 668.56 requires institutions to verify five major data elements reported by students on their financial aid applications:

- Adjusted gross income
- U.S. income tax paid
- Household size
- Number enrolled in college
- Certain untaxed income/benefits

Except for the Federal Stafford Loan Program and Federal Direct Subsidized Loan Program, an institution is allowed to make an interim disbursement before verification is completed as long as the institution has no reason to believe the application information is inaccurate. If an institution makes an interim disbursement prior to the student completing the verification process, the institution is liable for the disbursement if the student fails to verify his or her application information. Title 34 CFR § 668.60 provides that the institution must require the applicants to submit the verification documents before a specified deadline. The deadline for completing the award year 1998-99 verification process was August 31, 1999.

For the Federal Pell Grant program, the institution has completed verification when the student has corrected the data or the institution has determined that the application data were correct. The institution must document the verification and have on file the final and valid federal output document showing the student's official EFC. If an applicant does not complete verification, the applicant forfeits the Federal Pell Grant for the award year and the institution must repay to the Department any funds disbursed.

For the Federal Work-Study, FSEOG, Federal Stafford Loan Program, and Federal Direct Subsidized Loan Program, the institution has completed verification when the applicant has submitted all requested documentation to the institution. The school must also have on file an output document that shows the student's application data was processed through the CPS at least once. If an applicant fails to provide the requested documentation, the institution must not:

- disburse additional FSEOG funds to the applicant (funds already disbursed must be repaid by the institution),
- certify a Federal Stafford Loan application or originate a Federal Direct Subsidized Loan, or
- deliver Federal Stafford Loan or Federal Direct Subsidized Loan proceeds to the applicant.

When an institution disburses a Federal Pell Grant, it must report the disbursement and the student's verification status to the Department. According to the Department's *Verification Guide*, proper reporting shows that the verification procedures have been followed and allows the Department to gather information on the effectiveness of the verification requirements.

The administrative capability standards in 34 CFR § 668.16 also require institutions to have a system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid. Specifically, 34 CFR § 668.16 (f) states:

In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews-

- (1) All student aid applications... [and]
- (2) Any documents, including any copies of State and Federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources....

Required Verification Not Completed

IBC was required to verify application data for 363 students (25 percent of its total applicants) who were selected for verification for award year 1998-99 (July 1, 1998 through June 30, 1999). We reviewed the files for all 363 students and found that IBC could not document that 146 students completed the verification process. In addition, IBC did not report the correct verification status code to the Department for 141 of the 146 students.

The 146 students included:

- 34 students for whom there was no evidence of verification. The students' files did not contain a Federal income tax return or any other documentation that showed IBC verified the required data elements. IBC reported the students had completed verification and that application data for 32 of the students was accurate. IBC correctly reported that it had not completed verification for the remaining two students, but it did not return the Title IV funds disbursed to them.
- 80 students for whom there was evidence that some but not all of the required application data were verified. The students' files contained some but not all of the documentation needed to verify household size, number in college, certain untaxed income/benefits, adjusted gross income, and federal income taxes paid. IBC reported that it had completed verification and that application data submitted for 78 students was accurate. IBC correctly reported that it had not completed verification for the remaining two students, but it did not return the Title IV funds disbursed to them.
- 32 students for whom the verification process identified a discrepancy that should have been corrected. IBC collected the required verification documents (for example, income tax returns), but did not make the needed corrections to the students' application data or obtain final and valid Federal output documents for the students that had the correct official EFC. For example, a student's Institutional Student Information Record (the Federal output document) showed \$30,000 in family income, while the student's tax return showed an adjusted gross income of \$88,471. The student's file did not contain any explanation for the

difference in income. IBC did not require the student to report the correct income to the CPS and inappropriately disbursed \$8,977 in Title IV aid for the student. IBC reported that it had completed the verification and that application data for 31 students was accurate. IBC correctly reported that it had not completed verification for the remaining student, but it did not return the Title IV funds disbursed to the student.

IBC inappropriately disbursed \$368,825 in Title IV funds for the 146 students during the 1998-99 award year.

IBC had adequate written procedures for verifying application data that its financial aid directors were required to follow. IBC officials could not explain why the procedures were not followed.

**DIRECT UNSUBSIDIZED LOANS DISBURSED FOR
DEPENDENT STUDENTS WITHOUT DOCUMENTATION
OF EXCEPTIONAL CIRCUMSTANCES**

IBC disbursed \$74,385 in ineligible Direct Unsubsidized Loans to dependent students without documentation that their parents would likely have been precluded by exceptional circumstances from borrowing from the Federal Direct PLUS or Federal Family Education Loan PLUS (Federal PLUS) programs. The \$74,385 represents the amount of Direct Unsubsidized Loans in excess of the students' eligible loan amount.

Eligibility for Direct Unsubsidized Loans

Title 34 CFR § 685.203 (c)(1)(ii) states: "In order for a dependent undergraduate student to receive this additional loan amount the financial aid administrator must determine that the student's parent likely will be precluded by exceptional circumstances from borrowing under the Federal Direct PLUS Program or the Federal PLUS Program and the student's family is otherwise unable to provide the student's expected family contribution. The financial aid administrator shall ... document the determination in the school's file."

Exceptional circumstances are defined as circumstances that: "[i]nclude but are not limited to circumstances in which the student's parent receives only public assistance or disability benefits, the parent is incarcerated, the parent has an adverse credit history, or the parent's whereabouts are unknown." A parent's refusal to borrow a Federal PLUS Loan or Direct PLUS Loan does not constitute "exceptional circumstances." (34 CFR § 685.203 (c)(1)(iii))

Exceptional Circumstances Not Documented

IBC disbursed Direct Unsubsidized Loans to 32 dependent students without documentation of exceptional circumstances. We reviewed files for all 49 dependent students who received Direct Unsubsidized Loans for award year 1998-99 and determined that IBC inappropriately disbursed \$74,385 in Direct Unsubsidized Loan funds for the 32 students.

The institution's independent auditor also reported this problem in its compliance attestation examination of IBC's administration of the Title IV programs for the year ended June 30, 1998. The auditor reported that all 11 dependent students tested obtained Direct Unsubsidized Loans and that the institution was unaware that the students' parents were eligible for Federal Direct PLUS Loans. At that time, IBC agreed to correct the problem.

We found other instances that demonstrated IBC was aware of the requirement that only dependent students with exceptional circumstances were eligible for Direct Unsubsidized Loans. For example, IBC would certify a Direct Unsubsidized Loan for a dependent student and a Federal Direct PLUS Loan for the student's parents. Then when the Federal Direct PLUS Loan was received, the school would refund the Direct Unsubsidized Loan.

Although IBC was aware of the Direct Unsubsidized Loan requirements, the school continued to disburse the loans to dependent students without documenting exceptional circumstances. IBC officials stated that during the 1998-99 award year, the institution used only Federal Direct PLUS Loans and under that system only parent borrowers (not the school) were notified that Federal Direct PLUS Loans were denied. IBC officials stated that the school had stopped using Federal Direct PLUS Loans and had begun using Federal PLUS Loans. IBC's Federal PLUS Loan lender sends denial letters to both the parent borrower and the institution.

<p style="text-align: center;">TITLE IV FUNDS DISBURSED FOR OTHER INELIGIBLE STUDENTS</p>
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IBC disbursed \$17,825 in Title IV funds for three students who were not eligible for the aid.

Student Eligibility Requirements

Title 34 CFR § 668.32 states: "A student is eligible to receive Title IV, HEA program assistance if the student – ... (c)(1) For purposes of the Federal Pell Grant and FSEOG programs, does not have a baccalaureate or first professional degree; and...(e)(1) Has a high school diploma or its recognized equivalent; (2) Has obtained ... a passing score specified by the Secretary on an independently administered test...."

Students Did Not Meet Eligibility Requirements

IBC disbursed \$14,825 in Title IV funds for two students who did not have a high school diploma, a GED certificate and who did not pass an ability-to-benefit test. Documents in the students' files from a Texas State agency showed the students failed the GED test and the files contained no evidence of an ability-to-benefit test or scores.

IBC also disbursed \$3,000 in Federal Pell Grant funds to a student who was ineligible for the funds because the student had a Bachelor of Science degree.

The institution provided no explanation for the inappropriate disbursements of Title IV funds for these three ineligible students.

RECOMMENDATIONS

We recommend that the Chief Operating Officer for Student Financial Assistance require IBC to:

1. Return to the Department \$201,996 in Federal Pell Grant, \$7,500 in FSEOG, and \$159,329 in Federal Direct Subsidized Loan funds disbursed for students for whom verification was not completed.
2. Return to the Department \$74,385 in Federal Direct Unsubsidized Loans disbursed for dependent students without documentation of exceptional circumstances.
3. Return to the Department \$8,763 in Federal Pell Grant funds and \$9,062 in Federal Direct Loans disbursed for ineligible students.
4. Strengthen its management controls to ensure all school staff follow the requirements for completing the verification process, documenting the eligibility of dependent students for Federal Direct Unsubsidized Loans, and determining the eligibility of students for Title IV aid.

IBC'S COMMENTS TO THE DRAFT REPORT

IBC disagreed with most of our conclusions and recommendations. A copy of the letter from IBC is included as an Appendix to this report. Exhibits that were included with the letter are available on request.

IBC has not had an opportunity to review 14 students identified in the audit results section of the report. IBC contended that it had reviewed verification documents for 66 of the 132 students and concluded that there was no change in the information originally submitted by these students.

For the other 66 students that were reviewed by IBC, the school stated that for nine of the students, “IBC strongly believes the information was previously in the student’s files and that the information, once obtained, will [sic] cause any changes to be made in the EFC or eligibility. It is anticipated that the missing income tax information will be received from IRS within the next two weeks.” For the remaining students the school stated that it, “[h]as completed verification and obtained additional information on 57 students In a few cases, IBC found that the students were not eligible and that all Title IV funds should be returned.” Based on its review of the verification documents for 132 students, IBC agreed that it should return \$47,075 to the Title IV programs for 36 students.

Concerning the Direct Unsubsidized Loans disbursed to students without documentation of exceptional circumstances, IBC agreed with our determinations for 12 of 23 students and disagreed with our determination for the remaining 11. Based on its review of the 23 students, IBC calculated a liability of \$20,667. IBC has not had an opportunity to review the remaining 11 students discussed in the Audit Results section of the report.

Regarding the three students that did not meet eligibility requirements, “IBC is still attempting to collect information evidencing eligibility based on ability to benefit from the test publisher...” for two students.

OIG'S RESPONSE TO IBC'S COMMENTS

We reviewed IBC’s statement that verification was now complete for 123 of the 132 students identified in IBC’s response. With respect to the first group of 66 students, IBC stated that it had completed verification and that all required information had been verified, and no changes in student awards were required. For 50 of these 66 students, IBC submitted copies of the same incomplete documentation we examined on site.

For the remaining 57 students, IBC stated that verification had been completed and that additional information obtained for 21 of the students resulted in no required changes to either a student’s EFC or Title IV award. IBC agreed to changes and liabilities with respect to 36 students in this group.

We reviewed the additional documentation submitted by IBC for these 57 students. Based on our review, we concluded that the additional documentation submitted by IBC was unreliable. None of the documentation submitted by IBC established that IBC had completed verification in a timely manner as required. Therefore, we have not altered our finding that IBC improperly disbursed aid without verification, and continue to recommend that IBC return \$368,825 in Title IV funds disbursed for students who did not timely complete the verification process.

IBC agreed that some students inappropriately received a Direct Unsubsidized Loan. Additionally, IBC was able to provide PLUS Loan denial letters on the parents of two students and we reduced our questioned costs by \$4,823. Even though IBC agreed with our

determinations on 12 students, it did not necessarily agree to refund the amounts that we identified. For example, we believe IBC should return \$7,230 to the Direct Loan account for one of the students. IBC agreed with the finding but only agreed to a liability of \$4,992. We recommend that IBC return to the Department \$74,385 in Direct Unsubsidized Loans.

We have not changed our conclusions on the three ineligible students and we continue to recommend that IBC return \$17,825 in Title IV funds disbursed for the three ineligible students.

IBC did not respond to our recommendation that it strengthen its management controls to ensure all staff follow the requirements for completing the verification process, documenting the eligibility of dependent students for Direct Unsubsidized Loans, and determining the eligibility of students for Title IV aid.

BACKGROUND

The IBC campus in Lubbock, Texas, was opened in April 1984 as a branch of International Business College, Inc., El Paso, Texas. The Lubbock campus became freestanding in December 1987 while under the ownership of International Business College, Inc. Ownership was transferred in July 1989 to International Business College, Lubbock, Inc. Between May 1990 and October 1998, International Business College, Lubbock, Inc., opened four branch campuses located in Sherman, Denton, Midland, and McKinney, Texas.

IBC received initial approval to participate in Title IV programs on July 31, 1984. The Accrediting Council for Independent Colleges and Schools accredits the school. Among the vocational programs offered by the institution are legal assistant, court reporting, legal secretary, administrative assistant, medical office specialist, computerized accounting specialist, computerized office specialist, and network operations technician.

From July 1, 1998 through June 30, 1999, IBC disbursed approximately \$4.8 million of Federal Pell Grant, FSEOG, Federal Work-Study, and Federal Direct Loan funds.

OBJECTIVE, SCOPE AND METHODOLOGY

The objective of our audit was to determine if IBC administered the Title IV student financial assistance programs in accordance with the HEA and implementing regulations. We reviewed (1) institutional and program eligibility and (2) selected administrative and compliance requirements including student eligibility, the verification process, Title IV disbursements and refunds.

To accomplish our objective, we obtained background information about the school. We reviewed IBC's records for 50 randomly selected students from the universe of 1,480 students who received Title IV aid from July 1, 1998 through June 30, 1999. Based on our review of IBC's records for the 50 randomly selected students, we expanded our review to include all 363 students who were selected for verification and all 49 dependent students who received Direct Unsubsidized Loans. We obtained and reviewed data from the Department's National Student Loan Data System (NSLDS), Payment Management System, and Grants Administration and Payment System. We tested the reliability of computerized ledger cards by verifying selected data with other sources such as canceled checks, other student records, and data obtained from NSLDS. We concluded that the computerized information was sufficiently reliable for the purposes of our audit. We reviewed IBC's fiscal years 1997 and 1998 compliance audit reports. We also conducted interviews with IBC officials.

Our audit covered the institution's administration of the Title IV programs from July 1, 1998 through June 30, 1999. We performed fieldwork from November 29, 1999 through March 2, 2000, at IBC campuses in Lubbock, Midland, Denton, Sherman, and McKinney, Texas. From October through December 2000, we performed our analysis of verification and other documents provided by the school in response to our draft report. Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

STATEMENT ON MANAGEMENT CONTROLS

As part of our review, we assessed IBC's management control structure, as well as its policies, procedures, and practices applicable to the scope of the audit. We assessed the level of control risk for determining the nature, extent, and timing of our substantive tests. For the purposes of this report, we assessed and classified the significant management controls into the following categories:

- Institutional eligibility
- Student eligibility
- Title IV disbursements
- Calculation and payment of refunds
- Recording and accounting for Title IV funds

Due to inherent limitations, a study and evaluation made for the limited purposes described above would not necessarily disclose all material weaknesses in the control structure. However, our assessment disclosed weaknesses related to student eligibility determinations and Title IV disbursements. These weaknesses are discussed in the AUDIT RESULTS section of this report.

RITZERT & LEYTON

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September 11, 2000

**VIA FACSIMILE (214) 880-2492
AND FIRST CLASS MAIL**Ms. Sherri Demmel
Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
Harwood Center
1999 Bryan Street, Suite 2630
Dallas, TX 75201-6817**Re: International Business College, #A06-A0003**

Dear Ms. Demmel:

On August 3, 2000, the U.S. Department of Education Office of Inspector General ("OIG") issued a draft audit report to International Business College ("IBC"), Audit Control Number A06-A0003 ("Draft Audit"). The Draft Audit asserts that IBC 1) disbursed funds to 146 students without completing required verification, 2) disbursed funds to 34 students without documenting exceptional circumstances that precluded dependent student's parents from obtaining Federal PLUS loans, and 3) disbursed funds to 3 ineligible students. *Draft Audit at page 1.* The OIG claims that IBC's total liability is \$465,858. IBC does not agree with the total amount of liability asserted.

Verification of Eligibility

As detailed in the attached binders and summarized below, IBC has completed a verification review of 125 students. This review was based on a list of 132 students that the OIG had provided to the School. The draft report did not include a list of affected students and IBC only just realized that the total number of students on its list did not coincide with the 146 students referenced in the draft report. Attached is the list that the School had previously received from the OIG and upon which the review was made. If you can identify the names of the 14 students missing from IBC's list, IBC will immediately seek to review those files.

Of the 132 students, verification could not be completed by today's date for nine. These students are identified in Binder 3 following the last green divider. IBC strongly

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Ms. Sheri Demmel
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believes the information was previously in the student's files and that the information, once obtained, will cause any changes to be made in the EFC or eligibility. It is anticipated that the missing income tax information will be received from the IRS within the next two weeks.

Of the 125 students addressed in the attached binders, no change in information occurred for the 66 students for whom verification is complete in *IBC Binder 1 of 3*. As a result, IBC does not concur that there is any liability with respect to these students.

IBC has completed verification and obtained additional information on 57 students. IBC recalculated eligibility on all 57 students as a result of the changes in information. With respect to 21 of these students, the recalculations did not result in any changes to EFC or Title IV awards. IBC concludes that there is no liability for these students and no basis to require any return of funds. See *IBC Binder 2 of 3*.

With respect to 36 of the of the 57 students, recalculations mostly showed that the students were still Title IV eligible but that the resulting changes to the EFC did cause an additional Federal Pell Grant liability. In a few cases, IBC found that the students were not eligible and that all Title IV funds should be returned. IBC has calculated the liability for these students at \$47,075. See *IBC Binder 3 of 3*.

Direct Unsubsidized Loans

With respect to the issue of incorrectly disbursed unsubsidized direct loan funds to dependent students, IBC's list of students totaled 23. See *list attached to this letter*. Of these 23 students, IBC does not concur with the OIG with respect to 11 students. See *IBC Binder 3 of 3*. As to these 11 students, 7 were eligible for direct unsubsidized loans for various reasons including the parent's adverse credit history, dependency override, independent status eligibility. *Id.* The remaining 4 are students for whom the institution had previously refunded the unsubsidized loan. Thus, of 23 students reviewed, IBC concurs on 12. IBC has calculated the liability for these 12 students at \$20,667. If the OIG can identify the names of the 11 students IBC is missing, IBC will immediately review these students' files.

Student Ineligibility

As to the three alleged ineligible students, IBC is still attempting to collect information evidencing eligibility based on ability to benefit from the test publisher for [REDACTED] and [REDACTED]. IBC concurs with respect to [REDACTED].

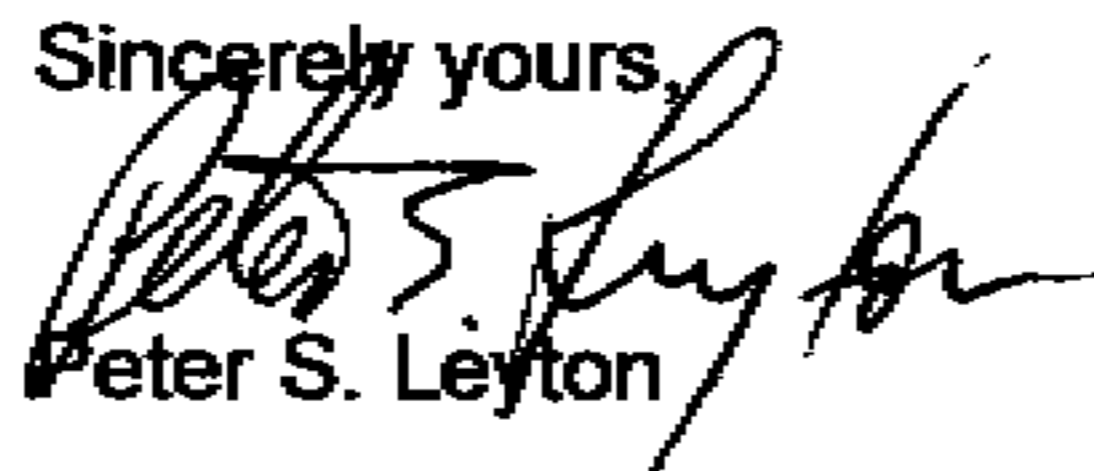
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Ms. Sheri Demmel
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Conclusion

IBC appreciates your courtesy in providing it with this opportunity respond to the OIG's draft report. If you can provide it with the missing names for verification and dependent unsubsidized loans, IBC will immediately review those files. If you have any questions, please contact me.

Sincerely yours,



Peter S. Leyton

PSL/
Enclosures

fc: Mr. Kirk Williams

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